



## 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 2016 – 2018

###### For the year 2016

**Audited financial statements** : Ended 31 December 2016

**Auditor** : DIA International Auditing Company Limited

By Miss Supaporn Mangjit, certified public accountant, registration no. 8125 who has been granted license from the Office of the Securities and Exchange Commission.

**Auditor's comment** : Exhibits unqualified opinion that the consolidated financial statement and separate Statement of consolidated financial position and separate financial position, consolidated operation result 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 2017

**Audited financial statements** : Ended 31 December 2017

**Auditor** : DIA International Auditing Company Limited

By Miss Supaporn Mungjit, certified public accountant, registration no. 8125 who has been granted license from the Office of the Securities and Exchange Commission.

**Auditor's comment** : 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 2018

**Audited financial statements** : Ended 31 December 2018

**Auditor** : DIA International Auditing Company Limited

By Miss Supaporn Mungjit, certified public accountant, registration no. 8125 who has been granted license from the Office of the Securities and Exchange Commission.

**Auditor's comment** : 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, 2016 |                | AUDITED<br>December 31, 2017 |                | AUDITED<br>December 31, 2018 |                |
|--|------------------------------|----------------|------------------------------|----------------|------------------------------|----------------|
|  | Million<br>Baht              | %              | Million<br>Baht              | %              | Million<br>Baht              | %              |
| Cash and cash equivalents                      | 41.97                        | 14.39%         | 50.73                        | 12.49%         | 62.68                        | 15.42%         |
| Current investment                             | 64.05                        | 21.96%         | 154.27                       | 37.98%         | 94.77                        | 23.32%         |
| Trade accounts receivable - net                | 84.39                        | 28.94%         | 130.67                       | 32.17%         | 165.07                       | 40.62%         |
| <i>Trade accounts receivable</i>               | 91.61                        | 31.41%         | 134.93                       | 33.22%         | 171.38                       | 42.17%         |
| <i>Allowance for doubtful accounts</i>         | (7.22)                       | (2.48%)        | (4.26)                       | (1.05%)        | (6.31)                       | (1.55%)        |
| Other current receivables                      | 12.14                        | 4.16%          | 2.59                         | 0.64%          | 3.94                         | 0.97%          |
| Work in service rendering under agreement      | 0.00                         | 0.00%          | 11.69                        | 2.88%          | 7.15                         | 1.76%          |
| <b>Total current assets</b>                    | <b>202.55</b>                | <b>69.45%</b>  | <b>349.95</b>                | <b>86.16%</b>  | <b>333.61</b>                | <b>82.09%</b>  |
| Investments in subsidiaries and associate      | 2.39                         | 0.82%          | 4.60                         | 1.13%          | 1.47                         | 0.36%          |
| Investments in joint venture                   | 3.77                         | 1.29%          | 5.16                         | 1.27%          | 6.06                         | 1.49%          |
| Investment properties                          | 0.46                         | 0.16%          | 0.46                         | 0.11%          | 0.46                         | 0.11%          |
| Property, plant and equipment                  | 9.35                         | 3.21%          | 10.04                        | 2.47%          | 18.51                        | 4.55%          |
| Intangible assets                              | 2.78                         | 0.95%          | 5.18                         | 1.28%          | 7.14                         | 1.76%          |
| Pledged fixed deposit                          | 44.20                        | 15.16%         | 9.01                         | 2.22%          | 9.08                         | 2.23%          |
| Deferred tax assets                            | 5.13                         | 1.76%          | 5.05                         | 1.24%          | 6.18                         | 1.52%          |
| Retention                                      | 14.55                        | 4.99%          | 9.37                         | 2.31%          | 14.31                        | 3.52%          |
| Other non-current assets                       | 6.46                         | 2.22%          | 7.33                         | 1.80%          | 9.60                         | 2.36%          |
| <b>Total non-current assets</b>                | <b>89.09</b>                 | <b>30.55%</b>  | <b>56.20</b>                 | <b>13.84%</b>  | <b>72.81</b>                 | <b>17.91%</b>  |
| <b>Total assets</b>                            | <b>291.64</b>                | <b>100.00%</b> | <b>406.15</b>                | <b>100.00%</b> | <b>406.42</b>                | <b>100.00%</b> |
| Trade and other current payables               | 46.58                        | 15.97%         | 43.15                        | 10.62%         | 49.61                        | 12.21%         |
| Current portion of financial lease liabilities | 0.00                         | 0.00%          | 0.00                         | 0.00%          | 1.57                         | 0.39%          |
| Accrued income tax                             | 2.52                         | 0.86%          | 1.27                         | 0.31%          | 0.00                         | 0.00%          |
| <b>Total current liabilities</b>               | <b>49.10</b>                 | <b>16.84%</b>  | <b>44.42</b>                 | <b>10.94%</b>  | <b>51.18</b>                 | <b>12.59%</b>  |
| Financial lease liabilities                    | 0.00                         | 0.00%          | 0.00                         | 0.00%          | 5.46                         | 1.34%          |
| Non-current provision for employee benefit     | 25.56                        | 8.76%          | 28.57                        | 7.03%          | 28.25                        | 6.95%          |
| <b>Total non-current liabilities</b>           | <b>25.56</b>                 | <b>8.76%</b>   | <b>28.57</b>                 | <b>7.03%</b>   | <b>33.71</b>                 | <b>8.29%</b>   |
| <b>Total liabilities</b>                       | <b>74.66</b>                 | <b>25.60%</b>  | <b>72.99</b>                 | <b>17.97%</b>  | <b>84.89</b>                 | <b>20.89%</b>  |



