



Part 3

Financial Position and Operation Results



3.1 Financial Highlights

(Unit : Million Baht)

Financial Highlights	2017	2016 (Restated)	2015
Total Assets	307.43	407.08	494.15
Total Liabilities	140.91	271.02	358.44
Total Shareholders'Equity	166.52	136.06	135.71
Paid-up Capital	190.08	126.72	126.72
Total Revenues	150.05	330.34	498.61
Revenue from Construction	51.44	152.77	228.55
Revenue from Property Development	90.22	165.93	261.38
Net Profit (loss) for the year	(45.29)	0.12	3.31
Earnings per share (Baht)	(0.28)	0.001	0.03
Book Value Per Share (Baht)	0.88	1.07	1.07
Financial Ratio			
Current Ratio (times)	2.56	1.43	1.77
ROE (%)	(29.93)	0.09	2.47
ROA (%)	(11.82)	2.28	3.11
Debt/Equity Ratio (times)	0.85	1.99	2.64
Total Asset Turnover (times)	0.42	0.73	0.81
Gross Profit Margin (%)	19.84	21.92	16.94
Net Profit (loss) Margin (%)	(30.18)	0.04	0.66

3.1.1 Financial position and performance

Financial statement

Auditing summary

Year	Name - Surname	CPA Registration No.	Company name
2015	Mr. Udom Thanuratpong	8501	PV Audit Co., Ltd.
2016	Mr. Udom Thanuratpong	8501	PV Audit Co., Ltd.
2017	Mr. Udom Thanuratpong	8501	PV Audit Co., Ltd.

Summary of Auditor's report

- For the year ended December 31, 2015 and 2016, Auditors commented "Unqualified"
- For the year ended December 31, 2017, Auditor commented "Unqualified opinion with an emphasis of matters"

as follow:

Emphasis of Matter

I draw attention to Note 2 to the financial statements that the Company has elected to change accounting policy relating to investment in joint venture in the separate financial statements from cost method to equity method for the financial statements for the accounting period beginning on or after 1 January 2017 onwards and the Company restated the separate financial statements for the year ended 31 December 2016 which are presented as comparative information, to be in accordance with the revised Thai Financial Reporting Standards. My opinion on financial statements is not qualified in respect of this matter.

3.1.2 Summary of statement of financial position, statement of comprehensive income, statement of cash flow and financial ratio; comparative summary for a period of 3 years

Statement of Financial Position

Description	2017		2016 (Restated)		2015	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Cash and cash equivalents	909	0.30	16,466	4.04	7,929	1.60
Trade and other receivables	6,801	2.21	17,211	4.23	21,096	4.27
Work in progress	356	0.12	3,902	0.96	728	0.15
Unbilled receivables	12,382	4.03	26,463	6.50	19,917	4.03
Cost of property development	182,337	59.31	231,791	56.94	322,865	65.34
Other current assets	1,094	0.36	8,632	2.12	7,220	1.46
Restricted bank deposits	8,351	2.72	6,773	1.66	12,393	2.51
Investment in joint venture	24,370	7.93	7,434	1.83	-	-
Building and equipment	8,499	2.76	12,296	3.02	17,528	3.55
Intangible assets	2,692	0.88	3,193	0.78	3,695	0.75
Deferred tax assets	14,580	4.74	12,359	3.04	13,553	2.74
Other non-current assets	45,057	14.66	60,561	14.88	67,224	13.60
Total Assets	307,428	100.00	407,081	100.00	494,148	100.00
Bank overdrafts and short-term loans from financial institution	2,864	0.93	17,263	4.24	18,616	3.77
Trade and other payables	18,789	6.11	42,089	10.34	89,192	18.05
Current portion of liabilities	-	-	30,943	7.60	1,289	0.26
Short-term loans from other person	-	-	29,762	7.31	-	-
Estimated cost	18,635	6.06	28,721	7.06	39,388	7.97
Retention payables	20,047	6.52	19,260	4.73	23,379	4.73
Advances received	11,196	3.64	42,813	10.52	40,032	8.10
Other current liabilities	8,103	2.64	1,948	0.48	2,906	0.59
Long-term loans from financial institutions	51,925	16.89	50,000	12.28	136,767	27.68
Employee benefit obligations	9,348	3.04	8,223	2.02	6,869	1.39
Total Liabilities	140,907	45.83	271,022	66.58	358,438	72.54
Share capital	227,760		126,720		400,000	
Issued and paid-up share capital	190,080	61.83	126,720	31.13	126,720	25.64
Premium on shares	68,318	22.22	56,413	13.86	56,413	11.42
Deficit	(91,877)	(29.89)	(47,074)	(11.56)	(47,423)	(9.60)
Total Shareholders' Equity	166,521	54.17	136,059	33.42	135,710	27.46

