



## Part 3

### Financial Position and Operating Performance

#### 13. Financial Statements

##### 13.1 Auditor and summary of auditor's report

The auditor's report of the financial statements of the company and its subsidiaries for the year 2013 – 2015

##### For the year 2013

|                                     |                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Audited financial statements</b> | : Ended 31 December 2013                                                                                                                                                                                                                                                                                                                                                 |
| <b>Auditor</b>                      | : DIA International Auditing Company Limited<br>By Mrs. Wilairat Rotnakarin, certified public accountant, registration no. 3104<br>who has been granted license from the Office of the Securities and Exchange Commission                                                                                                                                                |
| <b>Auditor's comment</b>            | : Exhibits unqualified opinion that the consolidated financial statement and statement of consolidated financial position and separate financial position, consolidated operation results and separate operation results, consolidated cash flow, and separate cash flow present fairly in all material respects and be in accordance with financial reporting standard. |

##### For the year 2014

|                                     |                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Audited financial statements</b> | : Ended 31 December 2014                                                                                                                                                                                                                                                                                                                                                         |
| <b>Auditor</b>                      | : DIA International Auditing Company Limited<br>By Mrs. Wilairat Rotnakarin, certified public accountant, registration no. 3104<br>who has been granted license from the Office of the Securities and Exchange Commission.                                                                                                                                                       |
| <b>Auditor's comment</b>            | : Exhibits unqualified opinion that the consolidated financial statement and separate statement of consolidated financial position and separate financial position, consolidated operation results and separate operation result, consolidated cash flow, and separate cash flow present fairly in all material respects and be in accordance with financial reporting standard. |

##### For the year 2015

|                                     |                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Audited financial statements</b> | : Ended 31 December 2015                                                                                                                                                                                                                                                                                                                                                         |
| <b>Auditor</b>                      | : DIA International Auditing Company Limited<br>By Mrs. Wilairat Rotnakarin, certified public accountant, registration no. 3104<br>who has been granted license from the Office of the Securities and Exchange Commission.                                                                                                                                                       |
| <b>Auditor's comment</b>            | : Exhibits unqualified opinion that the consolidated financial statement and separate Statement of consolidated financial position and separate financial position, consolidated operation results and separate operation result, consolidated cash flow, and separate cash flow present fairly in all material respects and be in accordance with financial reporting standard. |



## 13.2 Summary of financial condition and results of operations. (Consolidated)

## Financial Statements

## (a) Summary of Financial Statements and Operation

| STATEMENTS OF FINANCIAL POSITION               | AUDITED<br>December 31, 2013 |                | AUDITED<br>December 31, 2014 |                | AUDITED<br>December 31, 2015 |                |
|------------------------------------------------|------------------------------|----------------|------------------------------|----------------|------------------------------|----------------|
|                                                | Million Baht                 | %              | Million Baht                 | %              | Million Baht                 | %              |
| Cash and cash equivalents                      | 29.31                        | 13.18%         | 36.04                        | 15.42%         | 15.83                        | 7.26%          |
| Current investment                             | 69.95                        | 31.45%         | 83.85                        | 35.88%         | 82.42                        | 37.82%         |
| Trade accounts receivable – net                | 55.42                        | 24.91%         | 39.52                        | 16.91%         | 34.90                        | 16.01%         |
| Trade accounts receivable                      | 56.59                        | 25.44%         | 41.84                        | 17.90%         | 36.07                        | 16.55%         |
| Allowance for doubtful accounts                | (1.18)                       | (0.53%)        | (2.32)                       | (0.99%)        | (1.17)                       | (0.54%)        |
| Other receivables                              | 3.69                         | 1.66%          | 6.26                         | 2.68%          | 10.87                        | 4.99%          |
| <b>Total current assets</b>                    | <b>158.36</b>                | <b>71.19%</b>  | <b>165.67</b>                | <b>70.90%</b>  | <b>144.02</b>                | <b>66.09%</b>  |
| Retention                                      | 14.42                        | 6.48%          | 15.30                        | 6.55%          | 18.36                        | 8.42%          |
| Investments in subsidiaries and associate      | 2.34                         | 1.05%          | 2.49                         | 1.07%          | 2.46                         | 1.13%          |
| Investments in joint venture                   | 2.49                         | 1.12%          | 2.94                         | 1.26%          | 3.39                         | 1.56%          |
| Investment properties                          | 0.46                         | 0.21%          | 0.46                         | 0.20%          | 0.46                         | 0.21%          |
| Property, plant and equipment                  | 9.92                         | 4.46%          | 9.29                         | 3.98%          | 9.87                         | 4.53%          |
| Intangible assets                              | 1.85                         | 0.83%          | 2.58                         | 1.10%          | 2.93                         | 1.34%          |
| Pledged fixed deposit                          | 12.60                        | 5.67%          | 12.76                        | 5.46%          | 12.89                        | 5.91%          |
| Long-term loans to related parties             | 9.00                         | 4.05%          | 9.00                         | 3.85%          | 9.00                         | 4.13%          |
| Deferred tax assets                            | 5.61                         | 2.52%          | 5.68                         | 2.43%          | 4.86                         | 2.23%          |
| Other non-current assets                       | 5.39                         | 2.42%          | 7.51                         | 3.21%          | 9.69                         | 4.45%          |
| <b>Total non-current assets</b>                | <b>64.08</b>                 | <b>28.81%</b>  | <b>68.01</b>                 | <b>29.10%</b>  | <b>73.91</b>                 | <b>33.91%</b>  |
| <b>Total assets</b>                            | <b>222.44</b>                | <b>100.00%</b> | <b>233.68</b>                | <b>100.00%</b> | <b>217.93</b>                | <b>100.00%</b> |
| Bank overdrafts                                | 0.00                         | 0.00%          | 0.00                         | 0.00%          | 0.00                         | 0.00%          |
| Trade and other payables                       | 21.46                        | 9.65%          | 29.75                        | 12.73%         | 21.54                        | 9.88%          |
| Current portion of financial lease liabilities | 0.12                         | 0.05%          | 0.12                         | 0.05%          | 0.06                         | 0.03%          |
| Accrued income tax                             | 0.35                         | 0.16%          | 0.00                         | 0.00%          | 0.00                         | 0.00%          |
| <b>Total current liabilities</b>               | <b>21.93</b>                 | <b>9.86%</b>   | <b>29.87</b>                 | <b>12.78%</b>  | <b>21.60</b>                 | <b>9.91%</b>   |
| Financial lease liabilities                    | 0.18                         | 0.08%          | 0.06                         | 0.03%          | 0.00                         | 0.00%          |
| Employee benefit provisions                    | 22.26                        | 10.01%         | 24.11                        | 10.32%         | 23.28                        | 10.68%         |
| <b>Total non-current liabilities</b>           | <b>22.44</b>                 | <b>10.09%</b>  | <b>24.17</b>                 | <b>10.34%</b>  | <b>23.28</b>                 | <b>10.68%</b>  |
| <b>Total liabilities</b>                       | <b>44.37</b>                 | <b>19.95%</b>  | <b>54.04</b>                 | <b>23.13%</b>  | <b>44.88</b>                 | <b>20.59%</b>  |