| STATEMENTS OF FINANCIAL POSITION                  | AUDITED<br>December 31, 2016 |               | AUDITED<br>December 31, 2017 |               | AUDITED<br>December 31, 2018 |               |
|---|------------------------------|---------------|------------------------------|---------------|------------------------------|---------------|
|   | Million<br>Baht              | %             | Million<br>Baht              | %             | Million<br>Baht              | %             |
| Authorized share capital                          | 180.00                       | 61.72%        | 216.00                       | 53.18%        | 216.00                       | 53.15%        |
| Issued and paid-up share capital                  | 120.00                       | 41.15%        | 185.46                       | 45.66%        | 214.96                       | 52.89%        |
| Premium on share capital                          | 48.31                        | 16.56%        | 63.57                        | 15.65%        | 73.37                        | 18.05         |
| Share subscription received in advance            | 11.83                        | 4.06%         | 18.63                        | 4.59%         | 0.00                         | 0.00%         |
| Retained earnings                                 |                              |               |                              |               |                              |               |
| Appropriated                                      |                              |               |                              |               |                              |               |
| <i>Unappropriated</i>                             | 5.15                         | 1.77%         | 7.65                         | 1.88%         | 8.02                         | 1.97%         |
| Other components of shareholders' equity          | 30.09                        | 10.32%        | 54.45                        | 13.41%        | 23.11                        | 5.69%         |
| Total owners of the Company                       | 0.90                         | 0.31%         | 2.90                         | 0.71%         | 1.56                         | 0.38%         |
| Non-controlling interests                         | 216.28                       | 74.16%        | 332.66                       | 81.91%        | 321.02                       | 78.99%        |
| <b>Total shareholders' equity</b>                 | <b>0.70</b>                  | <b>0.24%</b>  | <b>0.50</b>                  | <b>0.12%</b>  | <b>0.51</b>                  | <b>0.13%</b>  |
| <b>Total liabilities and shareholders' equity</b> | <b>216.98</b>                | <b>74.40%</b> | <b>333.16</b>                | <b>82.03%</b> | <b>321.53</b>                | <b>79.11%</b> |



| STATEMENTS OF FINANCIAL POSITION                                    | AUDITED<br>December 31, 2016 |               | AUDITED<br>December 31, 2017 |               | AUDITED<br>December 31, 2018 |               |
|---|------------------------------|---------------|------------------------------|---------------|------------------------------|---------------|
|   | Million<br>Baht              | %             | Million<br>Baht              | %             | Million<br>Baht              | %             |
| Services and sales income   | 306.92                       | 100.00%       | 388.95                       | 100.00%       | 378.50                       | 100.00%       |
| Services income   | 306.92                       | 100.00%       | 388.95                       | 100.00%       | 378.50                       | 100.00%       |
| Cost of services and sales  | 206.24                       | 67.20%        | 255.41                       | 65.67%        | 291.74                       | 77.08%        |
| Cost of services  | 206.24                       | 67.20%        | 255.41                       | 65.67%        | 291.74                       | 77.08%        |
| <b>Gross profit</b>   | <b>100.68</b>                | <b>32.80%</b> | <b>133.54</b>                | <b>34.33%</b> | <b>86.76</b>                 | <b>22.92%</b> |
| Other income  | 12.17                        | 3.97%         | 7.08                         | 1.82%         | 8.59                         | 2.27%         |
| <b>Profit before expenses</b>                                       | <b>112.85</b>                | <b>36.77%</b> | <b>140.62</b>                | <b>36.15%</b> | <b>95.35</b>                 | <b>25.19%</b> |
| Administrative expenses   | 64.67                        | 21.07%        | 78.78                        | 20.25%        | 78.51                        | 20.74%        |
| Other expenses  | 6.91                         | 2.25%         | (2.95)                       | (0.76%)       | 2.79                         | 0.74%         |
| Share of profit (loss) on investment in associate and joint venture | 0.31                         | 0.10%         | 2.29                         | 0.59%         | (2.59)                       | (0.68%)       |
| <b>Profit before finance cost and income tax</b>                    | <b>41.58</b>                 | <b>13.55%</b> | <b>67.08</b>                 | <b>17.25%</b> | <b>11.46</b>                 | <b>3.03%</b>  |
| Finance costs   | 0.00                         | 0.00%         | 0.00                         | 0.00%         | 0.18                         | 0.05%         |
| <b>Profit before income tax</b>                                     | <b>41.58</b>                 | <b>13.55%</b> | <b>67.08</b>                 | <b>17.25%</b> | <b>11.28</b>                 | <b>2.98%</b>  |
| Income tax expenses   | 9.68                         | 3.15%         | 12.52                        | 3.22%         | 3.83                         | 1.01%         |
| <b>Profit (loss) for the year</b>                                   | <b>31.90</b>                 | <b>10.39%</b> | <b>54.56</b>                 | <b>14.03%</b> | <b>7.45</b>                  | <b>1.97%</b>  |
| Other comprehensive income (expense) - net of tax                   | 0.77                         | 0.25%         | 2.00                         | 0.51%         | 0.29                         | 0.08%         |
| <b>Total comprehensive income for the year</b>                      | <b>32.67</b>                 | <b>10.64%</b> | <b>56.56</b>                 | <b>14.54%</b> | <b>7.74</b>                  | <b>2.04%</b>  |
| Profit attributable to  |                              |               |                              |               |                              |               |
| Owners of the Company   | <b>32.17</b>                 | <b>10.48%</b> | <b>55.17</b>                 | <b>14.18%</b> | <b>7.42</b>                  | <b>1.96%</b>  |
| Non-controlling interests   | (0.27)                       | (0.09%)       | (0.61)                       | (0.16%)       | 0.03                         | 0.01%         |
| Total comprehensive income attributable to                          |                              |               |                              |               |                              |               |
| Owners of the Company   | <b>32.94</b>                 | <b>10.73%</b> | <b>57.17</b>                 | <b>14.70%</b> | <b>7.72</b>                  | <b>2.04%</b>  |
| Non-controlling interests   | (0.27)                       | (0.09%)       | (0.61)                       | (0.16%)       | 0.02                         | 0.01%         |
| Earnings per share # owners of the Company                          | 0.067                        |               | 0.074                        |               | 0.09                         |               |
| Ordinary shares of par (Baht / Shares)                              | 0.25                         |               | 0.25                         |               | 0.25                         |               |
| Issued and paid-up share capital                                    | 480.00                       |               | 741.83                       |               | 859.86                       |               |



