

PART III

FINANCIAL STATUS AND OPERATING PERFORMANCE

13. Financial Overview

a) Auditor and auditing reports

For the financial statements for the period ended December 31, 2008 to the period ended December 31, 2011, the Company's Auditor was Mr. Pradit Rodroythook, Certified Public Accountant No. 218 of AST Master Company Limited, which was the auditor approved by the Office of the Securities and Exchange Commission.

In 2008 to 2011, the Auditor expressed an unqualified opinion that the Company's financial statements, in all material respect, results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

For the financial statements for the period ended December 31, 2012 to the period ended December 31, 2016, the Company's Auditor was Mrs. Suvimol Krittayakiern, Certified Public Accountant No. 2982 of D I A International Audit Company Limited, which was the auditor approved by the Office of the Securities and Exchange Commission.

In 2012 to 2016, the Auditor expressed an unqualified opinion that the Company's financial statements, in all material respect, results of its operations and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

For the financial statements for the period ended December 31, 2017 and the period ended December 31, 2018, the Company's Auditor was Mr. Nopparoeek Pissanu Wong, Certified Public Accountant No. 7764 of D I A International Audit Company Limited, which was the auditor approved by the Office of the Securities and Exchange Commission.

In 2017 and 2018, the Auditor expressed an unqualified opinion that the Company's financial statements, in all material respect, results of its operations and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

b) Summary of financial statements

Thai Polycons Public Company Limited, Subsidiaries and Joint Ventures

As of 31 December 2016 – 2018

Unit: Thousand Bath

Statement of Financial Position	Consolidated Financial Statements					
	31 Dec 2018	%	31 Dec 2017	%	31 Dec 2016	%
Current Assets						
Cash and cash equivalents	176,779.06	2.42	194,198.59	2.88	273,162.98	4.33
Current investments	157,430.07	2.15	184,891.63	2.75	391,649.05	6.21
Trade accounts receivable and other receivables						
Related parties	392.80	0.01	-	-	-	-
Other companies	702,178.89	9.60	433,650.27	6.44	445,875.51	7.06
Other current receivables	176,726.74	2.42	180,142.89	2.68	161,988.77	2.57
Unbilled completion works	136,530.63	1.87	347,115.56	5.16	380,183.56	6.02
Retention receivable	3,068.39	0.04	762.59	0.01	141,960.80	2.25
Advance payment for purchase material and construction	199,610.48	2.73	178,287.17	2.65	286,098.14	4.53
Advance payments for land	102,850.00	1.41	-	-	-	-
Advance payment for management fees	7,750.00	0.11	-	-	-	-
Short-term loans to related parties	20,000.00	0.27	50,000.00	0.74	50,000.00	0.79
Supplies	58,244.75	0.80	62,471.98	0.93	44,424.15	0.70
Real estate projects under development	61,376.84	0.84	94,777.96	1.41	466,230.05	7.39
Total current assets	1,802,938.64	24.65	1,726,298.63	25.64	2,641,573.02	41.85
Non-current assets						
Restricted bank deposit	123,376.48	1.69	150,190.60	2.23	265,166.50	4.20
Investments in joint venture	482,049.04	6.59	496,174.65	7.37	346,529.52	5.49
Investment properties - land	270,222.13	3.70	270,222.13	4.01	663.00	0.01
Property, plant and equipment	4,171,617.92	57.04	3,622,086.96	53.80	2,811,184.51	44.54
Other intangible assets	12,371.58	0.17	12,576.18	0.19	10,560.22	0.17
Deferred tax assets	68,377.76	0.94	68,720.76	1.02	74,002.27	1.17
Income tax deducted at source	128,975.37	1.76	81,760.52	1.21	90,813.54	1.44
Retention receivable	121,671.95	1.66	109,659.94	1.63	-	-
Money secured at Legal Execution Department	-	-	69,040.01	1.03	-	-
Advance payments to contractor	41,934.81	0.57	50,566.17	0.75	-	-
Advance payment for management fees	85,652.80	1.17	68,558.41	1.02	45,500.00	0.72
Other non-current assets	3,732.39	0.05	6,925.26	0.10	25,531.64	0.40
Total non-current assets	5,509,982.24	75.35	5,006,481.59	74.36	3,669,951.21	58.15
Total assets	7,312,920.88	100.00	6,732,780.22	100.00	6,311,524.23	100.00



