

Part 3

Financial Position and Operating Performance

13. Financial Statement

13.1 Auditor and Auditor's report summary

The auditor's report has included the financial statement of the company and its subsidiaries being audited between 2017 - 2019

For the year 2017

Audit budget	: Accounting period of year 2016 ends on the 31 st December 2017
Auditor	: DIA International Auditing Company Limited Miss Suphaphorn Mangjit Certified Public Accountant No. 8125 Approved by the office of SEC
Auditor's Opinion	: commented unconditionally that the consolidated financial statement, standalone financial statement, standalone financial status of the company, consolidated and standalone performance of the company as well as consolidated and standalone cash flow, is reasonable and legitimate according to the financial standards

For the year 2018

Audit budget	: Accounting period of year 2017 ends on the 31 st December 2018
Auditor	: DIA International Auditing Company Limited Miss Suphaphorn Mangjit Certified Public Accountant No. 8125 Approved by the office of SEC
Auditor's Opinion	: commented unconditionally that the consolidated financial statement, standalone financial statement, standalone financial status of the company, consolidated and standalone performance of the company as well as consolidated and standalone cash flow, is reasonable and legitimate according to the financial standards

For the year 2019

Audit budget	: Accounting period of year 2019 ends on the 31 st December 2019
Auditor	: DIA International Auditing Company Limited Miss Suphaphorn Mangjit Certified Public Accountant No. 8125 Approved by the office of SEC
Auditor's Opinion	: commented unconditionally that the consolidated financial statement, standalone financial statement, standalone financial status of the company, consolidated and standalone performance of the company as well as consolidated and standalone cash flow, is reasonable and legitimate according to the financial standards

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 December 31 st , 2017		AUDITED December 31 st , 2018		AUDITED December 31 st , 2019	
	MB	%	MB	%	MB	%
Cash and cash equivalents	50.73	12.49%	62.68	15.42%	32.60	7.61%
Current investment	154.27	37.98%	94.77	23.32%	45.74	10.68%
Trade accounts receivable - net	65.30	16.08%	74.49	18.33%	115.09	26.86%
<i>Trade accounts receivable</i>	66.73	16.43%	77.54	19.08%	119.23	27.83%
<i>Allowance for doubtful accounts</i>	(1.43)	(0.35%)	(3.05)	(0.75%)	(4.14)	(0.97%)
Other current receivables	2.59	0.64%	3.94	0.97%	25.54	5.96%
Unbilled revenue	65.37	16.10%	90.58	22.29%	105.92	24.72%
Work in service rendering under agreement	11.69	2.88%	7.15	1.76%	6.09	1.42%
Total current assets	349.95	86.16%	333.61	82.09%	330.98	77.26%
Investments in subsidiaries and associate	4.60	1.13%	1.47	0.36%	1.46	0.34%
Investments in joint venture	5.16	1.27%	6.06	1.49%	7.61	1.78%
Investment properties	0.46	0.11%	0.46	0.11%	1.03	0.24%
Property, plant and equipment	10.04	2.47%	18.51	4.55%	27.13	6.33%
Intangible assets	5.18	1.28%	7.14	1.76%	7.65	1.79%
Pledged fixed deposit	9.01	2.22%	9.08	2.23%	9.16	2.14%
Deferred tax assets	5.05	1.24%	6.18	1.52%	11.54	2.69%
Retention	9.37	2.31%	14.31	3.52%	17.64	4.12%
Other non-current assets	7.33	1.80%	9.60	2.36%	14.22	3.32%
Total non-current assets	56.20	13.84%	72.81	17.91%	97.44	22.74%
Total assets	406.15	100.00%	406.42	100.00%	428.42	100.00%
Trade and other current payables	27.74	6.83%	35.68	8.78%	45.61	10.65%
Current portion of financial lease liabilities	0.00	0.00%	1.57	0.39%	2.22	0.52%
Advance service income and advance received from clients	15.41	3.79%	13.93	3.43%	8.23	1.92%
Accrued income tax	1.27	0.31%	0.00	0.00%	0.00	0.00%
Total current liabilities	44.42	10.94%	51.18	12.59%	56.06	13.09%
Financial lease liabilities	0.00	0.00%	5.46	1.34%	5.93	1.38%
Non-current provision for employee benefit	28.57	7.03%	28.25	6.95%	52.75	12.31%
Total non-current liabilities	28.57	7.03%	33.71	8.29%	58.68	13.70%
Total liabilities	72.99	17.97%	84.89	20.89%	114.74	26.78%

