

15 August 2016

Subject: Clarification of changes in operating performance of more than 20%

To: The President of the Stock Exchange of Thailand

M.K. Real Estate Development Plc. would like to inform the financial results for the second quarter of 2016. The Company and its subsidiary reported a profit of THB 46.41 million or a net profit of THB 0.05 per share, an increase of THB 41.33 million or 814%. Details were as follows:

	Unit : THB'000			
	2016	2015	Increase (Decrease)	%
Operating Results : 2nd Quarter				
Revenue from sales of real estate	615,657	341,885	273,772	80.08
Total revenues	675,185	368,348	306,837	83.30
Total expenses	627,006	360,202	266,804	74.07
Gross profit	203,945	124,001	79,944	64.47
Net profit	46,410	5,077	41,333	814.12
Gross profit margin (%)	33.13	36.27	(3.14)	(8.67)
Net profit margin (%)	6.87	1.38	5.50	398.70
Per Share (Baht)				
Net profit per share	0.05	0.01	0.04	

The increase in operating performance when comparing with the same period of last year was caused by the following reasons:

- (1) Total revenues were THB 675.19 million, an increase of THB 306.84 million or 83.30% derived from the main business of the Company and its subsidiaries as follows:
 - Increase in sale of real estate business by THB 273.77 million or 80.08%, resulting from the Government stimulus measures by providing financial support to housing loan, reducing transfer fee and mortgage fee. The measures ended in April 2016. In addition, the sale of real estate business during the second quarter of last year was lower than normal since number residential units were mostly booked at the end of the quarter. These booking units were realized in the next quarters.

- Increase in revenue from rent and service by THB 28.56 million. This was a result from the investment in Prospect Development Co., Ltd. during the fourth quarter of last year. This caused an increase in rent and service income from warehouse/factory space.

- (2) The Company recorded total costs and expenses of THB 627 million, increase by TH 266.8 million or 74.07%. The increase in total costs and expenses was lower than the growth in revenue (83.30%). Financial costs increased by THB 24.22 million due to bonds and bills of exchange issuance.

The company's financial results during the first half of 2016 can be summarized as follows:

	Unit : THB'000			
	2016	2015	Increase (Decrease)	%
Operating Results : 1st half year				
Revenue from sales of real estate	1,121,251	756,023	365,228	48.31
Total revenues	1,286,951	805,040	481,911	59.86
Total expenses	1,141,309	762,735	378,574	49.63
Gross profit	386,577	264,567	122,010	46.12
Net profit	140,824	35,590	105,234	295.68
Gross profit margin (%)	34.48	34.99	(0.52)	(1.48)
Net profit margin (%)	10.94	4.42	6.52	147.52
Per Share (Baht)				
Net profit per share	0.14	0.04	0.10	

During the first 6 month of this year, the Company recorded sale of real estate business THB 1,121.25 million, an increase of THB 365.23 million or 48.31% despite the intense competition among developers and the strict in housing lending policy for the retail buyers. The success was resulting from re-imaging MK residential projects to meet customer demands. The Company was able to maintain the gross margin to be the same level of previous year. In summary, net profit for the first half of year improved by THB 105.2 million, or 295% when comparing with the same period of last year.

Please be informed accordingly.

Yours sincerely,

(Mrs. Sutida Suriyodorn)

Senior Executive Vice President