Unit: Thousand Bath

Statement of Financial Position	Consolidated Financial Statements					
	31 Dec 2018	%	31 Dec 2017	%	31 Dec 2016	%
Liabilities and Shareholders' Equity						
Current Liabilities						
Overdraft and short-term loans						
From financial institutions	154,129.50	2.11	285,899.43	4.25	279,421.33	4.43
Trade payables and other payables	806,477.11	11.03	722,608.39	10.73	879,440.10	13.93
Current portion of long-term loans	324,240.00	4.43	277,351.00	4.12	136,680.00	2.17
Current portion of liabilities under finance lease contract	8,334.22	0.11	7,226.56	0.11	5,821.05	0.09
Provisions	1,512.40	0.02	1,405.43	0.02	1,205.36	0.02
Accrued corporate income tax	17.68	0.00	17.21	0.00	179.46	0.00
Retention payable	105,338.44	1.44	155,099.16	2.30	133,076.00	2.11
Advances received under construction contracts	203,388.81	2.78	247,297.11	3.67	344,588.24	5.46
Unearned revenues under contract to buy and to sell	30.00	0.00	2,315.00	0.03	1,755.00	0.03
Total current liabilities	1,603,468.15	21.93	1,699,219.28	25.24	1,782,166.54	28.24
Non-current liabilities						
Long-term loans	1,838,770.00	25.14	1,686,710.00	25.05	1,595,185.44	25.27
Liabilities under financial lease contract	6,738.78	0.09	11,268.82	0.17	6,998.39	0.11
Non-current provisions for employee benefit	24,715.66	0.34	20,269.81	0.30	21,791.10	0.35
Retention payable	54,261.79	0.74	53,589.81	0.80	51,703.16	0.82
Total non-current liabilities	1,924,486.23	26.32	1,771,838.43	26.32	1,675,678.09	26.55
Total liabilities	3,527,954.38	48.24	3,471,057.71	51.55	3,457,844.63	54.79
Liabilities and Shareholders' Equity (cont.)						
Shareholders' Equity						
Share capital - at par value of Baht 1 per share						
Authorized share capital - ordinary share (share)	692,868.49	9.47	692,868.49	10.29	692,868.49	10.98
Issued and paid-up share capital (share)	572,759.48	7.83	566,998.11	8.42	566,892.95	8.98
Premium on share capital	229,301.84	3.14	217,779.08	3.23	217,568.76	3.45
Retained earnings (loss)						
Appropriated for legal reserve	75,151.56	1.03	45,948.91	0.68	18,562.77	0.29
Unappropriated	(520,584.46)	-7.12	(620,036.29)	-9.21	(764,240.39)	-12.11
Other components of the shareholders' equity	1,193,854.42	16.33	1,193,854.42	17.73	1,193,854.42	18.92
Total equity attributable to the parent	1,550,482.84	21.20	1,404,544.23	20.86	1,232,638.51	19.53
Non-controlling interests	2,234,483.65	30.56	1,857,178.28	27.58	1,621,041.10	25.68
Total shareholders' equity	3,784,966.49	51.76	3,261,722.51	48.45	2,853,679.60	45.21
Total liabilities and shareholders' equity	7,312,920.88	100.00	6,732,780.22	100.00	6,311,524.23	100.00