| STATEMENTS OF CASH FLOW  | AUDITED<br>2016 | AUDITED<br>2017 | AUDITED<br>2018 |
|--|-----------------|-----------------|-----------------|
|  | Million Baht    | Million Baht    | Million Baht    |
| Profit (loss) before income tax  | 41.58           | 67.08           | 11.28           |
| Adjustment net profit to cash receipt (disbursement)                     | 3.91            | (2.52)          | 15.06           |
| Profit from operation before changes in operating assets and liabilities | 45.49           | 64.56           | 26.34           |
| Trade and other current receivables                                      | (59.49)         | (34.40)         | (38.61)         |
| Work in service rendering under agreement                                | 0.00            | (11.69)         | 4.54            |
| Retention  | 3.82            | 5.18            | (4.94)          |
| Other non-current assets   | 0.04            | 0.01            | (0.79)          |
| (Increase) Decrease in assets from operation                             | (55.63)         | (40.90)         | (39.80)         |
| Trade and other current payables   | 24.87           | (4.07)          | 2.86            |
| Employee benefit provisions  | (1.60)          | (0.95)          | (1.82)          |
| Increase (Decrease) in liabilities from operation                        | 23.27           | (5.02)          | 1.04            |
| Cash generated (paid) from operation                                     | 13.13           | 18.64           | (12.42)         |
| Interest paid  | 0.00            | 0.00            | (0.18)          |
| Corporate income tax paid  | (8.13)          | (15.37)         | (11.92)         |
| Income tax deducted at source received                                   | 2.85            | 0.00            | 2.51            |
| <b>Net cash provided by (used in) operating activities</b>               | <b>7.85</b>     | <b>3.27</b>     | <b>(22.01)</b>  |
| Proceeds from dividend   | 1.59            | 0.88            | 0.85            |
| Payments for current investment acquisition                              | (139.29)        | (195.45)        | (203.12)        |
| Proceeds from sales of current investment                                | 162.25          | 111.22          | 263.90          |
| Payments for investment in associate                                     | 0.00            | (1.30)          | (1.67)          |
| Proceeds from sales of investment in associates                          | 4.00            | 0.00            | 1.41            |
| Proceeds from loans from related parties                                 | 10.03           | 0.00            | 0.00            |
| Proceeds from the partial termination of the Shareholders Agreement      | 1.96            | 0.00            | 0.00            |
| Fixed deposit with obligations   | (31.31)         | 35.20           | (0.08)          |
| Proceeds from sales of plant and equipment acquisition                   | 0.19            | 0.01            | 0.00            |
| Payments for property, plant and equipment acquisition                   | (1.19)          | (2.10)          | (2.95)          |
| Payments for intangible assets acquisition                               | (0.74)          | (2.36)          | (3.61)          |
| <b>Net cash provided by (used in) investing activities</b>               | <b>7.49</b>     | <b>(53.90)</b>  | <b>54.73</b>    |



|  |               |               |                |
|--|---------------|---------------|----------------|
| Payments for financial lease liabilities                                 | (0.06)        | 0.00          | (1.14)         |
| Proceeds from exercise of warrants to purchase ordinary shares           | 11.83         | 62.04         | 20.67          |
| Dividend paid  | (2.24)        | (2.83)        | (40.03)        |
| Proceeds from share capital in subsidiary from non-controlling interests | 1.67          | 0.40          | 0.00           |
| <b>Net cash provided by (used in) financing activities</b>               | <b>11.20</b>  | <b>59.61</b>  | <b>(20.50)</b> |
| <b>Exchange difference on translation of financial statements</b>        | <b>(0.40)</b> | <b>(0.22)</b> | <b>(0.27)</b>  |
| <b>Net increase (decrease) in cash and cash equivalents</b>              | <b>26.14</b>  | <b>8.76</b>   | <b>11.95</b>   |
| Cash and cash equivalents as at January 1                                | 15.83         | 41.97         | 50.73          |
| Cash and cash equivalents as at December 31                              | <b>41.97</b>  | <b>50.73</b>  | <b>62.68</b>   |

| FINANCIAL RATIOS                   | Unit | AUDITED<br>2016 | AUDITED<br>2017 | AUDITED<br>2018 |
|------------------------------------|------|-----------------|-----------------|-----------------|
| <b>Liquidity Ratios</b>            |      |                 |                 |                 |
| Liquidity Ratios                   | Time | 4.13            | 7.88            | 6.52            |
| Cash Flow Ratio                    | Time | 0.22            | 0.07            | (0.46)          |
| Accounts receivable turnover       | Time | 4.81            | 3.43            | 2.47            |
| Average collection period          | Day  | 75              | 105             | 146.00          |
| Accounts payable turnover          | Time | 6.06            | 5.69            | 6.29            |
| Period is payable                  | Day  | 59              | 63              | 57.00           |
| Cash cycle                         | Day  | 16              | 42              | 89.00           |
| <b>Profitability Ratios</b>        |      |                 |                 |                 |
| Margin                             | %    | 32.80%          | 34.33%          | 22.92%          |
| Operating margin                   | %    | 13.55%          | 17.25%          | 3.03%           |
| Cash to profitability              | %    | 18.88%          | 4.87%           | (192.06%)       |
| Net margin                         | %    | 10.08%          | 13.93%          | 1.92%           |
| Return on equity                   | %    | 16.50%          | 20.06%          | 2.27%           |
| <b>Efficiency Ratios</b>           |      |                 |                 |                 |
| Return on assets                   | %    | 12.63%          | 15.81%          | 1.83%           |
| Return on fix assets               | %    | 41.79%          | 78.71%          | 17.81%          |
| Asset Turnover                     | Time | 1.25            | 1.14            | 0.95            |
| <b>Financial Policy Ratios</b>     |      |                 |                 |                 |
| Debt to equity shares              | Time | 0.34            | 0.22            | 0.26            |
| Interest Coverage Ratio            | Time | 0.00            | 0.00            | (100.00)        |
| Charge Coverage Ratio (Cash basis) | Time | 1.86            | 0.45            | (0.46)          |
| Dividend Payout                    | %    | 90.68%          | 68.05%          | 239.89%         |



