

14 August 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 second quarter of 2018 which ended on 30 June 2018. The Company and its subsidiary reported a net profit of THB 126.43 million or earnings per share of THB 0.13, comparing to a net profit of THB 24.02 million or earnings per share of THB 0.02 during the second quarter last year, an increase of THB 102.42 million or 426.44%. Details were as follows:

	Unit : THB'000			
	2018	2017	Increase (Decrease)	%
Operating Results : 2nd quarter				
Revenue from sales of real estate	1,235,799	602,001	633,798	105.28
Total revenues	1,374,128	687,009	687,119	100.02
Total expenses	1,243,461	658,411	585,050	88.86
Selling & Admin. Expense	217,667	164,859	52,808	32.03
Finance cost	70,310	51,060	19,250	37.70
Gross profit	416,712	227,598	189,114	83.09
Net profit	126,434	24,017	102,417	426.44
Gross profit margin (%)	31.29	33.73	(2.44)	(7.23)
Net profit margin (%)	9.20	3.50	5.71	163.20
Per Share (Baht)				
Net profit per share	0.13	0.02	0.10	

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

- (1) Revenue from sale and service was THB 1,331.64 million, increase by THB 656.88 million or 97.35% when comparing to the same period of last year. The revenue from the main businesses of the Company and its subsidiaries as follows:
 - Sale of real estate business was THB 1,235.80 million or increased by THB 633.80 million or 105.28%. Sale of low-rise residential units was THB 673.29 million, an increase of THB 167.71 million or 33.2% when comparing to the same period of last year which was

reported THB 505.59 million. This was mainly come from the positive outlook of the real estate sector. In addition, the Company launched new housing project in a potential location. All houses were well designed in both layout and functions and the Company was able to maintain price that was affordable by customers. All these were met customers' demands. In this quarter, the gross margin from sale of low-rise residential units was 35.2%, higher than the same period of last year which was reported at 31%. In addition, the Company generated revenue from sale of vacant land of THB 562.51 million.

- Revenue from rent and service was THB 62.12 million, an increase of THB 12.95 million or 26.34%. The majority of revenue from rent and service was come from leasing space of warehouse/factory in Bangkok Free Trade Zone Project (by Prospect Development Co., Ltd.). Prospect continuously constructed warehouse/factory buildings. Revenue from rent increased from THB 17 million per quarter at the time the Company made investment to THB 50 million per quarter this year. Propsect Development had a total of 115,000 sq.m. leasable area and 39,000 sq.m. under construction area. In addition, the Group started to realize revenue from leasing apartment units of Park Court Project (by Munkong Living Co., Ltd.). All of these helped to increase recurring income as part of MK Group's business strategy. Gross profit derived from this business was THB 33.11 million, an increase of THB 28.44 million or 16.39% when comparing to the second quarter of last year. Gross margin was 53.3%
- Revenue from golf course was THB 26.21 million, increase 41.8% from revenue which was reported last year at THB 18.48 million. The increase was come from the opening new clubhouse which helped to improve the service quality of golf course and restaurant. Revenue increased in all business units which were green fees, golf cart fees and food & beverages. For the property management business, revenue also improved.

(2) In this quarter, the Company recorded total costs and expenses of THB 1,243.46 million, increase by THB 585.05 million or 88.86%, when comparing to the same period of las year. Details were as follow:

- Selling and Administrative Expenses increased THB 52.81 million or 32.03%. The percentage increase in selling expenses was in line with the percentage increase in sales such as transfer fee, specific tax and other fees etc. However, selling expenses of total sale in 2Q2018 was 16.3% lower than 24.4% when comparing to the second quarter of 2017.

- Financial costs increased by THB 19.25 million or 37.7% comparing to the same period of last year. However, the percentage of financing cost over total sale and service income was 5.3% lower than last year which was 7.6%

The company's financial results during the first half of 2018 can be summarized as follows:

	Unit : THB'000			
	2018	2017	Increase (Decrease)	%
Operating Results : 1st half year				
Revenue from sales of real estate	2,406,501	1,185,083	<i>1,221,418</i>	<i>103.07</i>
Total revenues	2,646,863	1,359,066	<i>1,287,797</i>	<i>94.76</i>
Total expenses	2,466,406	1,302,360	<i>1,164,046</i>	<i>89.38</i>
Gross profit	794,873	475,359	<i>319,514</i>	<i>67.22</i>
Net profit	170,917	50,636	<i>120,281</i>	<i>237.54</i>
Gross profit margin (%)	30.69	35.85	<i>(5.16)</i>	<i>(14.40)</i>
Net profit margin (%)	6.46	3.73	<i>2.73</i>	<i>73.31</i>
Per Share (Baht)				
Net profit per share	0.17	0.05	0.12	

During the first 6 months of this year, total revenues were THB 2,646.86 million, an increase of THB 1,287.8 million or 94.76% yoy. For the Company's main business, sale of real estate business increased by THB 1,221.42 million. From the revenue restructuring plan of the MK Group by increasing its recurring business during the past 2-3 years, the Group gradually increases its revenue recognition from rent and service. During the first six month of this year, revenue from rent and service was THB 119.88 million, an increased of THB 27.8 million or 30.18% when comparing to the first half of 2017 which was reported at THB 92.08 million. Overall gross margin improved by THB 319.51 million. Net profit for the first half of 2018 was THB 170.92 million, an increase of THB 120.28 million or 237.54% when comparing with the same period of last year.

Please be informed accordingly.

Yours sincerely,

(Mrs. Sutida Suriyodorn)

Senior Executive Vice President