| STATEMENTS OF FINANCIAL POSITION                   | AUDITED<br>December 31, 2013 |                | AUDITED<br>December 31, 2014 |                | AUDITED<br>December 31, 2015 |                |
|----------------------------------------------------|------------------------------|----------------|------------------------------|----------------|------------------------------|----------------|
|                                                    | Million Baht                 | %              | Million Baht                 | %              | Million Baht                 | %              |
| Authorized share capital                           | 100.00                       | 44.96%         | 100.00                       | 42.79%         | 100.00                       | 45.89%         |
| Issued and paid-up share capital                   | 100.00                       | 44.96%         | 100.00                       | 42.79%         | 100.00                       | 45.89%         |
| Premium on share capital                           | 48.31                        | 21.72%         | 48.31                        | 20.67%         | 48.31                        | 22.17%         |
| Unrealized gain on changes in investment valuation | (0.13)                       | (0.06%)        | (0.15)                       | (0.06%)        | 0.13                         | 0.06%          |
| Retained earnings                                  |                              |                |                              |                |                              |                |
| Appropriated                                       | 2.28                         | 1.03%          | 3.28                         | 1.40%          | 3.50                         | 1.61%          |
| Unappropriated                                     | 27.57                        | 12.39%         | 28.29                        | 12.11%         | 21.80                        | 10.00%         |
| Total owners of the Company                        | 178.03                       | 80.04%         | 179.73                       | 76.91%         | 173.74                       | 79.72%         |
| Non-controlling interests                          | 0.04                         | 0.02%          | (0.09)                       | (0.04%)        | (0.69)                       | (0.32%)        |
| <b>Total shareholders' equity</b>                  | <b>178.07</b>                | <b>80.05%</b>  | <b>179.64</b>                | <b>76.87%</b>  | <b>173.05</b>                | <b>79.41%</b>  |
| <b>Total liabilities and shareholders' equity</b>  | <b>222.44</b>                | <b>100.00%</b> | <b>233.68</b>                | <b>100.00%</b> | <b>217.93</b>                | <b>100.00%</b> |



