

## Part 3

### Financial Position and Operating Results

#### 13. Significant financial information

##### 13.1 Summarized financial statement table

**Summarized past operation results and financial position (please see details in consolidated financial statement)**

Significant financial information	2019	2018	2017
<b>Consolidated income statement</b> (million Baht)			
Income from sale	1,177	1,232	932
Costs and expenses	773	805	
Earnings before interest, taxes, depreciation and amortization (EBITDA) including dividend receivables from subsidiaries	220		201
Profit for the year*	131	163	222
<b>Consolidated statement of financial position (million Baht)</b>			
Assets	2,623	2,527	2,470
Liabilities	192	236	252
Shareholders' equity	2,431	2,290	2,218
Parent company shareholders' equity	2,393	2,290	2,218
<b>Financial ratio</b>			
Number of shares issued (million shares)**	5,386	5,204	4,752
Book value per share (Baht)	0.45	0.44	0.47
Profit per share (Baht)	0.02	0.03	0.05
Dividend payable per share (Baht)	0.015	***0.015	0.045
Liquidity ratio (times)	11.21	9.28	9.42
Gross profit rate (%)	34%	35%	35%
Net profit rate (%)	11%	13%	24%
Shareholders' return rate (%)	5.6%	7.2%	10.9%
Total rate of return from assets (%)	5.1%	6.5%	12.3%
Debt to equity ratio (times)	0.08	0.10	0.11

Statement of Financial Position	Consolidated financial statement as per audit report					
	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	191,635	7	131,919	5	103,530	4
Temporary investment	-	-	-	-	394,614	16
Trade and other account receivables	127,660	5	156,185	6	141,946	6
Short-term loans	-	-	-	-	-	-
Inventories	1,147,571	54	1,646,482	66	1,266,968	51
<b>Total current assets</b>	<b>1,736,866</b>	<b>66</b>	<b>1,934,586</b>	<b>77</b>	<b>1,907,058</b>	<b>77</b>
<b>Non-current assets</b>						
Land held for development	19,933	1	19,933	1	19,933	1
Real estate for investment	315,476	12	48,795	2	46,460	2
Property, plant and equipment	492,127	19	466,117	18	445,699	18
Intangible assets	3,667	0	2,274	0	1,126	0
Deferred tax assets	8,619	0	8,383	0	9,538	0
Non-operating assets	29,880	1	32,820	1	35,768	1
Other non-current assets	16,634	1	13,904	1	4,219	0
<b>Total non-current assets</b>	<b>886,336</b>	<b>34</b>	<b>592,226</b>	<b>23</b>	<b>562,743</b>	<b>23</b>
<b>Total assets</b>	<b>2,623,202</b>	<b>100</b>	<b>2,526,812</b>	<b>100</b>	<b>2,469,801</b>	<b>100</b>
<b>Liabilities and shareholders' equity</b>						
<b>Current liabilities</b>						
Bank overdrafts and short-term loans from financial institutions	443	0	2,034	0	1,119	0
Trade and other account payables	130,820	5	183,301	7	185,897	8
Short-term loans	-	-	-	-	-	-
Long-term liabilities due within one year	7,520	0	3,112	0	108	0
Accrued income tax	16,204	1	20,049	1	15,420	1
<b>Total current liabilities</b>	<b>154,987</b>	<b>6</b>	<b>208,496</b>	<b>8</b>	<b>202,544</b>	<b>8</b>

<b>Non-current liabilities</b>						
Long-term loans	-		-	-	-	-
Financial lease liabilities	7,851	0	5,100	0	-	-
Deferred tax liabilities	6,000	0	5,737	0	5,200	0
Employee benefit obligations	21,646	1	15,398		16,092	1
Other non-current liabilities	1,817	0	1,551		28,275	1
<b>Total non-current liabilities</b>	<b>37,314</b>	<b>1</b>	<b>27,786</b>		<b>49,567</b>	<b>2</b>
<b>Total liabilities</b>	<b>192,301</b>	<b>7</b>	<b>236,282</b>		<b>252,111</b>	<b>10</b>
<b>Shareholders' equity</b>						
<b>Share capital</b>						
Authorized share capital	557,000	21	557,000	22	557,000	
Issued and paid-up capital	538,634	21	520,435	21	475,160	
Premium on ordinary shares	1,325,757	51	1,286,265	51	1,187,566	
<b>Retained earnings</b>						
Appropriated						
Legal reserve	55,700	2	55,700	2	55,700	2
Unappropriated	478,909	18	433,76	17	497,861	20
Other components of equity	(5,992)	(0)	(12,966)	(1)	(5,992)	(0)
Non-controlling interests	37,893	1	7,330	0	7,395	0
<b>Total shareholders' equity</b>	<b>2,430,901</b>	<b>93</b>	<b>2,290,530</b>	<b>91</b>	<b>2,217,690</b>	<b>90</b>
<b>Total shareholders' equity</b>	<b>2,623,202</b>	<b>100</b>	<b>2,526,812</b>	<b>100</b>	<b>2,469,801</b>	<b>100</b>