STATEMENTS OF FINANCIAL POSITION	AUDITED December 31 st , 2017		AUDITED December 31 st , 2018		AUDITED December 31 st , 2019	
	MB	%	MB	%	MB	%
Authorized share capital	216.00	53.18%	216.00	53.15%	279.45	65.23%
Issued and paid-up share capital	185.46	45.66%	214.96	52.89%	214.96	50.18%
Premium on share capital	63.57	15.65%	73.37	18.05%	73.37	17.13%
Share subscription received in advance	18.63	4.59%	0.00	0.00%	0.00	0.00%
Retained earnings						
Retained earnings						
Appropriated	7.65	1.88%	8.02	1.97%	8.42	1.97%
Unappropriated	54.45	13.41%	23.11	5.69%	15.09	3.52%
Other components of shareholders' equity	2.90	0.71%	1.56	0.38%	1.24	0.29%
Total owners of the Company	332.66	81.91%	321.02	78.99%	313.08	73.08%
Non-controlling interests	0.50	0.12%	0.51	0.13%	0.60	0.14%
Total shareholders' equity	333.16	82.03%	321.53	79.11%	313.68	73.22%
Total liabilities and shareholders' equity	406.15	100.00%	406.42	100.00%	428.42	100.00%

STATEMENTS OF FINANCIAL POSITION	AUDITED December 31 st , 2017		AUDITED December 31 st , 2018		AUDITED December 31 st , 2019	
	MB	%	MB	%	MB	%
Services and sales income	388.95	100.00%	378.50	100.00%	448.15	100.00%
<i>Services income</i>	388.95	100.00%	378.50	100.00%	448.15	100.00%
Cost of services and sales	255.41	65.67%	291.74	77.08%	344.03	76.77%
<i>Cost of services</i>	255.41	65.67%	291.74	77.08%	344.03	76.77%
Gross profit	133.54	34.33%	86.76	22.92%	104.12	23.23%
Other income	7.08	1.82%	8.59	2.27%	18.60	4.15%
Profit before expenses	140.62	36.15%	95.35	25.19%	122.72	27.38%
Administrative expenses	78.78	20.25%	78.51	20.74%	108.95	24.31%
Other expenses	(2.95)	(0.76%)	2.79	0.74%	9.40	2.10%
Share of profit (loss) on investment in associate and joint venture	2.29	0.59%	(2.59)	(0.68%)	1.54	0.34%
Profit before finance cost and income tax	67.08	17.25%	11.46	3.03%	5.91	1.32%
Finance costs	0.00	0.00%	0.18	0.05%	0.21	0.05%
Profit before income tax	67.08	17.25%	11.28	2.98%	5.70	1.27%
Income tax expenses	12.52	3.22%	3.83	1.01%	2.08	0.46%
Profit (loss) for the year	54.56	14.03%	7.45	1.97%	3.62	0.81%
Other comprehensive income (expense) - net of tax	2.00	0.51%	0.29	0.08%	(6.84)	-1.53%
Total comprehensive income for the year	56.56	14.54%	7.74	2.04%	(3.22)	-0.72%
<u>Profit attributable to</u>						
Owners of the Company	55.17	14.18%	7.42	1.96%	7.43	1.66%
Non-controlling interests	(0.61)	(0.16%)	0.03	0.01%	(3.81)	-0.85%
<u>Total comprehensive income attributable to</u>						
Owners of the Company	57.17	14.70%	7.72	2.04%	0.67	0.15%
Non-controlling interests	(0.61)	(0.16%)	0.02	0.01%	(3.89)	-0.87%
Earnings per share # owners of the Company (Fully Dilute) (Baht / Shares)	0.074		0.009		0.009	
Ordinary shares of par (Baht / Shares)	0.25		0.25		0.25	
Issued and paid-up share capital (million shares)	741.83		859.86		859.86	