| STATEMENTS OF FINANCIAL POSITION                                    | AUDITED<br>December 31, 2013 |               | AUDITED<br>December 31, 2014 |               | AUDITED<br>December 31, 2015 |               |
|---------------------------------------------------------------------|------------------------------|---------------|------------------------------|---------------|------------------------------|---------------|
|                                                                     | Million Baht                 | %             | Million Baht                 | %             | Million Baht                 | %             |
| Services and sales income                                           | 291.10                       | 100.00%       | 263.65                       | 100.00%       | 234.22                       | 100.00%       |
| Services income                                                     | 290.26                       | 99.71%        | 263.65                       | 100.00%       | 234.22                       | 100.00%       |
| Sales income                                                        | 0.84                         | 0.29%         | 0.00                         | 0.00%         | 0.00                         | 0.00%         |
| Cost of services and sales                                          | 198.12                       | 68.06%        | 178.20                       | 67.59%        | 172.48                       | 73.64%        |
| Cost of services                                                    | 197.55                       | 67.86%        | 178.20                       | 67.59%        | 172.48                       | 73.64%        |
| Cost of sales                                                       | 0.57                         | 0.20%         | 0.00                         | 0.00%         | 0.00                         | 0.00%         |
| <b>Gross profit</b>                                                 | <b>92.98</b>                 | <b>31.94%</b> | <b>85.45</b>                 | <b>32.41%</b> | <b>61.74</b>                 | <b>26.36%</b> |
| Other income                                                        | 2.69                         | 0.92%         | 3.16                         | 1.20%         | 4.71                         | 2.01%         |
| <b>Profit before expenses</b>                                       | <b>95.67</b>                 | <b>32.86%</b> | <b>88.61</b>                 | <b>33.61%</b> | <b>66.45</b>                 | <b>28.37%</b> |
| Administrative expenses                                             | 68.64                        | 23.58%        | 66.20                        | 25.11%        | 61.07                        | 26.07%        |
| Share of profit (loss) on investment in associate and joint venture | (0.87)                       | (0.30%)       | (0.60)                       | (0.23%)       | (0.41)                       | (0.18%)       |
| <b>Profit before finance cost and income tax</b>                    | <b>26.16</b>                 | <b>8.99%</b>  | <b>23.01</b>                 | <b>8.73%</b>  | <b>5.79</b>                  | <b>2.47%</b>  |
| Finance costs                                                       | 0.05                         | 0.02%         | 0.02                         | 0.01%         | 0.00                         | 0.00%         |
| <b>Profit before income tax</b>                                     | <b>26.11</b>                 | <b>8.97%</b>  | <b>22.99</b>                 | <b>8.72%</b>  | <b>5.79</b>                  | <b>2.47%</b>  |
| Income tax expenses                                                 | 6.84                         | 2.35%         | 5.40                         | 2.05%         | 3.01                         | 1.29%         |
| <b>Profit (loss) for the year</b>                                   | <b>19.26</b>                 | <b>6.62%</b>  | <b>17.59</b>                 | <b>6.67%</b>  | <b>2.78</b>                  | <b>1.19%</b>  |
| Other comprehensive income (expense) – net of tax                   | (0.13)                       | (0.04%)       | (0.02)                       | (0.01%)       | 2.62                         | 1.12%         |
| <b>Total comprehensive income for the year</b>                      | <b>19.13</b>                 | <b>6.57%</b>  | <b>17.57</b>                 | <b>6.66%</b>  | <b>5.40</b>                  | <b>2.31%</b>  |
| Total income attributable to                                        |                              |               |                              |               |                              |               |
| <b>Owners of the Company</b>                                        | <b>19.33</b>                 | <b>6.64%</b>  | <b>17.72</b>                 | <b>6.72%</b>  | <b>3.39</b>                  | <b>1.45%</b>  |
| Non-controlling interests                                           | (0.06)                       | (0.02%)       | (0.13)                       | (0.05%)       | (0.61)                       | (0.26%)       |
| Total comprehensive income attributable to                          |                              |               |                              |               |                              |               |
| <b>Owners of the Company</b>                                        | <b>19.19</b>                 | <b>6.59%</b>  | <b>17.70</b>                 | <b>6.71%</b>  | <b>6.01</b>                  | <b>2.57%</b>  |
| Non-controlling interests                                           | (0.06)                       | (0.02%)       | (0.13)                       | (0.05%)       | (0.61)                       | (0.26%)       |
| Earnings per share # owners of the Company                          | 0.048                        |               | 0.044                        |               | 0.008                        |               |
| Ordinary shares of par (Baht / Shares)                              | 0.25                         |               | 0.25                         |               | 0.25                         |               |
| Issued and paid-up share capital                                    | 400.00                       |               | 400.00                       |               | 400.00                       |               |



| STATEMENTS OF CASH FLOW                                                  | AUDITED<br>2013 | AUDITED<br>2014 | AUDITED<br>2015 |
|--------------------------------------------------------------------------|-----------------|-----------------|-----------------|
|                                                                          | Million Baht    | Million Baht    | Million Baht    |
| Profit (loss) before income tax                                          | 26.10           | 22.99           | 5.79            |
| Adjustment net profit to cash receipt (disbursement)                     | 13.92           | 5.54            | (0.55)          |
| Profit from operation before changes in operating assets and liabilities | 40.02           | 28.53           | 5.24            |
| Trade and other receivables                                              | (1.96)          | 12.19           | 1.16            |
| Retention                                                                | (1.78)          | (0.89)          | (3.07)          |
| Other non-current assets                                                 | (0.53)          | 1.05            | (0.13)          |
| (Increase) Decrease in assets from operation                             | (4.27)          | 12.35           | (2.04)          |
| Trade and other payables                                                 | (1.36)          | 8.29            | (5.57)          |
| Employee benefit provisions                                              | (2.62)          | (2.61)          | (1.09)          |
| Increase (Decrease) in liabilities from operation                        | (3.98)          | 5.68            | (6.66)          |
| Cash generated (paid) from operation                                     | 31.77           | 46.56           | (3.46)          |
| Interest paid                                                            | (0.05)          | (0.03)          | 0.00            |
| Corporate income tax paid                                                | (8.24)          | (8.96)          | (6.46)          |
| <b>Net cash provided by (used in) operating activities</b>               | <b>23.48</b>    | <b>37.57</b>    | <b>(9.92)</b>   |
| Proceeds from dividend                                                   | 0.19            | 0.75            | 1.01            |
| Payments investments in joint venture                                    | (100.08)        | (101.57)        | (59.05)         |
| Proceeds from sales of current investment                                | 50.38           | 88.37           | 62.86           |
| Pledged fixed deposit                                                    | 16.66           | (0.17)          | (0.12)          |
| Payments for investment in subsidiaries and associate                    | (2.95)          | 0.00            | 0.00            |
| Proceeds from sales of assets                                            | 0.56            | 0.02            | 0.00            |
| Payments for property, plant and equipment acquisition                   | (1.71)          | (1.10)          | (2.14)          |
| Payments for intangible assets acquisition                               | (1.45)          | (1.02)          | (0.72)          |
| Long-term loans                                                          | (9.00)          | 0.00            | 0.00            |
| <b>Net cash provided by (used in) investing activities</b>               | <b>(47.40)</b>  | <b>(14.72)</b>  | <b>1.84</b>     |
| Increase (Decrease) in bank overdrafts                                   | (0.77)          | 0.00            | 0.00            |
| Payments for financial lease liabilities                                 | (0.11)          | (0.12)          | (0.13)          |
| Dividend paid                                                            | (12.00)         | (16.00)         | (12.00)         |
| Proceeds from non-controlling interests                                  | 0.10            | 0.00            | 0.00            |
| <b>Net cash provided by (used in) financing activities</b>               | <b>(12.78)</b>  | <b>(16.12)</b>  | <b>(12.13)</b>  |
| <b>Net increase (decrease) in cash and cash equivalents</b>              | <b>(36.70)</b>  | <b>6.73</b>     | <b>(20.21)</b>  |
| Cash and cash equivalents as at January 1                                | 66.01           | 29.31           | 36.04           |
| Cash and cash equivalents as at December 31                              | 29.31           | 36.04           | 15.83           |