Statement of Comprehensive Income

Description	2017		2016 (Restated)		2015	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Revenue from construction	51,438	34.28	152,773	46.25	228,551	45.84
Revenue from property development	90,221	60.12	165,927	50.23	261,385	52.42
Other income	8,396	5.60	11,638	3.52	8,677	1.74
Total revenue	150,055	100.00	330,338	100.00	498,613	100.00
Cost of construction	61,540	41.01	151,206	45.77	249,595	50.06
Cost of sales	52,012	34.66	97,647	29.56	157,352	31.56
Distribution costs	11,027	7.35	13,566	4.11	17,107	3.43
Administrative expenses	58,466	38.96	56,097	16.98	55,497	11.13
Finance cost	5,408	3.60	8,995	2.72	12,506	2.51
Share of loss from investment in joint venture	9,246	6.162	1,566	0.470	-	-
Total cost and expenses	197,699	131.74	329,077	99.61	492,057	98.69
Profit (loss) before income tax	(47,644)	(31.75)	1,261	0.38	6,556	1.31
Tax income (expense)	2,358	1.57	(1,137)	(0.34)	(3,248)	(0.65)
Profit (loss) for the year	(45,286)	(30.18)	124	0.04	3,308	0.66
Other comprehensive income for the year - net of tax	484	0.32	225	0.07	621	0.13
Total comprehensive income (loss)	(44,802)	(29.86)	349	0.11	3,929	0.79

Statement of Cash Flows

Description	2017	2016 (Restated)	2015
Net cash provided by operating activities	14,408	55,619	155,317
Net cash used in investing activities	(26,335)	(9,256)	(1,837)
Net cash used in financing activities	(3,630)	(37,826)	(154,912)
Net increase (decrease) in cash and cash equivalents	(15,557)	8,537	(1,432)
Cash and cash equivalents at beginning of year	16,466	7,929	9,361
Cash and cash equivalents at end of year	909	16,466	7,929

Financial Ratio

Item	2017	2016	2015
Liquidity Ratios			
Current ratio (time)	2.56	1.43	1.77
Quick ratio (time)	0.10	0.16	0.14
Cash flow current ratio (time)	0.10	0.26	0.57
Account receivable turnover (time)	16.42	17.88	12.08
Average collection period (day)	22	20	30
Account payable turnover (time)	4.83	4.00	4.25
Payment period (day)	76	91	86
Profitability Ratios			
Gross profit (loss) margin (%) – Construction business	(19.64)	1.03	(9.21)
Gross profit margin (%) – Property development business	42.35	41.15	39.80
Other profit margin (%)	5.60	3.52	1.74
Net profit margin (%)	(30.18)	0.04	0.66
Return on equity ratio (%)	(29.93)	0.09	2.47
Efficiency Ratio			
Return on assets ratio (%)	(11.82)	2.28	3.11
Return on fixed assets (%)	(398.46)	37.07	49.22
Assets turnover ratio (time)	0.42	0.73	0.81
Financial Policy Ratios			
Debt to equity ratio (time)	0.85	1.99	2.64
Interest coverage ratio (time)	5.40	7.83	14.39
Dividend payout ratio (%)	0.00	0.00	0.00