## (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, 2016 |         | AUDITED<br>December 31, 2017 |         | AUDITED<br>December 31, 2018 |         |
|--|------------------------------|---------|------------------------------|---------|------------------------------|---------|
|  | Million<br>Baht              | %       | Million<br>Baht              | %       | Million<br>Baht              | %       |
| Total assets                                     | 293.45                       | 100.00% | 402.21                       | 100.00% | 403.62                       | 100.00% |
| Total liabilities                                | 73.80                        | 25.15%  | 71.75                        | 17.84%  | 84.47                        | 20.93%  |
| Total shareholders' equity                       | 219.65                       | 74.85%  | 330.46                       | 82.16%  | 319.15                       | 79.07%  |
| Total income                                     | 293.98                       | 100.00% | 364.42                       | 100.00% | 376.22                       | 100.00% |
| Profit (loss) for the year                       | 32.87                        | 11.18%  | 49.39                        | 13.27%  | 7.34                         | 1.95%   |

| Financial Ratios             |      | 2016   | 2017   | 2018  |
|------------------------------|------|--------|--------|-------|
| Liquidity Ratios             | Time | 3.95   | 7.79   | 6.37  |
| Debt to equity shares Ratios | Time | 0.34   | 0.22   | 0.26  |
| Return on assets Ratios      | %    | 12.81% | 14.20% | 1.82% |
| Return on equity Ratios      | %    | 16.62% | 17.96% | 2.26% |

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

| Summary of Financial Position<br>And Performance | AUDITED<br>December 31, 2016 |          | AUDITED<br>December 31, 2017 |         | AUDITED<br>December 31, 2018 |         |
|--|------------------------------|----------|------------------------------|---------|------------------------------|---------|
|  | Million<br>Baht              | %        | Million<br>Baht              |         | Million<br>Baht              | %       |
| Total assets                                     | 11.50                        | 100.00%  | 13.99                        | 100.00% | 8.26                         | 100.00% |
| Total liabilities                                | 13.85                        | 120.43%  | 10.85                        | 77.56%  | 5.52                         | 66.83%  |
| Total shareholders' equity                       | (2.35)                       | (20.43%) | 3.14                         | 22.44%  | 2.75                         | 33.29%  |
| Total income                                     | 15.30                        | 100.00%  | 29.90                        | 100.00% | 30.94                        | 100.00% |
| Profit (loss) for the year                       | 0.98                         | 6.41%    | 5.49                         | 18.31%  | 2.52                         | 8.14%   |

| Financial Ratios             |      | 2016     | 2017      | 2018   |
|------------------------------|------|----------|-----------|--------|
| Liquidity Ratios             | Time | 0.54     | 0.86      | 0.63   |
| Debt to equity shares Ratios | Time | (5.89)   | 3.46      | 2.01   |
| Return on assets Ratios      | %    | 10.10%   | 43.08%    | 22.65% |
| Return on equity Ratios      | %    | (34.51%) | 1,389.87% | 85.57% |



PPS Innovation Co., Ltd (PPS subsidiary, which holds 90% of the share capital.)

| Summary of Financial Position<br>And Performance | AUDITED<br>December 31, 2016 |          | AUDITED<br>December 31, 2017 |           | AUDITED<br>December 31, 2018 |           |
|--|------------------------------|----------|------------------------------|-----------|------------------------------|-----------|
|  | Million<br>Baht              | %        | Million<br>Baht              | %         | Million<br>Baht              | %         |
| Total assets                                     | 8.87                         | 100.00%  | 4.39                         | 100.00%   | 4.12                         | 100.00%   |
| Total liabilities                                | 9.95                         | 112.18%  | 10.10                        | 230.07%   | 10.37                        | 251.70%   |
| Total shareholders' equity                       | (1.08)                       | (12.18%) | (5.71)                       | (130.07%) | (6.25)                       | (151.70%) |
| Total income                                     | 8.09                         | 100.00%  | 9.84                         | 100.00%   | 7.50                         | 100.00%   |
| Profit (loss) for the year                       | 0.91                         | 11.25%   | (4.63)                       | (46.96%)  | (0.45)                       | (6.00%)   |

| Financial Ratios             |      | 2016     | 2017     | 2018     |
|------------------------------|------|----------|----------|----------|
| Liquidity Ratios             | Time | 0.72     | 0.21     | 0.25     |
| Debt to equity shares Ratios | Time | (9.21)   | (1.77)   | (1.66)   |
| Return on assets Ratios      | %    | 14.24%   | (69.83%) | (10.58%) |
| Return on equity Ratios      | %    | (25.71%) | 136.38%  | 7.53%    |

ENSEMBLE EQUITY PTE. LTD. (PPS subsidiary, which holds 90.00% of the share capital.)

| Summary of Financial Position<br>And Performance | AUDITED<br>December 31, 2016 |           | AUDITED<br>December 31, 2017 |         | AUDITED<br>December 31, 2018 |          |
|--|------------------------------|-----------|------------------------------|---------|------------------------------|----------|
|  | Million<br>Baht              | %         | Million<br>Baht              | %       | Million Baht                 | %        |
| Total assets                                     | 10.14                        | 100.00%   | 10.47                        | 100.00% | 7.88                         | 100.00%  |
| Total liabilities                                | 0.19                         | 1.87%     | 0.67                         | 6.40%   | 1.13                         | 14.34%   |
| Total shareholders' equity                       | 9.95                         | 98.13%    | 9.80                         | 93.60%  | 6.75                         | 85.66%   |
| Total income                                     | 0.00                         | 100.00%   | 6.02                         | 100.00% | 4.86                         | 100.00%  |
| Profit (loss) for the year                       | (2.59)                       | (100.00%) | 0.07                         | 1.16%   | (2.78)                       | (57.20%) |

| Financial Ratios             |      | 2016     | 2017  | 2018     |
|------------------------------|------|----------|-------|----------|
| Liquidity Ratios             | Time | 53.37    | 15.49 | 6.93     |
| Debt to equity shares Ratios | Time | 0.02     | 0.07  | 0.17     |
| Return on assets Ratios      | %    | (25.54%) | 0.68% | (30.28%) |
| Return on equity Ratios      | %    | (26.03%) | 0.71% | (33.60%) |