STATEMENTS OF CASH FLOW	AUDITED 2017	AUDITED 2018	AUDITED 2019
	MB	MB	MB
Profit (loss) before income tax	67.08	11.28	5.70
Adjustment net profit to cash receipt (disbursement)	(2.52)	15.06	21.47
Profit from operation before changes in operating assets and liabilities	64.56	26.34	27.17
Trade and other current receivables	(7.20)	(12.75)	(64.45)
Unbilled revenue	(27.20)	(25.86)	(16.22)
Work in service rendering under agreement	(11.69)	4.54	1.06
Retention	5.18	(4.94)	(3.33)
Other non-current assets	0.01	(0.79)	(0.69)
(Increase) Decrease in assets from operation	(40.90)	(39.80)	(83.63)
Trade and other current payables	4.89	4.34	11.96
Advance service income and advance received from clients	(8.96)	(1.48)	(5.70)
Employee benefit provisions	(0.95)	(1.82)	(2.72)
Increase (Decrease) in liabilities from operation	(5.02)	1.04	3.54
Cash generated (paid) from operation	18.64	(12.42)	(52.92)
Interest paid	0.00	(0.18)	(0.21)
Corporate income tax paid	(15.37)	(11.92)	(12.08)
Income tax deducted at source received	0.00	2.51	2.05
Net cash provided by (used in) operating activities	3.27	(22.01)	(63.16)
Proceeds from dividend	0.88	0.85	1.55
Payments for current investment acquisition	(195.45)	(203.12)	(102.02)
Proceeds from sales of current investment	111.22	263.90	151.62
Payments for investment in associate	(1.30)	(1.67)	0.00
Proceeds from sales of investment in associates	0.00	1.41	1.35
Proceeds from loans from related parties	0.00	0.00	0.00
Proceeds from the partial termination of the Shareholders Agreement	0.00	0.00	0.00
Increase (Decrease) Fixed deposit with obligations	35.20	(0.08)	(0.08)
Proceeds from sales of plant and equipment acquisition	0.01	0.00	0.00
Payments for property, plant and equipment acquisition	(2.10)	(2.95)	(9.61)
Payments for intangible assets acquisition	0.00	0.00	0.27
Net cash provided by (used in) investing activities	(2.36)	(3.61)	(3.01)

STATEMENTS OF CASH FLOW	AUDITED 2017	AUDITED 2018	AUDITED 2019
	MB	MB	MB
Payments for financial lease liabilities	0.00	(1.14)	(1.94)
Proceeds from exercise of warrants to purchase ordinary shares	62.04	20.67	0.00
Dividend paid	(2.83)	(40.03)	(8.59)
Proceeds from share capital in subsidiary from non-controlling interests	0.40	0.00	3.97
Net cash provided by (used in) financing activities	59.61	(20.50)	(6.56)
Exchange difference on translation of financial statements	(0.22)	(0.27)	(0.43)
Net increase (decrease) in cash and cash equivalents	8.76	11.95	(30.08)
Cash and cash equivalents as at January 1	41.97	50.73	62.68
Cash and cash equivalents as at December 31	50.73	62.68	32.60