Thai Polycons Public Company Limited, Subsidiaries and Joint Ventures

As of 31 December 2016 – 2018

Unit: Thousand Baht

Statement of Income	Consolidated Financial Statements					
	31 Dec 2018	%	31 Dec 2017	%	31 Dec 2016	%
Revenues						
Revenues from construction services	1,663,556.01	49.41	2,063,653.19	60.13	1,922,278.87	70.97
Revenues from sales of electricity	1,560,122.53	46.34	1,092,675.13	31.84	672,397.34	24.83
Revenues from sales of real estate	113,320.00	3.37	258,180.00	7.52	113,800.00	4.20
Revenues from sales and services	29,647.33	0.88	17,493.57	0.51	-	-
Total revenues	3,366,645.88	100.00	3,432,001.89	100.00	2,708,476.21	100.00
Costs						
Cost of construction services	(1,503,610.29)	90.39	(1,822,641.39)	88.32	(1,768,540.07)	92.00
Cost of sales of electric	(815,780.27)	52.29	(580,698.45)	53.14	(343,050.44)	51.02
Cost of sales of real estate	(80,125.02)	70.71	(190,780.67)	73.89	(86,288.28)	75.82
Cost of sales and services	(24,559.87)	82.84	(14,875.34)	85.03	-	-
Total cost	(2,424,075.45)	72.00	(2,608,995.85)	76.02	(2,197,878.79)	81.15
Gross profit (loss)	942,570.42	28.00	823,006.04	23.98	510,597.42	18.85
Other income	55,292.34	1.64	27,998.05	0.82	55,798.92	2.06
Expenses						
Distribution cost	(8,556.79)	0.25	(18,796.09)	0.55	(6,800.72)	0.25
Administrative expenses	(316,385.82)	9.40	(291,075.28)	8.48	(252,324.80)	9.32
Total sales and administrative expenses	(324,942.61)	9.65	(309,871.37)	9.03	(259,125.52)	9.57
(Doubtful accounts) Reversal allowance for doubtful accounts	(2,620.73)	0.08	16,490.75	0.48	7,079.16	0.26
Gains on changes in investments	-	-	(49,770.25)	1.45	-	-
Other expenses	-	-	(245.08)	0.01	-	-
Finance cost	(97,905.63)	2.91	(79,863.00)	2.33	(62,876.04)	2.32
Share of profit from investments in joint ventures	6,053.68	0.18	6,269.05	0.18	29,834.98	1.10
Gain (Loss) before income tax expense	578,447.47	17.18	434,014.18	12.65	281,308.92	10.39
Income tax (expenses) revenue	(5,580.21)	0.17	(18,590.34)	0.54	16,402.66	0.61
Other comprehensive profit (loss)	(750.09)	0.02	2,740.88	0.08	1,217.52	0.04
Comprehensive profit (loss)	572,117.17	16.99	418,164.72	12.18	298,929.11	11.04

Thai Polycons Public Company Limited, Subsidiaries and Joint Ventures
As of 31 December 2016 – 2018

Unit: Thousand Baht

Statement of Cash Flows	31 Dec 2018	31 Dec 2017	31 Dec 2016
Cash flows from operating activities			
Profit (Loss) before income tax	578,447.47	434,014.18	281,308.92
Adjustments of profit to cash receipt (disbursement) from operating activities			
Depreciation and amortization	156,108.52	109,269.51	78,460.59
Doubtful accounts/(Reversal of allowance for doubtful accounts)	2,620.73	(16,490.75)	(7,079.16)
Loss on devaluation in investments	-	49,770.25	-
Gain (Loss) from exchange rate	(448.93)	-	2,741.27
Loss on dissolution of subsidiary	-	245.08	-
(Gains) on sale investents in associate	(1,423.49)	-	-
(Gains) Losses from on remeasuring investment in trading securities	(225.54)	(529.48)	(844.31)
Share of (gains) losses from investment in joint venture	(6,053.68)	(6,269.05)	(29,834.98)
Loss on decrease share capital in subsidiary	1,512.50	-	-
(Gain) Losses on disposal of equipment	55.51	(473.73)	(539.69)
(reversal) provisions from delayed work penalties	-	-	(24,239.61)
Bad debt	-	464.34	45.22
Write off assets	1,908.93	160.25	1,051.42
Estimated expected losses to be occurs	-	-	(2,620.85)
Estimated contingent loss	6,401.04	5,186.95	5,193.45
Provision for impairment of assets/(Reversal)	(331.39)	10,789.75	375.22
Write off withholding tax	-	3,327.20	1,206.38
Employee benefit expenses	4,787.63	3,022.03	3,844.83
Interest expenses	97,905.63	79,863.00	62,876.04
Profit (Loss) from operation before changes in operating assets and liabilities	841,264.94	672,349.53	371,944.73
Decrease (Increase) in operating assets			
Cash received (paid) from trading investments - debt securities	33,364.99	157,516.65	309,991.58
Trade accounts receivable - related parties	(392.80)	-	-
Trade accounts receivable - other companies	(268,528.62)	(16,054.31)	82,776.89
Other current receivables	1,701.53	(18,347.32)	(17,849.55)
Unbilled completed works	210,863.43	42,885.10	(90,836.26)
Retention receivable	(15,080.40)	37,893.22	58,396.07
Advance payment for construction and purchasing material	(21,982.94)	31,610.99	(21,694.48)
Inventory	4,420.73	(17,259.39)	(2,250.23)
Properties held for development	33,401.12	102,877.95	(12,523.84)
Advance payments to contractor	7,860.95	25,548.17	(6,021.89)
Advance payment to property	(102,850.00)	-	-
Advance payment for management fees	(24,844.39)	(23,058.41)	(8,500.00)
Money secured at legal execution department	69,040.01	-	-
Other non-current assets	3,127.47	(2,033.62)	(805.21)

