

- Translation -

PROUD/FIN/SET-2020/004

9 November 2020

Subject: Management's Discussion and Analysis for the three-month period ended 30 September 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 September 2020 which has changed from the same period of prior year as follows:

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

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	Consolidated Financial Statements		Change Increase/(Decrease)	
	2020	2019	Thousand Baht	%
Profit or loss:				
Revenues	170,418	17,883	152,535	853%
Cost	(138,394)	(10,608)	127,786	1205%
Gross profit	32,024	7,275	24,749	340%
Other income	12,738	21,959	(9,221)	-42%
Selling and distribution expenses	(10,068)	(3,575)	6,493	182%
Administrative expenses	(24,758)	(10,090)	14,668	145%
Profit from operating activities	9,936	15,569	(5,633)	-36%
Share of loss from investment in joint venture	-	(824)	(824)	-100%
Finance income	47	134	(87)	-65%
Finance cost	(696)	(1,198)	(502)	-42%
Profit before income tax expenses	9,287	13,681	(4,394)	-32%
Income tax expenses	(640)	(101)	(539)	534%
Profit for the period	8,647	13,580	(4,933)	-36%
Other comprehensive income:				
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	8,647	13,580	(4,933)	-36%
Earnings per share (Baht)				
Basic earnings per share				
Profit	0.013	0.021		
Weighted average number of ordinary shares (Thousand shares)	641,469	641,469		

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The Company's operating result for the three-month period ended 30 September 2020 resulted in a net profit of Baht 8.65 million in the consolidated financial statements, which decreased by Baht 4.93 million or 36% from the same period of prior year.

Consolidated Financial Statements

(Unit: Million Baht)

	Construction			Property Development			Total		
	2020	2019	Increase (decrease)	2020	2019	Increase (decrease)	2020	2019	Increase (decrease)
Revenue	-	-	-	170.42	17.88	152.54	170.42	17.88	152.54
Cost	-	-	-	(138.40)	(10.61)	127.79	(138.40)	(10.61)	127.79
Gross Profit	-	-	-	32.02	7.27	24.75	32.02	7.27	24.75
Gross profit margin	-	-	-	19%	41%	-22%	19%	41%	-22%

1. Revenue and cost of construction

The Company has finished all construction projects and focuses on only property development business. Therefore, it did not have revenue and cost from construction in the 3rd quarter of 2020 and 2019.

2. Revenue and cost of sales from property development business

The Company has revenue from property development business Baht 170.42 million from 30 units ownership transferred at the "Focus Ploenchit" condominium. Its cost of sales was Baht 138.40 million and gross profit margin was 19%. While there were 2 units ownership transferred in the same period of prior year and the gross profit margin was 41%. The significant decrease in gross profit margin was due to sales promotions such as decreasing sales price and premium.

3. Other income

The Company has other income Baht 12.74 million, which decreased by Baht 9.22 million or 42% as compare with Q3/2019, which was Baht 21.96 million. The main decreasing was due to gain on disposal of investment in joint venture decreased by Baht 20.41 million. While there were other incomes from reversal of estimated cost for maintenance expense Baht 7.86 million, gain on compensation received from insurance Baht 2.25 million and revenue from "111 Social Club" Baht 1.55 million. Moreover, other income decreased by Baht 0.47 million.

4. Selling and distribution expenses

The Company's selling and distribution expenses was Baht 10.07 million, which increased by Baht 6.49 million or 182% from Q3/2019. The significant increase was due to fees and taxes of ownership transfer for project the "Focus Ploenchit" condominium which increased by Baht 5.34 million. Moreover, sales and promotion expenses increased by Baht 1.15 million.

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5. Administrative expenses

The Company's administrative expenses was Baht 24.76 million, which increased by Baht 14.67 million or 145% as compare to the same period of prior year, which was Baht 10.09 million. Main increase was due to employee benefit expenses increased by Baht 3.42 million, bank charge increased by Baht 3.27 million, depreciation and amortization increased by Baht 2.59 million, operating expenses at "111 Social Club" and sales gallery increased by Baht 1.88 million, management expenses increased by Baht 0.66 million. Moreover, price guarantee cost of "Focus Ploenchit" condominium increased by Baht 2.33 million which mainly due to reclassification.

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 0.05 million, which decreased by Baht 0.09 million or 65% as compare to the same period of prior year, which was Baht 0.14 million. Main decrease was due to interest income from loan to a joint venture.

8. Finance Cost

The Company's finance cost was Baht 0.70 million, which decreased by Baht 0.50 million or 42% as compare to the same period of prior year, which was Baht 1.20 million. Main decrease was due to repayment of loans from financial institution according to ownership transferred at the "Focus Ploenchit" condominium during the period.

9. Income tax expenses

The Company has income tax expenses for the period Baht 0.64 million, which increased by Baht 0.54 million or 534% from Q3/2019, which was Baht 0.10 million. The increment was due to adjustments of deferred tax assets according to decreasing in deficit.

Please be informed accordingly and please disseminated the above information.

Yours sincerely



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