FINANCIAL RATIOS	Unit	AUDITED 2017	AUDITED 2018	AUDITED 2019
Liquidity Ratios				
Liquidity Ratios	Time	7.88	6.52	5.90
Cash Flow Ratio	Time	0.07	(0.46)	(1.18)
Accounts receivable turnover	Time	3.48	2.52	2.28
Average collection period	Day	104	143	158
Accounts payable turnover	Time	6.87	9.20	8.46
Period is payable	Day	52	39	43
Cash cycle	Day	52	104	115
Profitability Ratios				
Margin	%	34.33%	22.92%	23.23%
Operating margin	%	17.25%	3.03%	1.32%
Cash to profitability	%	4.87%	(192.06%)	(1,068.70%)
Net margin	%	13.93%	1.92%	1.59%
Return on equity	%	20.06%	2.27%	2.34%
Efficiency Ratios				
Return on assets	%	15.81%	1.83%	1.78%
Return on fix assets	%	78.71%	17.81%	16.28%
Asset Turnover	Time	1.14	0.95	1.12
Financial Policy Ratios				
Debt to equity shares	Time	0.22	0.26	0.37
Interest Coverage Ratio	Time	0.00	(100.00)	(289.86)
Charge Coverage Ratio (Cash basis)	Time	0.45	(0.46)	(2.73)
Dividend Payout	%	68.05%	239.89%	0.00%

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

Project Planning Service Public Company Limited

Summary of Financial Position And Performance	AUDITED December 31 st , 2017		AUDITED December 31 st , 2018		AUDITED December 31 st , 2019	
	MB	%	MB	%	MB	%
Total assets	402.21	100.00%	403.62	100.00%	420.63	100.00%
Total liabilities	71.75	17.84%	84.47	20.93%	108.17	25.72%
Total shareholders' equity	330.46	82.16%	319.15	79.07%	312.46	74.28%
Total income	372.28	100.00%	376.22	100.00%	437.37	100.00%
Profit (loss) for the year	49.39	13.27%	7.34	1.95%	7.97	1.82%

Financial Ratios		2017	2018	2019
Liquidity Ratios	Time	7.79	6.37	6.40
Debt to equity shares Ratios	Time	0.22	0.26	0.35
Return on assets Ratios	%	14.20%	1.82%	1.93%
Return on equity Ratios	%	17.96%	2.26%	2.52%

PPS ONENETWORKS Co., Ltd. (PPS subsidiary, which holds 50.99% of the share capital.)

Summary of Financial Position And Performance	AUDITED December 31 st , 2017		AUDITED December 31 st , 2018		AUDITED December 31 st , 2019	
	MB	%	MB	%	MB	%
Total assets	13.99	100.00%	8.26	100.00%	14.85	100.00%
Total liabilities	10.85	77.56%	5.52	66.83%	13.64	91.85%
Total shareholders' equity	3.14	22.44%	2.75	33.29%	1.21	8.15%
Total income	29.99	100.00%	30.94	100.00%	31.05	100.00%
Profit (loss) for the year	5.49	18.31%	2.52	8.14%	(5.50)	(17.71%)

Financial Ratios		2017	2018	2019
Liquidity Ratios	Time	0.86	0.63	0.60
Debt to equity shares Ratios	Time	3.46	2.01	11.27
Return on assets Ratios	%	43.08%	22.65%	(47.60%)
Return on equity Ratios	%	1,389.87%	85.57%	(277.78%)

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

Summary of Financial Position And Performance	AUDITED December 31 st , 2017		AUDITED December 31 st , 2018		AUDITED December 31 st , 2019	
	MB	%	MB	%	MB	%
Total assets	4.39	100.00%	4.12	100.00%	2.75	100.00%
Total liabilities	10.10	230.07%	10.37	251.70%	9.05	329.09%
Total shareholders' equity	(5.71)	(130.07%)	(6.25)	(151.70%)	(6.30)	(229.09%)
Total income	9.86	100.00%	7.50	100.00%	7.49	100.00%
Profit (loss) for the year	(4.63)	(46.96%)	(0.45)	(6.00%)	0.20	2.67%

Financial Ratios		2017	2018	2019
Liquidity Ratios	Time	0.21	0.25	0.16
Debt to equity shares Ratios	Time	(1.77)	(1.66)	(1.44)
Return on assets Ratios	%	(69.83%)	(10.58%)	5.82%
Return on equity Ratios	%	136.38%	7.53%	3.19%