Unit: Thousand Baht

Statement of Cash Flows	31 Dec 2018	31 Dec 2017	31 Dec 2016
Increase (Decrease) in operating liabilities			
Trade current accounts payable	75,698.76	(161,956.14)	23,680.62
Other current payables	32,937.21	8,001.42	6,516.21
Retention payable	(49,088.74)	23,909.81	14,036.26
Advances received under construction contracts	(43,145.72)	(97,291.12)	11,369.29
Advance received under contract to buy and to sell	(2,285.00)	560.00	394.00
Employee benefit obligation paid	(1,928.18)	(1,433.38)	(3,114.96)
Cash generated (paid) from operation	783,554.33	765,719.15	715,509.24
Interest paid	(111,771.60)	(79,320.38)	(83,255.49)
Cash received from income tax	-	36,536.23	127,942.31
Income tax paid	(51,763.51)	(55,930.01)	(63,826.98)
Net cash provided by (used in) operating activities	620,019.21	667,004.99	696,369.08
Cash flows from investing activities			
Cash paid for current investment	(5,677.89)	-	-
Cash received (paid) restricted bank deposits	26,814.12	45,935.89	7,331.31
Cash received from current investments	-	-	1,070.53
Cash paid from current investments	-	-	(406.46)
Cash received from repayment from short-term loans to related parties	55,651.00	-	-
Cash paid for short-term loans to related parties	(25,694.65)	(45.92)	(50,030.00)
Cash paid for investment - joint venture	(52,500.00)	(208,126.00)	(145,000.00)
Proceed on dividend from investment in joint venture	24,052.25	-	-
Proceeds on decrease investment in joint venture	44,657.50	-	-
Proceeds on disposal of investment in joint venture	5,500.00	-	-
Cash received from sales of property, plant and equipment	228.10	473.74	1,362.44
Cash paid for purchasing property, plant and equipment	(720,001.96)	(801,163.91)	(973,741.04)
Cash paid for advance payment for land	-	-	(20,640.00)
Cash paid for purchasing intangible assets	(1,876.37)	(2,877.53)	-
Net cash provided by (used in) investing activities	(648,847.89)	(965,803.73)	(1,180,053.21)
Cash flows from financing activities			
Cash received from (paid) bank overdrafts and short-term loans from financial institution	(131,929.49)	5,998.46	(38,045.13)
Cash received from long-term loans	476,300.00	511,112.88	897,880.44
Cash paid for repayment for long-term loans	(277,351.00)	(278,917.32)	(218,944.00)
Cash paid for financial lease liabilities	(7,896.49)	(8,020.40)	(8,752.65)
Cash received from share subscription of common share and premium on shares	17,284.13	315.48	1.36
Cash received from common share of subsidiary companies - non controlling interests	55,725.00	62,387.67	69,275.07
Cash paid for dissolution of subsidiary company - non controlling interests	(2,625.00)	(3,527.08)	-
Dividend paid	(118,098.01)	(69,515.33)	(29,000.08)
Net cash provided by (used in) financing activities	11,409.14	219,834.35	672,415.01
Net increase (decrease) in cash and cash equivalents	(17,419.54)	(78,964.39)	188,730.88
Cash and cash equivalents, as at the beginning of year	194,198.59	273,162.98	84,432.10
Cash and cash equivalents, as at the end of year	176,779.06	194,198.59	273,162.98

c) Table of Financial Ratios

Financial ratios for Year 2016 – 2018 (consolidated financial statements)