Sapat Project Co., Ltd. (PPS subsidiary, which holds 60.00% of the share capital.)

| Summary of Financial Position<br>And Performance | AUDITED<br>December 31, 2016 |       | AUDITED<br>December 31, 2017 |         | AUDITED<br>December 31, 2018 |         |
|--|------------------------------|-------|------------------------------|---------|------------------------------|---------|
|  | Million<br>Baht              | %     | Million<br>Baht              | %       | Million Baht                 | %       |
| Total assets                                     | 0.00                         | 0.00% | 0.78                         | 100.00% | 5.07                         | 100.00% |
| Total liabilities                                | 0.00                         | 0.00% | 0.07                         | 8.97%   | 3.49                         | 68.84%  |
| Total shareholders' equity                       | 0.00                         | 0.00% | 0.71                         | 91.03%  | 1.58                         | 31.16%  |
| Total income                                     | 0.00                         | 0.00% | 0.00                         | 100.00% | 7.52                         | 100.00% |
| Profit (loss) for the year                       | 0.00                         | 0.00% | 0.29                         | 0.00%   | 0.87                         | 11.57%  |

| Financial Ratios             |      | 2016  | 2017     | 2018   |
|------------------------------|------|-------|----------|--------|
| Liquidity Ratios             | Time | 0.00  | 0.78     | 1.43   |
| Debt to equity shares Ratios | Time | 0.00  | 0.10     | 2.21   |
| Return on assets Ratios      | %    | 0.00% | (37.18%) | 29.74% |
| Return on equity Ratios      | %    | 0.00% | (40.85%) | 75.98% |



## 14. Management Discussion and Analysis

### Operating result

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

Through the year 2018, the company had achieved operating objectives including business expansion, seeking business opportunities in the main business, subsidiaries, and joint ventures, in order to strengthen competitiveness and business development. The company has operating in various fields as follows:

- Local market — The company continuously collaborated with the private sector including original partners and new partners. This resulted in the pleasant growth in revenues. For the government sector, we have a large project that we were affected by the project delay and did not follow the plan. Besides, the contractor have issued a letter of requesting the right to deduct wages from the company's failure to comply with the contract, resulting in the company have to reconsider the guidelines for recognizing revenue and estimating project cost. We applied the factors relating to the request for the right to deduct wages and the impact of the project construction delayed by using the best estimate that will reflect the case carefully. However, the company still received 2 additional government projects in 2018.
- Design Works — The Company's subsidiaries, which are PPS Oneworks Company Limited (PPSOW) and Swan & Maclaren (Thailand) Company Limited (SMT), had a progressive operating performance and affected the increase of revenues from the cooperated projects since the end of 2016. In the early 2018, PPS Oneworks Co., Ltd. stopped working on the project. Later, in late 2018, the employer requested to delay the project for one year till December 1st, 2019, as a result, the associated company was affected by the project disruption and is in the process of negotiating the service charge from the work that has been completed and delivered to the employer.
- Innovation and Information Technology Sector — the Company boosted and supported resources in innovation and information technology development working together with PPS Innovation Co., Ltd. (PPSI) and Ensemble Equity PTE. LTD., including the subsidiary, PPS Oneworks Co., Ltd. which is preparing to invest with One Works Asia PTE. LTD. for the intention to develop was as to build a Company's foundation and to sustain the business in the long term, as well as to have the developed innovation and information technology build the opportunities in construction industry in order for revenues growth. Importantly, it was to enhance the effectiveness of the Company's operating performance. In 2018, the Company has been continuously putting an attempt to improve the innovation in order to build the opportunities in revenues.

Overview of the Company and subsidiary's operating result is significantly decreased comparing to 2017. Total revenue of the Company and the subsidiaries in year 2016 to 2018 were 319.10 million baht in 2016, 396.03 million baht in 2017, and 387.09 million baht in 2018, respectively. In 2018, total revenue decreased from the previous year by 8.94 million baht or 2.26 percent because the contractor have issued a letter of requesting the right to deduct wages from the company's failure to comply with the contract, resulting in the company have to reconsider the guidelines for recognizing revenue and estimating project cost. We applied the factors relating to the request for the right to deduct wages and the impact of the project construction delayed by using the best estimate that will reflect the case carefully. Including being affected by the adjustment of the estimated loss of the two projects that are running at the end of the work period and the extension of time. However, the company continues to have trust and receive construction control work from both the public and private sectors. In addition, we were accepting work with both former partners and new partners. Moreover, the expansion of services for surveying quantity and price, using technology to increase service efficiency and a subsidiary has started providing



energy-saving building consulting service. For the Design work, the company was affected by the project disruption and is in the process of negotiating the service charge from the work that has been completed and delivered to the employer.

The net profits (attributed to owners of the Company) were 32.18 million baht in 2016 and raising up to 55.17 million baht in 2017 and 7.42 million baht in 2018, respectively. Partly due to the revenue in 2018, which has reduced the recognition of such income, causing the Company's net profit decreased significantly.

## (B) Analysis of the Operating Result

### REVENUE

The main revenue of the company and the subsidiaries have earned from providing consultancy and project construction management service. The accounting policy of the Company to recognize the revenue differs according to 2 contract types as follows:

1. The fixed-revenue contract (lump sum fixed price contract) where the Company recognizes 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 recognizes 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.

For other service revenue from the subsidiaries, for example, other service revenue could be recognized when the service finished, the revenue of design architecture could be recognized during the design progress as the day in the revenue statement with acknowledged the finished portion.