3.2 Explanation and Analysis of Financial Status and Operational Results

3.2.1 Overview of past performance

Focus Development and Construction Public Company Limited is classified as a medium sized construction contractor. The company has conducted construction business alongside property development. In 2016, the company has added another business channel. It is a joint venture company engaged in the waste management and power generation from waste fuel as this follows:

Company name	Type of business	Paid-up capital (Million baht)	Percentage of Company holds shares
Focus Development and Construction Public Company Limited	Construction and Property Development	190.08	-
Joint venture Focus Wheig Corporation Limited	Joint investment in waste management and power generation business from waste fuel	58.75	60
Subsidiaries of joint ventures Focus Wheig Bangna Limited	Waste management and energy from waste fuel	48.00	99.99

According to the Office of the National Economic and Social Development Board, the expansion of the public and private sector in the past, including the year 2017, the production of aviation branches fell by 2.3 percent. The estimation and other sectors decreased 3.0 percent and 1.0 percent, respectively.

Because of the decline of construction business, the competition has gotten higher. The company was able to get more jobs in the third quarter by signing a contract for the construction of the Naval Life Support Center at Sattahip Naval Base, Chonburi worth 79.78 million baht. However, due to the construction has just begun, the revenue recognition is still uncertain. In addition, the value and the number of projects decreased. As a result, in the year 2017, the Company had a loss of 45.29 million Baht or 30.18% of total revenues.

3.2.2 Revenue

The Company has revenue from the construction and property development business as follows:

(Unit : Million Baht)

Source of income	2017		2016		Change	
Construction business	51.44	34.28%	152.77	46.25%	(101.33)	(66.33)%
Property development business	90.22	60.12%	165.93	50.23%	(75.71)	(45.63)%
Other incomes	8.39	5.60%	11.64	3.52%	(3.25)	(27.92)%
Total	150.05	100.00%	330.34	100.00%	(180.29)	-54.58%

Construction business

The Company had revenue from construction services of 51.44 million Baht, decreased by 101.33 million or 66.33% as compare to the previous year, which equal to 152.77 million Baht. Most of the revenue in 2017 comes from the construction of projects that are continuing from the previous year. This is due to the construction of a 7-storey residential building, 2-storey basement, named Issara Collection Sathorn, located at Nang Lin Chi Road in Bangkok. The Company has commenced additional construction work during the year. It is the beginning of the work, the income is still uncertain.

Property development business

In 2017, the Company transferred the ownership of the “Focus Ploenchit” project to customers totaling 90.22 million baht, decreased by 75.71 million baht or decreased by 45.63% as compare to the previous year, which was equal to 165.93 million baht. As a result, the proportion of revenue from property development in 2017 and 2016 were 60.13% and 50.23% of total revenue.

As of December 31, 2017, The Company has the trading value of the purchase and sale contracts as follows:

(Unit : Million baht)

Project	Project's units	Project's total sales	Total value of the contract to purchase and sales	Percentage of total sales
Focus Ploenchit	132	830.00	517.53	62.35

3.2.3 Expenses

The Company's expenses consist of the cost of construction, selling cost and cost of selling property development, Administrative expenses, Financial costs and income tax expenses.

For the years 2017 and 2016, the Company has the following costs for each type of business:

(Unit : Million baht)

Items	2017				2016				Changes	
	Construction		Property Development		Construction		Property Development		Construction	Property Development
income	51.44	100%	90.22	100%	152.77	100%	165.93	100%	(101.33)	(75.71)
Cost	61.54	119.63%	52.01	57.64%	151.20	98.97%	97.65	58.85%	(89.66)	(45.64)
Cost of sales	-	-	11.03	12.23%	-	-	13.57	8.18%	-	(2.54)
Profit (Loss)	(10.10)	(19.63)%	27.18	30.13%	1.57	1.03%	54.71	32.97%	(11.67)	(27.53)

Cost of construction business: In the year 2017, the Company's revenue from construction services decreased by Baht 101.33 million or 66.33%. As a result, the cost of construction decreased and the budget had been increased to accommodate the defects of the completed projects but was still under warranty, including the company realized the loss of some projects. Construction cost increased from 98.97 percent in 2016 to 119.63 percent in 2017.