Description	Units	2018	2017	2016
Liquidity Ratio				
Liquidity ratio	(times)	1.12	1.02	1.48
Quick ratio	(times)	0.76	0.58	0.71
Cash from operation ratio	(times)	0.38	0.38	0.39
Receivable turnover ratio	(times)	7.25	7.04	5.07
Collection days	(day)	50.35	51.81	72.05
Inventory turnover	(times)	7.58	4.05	2.89
Average number of days sales	(day)	48.17	90.12	126.09
Account payable turnover	(times)	5.99	5.24	3.89
Payment days	(day)	60.99	69.64	93.92
Cash cycle	(day)	37.53	72.29	104.22
Profitability Ratio				
Gross profit margin	(%)	28.00	23.98	18.85
Operation profit	(%)	19.99	15.77	11.34
Another profit	(%)	1.64	0.82	2.06
Quality of earnings	(%)	92.14	123.26	226.63
Return on total income	(%)	4.66	5.19	4.52
Return on equity	(%)	4.46	5.83	4.56
Efficiency Ratio				
Return on total assets	(%)	9.58	8.30	5.32
Return on fixed assets	(%)	7.92	8.74	4.48
Asset turnover	(times)	0.49	0.53	0.48
Financial Policy Ratio				
Debt to equity ratio	(times)	2.28	2.47	2.81
Leverage ratio	(times)	7.01	9.65	8.59

14. Management Discussion and Analysis (MD&A)

Management discussion and analysis: operating results analysis overview

(Operation overview and factors of significant changes)

Thai Polycons Public Company Limited (“TPOLY”) has mainly operated the construction business, and it has later expanded investments in another 3 businesses including energy, property, and trading, which have been operated by its subsidiaries. TPOLY had made investments in the energy business by holding 41.26 percent of shares in TPC Power Holding Public Company Limited (“TPCH”) whose main business is to hold shares in other companies (holding company) that have operated the generation and sales of electricity from biomass power plants. TPCH has invested in power plants of 11 companies whereas 6 out of them have achieved their commercial operation date already. In respect with the property business, TPOLY holds 99.99 percent of shares in TPC Asset Company Limited, which has undertaken 2 projects. Regarding the trading business, TPOLY holds 99.99 percent of shares in TPC Bangkok Supply Company Limited whose business is to invest in joint ventures; one of them

Major events in 2018

In 2018, the Management and staffs of TPOLY had determination and contributions to make the Company achieve the good operating performance, and move forward for the sustainable, secure, and perpetual growth. In general, the financial restructuring and investment plan, as well as the management restructuring plan implemented previously took the positive effect to the Company’s performance in this year. The Management has also implemented the strategic management plan for operations of the whole business group in order to minimize the management and investment risks, which would lead to the Company’s highest efficiency in the long term.

- TRIS Rating at “BBB”

TRIS Rating announces the Company’s credit rating to the general public on October 9, 2018 via its website. TRIS Rating has assigned the company rating of the company at “BBB” to be in the category of “Investment Grade” and “Stable”.

- In the first quarter of the year 2018, the Company received common share payment from warrant exercise 707,500 shares at Baht 3.00 per share. The Company has paid-up registered share capital 567.71 million and premium on share capital Baht 219.19 million. The Company already registered paid-up share capital at Ministry of Commerce on April 5, 2018.
- In the second quarter of the year 2018, the Company received common share payment from warrant exercise 5,053,877 shares at Baht 3.00 per share. The Company has paid-up registered share capital 572.76 million and premium on share capital Baht 229.30 million. The Company already registered paid-up share capital at Ministry of Commerce on July 4, 2018.

Classification by business type

- Construction Business

In 2018, the total value of signed projects amounts 12,587.6 Million Baht generating revenue before year 2018, partly. Only in the year 2018, the revenue is 2,107.8 Million Baht. The remaining revenue is totally 3,925.4 Million Baht.

Project (Type)	Amount (Projects)	Project Value (MB)
Government	3	327.5
Private	11	1,391.4
Power Plant	3	2,206.5
รวม	17	3,925.4