| FINANCIAL RATIOS                   | Unit | AUDITED<br>2013 | AUDITED<br>2014 | AUDITED<br>2015 |
|------------------------------------|------|-----------------|-----------------|-----------------|
| <b>Liquidity Ratios</b>            |      |                 |                 |                 |
| Liquidity Ratios                   | Time | 7.22            | 5.55            | 6.67            |
| Cash Flow Ratio                    | Time | 1.09            | 1.45            | 0.00            |
| Accounts receivable turnover       | Time | 5.28            | 5.55            | 6.01            |
| Average collection period          | Day  | 68              | 65              | 60              |
| Accounts payable turnover          | Time | 9.51            | 6.96            | 6.73            |
| Period is payable                  | Day  | 38              | 52              | 54              |
| Cash Cycle                         | Day  | 30              | 13              | 6               |
| <b>Profitability Ratios</b>        |      |                 |                 |                 |
| Margin                             | %    | 31.94%          | 32.41%          | 26.36%          |
| Operating margin                   | %    | 8.99%           | 8.73%           | 2.47%           |
| Cash to profitability              | %    | 89.77%          | 163.28%         | (171.33%)       |
| Net margin                         | %    | 6.58%           | 6.64%           | 1.42%           |
| Return on equity                   | %    | 11.08%          | 9.91%           | 1.92%           |
| <b>Efficiency Ratios</b>           |      |                 |                 |                 |
| Return on assets                   | %    | 8.89%           | 7.77%           | 1.50%           |
| Return on assets                   | %    | 26.93%          | 26.83%          | 7.48%           |
| Asset Turnover                     | Time | 1.34            | 1.17            | 1.06            |
| <b>Financial Policy Ratios</b>     |      |                 |                 |                 |
| Debt to equity shares              | Time | 0.25            | 0.30            | 0.26            |
| Interest Coverage Ratio            | Time | 584.58          | 2,149.50        | 0.00            |
| Charge Coverage Ratio (Cash basis) | Time | 1.54            | 2.06            | (0.66)          |
| Dividend Payout                    | %    | 75.08%          | 78.59%          | 554.75%         |



## (b) Summary of financial condition and results of operations. (Separate Financial Statements)

## Project Planning Service Public Company Limited

| Summary of Financial Position<br>And Performance | AUDITED<br>December 31, 2013 |         | AUDITED<br>December 31, 2014 |         | AUDITED<br>December 31, 2015 |         |
|--------------------------------------------------|------------------------------|---------|------------------------------|---------|------------------------------|---------|
|                                                  | Million Baht                 | %       | Million Baht                 | %       | Million Baht                 | %       |
| Total assets                                     | 224.92                       | 100.00% | 234.21                       | 100.00% | 219.90                       | 100.00% |
| Total liabilities                                | 43.90                        | 19.52%  | 52.95                        | 22.61%  | 43.90                        | 19.96%  |
| Total shareholders' equity                       | 181.02                       | 80.48%  | 181.26                       | 77.39%  | 176.01                       | 80.04%  |
| Total income                                     | 284.76                       | 100.00% | 256.35                       | 100.00% | 218.35                       | 100.00% |
| Profit (loss) for the year                       | 22.46                        | 7.89%   | 16.27                        | 6.35%   | 4.23                         | 1.94%   |

| Financial Ratios             |      | 2013   | 2014  | 2015  |
|------------------------------|------|--------|-------|-------|
| Liquidity Ratios             | Time | 7.41   | 5.87  | 7.17  |
| Debt to equity shares Ratios | Time | 0.24   | 0.29  | 0.25  |
| Return on assets Ratios      | %    | 10.32% | 7.09% | 1.86% |
| Return on equity Ratios      | %    | 12.77% | 8.98% | 2.37% |