Cost of property development: In 2017, the Company's sales revenue decreased by 75.71 million baht or 45.63% from the previous year because the number of condominiums sold and transferred was lower compared to the previous year. The cost of sales in 2017 was 57.64% and the selling rate was 12.23%. The cost of sales were different because the area and selling price of each unit has different rates.

Administrative expenses

(Unit : Million baht)

Item	2017	2016	Changes	
Administrative expenses	58.47	56.10	2.37	4.22 %

In 2017, the Company had administrative expenses amounted to 58.47 million baht, consisting of executive compensation, salary and welfare benefits, rental and service fees, utility fees, professional fees and depreciation etc. had slightly increased compared to the previous year by 56.10 million baht. The main reason is the relocation of staff and workers from completed projects to central expenses and due to the fact that it is estimated that the tax expense will be increased withholding tax returns in 2014.

Financial costs

(Unit : Million Baht)

Item	2017	2016	Changes	
Financial costs	5.41	9.00	(3.59)	-39.89%

In 2017, the Company had a financial amounted to 5.41 million baht, decreased by 3.59 million baht or 39.89% compared to the previous year, which was 9.00 million baht. Most of the interest is paid on loans from financial institutions for property development. The completed project was 2.61 million baht. The rest of the interest is the interest on short-term loans from issuing bills of exchange to other persons and the project credit line by issuing promissory note to decrease works and from the bank overdraft.

Share of loss from equity in joint ventures

The company invest in joint venture and the joint venture hold shares in subsidiaries in order to run a waste management business. In year 2017, the subsidiary is in the process of preparing the construction, resulting to the company to know the share of losses from such investments amounted to 9.25 million Baht.

Income tax

In 2017, the Company had income from income tax at Baht 2.36 million, resulting from the change of temporary difference. This caused to the Income Tax Assets deferred increase compared to the same period of last year.

3.2.4 Financial status

The financial status of the company in year 2017 compared with year 2016 has changed significantly as follow:

(Unit: Million Baht)

Item	2017	2016	Changes	
Trade and other receivables	6.80	17.21	(10.41)	(60.49) %
Unbilled receivables	12.38	26.46	(14.08)	(53.21) %
Cost of property development	182.34	231.79	(49.45)	(21.33) %
Total current assets	203.88	304.46	(100.58)	(33.04) %
Investments in joint ventures	24.37	7.43	16.94	227.99 %
Total non-current assets	103.55	102.62	0.93	0.91 %
Total assets	307.43	407.08	(99.65)	(24.48) %

1. Assets

On December 31, 2017 the company had total assets in the amount of 307.43 million Baht, decreased by 99.65 million Baht or 24.48% when compared to the total asset of 2016 which was 407.08 million Baht, classified as current assets of 203.88 million Baht and non-current assets of 103.55 million Baht, there are significant changes which are

- 1.1 Trade and other receivables and unbilled receivables in 2017 with total amount of 19.18 million Baht and was decreased by 24.49 million Baht, compared to 43.67 million Baht of the previous year, this is due to the declining revenue recognition as the value of work and the number of projects decreased with the collection period is 22 days.
- 1.2 Property development cost was 182.34 million Baht, a decrease of 49.45 million Baht or a decrease of 21.33% when compared to year 2016 in the amount of 231.79 million Baht, this is due to the company has gradually transferred the rights to customers at the amount sold.
- 1.3 Investments in Joint Venture “Focus Wheig Corporation Limited” in proportion of shareholding and voting rights 60% of authorized share capital. As of December 31, 2017 Joint venture with registered capital and paid-up share capital was 58.75 million Baht. The Company had a total investment of 35.25 million Baht. The Company recorded share of loss from such investments totaling 10.88 million Baht, resulting to the value of investment in joint venture is Baht 24.37 million.