(Unit : thousand Baht)

Statement of comprehensive income	Consolidated financial statement as per audit report					
	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
Income from sales and services	1,177,219	100	1,231,534	100	932,113	100
Cost of sales and services	(773,437)	(66)	(805,372)	(65)	(604,327)	(65)
<b>Gross profit</b>	<b>403,782</b>	<b>34</b>	<b>426,162</b>	<b>35</b>	<b>327,786</b>	<b>35</b>
Other income						
Profit from sales of Land	-	-	-		132,594	14
Profit from sales of real estate for investment	-	-	-		7,223	1
Others	12,402	1	20,640	2	22,686	2
Selling expenses	(164,263)	(14)	(157,563)	(13)	(127,486)	(14)
Administrative expenses	(85,167)	(7)	(79,766)	(6)	(78,472)	(8)
Financial cost	(1,115)	(0)	(2,659)	(0)	(290)	(0)
<b>Profit before income tax</b>	<b>165,639</b>	<b>14</b>	<b>206,814</b>	<b>17</b>	<b>284,041</b>	<b>30</b>
Income tax expenses	(34,961)	(3)	(43,771)	(4)	(59,923)	(6)
<b>Profit for the year</b>	<b>130,678</b>	<b>11</b>	<b>163,043</b>	<b>13</b>	<b>224,118</b>	<b>24</b>
Other comprehensive income (expense)		-	-	-	(2,247)	(0)
<b>Total comprehensive income for the year</b>	<b>130,678</b>	<b>11</b>	<b>163,043</b>	<b>13</b>	<b>221,871</b>	<b>21</b>
Other comprehensive income	-	-	-	-	<b>(6,974)</b>	<b>(1)</b>
<b>Total comprehensive loss for the year</b>	<b>130,678</b>	<b>11</b>	<b>163,043</b>	<b>13</b>	<b>214,897</b>	<b>23</b>
<b>Share of profit (loss)</b>						
Part of the company	<b>131,614</b>	<b>11</b>	<b>163,105</b>	<b>13</b>	<b>223,306</b>	<b>24</b>
Equity of non-controlling interests	<b>(936)</b>	<b>(0)</b>	<b>(62)</b>	<b>(0)</b>	<b>(1,435)</b>	<b>(0)</b>
Total profit for the year	<b>130,678</b>	<b>11</b>	<b>163,043</b>	<b>13</b>	<b>221,871</b>	<b>24</b>
<b>Total Share of profit (loss)</b>						
Part of the company	<b>131,614</b>	<b>11</b>	<b>163,105</b>	<b>13</b>	<b>216,332</b>	<b>23</b>
Equity of non-controlling interests	<b>(936)</b>	<b>(0)</b>	<b>(62)</b>	<b>(0)</b>	<b>(1,435)</b>	<b>(0)</b>
<b>Total profit for the year</b>	<b>130,678</b>	<b>11</b>	<b>163,043</b>	<b>13</b>	<b>214,897</b>	<b>23</b>
<b>Basic earnings per share</b>	<b>0.02</b>		<b>0.03</b>		<b>0.05</b>	

(Unit : thousand Baht)

Statement of changes in shareholders' equity	Consolidated financial statement as per audit report		
	2019	2018	2017
<b>Share capital</b>			
Balance at the beginning of the year	520,435	475,160	428,550
Ordinary share purchase	-	-	-
Stock dividend	18,199	42,275	46,610
<b>Balance at the end of the year</b>	<b>538,634</b>	<b>520,435</b>	<b>475,160</b>
<b>Share premium</b>			
Balance at the beginning of the year	1,286,265	1,187,566	1,067,908
Increase during the year	39,492	98,699	119,658
<b>Balance at the end of the year</b>	<b>1,325,757</b>	<b>1,286,265</b>	<b>1,187,566</b>
<b>Retained earnings</b>			
<b>Appropriated</b>			
Balance at the beginning of the year	55,700	55,700	54,632
Legal reserve	-	-	1,068
<b>Balance at the end of the year</b>	<b>55,700</b>	<b>55,700</b>	<b>55,700</b>
<b>Unappropriated</b>			
Balance at the beginning of the year	426,792	497,861	320,583
Impact from adoption of new accounting policy on income tax			
Legal reserve	-	-	(1,068)
Stock dividend	-	-	-
Dividend paid	(79,497)	(234,174)	(37,986)
Comprehensive profit for the year	131,614	163,105	216,332
<b>Balance at the end of the year</b>	<b>478,909</b>	<b>426,792</b>	<b>497,861</b>
<b>Other components of shareholders' equity</b>			
<b>Difference from changes in investment proportion in subsidiaries</b>			
Balance at the beginning of the year	(5,992)	(5,992)	(5,992)
Increase during the year	-	-	-
<b>Balance at the end of the year</b>	<b>(5,992)</b>	<b>(5,992)</b>	<b>(5,992)</b>
<b>Total shareholders' equity</b>	<b>2,393,008</b>	<b>2,283,200</b>	<b>2,210,295</b>

