

October 11, 2019

Re: Clarification of the operating results of company and its subsidiaries for the nine month periods ended September 30, 2018

To: Boards and Managements
The Stock Exchange of Thailand

K.C. Property Public Company Limited and its subsidiaries (“company and subsidiaries”) would like to clarify our operating results for the third Quarter of 2018 (Q3/2018) as follows:-

(Unit: million Baht)

For 9 months, end of September 30, 2018

Financial Statement	Consolidate financial statement				% revenue from sales	
	Q3/2018	Q3/2017	increase(decrease)		Q3/2018	Q3/2017
Revenues from sales	140.51	218.76	(78.25)	(35.77%)	100.00%	100.00%
Cost of sales	(95.57)	(196.58)	101.01	(51.38%)	(68.02%)	(89.86%)
Gross Profit	44.94	22.18	22.76	102.61%	31.98%	10.14%
Other income	6.76	6.02	0.74	12.29%	4.81%	2.75%
Revenues from reduction of defaulted interest under the court order	16.66	0.00	16.66	N/A	11.86%	0.00%
Distribution costs	(20.42)	(20.47)	(0.05)	0.24%	(14.53%)	(9.36%)
Administrative expenses	(68.82)	(54.87)	13.95	(25.42%)	(48.98%)	(25.08%)
Other Expenses						
Loss on cancel of joint venture agreement	-	(15.92)	15.92	(100.00%)	0.00%	(7.28%)
Impairment loss of land held for development	-	(5.83)	5.83	100.00%	0.00%	(2.67%)
Loss from litigation	(0.61)	(16.48)	15.87	(96.30%)	(0.43%)	(7.53%)
Impairment loss of deposit for land	-	(41.30)	41.30	100.00%	0.00%	(18.88%)
Doubtful accounts	(1.20)	0.40	(1.60)	400.00%	(0.85%)	0.18%
Finance costs	(37.20)	(42.77)	(5.57)	13.02%	(26.47%)	(19.55%)
Tax income (expense)	-	-	N/A	N/A	0.00%	N/A
Profit (loss) for the period	(59.89)	(169.04)	109.15	64.57%	(42.62%)	(77.27%)
Profit (loss) per share	(0.07)	(0.19)	0.12	64.57%	-	-
Attributable to						
Owners of the Company	(59.89)	(169.04)	109.15	64.57%		
Non-controlling interests	-					

1. Operating revenue

In summary, company and subsidiaries had total revenue for Q3/2018 and Q3/2017 at Baht 163.93 million, and Baht 224.78 million respectively. The decrease of Baht 60.85 million is equivalent to 27.07%, compared to Q3/2017.

1.1 Revenue from sales of land and houses

In Q3 /2018, the sales revenue from land and houses recorded Baht 140.51 million which decrease Baht 78.25 million or 35.77% compared to Q3/2017. The details are as follows.

In Q3/2018 the sales revenue for 9 month Baht 140.51 million generated from sales of house and land. In Q3/2017 the revenue from sales of land and houses in 2017 was Baht 218.76 million. Sales revenue of year Q3/2018 decrease Baht 78.25 million, compared to Q3/2017.

1.2 Other revenue

The other revenue of company in Q3/2018 at Bath 6.76 million, increasing at Baht 0.74 million or 12.29% compared to Q3/2017.

Revenues from reduction of defaulted interest under the Court's order amount 16.66 Baht million. On September 25, 2019, the Appeal Court has modified decision by ordering the Company to make debt settlement in the form of short-term bills of exchange in the amount of Baht 350.00 million and defaulted interest at the rate of 8.50% per annum of the amount on bills of exchange counting from the defaulted date onwards (April 11, 2017) until the payment is completed. The appeal costs had to be bear, other than the modified decision to be conformed to the Court of First Instance's judgment. Moreover, the plaintiff and the Company are currently filing the petition to the Supreme Court. At present, the Company has recorded interest expenses for the year 2018 at the rate of 8.50% per annum and reversed the accrued interest which has been recorded at the default rate of 15%, accumulated from the default date until the beginning of 2018 to be the rate of 8.50% per annum, total amount of Baht 16.66 million as revenues from reduction of defaulted interest under the Appeal Court's order and the case is under the execution to seize such land for sale by auction.