For the fiscal year of 2016-2018, the revenues of the Company and the subsidiaries were 319.10 million baht, 396.03 million baht, and 387.09 million baht, respectively. The details are as follows:

|                      | 2016          |                | 2017          |                | 2018          |                |
|----------------------|---------------|----------------|---------------|----------------|---------------|----------------|
|                      | Million Baht  | %              | Million Baht  | %              | Million Baht  | %              |
| Revenue from service | 306.92        | 96.18%         | 388.95        | 98.21%         | 378.50        | 97.78%         |
| Other revenue        | 12.18         | 3.82%          | 7.08          | 1.79%          | 8.59          | 2.22%          |
| <b>Total revenue</b> | <b>319.10</b> | <b>100.00%</b> | <b>396.03</b> | <b>100.00%</b> | <b>387.09</b> | <b>100.00%</b> |

### Revenue from service

For the fiscal year of 2016-2018, the revenues from service of the Company and the subsidiaries were 306.92 million baht, 388.95 million baht, and 378.50 million baht, respectively. In the year 2018, the Company earned 378.50 million baht which was decreased 10.45 million baht (2.69%) from previous year consists of the revenue from project directing and managing, the revenue of architectural design and the revenue of digital and media business.

Revenue from project directing and managing is provision of service to 58 new projects commenced in 2018 (earned 88.25 million baht), and 54 consecutive projects from previous year (earned 290.25 million baht). The results of Supervision services of construction project decreased from the previous year because of the reconsideration of revenue recognition due to the fact that the counterparty requests the right to deduct wages from the Company's failure to comply with the contract as mentioned in the overall results above. The revenues from architectural design works in 2018 was 1.07 million baht, decreased from the previous year 11.97 million baht because in the early 2018, the subsidiary has stopped working in accepting architectural



design work in a large project collaborated with an associated company. For subsidiaries, PPS Innovation Co., Ltd. has income from supporting programs in the digital media and media businesses of 1.01 million baht and SAPATT Project Co., Ltd. has income from being a consultant on the energy-saving building 7.11 million baht.

In 2018, although the company was significantly affected by a government project as described above, however, the company still has growth in government work as the target has been increased.

Revenues from new projects and the number of projects that were serviced and realized in each fiscal year during 2016-2018 can be categorized as below:

|                                      | 2016          |            | 2017          |            | 2018          |            |
|--------------------------------------|---------------|------------|---------------|------------|---------------|------------|
|                                      | Million Baht  | %          | Million Baht  | %          | Million Baht  | %          |
| 1. Revenue from consecutive projects | 175.45        | 46         | 296.5         | 60         | 290.25        | 54         |
| 2. Revenue from new projects         | 129.91        | 77         | 89.04         | 58         | 87.24         | 58         |
| 3. Revenue from event / media        | 1.56          |            | 3.41          |            | 1.01          |            |
| <b>Total revenue from service</b>    | <b>306.92</b> | <b>123</b> | <b>388.95</b> | <b>118</b> | <b>378.50</b> | <b>112</b> |

#### Other revenue

Other revenues from the Company and the subsidiaries included interest received, profit from selling of financial investment and other sources. During the fiscal year 2016-2018, the Company and the subsidiaries have earned 12.18 million baht, 7.08 million baht, and 8.59 million baht respectively as other revenues. Other revenues in 2018 were mainly earned from 1.03 million baht of the interest received, 1.85 million baht of profit from selling of financial investment, 0.85 million baht of dividend received from investment unit fund, and 1.58 million baht of revenue from project secretary service.

#### 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, and personnel expenses for project directors, project managers, engineers, architects, technical specialists, and project secretaries. The Company recorded the costs according to the actual number of staffs in each project in accordance to the consultancy contract. Other service costs are comprised of project management expense and traveling expense for example. Additional consultancy cost is applicable for some projects which the Company has to employ external specialists.

For the fiscal year of 2016-2018, the Company and the subsidiaries' costs of services were 206.24 million baht, 255.41 million baht, and 291.74 respectively, or 67.19%, 65.67%, and 77.08% of the revenue from services respectively. The cost of services in 2018 had increased as the proportion of the rise of Company and the subsidiaries' revenues due to the reconsidering of revenue recognition process, resulting in the revenue being reduced and the Company recognized the estimated project loss of the other two projects which are in the end of the work period. Moreover, the Company has the cost of the external expert advisors according to the more unique nature of works in the previous year. However, costs management and human resource remained the level of the increase as planned effectively and in 2018, there is an increase in personnel at the agency and increasing rate of return.

For the fiscal year 2016-2018, the Company and the subsidiaries had a gross profit margin at 100.69 million baht, 133.54 million baht, and 86.76 million baht respectively, or 32.81%, 34.33%, and 22.92% of the total revenue from services respectively.

**Administrative expense**

Administrative expense of the Company and the subsidiaries were primarily consisted of office personnel including the executive, and other management expenses such as vehicle and transportation expenses, financial tax, and legal consultancy fee for example. During the fiscal year 2016-2017, the Company and the subsidiaries' administrative expenses were at 64.67 million baht and 78.68 million baht respectively.

For 2017, the administrative expense of the Company and the subsidiaries was at 78.68 million baht, increased of 14.01 million baht or 21.66% from the previous year. The administrative expense was partly from holding 30th year anniversary (PPS Corporate Event) which was 7.96 million baht, staffs and other administrative expenses increased by 5.50 million baht.

For 2018, the administrative expense of the Company and the subsidiaries was at 78.51 million baht which is similar to the year 2017. The expenses incurred in this year have significant expenses such as employee expenses increased by 6.06 million baht, expenses for organizing Innocon Bangkok 2018 amount 1.04 million baht, the depreciation price and amortization increased by 2.06 million baht due to the investment in office equipment, the recording of recognition of vehicles under the financial lease agreement and investing in other intangible assets such as computer programs, etc.