(Unit : thousand Baht)

Statement of cash flows	Consolidated financial statement as per audit report		
	2019	2018	2017
<b>Cash flows from operating activities</b>			
<b>Profit before income tax</b>	<b>165,639</b>	<b>206,814</b>	<b>284,041</b>
Adjustment			(2,247)
Profit from changes in investment value			(1,948)
Doubtful accounts	37	54	76
Reserve for obsolete products	48,333	187	
Amortized withholding income tax	120	53,378	60,046
Depreciation			-
Loss on obsolete goods			(929)
Gain from sales of real estate for investment			(7,223)
(Profit) loss from disposal of tangible assets			316
	(1,301)	(319)	
Gain from sales of equipment			(132,594)
Intangible asset amortization	237	697	685
Employee benefit provision	5,995	1,266	450
Dividend received	-	-	-
Interest payable expenses	1,008	2,501	289
<b>Profit from operating activities before changes in assets and operating liabilities</b>	<b>220,268</b>	<b>264,578</b>	<b>200,962</b>
(Increase) decrease in components of operating assets			
Trade and other account receivables	32,382	(14,293)	29,964
Inventories	(40,411)	(384,308)	(455,429)
Land held for development	-	-	-
Other non- assets	(1,630)	(1,845)	(520)
Other non-current assets	(2,767)	(5,679)	(1,881)
(Increase) decrease in components of operating liabilities			
Trade and other account payables	(27,515)	(56,797)	(10,856)
Employee benefit obligations	-	-	-

Other non-current liabilities	266	(4)	26,720
<b>Cash generated (paid) from operation</b>	<b>180,393</b>	<b>(198,348)</b>	<b>(211,040)</b>
Cash paid, interest paid	(539)	(2,121)	(38)
Cash Benefits Employee	(216)	(2,341)	(510)
Income tax paid	(41,907)	(37,451)	(58,777)
<b>Net cash generated from (paid in) operating activities</b>	<b>137,731</b>	<b>(240,261)</b>	<b>(270,365)</b>
<b>Cash flows from investment activities</b>	-	394,613	49,568
Proceeds from sales of temporary investment	-		974
(Increase) decrease in short-term loan	-		12,000
Proceeds from sales of real estate for investment	(84,014)	(36,158)	(7,159)
Cash paid for purchase of tangible assets	3,823	1,883	
Proceeds from sales of equipment	-	-	
<b>Net cash generated from (paid in) investment activities</b>	<b>(80,191)</b>	<b>360,338</b>	<b>152,221</b>
<b>Cash flows from financing activities</b>			
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(1,591)	915	357
Increase (decrease) in short-term loans	-	-	-
Increase (decrease) in long-term loans	-	-	-
Payments for financial lease liabilities	(5,926)	(2,401)	(600)
Proceeds from share capital increase	-	-	-
Proceeds from share capital increase Subsidiary	31,500	-	10,500
Proceeds from Warrant	57,691	143,974	166,268
Dividends paid	(79,498)	(234,175)	(37,987)
<b>Net cash generated from (paid in) financial activities</b>	<b>2,176</b>	<b>(91,687)</b>	<b>138,538</b>
Net increase (decrease) in cash and cash equivalents	59,716	28,390	20,394
Cash and cash equivalents as at 1 January	131,919	103,530	83,136
<b>Cash and cash equivalents as at 31 December</b>	<b>191,635</b>	<b>131,920</b>	<b>103,530</b>