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

Summary of Financial Position And Performance	AUDITED December 31 st , 2017		AUDITED December 31 st , 2018		AUDITED December 31 st , 2019	
	MB	%	MB	%	MB	%
Total assets	10.47	100.00%	7.88	100.00%	9.49	100.00%
Total liabilities	0.67	6.40%	1.13	14.34%	0.64	6.74%
Total shareholders' equity	9.80	93.60%	6.75	85.66%	8.85	93.26%
Total income	6.02	100.00%	4.86	100.00%	8.04	100.00%
Profit (loss) for the year	0.07	1.16%	(2.78)	(57.20%)	2.53	31.47%

Financial Ratios		2017	2018	2019
Liquidity Ratios	Time	15.49	6.93	14.73
Debt to equity shares Ratios	Time	0.07	0.17	0.07
Return on assets Ratios	%	0.68%	(30.28%)	29.13%
Return on equity Ratios	%	0.71%	(33.60%)	32.44%

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

Summary of Financial Position And Performance	AUDITED December 31 st , 2017		AUDITED December 31 st , 2018		AUDITED December 31 st , 2019	
	MB	%	MB	%	MB	%
Total assets	0.78	100.00%	5.07	100.00%	0.20	100.00%
Total liabilities	0.07	8.97%	3.49	68.84%	2.23	1115.00%
Total shareholders' equity	0.71	91.03%	1.58	31.16%	(2.03)	(1,015.00%)
Total income	0.00	100.00%	7.52	100.00%	0.86	100.00%
Profit (loss) for the year	0.29	0.00%	0.87	11.57%	(3.61)	(419.77%)

Financial Ratios		2017	2018	2019
Liquidity Ratios	Time	0.78	1.43	0.06
Debt to equity shares Ratios	Time	0.10	2.21	(1.10)
Return on assets Ratios	%	(37.18%)	29.74%	(137.00%)
Return on equity Ratios	%	(40.85%)	75.98%	(1,048.96%)

Project One Property Development Co., Ltd. (PPS subsidiary, which holds 99.98% of the share capital.)

Summary of Financial Position And Performance	AUDITED December 31 st , 2017		AUDITED December 31 st , 2018		AUDITED December 31 st , 2019	
	MB	%	MB	%	MB	%
Total assets	0.00	0.00%	0.00	0.00%	21.67	100.00%
Total liabilities	0.00	0.00%	0.00	0.00%	22.70	104.75%
Total shareholders' equity	0.00	0.00%	0.00	0.00%	(1.03)	(4.75%)
Total income	0.00	0.00%	0.00	0.00%	0.00	100.00%
Profit (loss) for the year	0.00	0.00%	0.00	0.00%	(2.03)	100.00%

Financial Ratios		2017	2018	2019
Liquidity Ratios	Time	0.00	0.00	0.95
Debt to equity shares Ratios	Time	0.00	0.00	(22.04)
Return on assets Ratios	%	0.00%	0.00%	(9.37%)
Return on equity Ratios	%	0.00%	0.00%	(197.09%)

14. Management Discussion and Analysis

Operating result

(A) Overview of the operating result

Through the year 2019, 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 has 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, in the year 2019, the company still receives more government jobs which are the company's way to create a channel to support the revenue source that creates stability for the business.
- Design Works — The Company's subsidiaries, which are PPS Oneworks Company Limited (PPSOW) In 2019, PPSOW has participated in the tender of U-Tapao Airport, Terminal 3 and Aerotropolis developing project. which is part of the Eastern Economic Corridor Development Project (EEC), that will be an opportunity to further expand the business of the Company and its subsidiaries in the future. For the design works of 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, during to 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 2019, the Company has been continuously putting an attempt to improve the innovation in order to build the opportunities in revenues.