2. Cost of sales

In Q3/2018, the cost of sales at Baht 95.57 million, decrease of Baht 101.01 million or 51.38% compared to Q3/2017, varied to the decreased revenue from sales of land and houses as bellows:

	Q3/2018	Q3/2017	increase(decrease)	
	Baht	Baht	Baht	%
Revenue from home and land sales	140.51	218.76	(78.25)	(35.77%)
Cost of home and land sales	95.57	196.58	(101.01)	(51.38%)
GROSS PROFIT	44.94	22.18	22.76	102.61%
% GROSS PROFIT	31.98%	10.14%	21.84%	

3. Gross profit

In Q3/2018, the gross profit at Baht 44.94 million, increase of Baht 22.76 million or 102.61% compared to Q3/2017, varied to the decreasing of revenue from sales of land and houses, details as presented in operating revenue table.

Gross profit margin for the nine month as at September 2018 and as at September 2017 as 31.98%, 10.14 % increase 21.84%

4. Expenses

4.1 Distribution cost

In Q3/2018, the distribution cost at Baht 20.42 million, decreased Baht 0.05 million or 0.24 % compared to Q3/2017 because company and subsidiaries had paid commission to agent for sale house according to condition.

4.2 Administrative expenses

In Q3/2018, the administrative expenses at Baht 68.82 million, increased Baht 13.95 million or 25.42% compared to Q3/2017 because of increasing of wage, welfare for employees etc.

4.3 Other expenses

4.3.1 In Q3/2018, the doubtful account of company at Baht 1.25 million, increased Baht 1.6 million, increased 400%, compared to Q3/2017, Which charged fee from join venture agreement project

4.3.2 Loss from litigation at Baht 0.61 million

5. Financial expenses

Financial expenses consisted of interest of banks and interest of hire purchase in Q3/2018 at Baht 37.20 million, increased Baht 5.57 million or 13.02% compared to Q3/2017 because company and subsidiaries had defaulted loan.

6. Profit for the period

Company and subsidiaries had profit (loss) in Q3/2018 at (Baht 59.89million), compared to Q3/2017 that was profit (loss) at Baht (169.04 million) as:

1. Doubtful accounts amount Baht (1.20)million
2. Loss from litigation amount Baht (0.61) million
3. Finance costs (defaulted loan) amount Baht (37.20) million
4. Revenues from reduction of defaulted interest under the court order amount Baht 16.66 million.

Statement of Financial Position

(Unit : Million Baht)

STATEMENT OF FINANCIAL POSITION	Q3/2018	Q3/2017	increase (decrease)	
Consolidate financial statement				
TOTAL ASSET	1,172.62	1,214.62	(42.00)	(3.46)
TOTAL LIABILITY	686.77	668.88	17.89	2.67
TOTAL SHAREHOLDERS' EQUITY	439.56	500.29	(60.73)	(12.14)

(Unit : Million Baht)

STATEMENT OF FINANCIAL POSITION	Q3/2018	Q3/2017	increase (decrease)	
Separate financial statement				
TOTAL ASSET	1,179.95	1,221.65	(41.7)	(3.41)
TOTAL LIABILITY	774.07	721.36	52.71	7.31
TOTAL SHAREHOLDERS' EQUITY	405.88	500.29	(94.4)	(18.87)

At the third Quarter of 2018, company and subsidiaries had less total assets than last year 2017 at Baht 42 million or 3.46%, more total liabilities at Baht 17.89 million or 2.67%, less total equity Baht 60.73 million or 12.14%.