PPS Design Co., Ltd. (PPS subsidiary, which holds 99.99% of the share capital.)

| Summary of Financial Position<br>And Performance | AUDITED<br>December 31, 2013 |          | AUDITED<br>December 31, 2014 |          | AUDITED<br>December 31, 2015 |          |
|--------------------------------------------------|------------------------------|----------|------------------------------|----------|------------------------------|----------|
|                                                  | Million Baht                 | %        | Million Baht                 |          | Million Baht                 | %        |
| Total assets                                     | 6.56                         | 100.00%  | 8.36                         | 100.00%  | 7.90                         | 100.00%  |
| Total liabilities                                | 4.87                         | 74.18%   | 8.08                         | 96.65%   | 11.23                        | 142.15%  |
| Total shareholders' equity                       | 1.69                         | 25.82%   | 0.28                         | 3.35%    | (3.33)                       | (42.15%) |
| Total income                                     | 6.50                         | 100.00%  | 7.59                         | 100.00%  | 4.48                         | 100.00%  |
| Profit (loss) for the year                       | (1.80)                       | (27.73%) | (1.42)                       | (18.71%) | (3.67)                       | (81.92%) |

| Financial Ratios             |      | 2013     | 2014      | 2015     |
|------------------------------|------|----------|-----------|----------|
| Liquidity Ratios             | Time | 0.61     | 0.51      | 0.35     |
| Debt to equity shares Ratios | Time | 2.88     | 28.86     | (3.37)   |
| Return on assets Ratios      | %    | (28.89%) | (19.03%)  | (45.14%) |
| Return on equity Ratios      | %    | (69.36%) | (144.16%) | 240.66%  |



PPS Information Consultant Co., Ltd (PPS subsidiary, which holds 89.99.00% of the share capital.)

| Summary of Financial Position<br>And Performance | AUDITED<br>December 31, 2013 |          | AUDITED<br>December 31, 2014 |          | AUDITED<br>December 31, 2015 |           |
|--------------------------------------------------|------------------------------|----------|------------------------------|----------|------------------------------|-----------|
|                                                  | Million Baht                 | %        | Million Baht                 |          | Million Baht                 | %         |
| Total assets                                     | 1.85                         | 100.00%  | 1.51                         | 100.00%  | 3.91                         | 100.00%   |
| Total liabilities                                | 1.43                         | 77.09%   | 2.42                         | 160.27%  | 9.90                         | 253.20%   |
| Total shareholders' equity                       | 0.42                         | 22.91%   | (0.91)                       | (60.27%) | (5.99)                       | (153.20%) |
| Total income                                     | 3.01                         | 100.00%  | 2.99                         | 100.00%  | 4.65                         | 100.00%   |
| Profit (loss) for the year                       | (0.58)                       | (19.15%) | (1.33)                       | (44.49%) | (5.12)                       | (110.11%) |

| Financial Ratios             |      | 2013      | 2014     | 2015      |
|------------------------------|------|-----------|----------|-----------|
| Liquidity Ratios             | เท่า | 1.04      | 0.40     | 0.25      |
| Debt to equity shares Ratios | เท่า | 3.40      | (2.66)   | (1.65)    |
| Return on assets Ratios      | %    | (31.35%)  | (79.17%) | (188.93%) |
| Return on equity Ratios      | %    | (138.10%) | 542.86%  | 148.41%   |

## 14. Management Discussion and Analysis

### Operating result

#### (A) Overview of the operating result

The company operates an engineering consultancy business to provide consulting service and project construction management service for various construction projects. The service offered is a long-term consultancy service which can be segregated into two categories as below:

1) The fixed-revenue contract (lump sum fixed price contract) where the company realizes the revenue from service providing on a percentage of completion method when a completion can be accurately estimated in accordance to the proportionate cost of service as incurred to the total estimated cost of service. The company bills the invoice on a monthly basis according to the amount in the contract.

2) The monthly-based payment contract where the company realizes the revenue when the service provided is completed and the service fee will be charged on a monthly basis according to the actual number of staffs involved in the project by calculating from the professional service fee for each profession stated in the contract.

Additionally, the company has started a business expansion to leverage the project construction management service expertise such as engineering design, project construction management service application development, and system support for example. The company has started to realize part of the revenue from the expansion. Moreover, the subsidiaries have won more overseas projects and started performing new business; total revenue of the company and the subsidiaries in year 2013 to 2015 were 293.79 million baht in 2013 but dropped to 266.81 million baht in 2014 and 238.93 million baht in 2015 respectively. The reasons for the revenue decline are the slowing down of Thailand economy, severe price competition and higher discontinuity than usual of project works. However during the last quarter of year 2015 the company has won a mega project from private sector which is in early stage and not fully generate and being realized revenue.

The net profits (attributed to owners of the company) were 19.33 million baht in 2013, 17.72 million baht in 2014 and 3.39 million baht in 2015 respectively. The reduction in net profit decline is caused by under realization of revenue from expected especially from government sector projects resulting to discontinuity of some portion of revenue while the severe price competition is still being continued. As the company's subsidiary is a new firm entering into information technology services and could not generate revenue and profit as planned target. All of these factors cause the dropping down of the total net profit.

