

October 3, 2019

Re: Clarification of the operating results of company and its subsidiaries for the 1<sup>st</sup> quarter of year 2018

To: President  
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 1<sup>st</sup> quarter as of March 31, 2018 , details as follows:

Financial Statement	Consolidate financial statement			
	Q1/2018	Q1/2017	Increase (decrease) %	
Revenues from sales				
Revenues from sales	56.46	72.01	(15.55)	(0.22)
Other income	1.66	1.96	(0.30)	(0.15)
<b>Total Revenue</b>	<b>58.12</b>	<b>73.97</b>	<b>(15.85)</b>	<b>(0.21)</b>
Expenses				
Cost of sales	37.80	64.34	(26.54)	(0.41)
Distribution costs	7.75	6.26	1.49	0.24
Administrative expenses	22.26	21.25	1.01	0.05
Doubtful accounts	0.66	0.24	0.42	1.75
Impairment loss of deposit for land	-	40.50	(40.50)	(1.00)
Loss on cancel of joint venture agreement	-	15.77	(15.77)	(1.00)
Impairment loss of land held for development	-	5.83	(5.83)	(1.00)
<b>Total expenses</b>	<b>68.47</b>	<b>154.19</b>	<b>(85.72)</b>	<b>(0.56)</b>
<b>Profit (loss) before finance cost and income tax expense</b>	<b>(10.35)</b>	<b>(80.22)</b>	<b>69.87</b>	<b>0.87</b>
Finance costs	17.95	6.16	11.79	1.91
<b>Profit (loss) before income tax expense</b>	<b>(28.30)</b>	<b>(86.38)</b>	<b>58.08</b>	<b>(0.67)</b>
Tax income (expense)	-	-	0.00	n/a
<b>Profit (loss) for the period</b>	<b>(28.30)</b>	<b>(86.38)</b>	<b>58.08</b>	<b>(0.67)</b>
<b>Profit (loss) for the period/Total revenue</b>	<b>(48.69%)</b>	<b>(116.78%)</b>		

## 1. Operating revenue

In summary, company and subsidiaries had total revenue for 1<sup>st</sup> quarter of 2018 at Baht 56.46 million and 1<sup>st</sup> quarter of 2017 at Baht 72.01 million. Comparing to 1<sup>st</sup> quarter 2017, it has decreased Baht 15.55 million, which is equivalent to 21.59 %, details as below:

### 1.1 Revenue from sales of land and houses

In 1<sup>st</sup> quarter of 2018, the sales revenue from land and houses recorded Baht 56.46 million which decrease Baht 15.55 million or 21.59 % compared to 1<sup>st</sup> quarter of 2017.

The sales revenue Baht 56.46 million have been generated from sales of house and land.

### 1.2 Other revenue

In 1<sup>st</sup> quarter of 2018, the other revenue decreased at Baht 0.30 million or 15.31%, compared to 1<sup>st</sup> quarter 2017. As a result of utility income, management fee and mathematical profit have been declined, the other revenue has be decreased.

## 2. Cost of sales

In 1<sup>st</sup> quarter of 2018, the cost of sales at Baht 37.80 million, it decreased Baht 26.54 million or 41.25% compared to 1<sup>st</sup> quarter of 2017, varied to the decreased revenue from sales of land and houses as bellows.

	Q1 2018	Q1 2017	increase(decrease)	
	Baht	Baht	Baht	%
Revenue from land and houses	56.46	72.01	(15.55 )	(21.59%)
Cost of sales	37.80	64.34	(26.54 )	(41.25%)
<b>GROSS PROFIT</b>	<b>18.66</b>	<b>7.67</b>	<b>10.99</b>	<b>143.29%</b>
<b>% GROSS PROFIT</b>	<b>33.05%</b>	<b>10.65%</b>	<b>22.40%</b>	

## 3. Gross profit

In 1<sup>st</sup> quarter of 2018, the gross profit has been increased Baht 10.99 million or 143.29% compared to 1<sup>st</sup> quarter of 2017. The loss of revenue from sales of land and houses as status quo in stock has been recorded as allowance for devaluation in financial statement of last year. This loss of revenue from sales of such land and houses did not effect to profit of revenue from sales of current land and house, therefore, the gross profit are increased.

The gross profit margin for 1<sup>st</sup> quarter of 2018 and 2017 are 18.66% and 7.67 % respectively. The increasing of gross profit margin 143.29% has been generated by sales of current land and houses.

#### **4. Expenses**

##### **4.1 Selling expenses**

In 1<sup>st</sup> quarter of 2018, the selling expenses at Baht 6.27 million, decreased Baht 2.26 million or 26.49% compared to 1<sup>st</sup> quarter of 2017. Due to company and subsidiaries had less advertisement and promoting expenses. Specific business tax and transfer fee were in accordance to revenue.

##### **4.2 Administrative expenses**

In 1<sup>st</sup> quarter of 2018, the administrative expenses at Baht 22.16 million, increased Baht 1.0 million or 4.73% compared to 1<sup>st</sup> quarter 2017 because of increasing of wage, welfare for employees and administrative expenses in order to conform with company's policy.

##### **Allowance for Doubtful Account**

In 1<sup>st</sup> quarter of 2018, company recorded doubtful account, increased to Baht 0.66 million which is allowance of others fee from co-investment and joint venture project.

##### **Financial Expenses**

This expense consists of interest of bank and interest of leasing contracts. In 1<sup>st</sup> quarter of 2018, the financial expenses increased Baht 11.79 million or 191.40% compared to 1<sup>st</sup> quarter of 2017. As financial contracts have been defaulted, company and subsidiaries paid more according defaulted interest rate since year 2017

#### **5. Profit for the 1<sup>st</sup> quarter**

Company and subsidiaries had profit (loss) in 1<sup>st</sup> quarter of 2018 at (Baht 28.30 million). The cause of loss came from less of revenue of sales, less of gross profit, more selling expenses, more administrative expenses, more financial expenses and recorded of allowance for doubtful account increase to Baht 0.66 million.

## Statement of Financial Position

(Unit : Million Baht)

STATEMENT OF FINANCIAL POSITION	1Q 2018	1Q 2017	increase(decrease)	
Consolidate financial statement				
TOTAL ASSET	1,209.99	1,214.62	(4.6 )	(0.38%)
TOTOL LIABILITIES	692.55	668.88	23.7	3.54%
TOTAL SHAREHOLDERS' EQUITY	517.44	545.74	(28.3 )	(5.19%)

As of March 31, 2018, company and subsidiaries had less total assets than 1<sup>st</sup> quarter of year 2017 at Baht 4.60 million or 0.38%. Company and subsidiaries had more assets which concerned to development property, deposit for land, land held for development, land building and equipment, cash and bank deposit, temporary investment, prepaid expenses and construction expenses. For liability has been increased Baht 23.70 million or 3.54% comparing to 1<sup>st</sup> quarter of 2017. Company and subsidiaries had more debts which came from default interest. Now there are 10 projects which have been on sale.