2. Liabilities

(Unit: Million Baht)

Item	2017	2016	Changes	
Trade and other payables	18.79	42.09	(23.30)	(55.36) %
Current portion of liabilities	-	30.94	(30.94)	(100.00)%
Short-term loans from other persons	-	29.76	(29.76)	(100.00)%
Advance received	11.19	42.81	(31.62)	(73.86)%
Total current liabilities	79.63	212.80	(133.17)	(62.58)%
Long-term loans from financial institutions	51.92	50.00	1.92	3.84%
Non-current liabilities	61.27	58.22	3.05	5.24%
Total Liabilities	140.90	271.02	(130.12)	(48.01)%

On the end of 2017, the Company had total liabilities of 140.90 million Baht, a decrease of 130.12 million Baht or a decrease of 48.01% when compared to 271.02 million Baht of total liabilities in the previous year, divided into current liabilities amount to 79.63 million Baht and non-current assets amounted to 61.27 million Baht. The important items are as follows:

- 2.1 Trade and other payables amounted to 18.79 million Baht, a decrease of 23.30 million Baht or a decrease of 55.36% when compare to 2016 which was 42.09 million Baht, due to the number of construction projects decreased, order quantity of building materials and the contract is reduced accordingly. The repayment periods for 2017 and 2016 were 76 days and 91 days.
- 2.2 Long-term loans from financial institutions for Focus Ploenchit project. The portion of due payment more than one year of 51.92 million Baht. During the year 2017, the Company borrowed money from financial institutions amounting to 40.00 million Baht. Meanwhile the company had sales and transferred condominium to customers. As a result, the Company has gradually repaid its loans to financial institutions amounting to 69.02 million Baht.

The details of long-term loans from financial institutions:

Facilities (Million Baht)	Period	Interest rate per annum	Repayment
50	June 2016 - June 2019	MLR – 1.0	When transfer right of the ownership of condominium unit and interest paid on a monthly basis.
40	Aug 2017 - Aug 2020	MLR – 0.5	

The loan collateral is as follows: Plots of land with existing construction and buildings will continue to be available in the future.

- 2.3 Short-term loans from other persons In the year 2017, short-term loans from other persons increased by 10 million Baht by issuing bills of exchange and on December 31, 2017, the Company has already paid such short-term loans.

3. Shareholders' Equity

At the end of 2017 and 2016, the Company has issued and paid-up capital. Premium share capital and shareholders' equity as follows:

(Unit: Million Baht)				
Items	2017	2016	Changes	
Registered capital	227.76	126.72	101.04	79.73%
Issued and paid-up share capital	190.08	126.72	63.36	50.00%
Share premium	68.32	56.41	11.90	21.10%
Deficit	(91.88)	(47.07)	(44.81)	(95.20%)
Total Shareholders' Equity	166.52	136.06	30.46	22.39%

On December 31, 2017, the Company had shareholders' equity of 166.52 million Baht, an increase of 30.46 million baht or 22.39% compared to the shareholders' equity at the end of 2016, amounting to 136.06 million Baht. Due to the Annual General Meeting of Shareholders in 2017 had approved the increase of the registered capital of 101.04 million Baht and the allotment of ordinary shares to the existing shareholders at the offering price of 1.20 Baht per share, the company recorded additional paid-up share capital of 63.36 million Baht and the premium on ordinary shares less expenses on share distribution. The share premium was 11.91 million Baht and in the year 2017, the company had a net loss of 45.28 million baht and other comprehensive income of 0.48 million Baht, resulting in an increase in deficit from 47.07 million Baht to a loss of 91.88 million Baht.

