

- Translation -

PROUD/FIN/SET-2020/003

11 August 2020

Subject: Management's Discussion and Analysis for the three-month period ended 30 June 2020  
To: The President  
The Stock Exchange of Thailand

Proud Real Estate Public Company Limited would like to explain operating results for the three-month period ended 30 June 2020 which has changed from the same period of prior year as follow;

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE-MONTH PERIOD ENDED 30 JUNE 2020**

(Thousands Baht)

	Consolidated Financial Statements		Change Increase/(Decrease)	
	2020	2019	Thousands Baht	%
Revenues	4,747	-	4,747	100%
Cost	(3,912)	-	3,912	100%
<b>Gross profit</b>	<b>835</b>	<b>-</b>	<b>835</b>	<b>100%</b>
Other income	786	1,330	(544)	-41%
Selling and distribution expenses	(977)	(56)	921	1645%
Administrative expenses	(22,015)	(37,786)	(15,771)	-42%
Share of loss from investment in joint venture	-	(2,758)	(2,758)	-100%
<b>Profit (loss) before finance cost and income tax expenses</b>	<b>(21,371)</b>	<b>(39,270)</b>	<b>17,899</b>	<b>-46%</b>
Finance income	137	597	(460)	-77%
Finance cost	(1,415)	(1,584)	(169)	-11%
<b>Profit (loss) before income tax expenses</b>	<b>(22,649)</b>	<b>(40,257)</b>	<b>17,608</b>	<b>-44%</b>
Income tax (expense) income	(39)	(207)	168	-81%
<b>Profit (loss) for the period</b>	<b>(22,688)</b>	<b>(40,464)</b>	<b>17,776</b>	<b>-44%</b>
<b>Other comprehensive income (expense) :</b>				
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent period</i>				
Actuarial gain (loss)	-	8,192	(8,192)	-100%
Income tax effect	-	(1,638)	(1,638)	-100%
<b>Other comprehensive income (expense) for the period</b>	<b>-</b>	<b>6,554</b>	<b>(6,554)</b>	<b>-100%</b>
<b>Total comprehensive income (expense) for the period</b>	<b>(22,688)</b>	<b>(33,910)</b>	<b>11,222</b>	<b>-33%</b>

The Company's operating result for the three-month period ended 30 June 2020 resulted in a net loss of Baht 22.69 million in the consolidated financial statements, which decreased by Baht 17.78 million or 44% from the same period of prior year.

Consolidated Financial Statements

(Million Baht)

	Construction			Property Development			Total		
	2020	2019	Increase (decrease)	2020	2019	Increase (decrease)	2020	2019	Increase (decrease)
Revenue	-	-	-	4.75	-	4.75	4.75	-	4.75
Cost	-	-	-	(3.91)	-	3.91	(3.91)	-	3.91
Gross Profit	-	-	-	0.84	-	0.84	0.84	-	0.84
Gross Margin	-	-	-	18%	-	18%	18%	-	18%

**1. Revenue and cost of construction**

The Company has stopped its construction business and focuses on only property development business. Therefore, it did not have revenue and cost from construction in the 2<sup>nd</sup> quarter of 2020 and 2019.

**2. Revenue and cost of sales from property development business**

The Company has revenue from property development business Baht 4.75 million from ownership transferred at the "Focus Ploenchit" condominium. Cost of sales for the period was Baht 3.91 million or 82% of revenue and gross profit margin was 18%. There was no ownership transferred in the same period of prior year.

**3. Other income**

The Company has other income Baht 0.79 million, which decreased by Baht 0.54 million or 41% as compare with Q2/2019, which was Baht 1.33 million. The main increasing was due to management income decreased by Baht 0.47 million and other income decreased by Baht 0.07 million.

**4. Selling and distribution expenses**

The Company's selling and distribution expenses was Baht 0.98 million, which increased by Baht 0.92 million or 1,645% from Q2/2019. The significant increase was due to fees and taxes of ownership transfer for project the "Focus Ploenchit" condominium.



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**5. Administrative expenses**

The Company's administrative expenses was Baht 22.02 million, which decreased by Baht 15.77 million or 42% as compare to the same period of prior year, which was Baht 37.79 million. Main decrease was due to severance pay amount Baht 21.65 million and reversal of impairment loss on other current financial assets (retention receivables) amount Baht 1.06 million. However, employee benefit expenses increased by Baht 1.78 million, depreciation and amortization increased by Baht 2.49 million, bank charge increased by Baht 1.63 million, expenses for facilities renovation of "Focus Ploenchit" condominium increased by Baht 0.61 million, and operating expenses at "111 Social Club" increased by Baht 0.49 million.

**6. Share of loss from investment in joint venture**

The Company use to invested in a joint venture and the joint venture holds ordinary shares in a subsidiary. It operates in the investment of waste management business. However, during the year 2019, the Company entered into a sale transaction to sell this entity. Hence, the Company did not have such share of loss from investment in joint venture for this period.

**7. Finance Income**

The Company's finance income was Baht 0.14 million, which increased by Baht 0.46 million as compare to the same period of prior year, which was Baht 0.60 million. Main finance income was interest income from banks.

**8. Finance Cost**

The Company's finance cost was Baht 1.41 million, which decreased by Baht 0.17 million or 11% as compare to the same period of prior year, which was Baht 1.58 million that was insignificant change.

**9. Income tax expenses**

The Company has income tax expenses for the period Baht 0.04 million, which decreased by Baht 0.17 million or 81% from Q2/2019, which was Baht 0.21 million. The decreasing of income tax expenses was insignificant change.

Please be informed accordingly and please disseminated the above information.

Yours sincerely



(Ms. Budsabong Pansawadi)  
Senior Vice President  
Accounting and Financial Division