(B) Analysis of the operating result

**Revenue**

The company and the subsidiaries have earned the revenue from providing consultancy and project construction management service. The accounting policy of the company to realize the revenue differs according to the 2 contract types as stated in section (A).

For the fiscal year of 2013–2015, the revenues of the company and the subsidiaries were 293.79million baht in 2013, 266.81million baht in 2014 and 238.92 million baht in 2015respectively. The details can be shown as below.

|                      | 2013          |                | 2014          |                | 2015          |                |
|----------------------|---------------|----------------|---------------|----------------|---------------|----------------|
|                      | Million Baht  | %              | Million Baht  | %              | Million Baht  | %              |
| Revenue from service | 290.26        | 98.80%         | 263.65        | 98.82%         | 234.22        | 98.03%         |
| Revenue from selling | 0.84          | 0.28%          | 0.00          | 0.00%          | 0.00          | 0.00%          |
| Revenue from service | 2.69          | 0.92%          | 3.16          | 1.18%          | 4.71          | 1.97%          |
| <b>Total revenue</b> | <b>293.79</b> | <b>100.00%</b> | <b>266.81</b> | <b>100.00%</b> | <b>238.93</b> | <b>100.00%</b> |

**Revenue from service**

For the fiscal year of 2012–2014, the revenue of the company and the subsidiaries were from 290.26 million baht in 2013 but dropped to 263.65 million baht in 2014 and 234.22 million baht in 2015 respectively.

In year 2015, the company earned 234.22 million baht which was decreased 29.43 million baht (11.16%) from previous year by provision of service to 38consecutiveprojects (earned 161.87million baht) from previous year and 40 new projects commenced in year (earned 59.74 million baht). Revenue from new business were comprised of two concert events earned 12.10 million baht and digital media business earned 0.51 million baht.

The reasons for the revenue decline were from the “price war” situation and discontinuity of revenue from time gap between projects. The company’s situation has been recovered since late of last year from the commencing of very large project won although the project was in early stage and still not fully generate revenue. Income from project design work is under difficult situation due to severe price competition in Thailand market. Therefore the company has strategically expand into AEC and East Africa market which are light competition market although being lower volume of work compared to Thailand market. Income from event organizing business was under company’s expectation as seeking of sponsor was difficult during economic slowdown period. The company’s new business in digital media for year 2015 was not being good response from the market resulting to be underperformed of revenue proportion.

The revenue of company and the subsidiaries can be categorized into revenue from consecutive projects and new projects in each fiscal year, and the number of projects that were serviced and realized for each fiscal year during 2013–2015 as below

|                                      | 2013          |           | 2014          |           | 2015          |           |
|--------------------------------------|---------------|-----------|---------------|-----------|---------------|-----------|
|                                      | Million Baht  | %         | Million Baht  | %         | Million Baht  | %         |
| 1. Revenue from consecutive projects | 186.20        | 46        | 223.46        | 51        | 161.87        | 38        |
| 2. Revenue from new projects         | 104.06        | 43        | 40.09         | 31        | 59.74         | 40        |
| 3. Revenue from event / media        | 0.00          | –         | 0.00          | –         | 12.61         | –         |
| <b>Total revenue from service</b>    | <b>290.26</b> | <b>89</b> | <b>263.65</b> | <b>82</b> | <b>234.22</b> | <b>78</b> |

#### Other revenue

Other sources of revenue from the company and the subsidiaries were interest received, profit from selling of financial investment and other revenue. During fiscal year 2013–2015 the company and the subsidiaries have earned 2.69 million baht, 3.16million baht and 4.71 million baht respectively as other revenue. Other revenue in year 2015 was mainly earned from 1.08 million baht of interest received, 2.04 million baht of profit from financial investment and 1.01 million baht of dividend received from investment unit fund.

#### Cost of Services and gross profit margin

Cost of services of the Company and the subsidiaries are comprised of major items such as salary, benefits, personnel expense for directors, project managers, engineers, technical specialists, and project secretaries. The company recorded the cost according to the actual number of staffs in each project in accordance with the consultancy contract. Other service costs are comprised of project management expense and traveling expense for example. Additional consultancy cost are applicable for some projects which the company has to employed external specialists.

For the fiscal year of 2013–2015, the company and the subsidiaries' cost of services was 197.55 million baht, 178.20 million baht and 178.20 million baht or 67.86 %, 67.59 % and 73.64 % of the revenue from service respectively. The increased cost of services in year 2015 whilst decreasing in revenue was mainly caused by loss from event organizer business. However two concert events organized by the company's subsidiary are reference portfolio. Furthermore cost of retaining to key competent staff who will be main resource of revenue generating and ability to bid for the projects in future was reasonably allocated.

For the fiscal year of 2013–2015, the company and the subsidiaries have a gross profit margin at 92.98 million baht, 85.46 million baht and 61.74 million baht or 31.94 %, 32.41 % and 26.36 % of the total revenue from selling and service respectively.

The company and the subsidiaries have a marginal decrease in gross profit margin from the year earlier as mainly resulted of loss from event organizer business caused by lack of event sponsor.

#### Administrative expense

Administrative expense of the company and the subsidiaries were primarily consisted of office personnel, including management, and other management expense such as vehicle and transportation expenses of management and employees, and financial, tax, and legal consultancy fee for example. The company and the subsidiaries' administrative expense during fiscal year 2013–2014 were at 68.64 million baht and 65.06million baht respectively.

