

NO. AC. 002/2018

15 May 2018

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 first quarter of 2018. The Company and its subsidiary reported a net profit of THB 44.48 million or earnings per share of THB 0.04, comparing to a net profit of THB 26.62 million or earnings per share of THB 0.03 in 1Q2017, an increase of THB 17.86 million or 67.11%. Details were as follows:

Unit : THB'000				
Operating results	2018	2017	Increase (Decrease)	%
Real Estate				
Revenue from sale of real estate	1,170,702	583,082	587,620	100.78
Gross Profit : Reals estate	331,824	212,644	119,180	56.05
Gross profit margin (%)	28.34	36.47	(8.12)	(22.28)
Rental and other services				
Revenue from rental & other services	57,760	42,917	14,843	34.59
Gross Profit : Rental & other services	32,219	24,074	8,145	33.83
Gross profit margin (%)	55.78	56.09	(0.31)	(0.56)
All bussiness				
Sales & Sevices revenue	1,258,609	651,260	607,349	93.26
Gross profit	378,161	247,761	130,400	52.63
Gross profit margin (%)	30.05	38.04	(8.00)	(21.02)
Total revenue	1,272,735	672,057	600,678	89.38
Total Cost & Expense	1,222,945	643,949	578,996	89.91
Selling & Admin. Expense	257,018	165,350	91,668	55.44
Finance cost	72,753	49,709	23,044	46.36
Net profit	44,483	26,619	17,864	67.11
Net porofit margin (%)	3.50	3.96	(0.47)	(11.76)
Net profit per share (Baht)	0.04	0.03	0.01	

The main businesses of the Company and its subsidiaries consisted of:

(1) Revenue from sale and service was THB 1,258.61 million, increase by THB 607.35 million or 93.26%. The revenue from the main businesses of the Company and its subsidiaries as follows:

- Sale of real estate business increased by THB 587.62 million or 100.78% when comparing to the same period of last year. Sale of low-rise residential units was THB 632.82 million, an increase of THB 52.36 million or 9% when comparing to the same period of last year which was THB 580.47 million. This was mainly come from the positive outlook of the real estate business since the fourth quarter of last year. Interest rate remained low was another positive factor. For this quarter, the gross margin from sale of low-rise residential units was 33%. The figure was in line with the margin reported last year. In addition, sale from real estate business of Munkong Living Co., Ltd., 100% owned subsidiary, was THB 537.8 million.
- Revenue from rent and service was THB 57.76 million, an increase of THB 14.84 million or 34.59% when comparing with the first quarter of last year. Of which, THB 51.22 million was came from leasing space of warehouse/factory in Bangkok Free Trade Zone Project (by Prospect Development Co., Ltd.) and leasing apartment units of Park Court Project (by Munkong Living Co., Ltd.). All of these helped to increase recurring income as part of the Company's business strategy. Gross profit derived from this business was THB 32.22 million, an increase of THB 24.07 million or 33.83% when comparing to the first quarter of last year.
- Revenue from golf course was THB 23.24 million, increase 16.4% from revenue which was reported last year at THB 19.96 million. The increase was come from the opening new clubhouse which helped to improve the service quality of golf course and restaurant. Since February 2018, number of golfers and customers from nearby housing projects increased continuously. For the property management business, the revenue recognition also improved.

(2) In this quarter, the Company recorded total costs and expenses of THB 1,222.95 million, increase by THB 579 million or 89.91%, when comparing to the same period of las year.

Details were as follow:

- Selling and Administrative Expenses increased THB 91.67 million or 55.44%. The percentage increase in selling expenses was in line with the percentage increase in sales such as transfer fee, specific tax, commission and other fees

etc. However, selling expenses of total sale in 1Q2018 was 20.4% lower than 25.4% when comparing to the first quarter of 2017.

- Financial costs increased by THB 23.04 million or 46.36% comparing to the same period of last year. However, the percentage of financing cost over total sale and service income was 5.8% lower than last year which was 7.6%

During 1Q2018, MK had percentage increase in revenue from rent and service higher than the percentage increase in total costs and expenses. Therefore, the Company reported an increase in net profit of THB 17.86 million or 67.11%.

Please be informed accordingly.

Yours sincerely,

(Mrs. Sutida Suriyodorn)
Senior Executive Vice President