- Renewable Power Plant Business

- On 9 February 2018, Satun Green Power project (SGP), a power plant with an installed capacity of 9.2 MW, started selling electricity commercially to the Provincial Electricity Authority of Thailand. SGP. were subsidized by the Provincial Electricity Authority in the FiT system. With revenue from selling electricity total 6 projects in the FiT system.
- The Company has 4 biomass power plant projects that are under construction, namely PTG, TPCH1, TPCH2 and TPCH5 (production capacity 23, 9.9, 9.9 and 6.3 MW, respectively)
- TRIS Rating at “BBB”
TRIS Rating has rated TPC Power Holding PLC (TPCH) at “BBB” with a “Stable” outlook. The rating reflects predictable and strong cash flows the company continues to receive based on long-term power purchase agreements (PPAs) with state-owned utilities. The rating also recognizes solid operating performance of TPCH’s power plants, who have exhibited solid performance over the past three years. A high yield of actual energy output has been achieved and surpassed 80% of the full capacity for the majority of the power plants. As a result, the EBITDA margin of the power plants has been maintained at a high level of about 50%.
- ASEAN Energy Award
CRB was selected as the winners for the Thailand Energy Award 2018. Department of Alternative Energy Development and Efficiency (DEDE) stated the competition since 2000 in order to eulogize the outstanding performance of factories, buildings and personals that encourage energy conservation and renewable energy development. Nonetheless, CRB was also selected as a representative of Thailand for the ASEAN Energy Award which was hosted by Singapore in 2018. As a result, CRB was a winner in national grid category of renewable energy award.

- **ESG100**

The company was selected for the ESG100 (Environmental, Social and Governance) in 2018, for three consecutive years. Out of 683 companies that were assessed, THAIPAT selected 100 companies which have outstanding sustainability performance to construct the ESG100 list as a starting group of the 100 publicly listed companies addressing the growing demand on sustainable investments according to the GISR (Global Initiative for Sustainability Ratings).

- **Project Under Development**

Siam Power (SP) is a municipal-waste project having a total installed capacity of 9.5 MW and will be selling electricity under the FIT system to the Metropolitan Electricity Authority. The company has already filed a petition for a power purchase agreement (PPA). The Energy Regulatory Commission will announce the names of those who have passed the qualification by April 30, 2019, to sign the power purchase agreement by August 28, 2019 and set the date of the electricity supply to the commercial system (SCOD) before December 31, 2021

- **Property Business**

- Greenwich Town Home Ramintra, the total project value 713 Million Baht has total units for sale of 174 units. The total of sale and transferred until year 2018 is 173 units. The remaining for sale is 1 units. Therefore, the progress of sale is more than 99.4% and all of the project is expected to be done within Year 2019.

- Greenwich Prime Hatairath, the new project valued 370 Million Baht on 20 Rai The total units of single-house type are 94 units. The total of sale and transferred until the year 2018 is 70 units. Only in the year 2018, the sale and transferred is 27 units. The amount of sale and waiting to be transferred is 4 units and the remaining for sale is 20 units. Therefore, the progress of sale is more than 78.7% and all of the project is expected to be done within Year 2019.

- **Commerce and Trading Business**

- The company is continuing to increase new services and products. Currently, company is the sales agent of many well-known construction products such as Siam City Cement's products and TPI group products.

Operating Performance Overview

Overall operation performance in the year 2018 compared to last year, TPOLY and its subsidiaries had revenues of Baht 3,366.6 million in total, decreased by Baht 65.4 million (or 1.9%) compared to the previous year. TPOLY and its subsidiaries generated comprehensive income for the year in the total of Baht 572.1 million, up by Baht 154.0 million (or 36.8%). The operating performance of TPOLY and its subsidiaries have been gradually improved as summarized below.

Unit: Million Baht.