For 2015, the administrative expense of the company and the subsidiaries was at 62.19 million baht, decreased of 2.87 million baht or 4.41 % resulting from effective expenses management prepared for decrease of revenue as earlier forecasted.

**Other expenses**

For the fiscal year of 2014, the company and the subsidiaries have other expenses of provision to doubtful debt for 1.14 million baht (0.43% of revenue). Provision and record of doubtful debt to 3 customers is conformed to the Company's policy. However in early of year 2015, the Company and the subsidiaries have been partial paid on debts from all of 3 debtors under practically legal performed to protect the Company's benefits. Such expenses of doubtful debts will be reverted after received payments from debtors.

**Net profit and net profit ratio**

| Fiscal year                  | 2013   | 2014   | 2015    |
|------------------------------|--------|--------|---------|
| Net profit                   | 19.33  | 17.72  | 3.39    |
| Net profit ratio             | 6.62%  | 6.64%  | 1.42%   |
| Average shareholder's equity | 174.45 | 178.85 | 176.34  |
| Return on equity             | 11.08% | 9.91%  | 1.92%   |
| Dividend payout              | 16.00  | 12.00  | 22.24   |
| Dividend payout ratio        | 88.02% | 71.77% | 554.72% |

For the fiscal year of 2013–2014, the company and the subsidiaries have a net profit margin (parent company part only) of 19.33 million baht and 17.72 million baht respectively or 6.58 % and 6.64% of the revenue from service respectively.

For the fiscal year of 2015, the company and the subsidiaries have a net profit margin (parent company part only) of 3.39million baht or 1.42 % of the revenue from service. The decrease of net profit from previous year was caused by operating results of new business which the company's subsidiary is a new entrant of the market to collect portfolio for future opportunities

**Return on shareholder's equity**

The company and the subsidiaries' return on equity were 11.08% and 9.91% during the fiscal year of 2013–2014. The average return on equity (only for the parent company) was 174.45 million baht and 178.85 million baht respectively.

The company and the subsidiaries' return on equity was 1.92 % during the fiscal year of 2015, a decrease of 7.99%. The shareholder's equity (only for the parent company) was 173.74 million baht. The decrement of the shareholder's equity in comparison to 2014 was a decrement of 14.33 million baht in the average shareholder's equity, decrease of 80.87%.

**Financial position and assets**

The net assets of the company and the subsidiaries were valued at 222.44 million baht, 233.68million baht and 217.93 million baht on 31 December 2013, 31 December 2014, and 31 December 2015 respectively. Total assets in 2015 were decreased by 15.75 million baht or 6.74% from the previous year. The examples of assets were 20.21 million baht in cash and cash equivalent and 4.62million baht in account receivables.

- **Cash and cash equivalent**

On 31 December 2013, 31 December 2014 and 31 December 2015, the company and the subsidiaries possessed 29.31million baht, 36.04 million baht and 15.83 million baht of cash and cash equivalent respectively mainly be cash advance and petty cash for project sites (5,000 baht to 25,000 baht per project). Remaining parts is bank deposit as saving accounts, current accounts and fixed deposit accounts.

As of 31 December 2015, the company and the subsidiaries possessed 15.83million baht of cash and cash equivalent, a decrement of 20.21 million baht or 56.08 % from previous year resulting from effective account receivables collection, on due account payable while revenue was decreased and the company's debts were decreased from previous year.

- **Account receivables, other receivables, and allowance for doubtful debt**

(Unit: Million baht)

| Maturity                                | December 31, 2013 | December 31, 2014 | December 31, 2015 |
|-----------------------------------------|-------------------|-------------------|-------------------|
| Not yet due                             | 23.04             | 25.20             | 25.99             |
| During 1-90 days                        | 30.40             | 13.86             | 7.75              |
| During 91-180 days                      | 1.41              | 0.62              | 1.24              |
| During 181-365 days                     | 0.65              | 0.00              | 0.00              |
| Over 365 days                           | 1.10              | 2.17              | 1.10              |
| <b>Total</b>                            | <b>56.60</b>      | <b>41.85</b>      | <b>36.08</b>      |
| <u>Less</u> allowance for doubtful debt | (1.18)            | (2.32)            | (1.18)            |
| <b>Net account receivables</b>          | <b>55.42</b>      | <b>39.53</b>      | <b>34.90</b>      |

The Company's account receivables were coming from the 30-day credit term offered to the customers after the invoice date, however, the company has a collection process from project owners which has a specific monthly schedule such as invoice date and cheque collection date for example, in order to collect the receivables in the scheduled time period.

As of 31 December 2013 and 31 December 2014, the company and the subsidiaries were having 55.42million baht and 39.53million in net account receivables and other receivables, respectively. As of 31 December 2015, the company has 34.90 million baht in account receivables and other receivables, a decrease of 4.63 million baht by shorter average collection time and successfully full collection of doubtful debt provision in year 2014 from all of three debtors. While account receivables amount were decreased from previous reflecting from decreasing of revenue.

As of 31 December 2015 the company and the subsidiaries have a decrement in net account receivables and other receivables with more than 365 days of 1.14 million baht from successfully full collection of account receivables to doubtful debt from three debtors which had been recorded as doubtful debts in year 2014.