Financial ratio	2019	2018	2017
<b>Liquidity Ratio</b>			
Liquidity ratio (time)	11.21	9.28	9.42
Liquidity quick ratio (time)	2.06	1.38	3.16
Trade account receivable turnover ratio (time)	11.21	11.17	8.02
Average debt collection time (day)	32.55	32.68	45.52
Inventory turnover ratio (time)	0.50	0.55	0.78
Average goods selling time (day)	723.00	660.20	465.60
Account payable turnover ratio (time)	4.92	4.36	3.82
Debt repayment time (day)	74.12	83.66	95.59
Cash Cycle (day)	681.43	609.22	415.53
<b>Profitability Ratio</b>			
Gross profit rate (%)	34.3%	34.6%	35.2%
Net profit rate (%)	11.2%	13.2%	24.0%
Shareholder return rate (%)	5.1%	7.2%	10.9%
<b>Efficiency Ratio</b>			
Rate of return on total assets (%)	5.1%	6.5%	12.3%
Tangible asset turnover ratio (time)	2.46	2.70	1.98
Total assets turnover ratio (time)	0.46	0.49	0.40
<b>Financial Ratio</b>			
Rate of debt to equity ratio (time)	0.08	0.10	0.11
Interest solvency ratio (time)	149.55	78.81	983.94



## 14. Management Discussion and Analysis (MD&A)

### Management Discussion and Analysis for the 2019 operating results (consolidated financial statement)

#### DCON Products Public Company Limited and Subsidiaries

#### 1. Operating result analysis for 2019 consolidated financial statement compared with the 2018

##### 1.1 Income from sale and service provision

In the year 2019 and 2018, the Company had revenues from sales and services of Baht 1,177.22 million and Baht 1,231.53 million, respectively. The total revenue was down by Baht 54.32 million or 4.4%. The segment of construction materials business decreased by Baht 16.93 million or 1.7%. Real estate business decreased Baht 37.39 million or 14.2%. The decrease Baht 37.39 million in real estate sales was due to sales a Mini Factory In 2018, with 1 unit of land worth 13.40 million baht and condominiums can be sold more than 2019 5 Unit

Unit : Million Baht

	2019	2018	Difference	
			Increase (decrease)	%
1.1.Income from sale and service provision				
1.1.1 Construction materials	950.86	967.78	(16.93)	(1.7%)
1.1.2 Real estate business	226.36	263.75	(37.39)	(14.2%)
1.1.3 Total income	1,177.22	1,231.53	(54.32)	(4.4%)

Proportions of incomes between construction material business and real estate business

Unit : Per cent

	2019	2018
Income from construction material business	81	79
Income from real estate business	19	21
Total income	100	100

##### 1.2 Costs of sale and service provision

Cost of sales and services in 2019 was Baht 773.44 million and Baht 805.37 million in 2018, a decrease of Baht 31.94 million or 4% due to lower revenue from sales, Energy, fuel and labor costs for the year 2019 are at the same rate as the year 2018.

Unit : Million Baht

	2018	2017	Difference	
			Increase (decrease)	%
1.2 Cost of sale and service provision				
1.2.1 Construction material business	626.81	653.48	(26.67)	(4.1%)
1.2.2 Real estate business	146.63	151.89	(5.26)	(3.5%)
1.2.3 Total cost of sale and service provision	773.44	805.37	(31.94)	(4.0%)

### 1.3 Gross profit

The gross profit margin of the year 2019 was Baht 403.78 million, a decrease of Baht 98.37 million or 5.3% in 2018 due to the increase in sales and service income. Increased cost of sales. The gross margin in the segment of construction materials business was Baht 324.05 million and the real estate business was Baht 79.74 million.

In 2019, the company had gross profit margin of the real estate business decreased by 32.13 million baht from last year, decreased by 28.7% due to 2018, there was 1 unit of Mini Factory with land sold. Hunt has a low land cost since the land has been bought for a long time.

Unit : Million Baht

	2019	2018	Difference	
			Increase (decrease)	%
1.3 Gross profit				
1.3.1 Construction material business	324.05	314.30	9.75	3.1
1.3.2 Real estate business	79.74	111.86	(32.13)	(28.7%)
1.3.3 Total gross profit	403.78	426.16	(22.338)	(5.3%)

Gross profit rate to total income from sale and service provision

Unit : Per cent

	2019	2018
Gross profit rate of construction material business	34.1	32.5
Gross profit rate of real estate business	35.2	42.4
Total gross profit	34.3	34.6

### 1.4 Selling expenses

Selling expenses were Baht 164.26 million and Baht 157.56 million for the year 2019 and 2018, respectively, increased by Baht 6.70 million or 4.3%. Because of new reporting categorization. The selling expenses of the construction materials business decreased by Baht 2.31 million or 1.7% and the selling expenses of the real estate business increased by Baht 9.01 million or 37.6%. Due to the cost of advertising, publicizing and promoting sales.