Description	Consolidated financial statements					
	2018	2017	Variance Y-o-Y		Portion to Income (%)	
			Amount	%	2018	2017
Revenues from construction services	1,663.6	2,063.7	(400.1)	(19.4)	49.4	60.1
Revenues from sales of electricity	1,560.1	1,092.7	467.4	42.8	46.3	31.8
Revenues from sales of real estate	113.3	258.2	(144.9)	(56.1)	3.4	7.5
Revenues from sales and services	29.6	17.5	12.2	69.5	0.9	0.5
Total revenues	3,366.6	3,432.0	(65.4)	(1.9)	100.0	100.0
Cost of construction services	(1,503.6)	(1,822.6)	(319.0)	(17.5)	(90.4)	(88.3)
Cost of sales of electric	(815.8)	(580.7)	235.1	40.5	(52.3)	(53.1)
Cost of sales of real estate	(80.1)	(190.8)	(110.7)	(58.0)	(70.7)	(73.9)
Cost of sales of services	(24.6)	(14.9)	9.7	65.1	(82.8)	(85.0)
Total cost	(2,424.1)	(2,609.0)	(184.9)	(7.1)	(72.0)	(76.0)
Gross profit	942.6	823.0	119.6	14.5	28.0	24.0
Other income	55.3	28.0	27.3	97.5	1.6	0.8
Profit before expenses	997.9	851.0	146.9	17.3	29.6	24.8
Selling and administrative expenses	(324.9)	(359.9)	(34.9)	(9.7)	(9.7)	(10.5)
(Doubtful accounts) Reversal allowance for doubtful accounts	(2.6)	16.5	19.1	115.9	(0.1)	0.48
Financial cost	(97.9)	(79.9)	18.0	22.6	(2.9)	(2.3)
Profit sharing from investments in joint ventures	6.1	6.3	(0.2)	(3.4)	0.18	0.18
Profit before income tax	578.4	434.0	144.4	33.3	17.2	12.6
Income tax (expenses) revenue	(5.6)	(18.6)	(13.0)	(70.0)	(0.2)	(0.5)
Profit for the period	572.9	415.4	157.4	37.9	17.0	12.1
Other comprehensive profit (loss)	(0.8)	2.7	3.5	127.4	(0.02)	0.1
Total comprehensive income for the period	572.1	418.2	154.0	36.8	17.0	12.2

Performance Overview by Business Sector

Revenues

- Construction

Revenues from the construction business in the total of Baht 1,663.6 million, a reduction by Baht 400.1 million (or 19.4%) compared to the previous year because most projects operated by the Company were at the beginning stage and the value of projects delivered was not so high. Nevertheless, TPOLY had many more projects for revenue recognition while it would continue tendering bids for additional construction projects. This would result to more revenues to be recognized in next financial periods.

- Renewable Energy Power Plant

Revenues from sales of electricity in the total of Baht 1,560.1 million, an increase of Baht 467.4 million (or 42.8%) compared to the previous year because 6 power projects have currently operated the commercial distribution of electricity while there were only 5 power projects operating the commercial distribution of electricity in the previous year.

- Property Development

Revenues from sales of immovable property in the total of Baht 113.3 million, a reduction of Baht 144.9 million (or 56.1%) compared to the previous year as Greenwich Town Home Ramintra project would be closed soon; therefore, the sales sum came from only one project or Greenwich Prime Hatairath. When the old project would be closed soon, the Company's marketing strategic plan was set up to promote the project sales so that it could be closed by 2019. The Company now seeks for a new plot of land for its third property project to create continuity in business.

- Trading

Revenues from sales of goods and services in the total of Baht 29.6 million, an increase of Baht 12.2 million (or 69.5%) compared to the previous year due to the distribution of more different goods and services whereas the distribution of existing products constantly continued.

Cost of Goods Sold and Expenses

- Total cost of the Company and subsidiaries in the total of Baht 2,424.1 million, decreased by Baht 184.9 million (or 7.1%) compared to the previous year. A 4.0% drop of Cost-to-Income Ratio was summarized as follows:
 - Cost of construction services in the total of Baht 1,503.6 million, decreased by Baht 319.0 million (or 17.5%) compared to the previous year. Cost-to-Income Ratio an increased by 2.1%.
 - Cost of electricity sales in the total of Baht 815.8 million, increased by Baht 235.1 million (or 40.5%), compared to the previous year, mainly due to the rising cost of one more power plant starting the commercial distribution of electricity or 6 projects in total if compared with 5 projects on Year 2017. Cost-to-Income Ratio decreased by 0.9% if compared with the previous year.
 - Cost of sales of immovable property in the total of Baht 80.1 million, decreased by Baht 110.7 million (or 58.0%) compared to the previous year. For Cost-to-Income Ratio, it declined by 3.2%.
 - Cost of sales of goods and services in the total of Baht 24.6 million, increased by Baht 9.7 million (or 65.1%), compared to the previous year. For Cost-to-Income Ratio, it declined by 2.2%.
- Selling and Administrative Expenses in the total of Baht 324.9 million, decreased by Baht 34.9 million (or 9.7%) compared to the previous year. because in 2017, there is a loss from the investment value reduction. However, if compared with total revenues, selling and administrative expenses slightly expanded by 0.8%.
- Financial cost in the total of Baht 97.9 million, increased by Baht 18.0 million(or 22.6%) compared to the previous year. due to financing activities for an additional

investment in the power plant business. If compared with total revenues, the financial cost increased by 0.6%.