4. Cash flow and liquidity

(Unit : Million Baht)		
รายการ	2017	2016
Net cash provided by operating activities	14.41	55.62
Net cash used in investing activities	(26.33)	(9.25)
Net cash used in financing activities	(3.63)	(37.83)
Cash and cash equivalents increase (decrease) during year	(15.55)	8.54
Cash and cash equivalents at beginning of year	16.46	7.92
Cash and cash equivalents at end of year	0.91	16.46

On December 31, 2017, the Company had cash remaining in the amount of 0.91 million Baht. The net cash flow decreased by 15.55 million Baht, consist of:

- 4.1 Net cash provided by operating activities was 14.41 million Baht, mainly from the repayment of income tax withheld at the end of 2014.
- 4.2 Net cash used in investing activities amounted to 26.33 million Baht, mainly was the investment in joint ventures. “Focus Wheig Corporation Limited”, which is engaged in investment in waste management and power generation from waste fuels business.
- 4.3 Net cash used in financing activities amounted to 3.63 million Baht, mainly due to the receipt of capital increase ordinary shares of 75.26 million Baht and repayment of short-term and long-term loans from financial institutions amounting to 43.42 million Baht and repayment of short-term loans from other persons amounting to 30 million Baht.

The Company’s liquidity ratios at the end of 2017 and 2016 were 0.10 times and 0.26 times, respectively. This ratio was partly due to the repayment of loans from other persons and financial institutions. This resulting the debt to equity ratio at the end of 2017 and 2016 was 0.85 times and 1.99 times, respectively.

5. Commitment and contingent liabilities

On 31 December 2017, the company, the joint venture and subsidiary of the joint venture had commitments and contingent liabilities as follows:

- 5.1 The Company has a letter of guarantee issued by a local commercial bank in the country relating to commitments with normal commercial contracts with the outstanding balance on 31 December 2017 amounting to 58.15 million Baht.
- 5.2 The Company has the following outstanding commitments:
 - 5.2.1 Payments under office area and service contracts. The agreement is for a period of ten years ending on August 14, 2020, amounting to 10.75 million Baht and land rental for machinery and equipment. The rental period ended April 30, 2018 amounted to 0.11 million Baht.
 - 5.2.2 Payment under construction contract in the amount of 5.81 million Baht.
 - 5.2.3 Payment under the property development project in the amount of 5.81 million Baht and under the service payment in the amount of 0.14 million Baht per month.
- 5.3 Subsidiaries of joint ventures are payment under service agreement in the amount of 1.72 million Baht and at the rate of 0.21 million Baht per month.

Key factors and influences that may affect future operations or financial position.

Industrial factors

As the construction business is one type of service business, the factors that influence the future operation of the company are the demand of the customer or the service provider. This depends on the government and private investment policy that determines the amount of construction work. However, the key factor in the business of the company is depends on the ability of the directors, executives and staff to provide new construction work to the company. The amount of work and the value of the project must be related to the working capital that the company can supply. The main sources of funds are consisting of the Company's capital and loans from financial institutions, including volatility of construction material price, shortage of construction labor, Economic conditions and government policies. Including political factors. Therefore, the company must be aware of, follow up and adjust or strategy from various risk factors and the planning, management and control of the cost of construction to the appropriate level.

Although the real estate business, it is a good business with good returns. However, there are factors influencing the operation of the potential land acquisition at affordable prices, location, design, price, which must meet the needs of target customers.

In 2016, the company added another business line. It is a joint venture company engaged in the management of waste and energy from waste fuels. Currently under construction, this can be operated in 2018.

Disclosure of Auditors' Remuneration

1. Audit Fee

The company and its subsidiaries paid audit fee the following audit fees :

The company's auditor, during the previous accounting period, for the total amount of 0 Baht

The office which employed such auditor, other person or business that we related to the auditor and the office which employed such auditor, during the previous accounting period, for the total amount of 850,000 Baht

2. Non-Audit Fee

The company and its subsidiaries paid for other services, namely, none to :

- The company's auditor, during the previous accounting period, for the total amount of 0 Baht.
- The company also has to pay its auditor, in a near future, pertaining to finished services, during the previous accounting period, for the total amount of 0 Baht.
- The office which employed such auditor, other person or business that was related to the auditor and the office which employed such auditor, during the previous accounting period, for the total amount of 0 Baht. The company also has to pay them, in a near future, pertaining to finished services, during the previous accounting period, for the total amount of 0 Baht.