

**PROUD REAL ESTATE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
(FORMERLY, FOCUS DEVELOPMENT AND CONSTRUCTION PUBLIC COMPANY LIMITED)**

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**REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

## **INDEPENDENT AUDITOR'S REPORT**

To The Shareholders and Board of Directors of  
Proud Real Estate Public Company Limited  
(Formerly, Focus Development and Construction Public Company Limited)

I have audited the consolidated financial statements of Proud Real Estate Public Company Limited (Formerly, Focus Development and Construction Public Company Limited) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and I have audited the separate financial statements of Proud Real Estate Public Company Limited (Formerly, Focus Development and Construction Public Company Limited) (the Company), which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Proud Real Estate Public Company Limited (Formerly, Focus Development and Construction Public Company Limited) and its subsidiaries as at December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended and the separate financial position of Proud Real Estate Public Company Limited (Formerly, Focus Development and Construction Public Company Limited) as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statement of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

#### Revenue recognition for construction services

The Company had recognized the revenues for construction services, construction cost that require the use of judgment and the significant assumption by the management, including to review the estimates cost throughout the construction period and determine the success of the work throughout the service period. It affects the measurement of revenue and service periods. In addition, revenue recognition based on the success of completion of construction has impact on the accounting entries, revenues from construction services, unbilled income, advance received, construction costs and construction costs payable. The amount is materiality to the financial statements of the Company. Therefore, I consider transactions in respect of revenue recognition under the construction agreement and construction costs are significant to the financial statements. The Company has disclosed the accounting policies related to the revenue recognition to the construction service in Note 5.1.

#### Risk response from auditor

I have audited the recognition of revenue under the construction agreement and construction costs by understanding the process of preparation of financial reports and financial estimates to determine the percentage of completion of the cost estimates audit. I tested the significant internal control system related to the recognition of revenues and costs under the construction agreement. I have audited the recognition of revenues under the related construction agreement. I attended the construction site to compare the consistency of the report on the progress of construction with the inspection of work from the customer to assess the reasonableness of the assessment of the stage of completion for recognition of revenue and cost of construction and audited the actual cost of each project during the year and after the end of the year with related document. In addition, I made comparative analysis of the actual costs as compared to the total estimated costs of project and gross margin to assess the reasonableness of the cost estimation and the change in provision during the year. I had audited the sufficiency of information disclosure of the Company in order to comply with financial reporting standards.

#### Valuation of Deferred Tax

As described in Notes 5.16 and 16 to the financial statements, regarding accounting policies of income tax and deferred tax, the Company recognized deferred tax for the temporary differences to the extent that is recognized equal to the amount of the future taxable profit will be sufficient to allow utilisation of the temporary differences. As a result, it is necessary to use significant management judgment and estimation of future performance, and may relate to the management decision of the events in the future in order to support the recognition of such transactions. Therefore, I have identified this matter to be area significantly the financial statements because it requires the reasonableness of the management judgment in the estimation based on assumptions in respect of the future events.

#### Risk response by the auditor

I evaluated the reasonableness of assumptions used in the estimation inclusive of Company's future performance to consider whether it is sufficient to utilize temporary differences for tax deductions by considering the probability of property development and condominium sale in the future based on the evidences of the Company's operate and testing the calculated deferred tax include considering the sufficiency assess of disclosure notes in accordance with Thai Financial Reporting Standards.

#### **Other Information**

Management is responsible for the other information. The other information comprises information including in annual report but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after that date.

My opinion on the financial statements in which the equity method is applied and separate financial statements does not cover the other information and I do not and will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance to make correction the misstatement.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the consolidated financial statements and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and separate financial statements.

As part of an audit in accordance with Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and separate financial statements, including the disclosures, and whether the consolidated financial statements and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

- I also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated financial statements and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner responsible for the audit resulting in this independent auditor's report is Miss Wannisa Ngambuathong.

(Miss Wannisa Ngambuathong)  
Certified Public Accountant  
Registration No. 6838

Dharmniti Auditing Company Limited  
Bangkok, Thailand  
February 26, 2020