

No. 1/2017

SEC orders KC to amend financial statements and arrange a special audit

Bangkok, 6 January 2017 – The SEC has ordered K.C. Property Public Company Limited (KC) to amend its annual financial statements for the year 2015 and the interim financial statements for the third quarter of 2016 because they failed to present correct information on the liabilities incurred from the company’s issuance of bills of exchange (B/E). KC is also required to have a special audit on such B/E issuance, related receipt and payment transactions, and the accounting records.

The order was issued after KC announced via the SET Electronic Information System on 29 December 2016 that the company’s Board of Directors had found that the liabilities incurred from the B/E issuance in the fourth quarter of 2015 did not appear in the company’s financial statements. Such circumstance caused KC financial statements to materially contain false information and raised doubts concerning the internal control system, spending of B/E money, and the making of accounting records.

The SEC has therefore issued the order above which covers the amendment to the financial statements for the year 2015 and the third quarter of 2016 as well as Form 56-1 and Form 56-2 for the year 2015. Concurrently, the SEC ordered a special audit on the internal control system concerning the B/E issuance, related receipt and payment transactions, and the company’s accounting records practice.

In addition, KC must examine the issue raised by the auditor whether the doubtful transactions of land sales and purchases were in line with the normal course of business operation.

Earlier, the auditor had reviewed, and expressed a qualified opinion on, the interim financial statements for the third quarter of 2016. The auditor’s report on the facts related

to the questionable land sale and purchase transactions was also submitted to the KC Board of Directors pursuant to Section 89/25 of the *Securities and Exchange Act B.E. 2535 (1992)*.

KC must submit the amended financial statements, the Forms, and the results of the special audit to the SEC by 6 February 2017, and disclose the information thereof via the SET Electronic Information System as well.