Overview of total revenue of the Company and the subsidiaries in year 2017 to 2019 were 388.95 million baht in 2017, 378.50 million baht in 2018, and 448.15 million baht in 2019, respectively. In 2019, total revenue increased from the year 2018 by 69.65 million baht or 18.40 percent. In terms of costs, the Company and subsidiaries have costs in the year 2017-2019 in the amount of 255.41 million baht, 291.74 million baht and 344.03 million baht respectively. In the year 2019, the cost increased from the year 2018 by 52.29 million baht or 17.92 percent. The Company and subsidiaries Gross profit in 2017-2019 was 133.54 million baht, 86.76 million baht, and 104.12 million baht respectively or the gross profit margin was 34.33 percent, 22.92 percent, and 23.23 percent respectively. Gross profit in 2019 is a little higher than in the

year 2018. The important reasons are the adjustment of the estimated impact of government projects that are delayed by the construction of the project will affect the revenue recognition and the gross profit margin of the project. Including the cost of services that the company and subsidiaries require more external experts. As a result, the project's gross profit margin is not very high. The Company expects the opportunity from receiving such work that will have continuous income in the future.

The net profits (attributed to owners of the Company) were 55.17 million baht in 2017, 7.42 million baht in 2019, and 7.43 million baht in 2019, respectively.

(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:

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.

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 2017-2019, the revenues of the Company and the subsidiaries were 396.03 million baht, 387.09 million baht, and 466.75 million baht, respectively. The details are as follows:

	2017		2018		2019	
	MB	%	MB	%	MB	%
Revenue from service	388.95	98.21%	378.50	97.78%	448.15	96.01%
Other revenue	7.08	1.79%	8.59	2.22%	18.60	3.99%
Total revenue	396.03	100.00%	387.09	100.00%	466.75	100.00%

Revenue from service

For the fiscal year of 2016-2018, the revenues from service of the Company and the subsidiaries were 388.95 million baht, 378.50 million baht, and 448.15 million baht, respectively. In the year 2019, the Company earned 448.15 million baht which was increased 69.65 million baht (18.40%) 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.

Revenues from new projects and the number of projects that were serviced and realized in each fiscal year during 2017-2019 can be categorized as below:

	2017		2018		2019	
	MB	%	MB	%	MB	%
1. Revenue from consecutive projects	296.5	60	290.25	54	326.66	53
2. Revenue from new projects	89.04	58	87.24	58	120.47	70
3. Revenue from event / media	3.41	-	1.01	-	1.02	-
Total revenue from service	388.95	118	378.50	112	448.15	123

Revenue from project directing and managing is provision of service to 70 new projects commenced in 2019 (earned 120.47 million baht), and 53 consecutive projects from previous year (earned 326.66 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 2019 was 25.01 million baht, increased from the previous year 23.94 million baht because in the early 2019, The subsidiary receives income from the support for design work for the bidding on the U-Tapao Airport Project, which is part of the Eastern Economic Corridor Development Project (EEC). For subsidiaries, PPS Innovation Co., Ltd. has income from supporting programs in the digital media and media businesses of 1.02 million baht and Sapatt Project Co., Ltd. has income from being a consultant on the energy-saving building 0.31 million baht which decreased from 2018, 6.80 million baht. Since there is one large project that is a continuous work from the year 2018, a project that the subsidiary accepted the work from the employer who received another job has encountered the problem from the continuous delivery of work. In 2019, the subsidiary company Sapatt Project Company Limited has delivered the complete work under the contract. The subsidiary company is in the process of negotiating with the contract parties.

In 2019, 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.

Revenue Structure (according to project type)

	2017		2018		2019	
	MB	%	MB	%	MB	%
Revenue from Services	388.95	98.21%	378.50	97.78%	448.15	96.01%
Revenue from Construction Supervision	373.47	96.02%	377.43	99.72%	419.79	89.94%
Office Buildings	27.10	7.26%	32.58	8.63%	27.79	5.95%
Retail Areas	101.64	27.22%	103.96	27.54%	98.14	21.03%
Residential Buildings	101.23	27.11%	109.73	29.07%	121.58	26.05%
Multi-Purpose Buildings (Mixed-use) *	9.58	2.57%	21.98	5.82%	35.58	7.62%
Hotels	4.93	1.32%	-	0.00%	-	0.00%
Hospitals	17.65	4.73%	19.24	5.10%	12.91	2.77%
Factories	15.92	4.26%	7.42	1.97%	0.72	0.15%
Infrastructures	80.43	21.54%	61.00	16.16%	86.38	18.51%
Others **	14.99	4.01%	21.52	5.70%	36.69	7.86%
Revenue from Designs and media	12.97	3.33%	1.07	0.28%	28.36	6.07%