**Other expenses**

For the fiscal year 2018, other expenses had increased at 5.64 million baht with the amount of 1.54 million baht which the company set up an allowance for doubtful accounts from a trade account receivable that cannot be collected according to the cheque. The Company is in the process of legal proceeding for the mentioned transaction. The subsidiaries had recorded the doubtful accounts from a project which had not received the bills at 0.95 million baht because of the downtime in a design project that collaborated with the associated company. The Company and the subsidiaries recognized loss on termination of assets 0.70 million baht.

**Share of profit from investment in shareholders and joint**

In the fiscal year 2018, the Company had received the share of profit from its shareholders and joint venture by 2.60 million baht due to the joint companies completing architectural design as of cooperating with the subsidiaries which was PPS Oneworks Co., Ltd. The Company received a shared profit in the joint venture 0.90 million baht and recognized share of loss from the associated company 3.50 million baht because an associated company was affected by the project disruption.

**Net profit and net profit ratio**

| Fiscal year                  | 2016   | 2017   | 2018    |
|------------------------------|--------|--------|---------|
| Net profit                   | 32.18  | 55.17  | 7.42    |
| Net profit ratio             | 10.08% | 13.93% | 1.92%   |
| Average shareholder's equity | 195.02 | 274.47 | 326.84  |
| Return on equity             | 16.50% | 20.10% | 2.27%   |
| Dividend payout              | 28.31  | 31.91  | 16.72   |
| Dividend payout ratio        | 90.68% | 68.05% | 239.74% |

For the fiscal year 2016-2017, the Company and the subsidiaries had a net profit margin (parent company part only) of 32.18 million baht and 55.17 million baht respectively, or net profit margin ratio of 10.08% and 13.93% of the total revenues respectively.



For the fiscal year 2018, the Company and the subsidiaries had a net profit margin (parent company part only) of 7.42 million baht or 1.92% of the revenue from service. This is a result of the overview of the revenue in 2018. The Company's net profit had decreased significantly, caused by effective cost & personnel management.

#### Return on shareholder's equity

The Company and the subsidiaries' return on equity during the fiscal year 2016-2017 were 16.50% and 20.10% respectively. The average return on equity (only for the parent company) were 195.02 million baht and 274.47 million baht respectively.

During the fiscal year 2018, the Company and the subsidiaries' return on equity was 2.27%, an decrease of 88.71% from the previous year. The return on equity (only for the parent company) was 321.53 million baht. The increment of the shareholder's equity in comparison to 2017 was resulting from the decrease of net profit of 47.75 million baht or 86.55%

#### Financial position and assets

The net assets of the Company and the subsidiaries were valued at 291.64 million baht, 406.15 million baht, and 406.43 million baht on December 31st 2016, December 31st 2017, and December 31st 2018, respectively. Total assets in 2018 were increased by 0.28 million baht or 0.07% from the previous year which is not different significantly. The examples of assets were 62.68 million baht in cash and cash equivalent, 94.77 million baht in temporary investment, and 169.01 million baht in account receivables and other receivables.

#### ➤ **Cash and cash equivalent**

On December 31st 2016-2018, the Company and the subsidiaries possessed 41.97 million baht, 50.73 million baht, and 62.68 million baht of cash and cash equivalent respectively, mainly cash advance and petty cash for project sites (5,000 – 25,000 baht per project). Remaining parts was bank deposit as saving accounts, current accounts and fixed deposit accounts.

As of December 31st 2018, the Company and the subsidiaries possessed 62.68 million baht of cash and cash equivalent, an increment of 11.95 million baht or 23.56% from the previous year resulting from the average duration of account receivables collection which was longer than last year but a delay of payment later than that of the previous year as well, and 2 advance payments of ordinary shares from exercise of PPS-W1 in 2018.

#### ➤ **Account receivables, other receivables, and allowance for doubtful debt**

(Unit: Million baht)

| Maturity                         | December 31, 2016 | December 31, 2017 | December 31, 2018 |
|----------------------------------|-------------------|-------------------|-------------------|
| Not yet due                      | 73.01             | 109.46            | 129.17            |
| During 1-90 days                 | 16.35             | 22.77             | 37.41             |
| During 91-180 days               | 0                 | 0.99              | 2.95              |
| During 181-365 days              | 1.16              | 0.37              | 0.03              |
| Over 365 days                    | 1.09              | 1.35              | 1.81              |
| <b>Total</b>                     | <b>91.61</b>      | <b>134.94</b>     | <b>171.37</b>     |
| Less allowance for doubtful debt | (7.22)            | (4.27)            | (6.31)            |
| <b>Net account receivables</b>   | <b>84.39</b>      | <b>130.67</b>     | <b>165.06</b>     |

The Company's account receivables were coming from the 30-45-day credit term offered to the customers after the invoice date, however, the Company had a collection process from project owners which had 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 December 31st 2016 and 2017, the company and the subsidiaries were having 84.39 million baht and 130.67 million baht in net account receivables respectively. As of December 31st 2018, the company has 165.06 million baht in net account receivables, an increase of 34.39 million baht was in line with increase of revenue growth. There is a delay in document processing and the important part is due to the impact of adjusting the income consideration process that is waiting for the outcome of the negotiation.

The Company and the subsidiaries have a policy to record allowance for doubtful accounts by estimating from the debtor who is expected to cannot collect money or considering from the overdue debt of more than 365 days. The Company will consider the allowance for doubtful accounts for the whole amount.

As of December 31st 2018, the company and the subsidiaries have an increment in net account receivables and other receivables of 2.05 million baht which caused by the inability to collect payments according to the cheque of 1.54 million baht, that the company is in the process of legal action. Additionally, the recording of allowance of doubtful accounts, trade account receivable from a design project of the subsidiary's withdrawal that project for 0.95 million baht and received an allowance for doubtful accounts set up in 2017, amount 0.42 million baht.

The trade accounts receivable can be summarized as of December 31st, 2016-2018 according to the table above.

