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Subject Management Discussion and Analysis

Financial Performance for the year ended 30 June 2020

To President

The Stock Exchange of Thailand

DHOUSE PATTANA PCL. ("Company") provides Management Discussion and Analysis for the half year ended 30 June 2020 as follows:

Units : MTHB

Half-year Income Statement Ended 30 June 2019 and 2020	Half Year		Change	
	30 June 2020	30 June 2019	Amount	%
Revenues from sales	46.78	83.30	(36.51)	(43.84)
Cost of sales	20.68	38.82	(18.14)	(46.73)
Gross profit	26.10	44.47	(18.37)	(41.31)
Other income	0.29	0.20	0.09	44.20
Selling expenses	2.42	3.86	(1.43)	(37.17)
Administrative expenses	7.78	6.33	1.45	22.90
Finance costs	3.42	2.33	1.09	46.94
Tax expenses	2.15	6.18	(4.03)	(65.26)
Net income	10.62	25.97	(15.36)	(59.13)

Revenue from Sales

For the half-year performance of the year 2020, the Company has revenues from sales of 46.78 million baht, reduced from the same period of the year 2019 for 36.51 million baht or equivalent to 43.84%. The reduction was the effect of the massive transfer of real estates sold in Grand Biz project. The total unit transfer during the half-year of 2019 is 22 units including 17 units from Grand Biz project, 3 units from The Grand Residence project, and 2 units from The Grand Canal project. The massive transfer of the Grand Biz project results from transfer phase opening and the accumulated reserved units piled up during the pre-sales period. While in the first half of the year 2020, the Company transfer 14 units, including 7 units of The Grand Residence project (24.57 million baht), 4 units of The Grand Canal project (3 Townhomes and 1 Home Office for 10.07 million baht), and 3 units of Grand Biz project (12.14 million baht)

Cost of Sales and Gross Profit

For the first half of the year 2020, the Company had a cost of sales of 20.68 million baht and a gross profit of 26.10 million baht, or equivalent to a gross profit margin of 55.79%. Most of the gross profit was from The Grand Residence project, which is 14.20 million baht and has a project gross profit margin of 57.79%. The margin has no



significant difference with that of the year 2019. The Grand Biz project contributes approximately 6.75 million baht of the total gross profit leading to a project gross profit margin of 55.64%, slightly higher than the previous year because of the price increase of the project. For The Grand Canal project, the gross profit contribution was 5.14 million baht, giving a project gross profit margin of 51.05% with no significant change compared to the previous year

Selling, General and Administrative Expenses

For the first half of 2020, the Company has a selling, general and administrative expenses of 10.21 million baht or equivalent to 21.82% of the total revenues from sales. Compared with year 2019, there is an increase of 0.02 million baht or approximately 0.17%. There is a slight decline in the selling expenses, which was the effect of the revenues from sales reduction. On the side of the administrative expenses, there is a slight increase in the expense from the increase in the management compensation since April 2019. The increase was to adjust the compensation to the normal market rate. Apart from that, during February 2020, the Company expands its management team by hiring one more member to cover the project management and construction division.

Net Income

For the first half of 2020, the Company has a net profit of 10.62 million baht or equivalent to a net profit margin of 22.69%. For the revenue, the Company continued to realize the revenue from The Grand Residence, Grand Biz and The Grand Canal projects, while most contribution is from The Grand Residence project. In first-half 2020, the Company's project gross profits during the period are in line with the previous year, while the administrative expenses pumped up slightly, mainly because of the compensation adjustment of the management. The Company's finance costs also increased as the Company started paying interest for the loans from related parties since 1 January 2020. (previously the loans from related parties were non-interest-bearing liabilities) As a result, the company's net profit margin is lower the first half of 2019.

Financial Position

Units : MTHB

Statement of Financial Position Ended 30 June 2020 and 31 December 2019	Ended		Change	
	30 June 2020	31 December 2020	Amount	%
Assets	715.16	729.66	(14.50)	(1.99)
Liabilities	353.31	378.42	(25.11)	(6.63)
Shareholders' equity	361.85	351.24	10.61	3.02
Debt to Equity ratio (D/E Ratio)	0.98	1.08	(0.10)	(9.37)

Assets

On 30 June 2020, the Company has a total assets of 715.16 million baht, reduced from the end of 2019 for 14.50 million baht or approximately 1.99%. The major reason for this is the reduce in cash and cash equivalent



affected by the partial loan's principle payback and the reduced in Cost of property development arised from the transfer of the real estates during the period. Apart from the given reasons, the Company started adopting the TFRS16: Leases standards. The adopt affect the Company's assets by requiring the Company to record 2.64 million baht of Rights of use Assets (Land and storage building) The account was not recorded in the compared period.

Liabilities

On 30 June 2020, the Company's total liabilities is 353.31 million baht or equivalent to 49.40% of the Company's total liabilities and equities. Compared to end of 2019, the amount is lower by 25.11 million baht or by 6.63%. The major reason for the reduce is, during the beginning of the year, the Company paid back the short-term loan from related parties while the short-term loan from financial institution increased. This is to reduce the Company's financial dependency with its related parties. Apart from the reason above, the Company also drawn down additional long-term loan from financial institution for 8.04 million baht. The loan was a soft loan under the low-interest-rate loan policy issued by the Bank of Thailand, with a principle of 8 million baht.

Shareholders' Equities

Shareholders' equity as of 30 June 2020 is 361.85 million baht or approximately 50.60% of the company's total liabilities and equities. When compared with the figure during the end of 2019, there is an increase in the shareholders' equity for 10.61 million baht or approximately 3.02%. The major reason is from the increase in the net income from operation during the first 6 months of 2020.

Debt to Equity Ratio

As of 30 June 2020, the company had a debt-to-equity ratio of 0.98 times, reduced when compared with the end of 2019. This occurred by an effect of the overall reduction in the total liabilities for 25.11 million baht, which was the consequence of the partial short-term loan principal payback. On the side of the equity, the total shareholder's equity increased from the realisation of the 6-month operating performance, a net income of 10.62 million baht. The above reasons led to a lower debt to equity ratio.

Please be informed accordingly.

Sincerely yours,

(Miss Piathip Khunthom)

Accounting and Finance Director

DHOUSE PATTANA PCL.