



November 14, 2019

Re: Clarification of the operating results of company and its subsidiaries for the nine month periods ended September 30, 2019

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 third Quarter of 2019 (Q3/2019) as follows:-

(Unit: million Baht)		For 9 months, end of September 30, 2019				
Financial Statement	Consolidate financial statement				% revenue from sales	
	Q3/2019	Q3/2018	increase(decrease)		Q3/2019	Q3/2018
Revenues from sales	159.78	140.51	19.27	13.71%	100.00%	100.00%
Cost of sales	(119.80)	(95.57)	(24.23)	25.35%	(74.98%)	(68.02%)
<b>Gross Profit</b>	<b>39.98</b>	<b>44.94</b>	<b>(4.96)</b>	<b>(11.04%)</b>	25.02%	31.98%
Other income	6.56	6.76	(0.20)	(2.96%)	4.11%	4.81%
Revenues from reduction of defaulted interest under the court order		16.66	(16.66)		0.00%	11.86%
Distribution costs	(17.76)	(20.42)	2.66	(13.03%)	(11.12%)	(14.53%)
Administrative expenses	(72.76)	(68.82)	(3.94)	5.73%	(45.54%)	(48.98%)
Other Expenses						
Doubtful accounts Reversal of allowance for doubtful account	0.86	(1.20)	2.06	171.67%	0.54%	(0.85%)
Loss from litigation		(0.61)	0.61		0.00%	(0.43%)
Finance costs	(37.91)	(37.20)	(0.71)	1.91%	(23.73%)	(26.47%)
Tax income (expense)	(3.15)	0.00	(3.15)	N/A	(1.97%)	0.00%
<b>Profit (loss) for the period</b>	<b>(84.18)</b>	<b>(59.89)</b>	<b>(24.29)</b>	<b>(40.56%)</b>	(52.68%)	(42.62%)
Basic earnings per share-Owners of the Company	(0.10)	(0.07)	(0.03)	(40.56%)		
Attributable to						
Owners of the Company	(84.18)	(59.89)	(24.29)	(40.56%)		
Non-controlling interests	-	-	-	-		



## **1. Operating revenue**

In summary, company and subsidiaries had total revenue for nine months as at September 30, 2019, Q3/2019 and Q3/2018 at Baht 166.34 million, and Baht 163.93 million respectively. The increase of Baht 2.41 million is equivalent to 1.47%, compared to Q3/2018,

The details are as follows:

### **1.1 Revenue from sales land and houses**

In Q3/2019 the revenue from sale land and house for 9 months amount Baht 159.78 million compared to Q3/2018 was amount Baht 140.51 million, increase Baht 19.27 million, or 13.71%.

### **1.2 Other revenue**

The other revenue of company in Q3/2019 at Baht 6.54 million, decreasing at Baht 16.86 million or 71.99 % compared to Q3/2018.

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 Q3/2019, the cost of sales at Baht 119.80 million, increase of Baht 24.23 million or 25.35% compared to Q3/2018, varied to the decreased revenue from sales of land and houses as follows.



Description	Q3/2019	Q3/2018	increase(decrease)	
	million Baht	million Baht	million Baht	%
Revenues from sales	159.78	140.51	19.27	13.71%
Cost of sales	(119.80)	(95.57)	(24.23)	25.35%
<b>Gross Profit</b>	<b>39.98</b>	<b>44.94</b>	<b>(4.96)</b>	<b>(11.04%)</b>
<b>% Gross Profit</b>	<b>25.02%</b>	<b>31.98%</b>	<b>(0.07)</b>	

### 3. Gross profit

In Q3/2019, the gross profit at Baht 39.98 million, decrease of Baht 4.96 million or 11.04% compared to Q3/2018, 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 2019 and as at September 2018 as 25.02%, 31.98% decrease 6.96%.

### 4. Expenses

#### 4.1 Distribution cost

In Q3/2019, the distribution cost at Baht 17.76 million, decreased Baht 2.66 million or 0.13 % compared to Q3/2018 because company and subsidiaries had paid commission to agent for sale house according to condition.

#### 4.2 Administrative expenses

In Q3/2019, the administrative expenses at Baht 72.76 million, increased Baht 3.94 million or 5.73% compared to Q3/2018 because of increasing of wage, welfare for employees etc.

#### 4.3 Other expenses

4.3.1 In Q3/2019, the doubtful account reverse of allowance of Doubtful account at Baht 0.86 million, decreased Baht 2.06 million, decreased 1.72%, compared to Q3/2018, which charged fee from joint venture agreement project

### 5. Financial expenses

Financial expenses consisted of interest of banks and interest of hire purchase in Q3/2019 at Baht 37.91million, decreased Baht 0.71 million or 1.91% compared to Q3/2018 because company and subsidiaries had defaulted loan. 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.

## 6. Profit for the period

Company and subsidiaries had profit (loss) in Q3/2019 at (Baht 84.18million), compared to Q3/2018 that was profit (loss) at Baht (59.89 million) as:

1. Doubtful accounts reverse of allowance of Doubtful account amount Baht 0.86million
2. Finance costs (defaulted loan) amount Baht (37.91) million

## Statement of Financial Position

(Unit: million Baht)

Financial Statement	Q3/2019	Q3/2018	Increase (decrease)	
Consolidate financial statement				
TOTAL ASSET	1,118.83	1,172.62	(53.79 )	(4.59%)
TOTAL LIABILITIES	744.94	718.09	26.85	3.74%
TOTAL SHAREHOLDER EQUITY	373.90	458.08	(84.18 )	(18.38%)

As at September 30, 2019, company and subsidiaries had less total assets than corresponding period last year at amount Baht 53.79 million or 4.59% which consisting of Costs of real estate development projects for sale, deposit for land held for development improvement and equipment, cash and equivalents. More total liabilities which increase at amount Baht 26.85 million or 3.74%, as defaulted liabilities, Trade and other current payable, finance lease liabilities. Now, the company has 10 projects for sale

As at 30 September, 2019 company and subsidiaries had less total equity Baht 84.18 million or 18.38%.

Yours sincerely

( Mr. Santi Piyatat )

Managing Director

K.C. Property Public Company Limited