Selling expenses compared to revenue from sales and services of the construction materials business were 13.8%, which is equal to 2018, and for the real estate business, it was 14.5% in 2019 and 9% in Year 2018

Unit : Million Baht				
	2019	2018	Difference	
			Increase (decrease)	%
1.4 Selling expenses				
1.4.1 Construction material business	131.33	133.64	(2.31)	(1.7%)
1.4.2 Real estate business	32.93	23.92	9.01	37.6%
1.4.3 Total selling expenses	164.26	157.56	6.70	4.3%

Selling expense rate compared with income from sale and service provision

Unit : Per cent		
	2019	2018
Selling expenses compared with income from sale		
Selling expenses of construction material business	13.8	13.8
Selling expenses of real estate business	14.5	9.1
Total selling expenses	14.0	12.8

#### 1.5 Administrative Expenses

Administrative expenses were Baht 85.17 million and Baht 79.77 million for the year 2019 and 2018, respectively, increased by Baht 5.40 million or 6.8%.

#### 1.6 Financial costs

The financial cost in 2019 was Baht 1.11 million and in the year 2018 was Baht 2.66 million, a decrease of Baht 1.55 million or 58%

#### 1.7 profit for the year

In 2019, the company had the net profit attributable to the parent company equal to 131.61 million baht, decreased from 31.49 million baht in year 2018, representing 19.3 percent (In 2018, the net profit attributable to the parent company was 163.11 million baht), with The main reason was due to the sales decreased by 54.32 million baht causing the gross profit to decrease 22.38 million baht and the selling and administrative expenses increased by 12.10 million baht.

## 2. Analysis of financial position for the consolidated financial statements of 2019 and 2018

### 2.1 Assets

As at 31 December 2019 the Company and subsidiaries had total assets of 2,623.20 million Baht, increasing by 96.39 million Baht or 3.8 per cent from 2018. Significant changes to the assets were:

Unit : Million Baht

	2019	2018	Difference	
			Increase (decrease)	%
Cash and cash equivalents, temporary investment	191.63	131.92	59.72	45.3%
Trade and other account receivables	127.66	156.18	(28.53)	(18.3%)
Inventories	1,417.57	1,646.48	(228.91)	(13.9%)
Property, plant and equipment	492.13	466.12	26.01	5.6%

1. Cash and cash equivalents, short-term investments increased by Baht 59.72 million due to cash flow from financing activities of Baht 2.17 million derived from investment activities of Baht 80.19 million and used in operating activities Baht 137.73 million.

2. Inventories decreased by Baht 228.91 million or 13.90%. Almost all of which were the decrease in the real estate business due to condominium sales.

3. Property, plant and equipment increased by Baht 26.10 million in 2019. The purchase of machinery and equipment totaled Baht 64.12 million and depreciation of Baht 38.20 million.

## 2.2 Liabilities

As at 31 December 2019 the Company and subsidiaries had total liabilities of 192.30 million Baht, decreasing by 43.98 million Baht or 18.6 per cent from 2018. Material transactions were as follows.

Unit : Million Baht

	2019	2018	Difference	
			Increase (decrease)	%
Trade and other account payables	130.82	183.30	(52.48)	(28.6%)
Accrued income tax	16.20	20.05	(3.85)	(19.2%)
Non-current provisions - employee benefits	21.65	15.40	6.25	40.6%
Finance lease liabilities	15.37	8.20	7.17	87.4

## 2.3 Shareholders' equity

As at the end of 2019, the Company and its subsidiaries had total shareholders' equity of Baht 2,430.90 million, an increase of Baht 140.37 million from the end of 2018 due to the increase in net profit of Baht 130.68 million, dividend payment of Baht 79.50 million. Registration of additional paid-up capital Due to the issuance of additional shares and the exercise of DCON-W1 in the amount of 31.50 million baht and from the excess of the par value from the issuance of new shares in the amount of 57.69 million baht

### **3. Liquidity, asset manageability and profitability**

As at 31 December 2019 the Company and subsidiaries had current assets of 1,736.87 million Baht and current liabilities of 154.99 million Baht, hence a liquidity ratio of 11.21 times and a liquidity quick ratio of 2.06 times, average debt collection time of 33 days and average debt repayment time of 74 days.

The decrease of 31.49 million Baht in the income from sale and service provision in 2019 compared with that in 2018, the Company having the return on total assets ratio of 5.1 per cent, decreasing from 2.46 per cent in 2018 which is 2.70 times and total asset turnover ratio is 0.46 times, decreasing from year 2018 which is 0.49 times.

At the end of 2019 the Company and subsidiaries had total debt to equity ratio of 0.08 time, decrease 0.10 times from the end of 2018.