➤ **retention**

As of December 31st 2016-2017, the Company and the subsidiaries had a retention valued at 14.55 and 9.37 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 such as Central Group projects and MRT Blue line project. The owners would deduct the retention from the invoiced amount for approximately 5-10% of the project value. The average warranty period is 1-2 year from the delivery date.

As of December 31st 2018, the Company and the subsidiaries had a retention valued at 14.31 million baht, increased from the year earlier, as the Company was deducted the retention for 5.17 million baht which the deduction of contributions under the conditions of the normal contract. Moreover, the Company received the retention of 0.23 million baht according to the conditions of retention of refunds.

➤ **Land, building, and equipment**

As of December 31st 2016-2017, the Company and the subsidiaries possessed worth of net land, building and equipment of 9.35 million baht and 10.04 million baht, respectively. This comprised of the land and building of the head office, the decoration, facilities, office furniture, office equipment and vehicles, etc.

As of December 31st 2018, the Company and subsidiaries possessed 18.51-million-baht worth of net of property and equipment. During the year 2018, the Company had invested in office equipment such as office furniture and computers for 1.54 million baht, production equipment and the Company has recorded vehicles according to financial lease agreement, causing the Company's vehicle account increased by 6.93 million baht. The depreciation of assets according to accounting policy is normal. As a result, the net land, building and equipment increased.

➤ **fixed deposits with pledged guarantee**

As of December 31st 2016-2017, the Company and the subsidiaries were having 44.20 million baht and 9.01 million baht in fixed deposits with pledged guarantee respectively, decreased from changing the working guarantee with a government project from fixed deposit to a bank guarantee letter, causing the bank's fixed deposit has decreased.

As of December 31st 2018, the Company and the subsidiaries were having 9.08 million baht in fixed deposits with pledged guarantee, increased slightly from the previous year due to interest received.



### Capital source

- **Liabilities**

As of December 31st 2016-2018, the Company and the subsidiaries were having 74.66 million baht, 73.00 million baht, and 84.90 million baht for total liabilities respectively. The total of liabilities in year 2018 increased from the previous year by 11.90 million baht or 16.30% due to accounts payable amount of 2.61 million baht. Since in 2018, the company has hired external experts to join the project management and increased liabilities under finance lease agreements by 7.04 million baht. Description of major items in the liabilities is listed below.

- **Account payables and other payables**

As of December 31st 2016-2017, the Company and the subsidiaries were having 46.59 million baht and 43.15 million baht in account payables and other 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 the project owners, so the Company had hired external specialists. Other payables were inclusive of unpaid expenses and unearned revenue.

As of December 31st 2018, the Company and the subsidiaries were having 49.61 million baht in account payables and other payables. Account payables amount was 8.85 million baht and other payables amount was 35.95 million baht, which was comprised of 14.75 million baht unpaid expense and 13.93 million baht advance payment received by 10.82 million baht from Suvarnabhumi International Airport phase 2 project, 3.54 million baht of payable bills, 3.15 million baht from estimate of project loss and 4.81 million baht of other payables.

- **Employee benefit liabilities estimation**

As of December 31st 2016-2017, the Company and the subsidiaries were having 25.56 million baht, 28.57 million baht in employee benefits respectively. In 2018, the Company has estimated employee benefits of 28.25 million baht, decreased of 0.32 million baht or 1.12% from the previous year due to the recognition of profit from the new measurement of value of employee benefits, which is set at 2.05 million baht. The increase of 3.55 million baht in record of provision but decrease of employee's retirement benefits of 1.82 million baht.

- **Shareholder's equity**

As of December 31st 2016-2018, the Company was having 216.98 million baht, 216.08 million baht, 333.15 million baht and 321.53 million baht in shareholder's equity, respectively. In 2018, the shareholder's equity decreased from the previous year by 11.62 million baht or 3.49%, as a result of capital increase from exercise of warrants of 20.67 million baht, decreased from the dividend payment of 40.03 million baht and decreased from the above mentioned results.

- **Capital structure**

The Company and the subsidiaries had the debt to equity ratio (D/E ratio) of 0.34 times, 0.22 times, and 0.26 times at the end of 2016, 2017, and 2018, respectively (calculated from total liabilities divided by the parent's company equity on the same year-end date). The debt to equity ratio in 2018 was slightly increased from the previous year as the decreasing of the Company's shareholder equity while the total liabilities increased, however, the Company and subsidiaries still maintain the debt to equity ratio close to the previous year.



Liquidity

|   | Unit         | December 31, 2016 | December 31, 2017 | December 31, 2018 |
|---|--------------|-------------------|-------------------|-------------------|
| Cash and cash equivalent                              | million Baht | 41.97             | 50.73             | 62.68             |
| Current assets  | million Baht | 202.55            | 349.95            | 333.61            |
| Current liabilities                                   | million Baht | 49.11             | 44.42             | 51.18             |
| Current ratio<br>(Current assets/Current liabilities) | times        | 4.13              | 7.88              | 6.52              |
| Cash flow from operation                              | million Baht | 7.85              | 3.28              | (22.01)           |

Current ratio at the end of 2018 was 6.52 times, slightly decreased from the previous year due to the decreasing of current assets whilst the current liabilities increased. The current assets decreased for 16.43 million baht (4.67%) whilst increased of current liabilities for 6.76 million baht (15.22%). Nevertheless, the Company and the subsidiaries still have the ability to pay short-term debt.

The Company and the subsidiaries' cash flow from operation activities in 2018 was negative 22.01 million baht, due to an increase in trade and other receivables, and retention, etc.

Investment expense

In 2018, The Company has invested more as follows:

- In April 2018, the company has invested in the ordinary shares which is ProFin Group Co., Ltd. as amount of 1.66 million baht (paid 25% of the registered capital), the Company has 33.33% shareholding.
- For other investment of the Company and the subsidiaries was the investment of purchasing office equipment and computers for the operation, totaling 1.54 million baht, the investment in other intangible assets, such as programs to develop work efficiency and document management systems, totaling 3.66 million baht, etc.