- **Retention**

As of 31 December 2013 and 31 December 2014, the company and the subsidiaries have a retention valued at 14.42million baht and 15.30 million baht respectively; this is to comply with the project management contract that requires the retention. The owner of large-scale projects or high-value or government-owned projects would deduct the retention from the invoiced amount for approximately 5-10 percent of the project value. The average warranty period is 1 year from the delivery date.

As of 31 December 2015, the company and the subsidiaries have a retention valued at 18.36 million baht, increased from the year earlier, as the company has earned more revenue from customers who required retention.

- **Land, building and equipment**

As of 31 December 2013 and 31 December 2014, the company and the subsidiaries possessed 9.92million baht and 9.29 million baht worth of net land, building and equipment, respectively. This comprised of the land and building of the head office, the decoration, facilities, office furniture, durable foods, and vehicles, etc.

As of 31 December 2015, the company and the subsidiaries possessed 9.87 million baht worth of net property and equipment. During the year 2015, the company has expand the office for expansion of new business, investment in office furniture and equipments, depreciation according to normal accounting practices resulting to slightly increase of net property and equipment.

- **Fixed deposits with pledged guarantee**

As of 31 December 2013 and 31 December 2014, the company and the subsidiaries were having 12.60 million baht and 12.76 million baht in fixed deposits with pledged guarantee respectively, a slight increase from return on investment in banking.

As of 31 December 2015, the company and the subsidiaries were having 12.89 million baht in fixed deposits with pledged guarantee, a slight increase from return on investment in banking.

#### Capital source

- **Liabilities**

As of 31 December 2013, 31 December 2014, and 31 December 2015, the company and the subsidiaries were having 44.37 million baht, 54.04million baht and 44.88 million baht for total liabilities respectively. The decrease of total liabilities in year 2015 were from decrease of account payables and liabilities from provision of employee's benefits. The company and subsidiaries have no outstanding loan or debts to any banks or financial institutions. Description of major items in the liabilities is listed below

#### **O Account payables and other payables**

As of 31 December 2013 and 31 December 2014, the company and the subsidiaries were having 21.46 million baht and 29.75million baht in account payables, respectively. The company was having account payables because some project owners would like to hire the overall project management and the company does not have a specialist according to the requirement from project owners, so the company has hired external specialists. Other payables are inclusive of unpaid expenses and unearned revenue for example.

As of 31 December 2015, the company and the subsidiaries were having 21.54 million baht in account payables and other payables. Account payables amount was 2.21 million baht and other payable amount was 19.33 million baht, which was comprised of 4.86 million baht unpaid expenses, 10.71 million baht advance payment received, and 3.73 million baht of other payables for example.

#### **O Employee benefit liabilities estimation**

As of 31 December 2013, 31 December 2014 and 31 December 2015, the company and the subsidiaries were having 22.26 million baht, 24.11 million baht and 23.28million baht in employee benefits respectively, a net decrease of 0.82 million baht or 3.40 %. The slightly decrease was resulted to 2.34 million baht in decrease of previously over-estimated employee's benefits but increase of 3.19 million baht provision.

- **Shareholder's equity**

As of 31 December 2013, 31 December 2014 and 31 December 2015, the company was having 178.04 million baht, 179.73million baht and 173.74 million baht in shareholder's equity, respectively. The shareholder's equity in 2015 was decreased from previous year as a result of net operating profit in 2015.

- **Capital structure**

The company and the subsidiaries have the debt to equity ratio (D/E ratio) of 0.25 times, 0.30 times and 0.26 times at the end of 2013, 2014, and 2015 respectively (calculated from total liabilities divided by the parent's company equity on the same



year-end date). The debt to equity ratio in 2013 and 2014 were increased as the increasing of the company and the subsidiaries' debts especially account payables, other payables, accrued expenses and the employee benefits.

The major causes of debt to equity ratio decrease in year 2015 were decreased of liabilities, especially account payables, other payables, accrued expenses and the employee benefits.

#### Liquidity

|                                                       | Unit         | December 31, 2013 | December 31, 2014 | December 31, 2015 |
|-------------------------------------------------------|--------------|-------------------|-------------------|-------------------|
| Cash and cash equivalent                              | million Baht | 29.31             | 36.04             | 15.83             |
| Current assets                                        | million Baht | 158.35            | 165.67            | 144.02            |
| Current liabilities                                   | million Baht | 21.93             | 29.87             | 21.60             |
| Current ratio<br>(Current assets/Current liabilities) | times        | 7.23              | 5.55              | 6.67              |
| Cash flow from operation                              | million Baht | 23.48             | 37.57             | (9.93)            |

Current ratio at the end of 2015 was 6.67 times, increased from the year 2014 as decrease of current liabilities were less than decrease of current assets. The company still had high liquidity with decreased of current assets for 21.65 million baht (13.07 %) whilst decreased of current liabilities for 8.27 million baht (27.69 %).

The company and the subsidiaries' cash flow from operation was negative of 9.93 million baht in 2015, this reflects decreasing of revenue, an efficient collection of account receivables and on due of account payables.

#### Investment expense

The company and the subsidiaries have no significant investment expense in 2015. The investment expense was only buying office stationary and minor office building decoration.