	2017		2018		2019	
	MB	%	MB	%	MB	%
Revenue from Concerts	2.51	0.65%	-	0.00%	-	0.00%
Other Revenue	7.08	1.79%	8.59	2.22%	18.60	3.99%
Total	396.03	100.00%	387.09	100.00%	466.75	100.00%

* Multi-purpose Building (Mixed Use): Department Store, Office Building, Hotel

** Others: Distribution Center/ Data Center/ Industrial Factory/ Temple Measure/ Showroom

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 2017-2019, the Company and the subsidiaries have earned 7.08 million baht, 8.59 million baht, and 18.61 million baht respectively as other revenues. Other revenues in 2019 were mainly earned from 2.59 million baht of the interest received, 6.60 million baht of profit from selling of financial investment, 1.55 million baht of dividend received from investment unit fund, and 1.50 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 2017-2019, the Company and the subsidiaries' costs of services were 255.41 million baht, 291.74 million baht, and 344.02 respectively, or 65.67%, 77.08%, and 76.71% of the revenue from services respectively. The cost of services in 2019 had a little decreased from the previous year.

- This increase in the amount of 7.74 million baht is an increase from the promulgation of the new Labor Protection Act. which came into effect in May 2019, has set the compensation rate for termination of employment for employees who have worked consecutively for 20 years or more, they are entitled to compensation not less than 400 days or 13.3 months (from the original law by receiving compensation for 300 days or 10 months). Excluding this transaction, the Company and subsidiaries will have an increased gross profit margin of 1.66 million baht.
- The increase in salaries, welfare and personnel expenses amounted to 20.01 million baht from the increase in the number of employees and the payment compensation to work as staff morale.
- The cost of external expert consultancy, according to the work requirements that is specific to the project, increased from the previous year by 31.60 million baht.
- Other related service costs decreased by 1.33 million baht such as traveling expenses, fuel expenses, etc.
- The cost decreased from the reversal of estimated loss recorded in 2018 of 2.34 million baht and recorded during the year 0.40 million baht.

The cost and human resource management of the company still maintain the level of increase in accordance with the plan with efficiency.

For the fiscal year 2017-2019, the Company and the subsidiaries had a gross profit margin at 133.54 million baht, 86.76 million baht, and 104.12 million baht respectively, or 34.33%, 22.92%, and 23.23% 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 2017-2019, the Company and the subsidiaries' administrative expenses were at 78.68 million baht, 78.51 million baht, and 108.95 million baht respectively.

For 2018, the administrative expense of the Company and the subsidiaries was at 78.51 million baht, increased of 6.06 million baht from the previous year. The administrative expense was partly from holding INNOCON Bangkok 2018 which increased 1.04 million baht. The depreciation and amortization increased by 2.06 million baht from the purchase of office supplies, vehicle recognition under finance lease agreements, and the purchase of other intangible assets such as various computer programs, etc.

For 2019, the company and subsidiaries have administrative expenses amount of 108.95 million baht, an increase of 30.44 million baht from the year 2018. Detail as follows;

- This increase in the amount of 0.77 million baht is an increase from the promulgation of the new Labor Protection Act. which came into effect in May 2019, has set the compensation rate for termination of employment for employees who have worked consecutively for 20 years or more, they are entitled to compensation not less than 400 days or 13.3 months (from the original law by receiving compensation for 300 days or 10 months).
- Increase in salaries, welfare and personnel expenses in the amount of 10.45 million baht from the increased number of employees.
- Expenses in organizing INNOCON Bangkok 2019, Expenses for corporate image development, and other public relations expenses totaling 5.10 million baht.
- The cost of admission to the real estate project, the auction cost, etc. 3.79 million baht and other expenses, the rent of office buildings in the amount of 2.50 million baht, fuel cost, travel expenses in the amount of 2.19 million baht, external consulting fees in the amount of 3.93 million baht, depreciation and amortization increased 2.48 million baht from the purchase of office supplies, vehicle recognition Finance leases and other intangible assets such as computer programs, and so on.