Financial Position

Description	Consolidated financial statements			
	Amount (Million Baht)		Variance	
	31-Dec-18	31-Dec-17	(Million Baht)	% Y-on-Y
ASSETS				
Current Assets	1,802.9	1,726.3	76.6	4.4%
Non-Current Assets	5,510.0	5,006.5	503.5	10.1%
Total Assets	7,312.9	6,732.8	580.1	8.6%
LIABILITIES				
Current Liabilities	1,603.4	1,699.2	(95.8)	-5.6%
Non-Current Liabilities	1,924.5	1,771.9	152.6	8.6%
Total liabilities	3,527.9	3,471.1	56.8	1.6%
Total shareholders' equity	3,785.0	3,261.7	523.3	16.0%
EQUITY	7,312.9	6,732.8	580.1	8.6%

Assets

As of December 31, 2018, TPOLY and its subsidiaries had assets amounting to Baht 7,312.9 million in total or an increase of Baht 580.1 million from the previous year (or 8.6%). The core details were as follows:

- Current assets amounting to Baht 1,802.9 million, increased by Baht 76.6 million (or an increase of 4.4%) due to increasing trade accounts receivable and deposit for purchasing of land.
- Non-current assets amounting to Baht 5,510.0 million, increased by Baht 503.5 million (or an increase of 10.1%) due to increasing property, plant and equipment related to the power plant business.

Liabilities

As of December 31, 2018, TPOLY and its subsidiaries had liabilities amounting to Baht 3,527.9 million in total or an increase of Baht 56.8 million from the previous year (or 1.6%). The core details were as follows:

- Current liabilities amounting to Baht 1,603.4 million, decreased by Baht 95.8 million (or a decrease of 5.6%) due to a reduction of overdraft, short-term loans from financial institutions, retention payable and advances received under construction contracts.
- Non-current liabilities amounting to Baht 1,924.5 million, increased by Baht 152.6 million (or an increase of 8.6%) mainly due to long-term loans from financial institutions in line with the Company's expansion of investing activities.

Shareholders' Equity

As of December 31, 2018, TPOLY and its subsidiaries had total Shareholders' Equity amounting to Baht 3,785.0 million rising by Baht 523.3 million from the previous year (or 16.0%) owing mostly to share premium and retained earnings.

3. Business Overview and Prospect

Overall performance in the Year 2018, the company and its subsidiaries have their net profit as the results of the improvement of operation management. Total revenue has strongly increased compare to the same period of the past year. The company has the revenue increased in Trading business and Power Plant business. Especially, Power Plant business has full year operated one projects (PGP), and one new project that sells commercial electricity (SGP), totally 6 projects. The Company has 4 biomass power plant projects that are under construction, namely PTG, TPCH1, TPCH2 and TPCH5 (production capacity 23, 9.9, 9.9 and 6.3 MW, respectively). The company and its subsidiaries have total revenue decreased from the same period of last year. As revenues from the construction business in a reduction compared to the previous year, because most projects operated by the Company were at the beginning stage and the value of projects delivered was not so high. Nevertheless, TPOLY had many more projects for revenue recognition. There are outstanding work that have not yet been delivered (Back Log) until the year 2021 while it would continue tendering bids for additional construction projects. This would result to more revenues to be recognized in next financial periods. The Real Estate business has revenues from sales of immovable property in a reduction compared to the previous year. As Greenwich Town Home Ramintra project would be closed soon; therefore, the sales sum came from only one project or Greenwich Prime Hatairath, the Company's marketing strategic plan was set up to promote the project sales so that it could be closed by 2019. The Company now seeks for a new plot of land for its third property project to create continuity in business.

Selling and Administrative Expenses to total revenue decreased. Because in 2017, there is a loss from the investment value reduction. The ratio of Financial Costs to total revenue increased as business expanding in electricity power plant.

Trends of the company in 2019, the construction business has revenue from currently projects and the upcoming projects continuously and the company aims to bid new more construction projects, those are generating more revenue. Moreover, the company has focused on selective projects that must be operated with quality, efficient, well-management and profitability, therefore, the company is in the period of bidding newly construction projects, the revenue is expected to be growing after operating more projects in nearly future. Power Plant, Real Estate Development and Trading are currently in the business expansion, and grow continuously.