Other expenses

For the fiscal year 2019, other expenses had increased at 6.61 million baht with the amount of 6.34 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. Reversal of impairment losses on investment properties in the amount of 0.57 million baht. From the appraisal of the said property, the Company recorded a loss from asset termination in the amount of 0.67 million baht. And the reversal of doubtful accounts - trade receivables from receipts of Baht 0.94 million. The subsidiaries had recorded the doubtful accounts from a project which had not received the bills at 0.89 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 1.90 million baht and the doubtful accounts from the reserve for software purchases amounting to 1.12 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 1.54 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 1.55 million baht and recognized share of loss from the associated company 0.01 million baht.

Net profit and net profit ratio

Fiscal year		2017	2018	2019
Net profit	MB	55.17	7.42	7.43
Net profit ratio	%	13.93%	1.92%	1.59%
Average shareholder's equity	MB	274.47	326.84	317.05
Return on equity	%	20.10%	2.27%	2.34%
Dividend payout	MB	31.91	16.72	-
Dividend payout ratio	%	68.05%	239.74%	-

For the fiscal year 2017-2018, the Company and the subsidiaries had a net profit margin (parent company part only) of 55.17 million baht and 7.42 million baht respectively, or net profit margin ratio of 13.93% and 1.92% of the total revenues respectively.

For the fiscal year 2019, the Company and the subsidiaries had a net profit margin (parent company part only) of 7.43 million baht or 1.59% of the revenue from service. This is a result of the overview of the revenue in 2019. 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 2017-2018 were 20.10% and 2.27% respectively. The average return on equity (only for the parent company) were 274.47 million baht and 326.84 million baht respectively.

During the fiscal year 2019, the Company and the subsidiaries' return on equity was 2.34%, The return on equity (only for the parent company) was 317.05 million baht.

(C) Financial position and assets**Asset**

The net assets of the Company and the subsidiaries were valued at 406.15 million baht, 406.43 million baht, and 428.42 million baht on December 31st, 2017, December 31st, 2018, and December 31st, 2019, respectively. Total assets in 2019 were increased by 21.99 million baht or 5.41 percent from the previous year which has a slight decrease in current assets of 2.63 million baht or 0.79 percent and an increase in non-current assets of 24.62 million baht or 33.81 percent as follows;

➤ **Cash and Cash Equivalent**

On December 31st, 2017-2019, the Company and the subsidiaries possessed 50.73 million baht, 62.68 million baht, and 32.60 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, 2019, the Company and the subsidiaries possessed 32.60 million baht of cash and cash equivalent, decreased from previous year 30.08 million baht or 47.99%. an increment of 15.85 million baht 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. If not including the above items Cash and cash equivalents as of December 31, 2019, decreased from the year 2018 by Baht 14.23 million due to the Company and its subsidiaries had increased revenue but cash flow and liquidity decreased. Have an average collection period longer than last year regarding cash flow, the payment period was slightly faster than last year resulting in reduced cash and cash equivalents.

➤ **Account Receivables, Other Receivables, and Allowance for Doubtful Debt**

(หน่วย : ล้านบาท)

Maturity	December 31, 2017	December 31, 2018	December 31, 2019
Not yet due	41.25	35.33	69.02
During 1-90 days	22.77	37.41	32.58
During 91-180 days	0.99	2.95	3.43
During 181-365 days	0.37	0.03	10.72
Over 365 days	1.35	1.81	3.49
Total	66.73	77.54	119.23
Less allowance for doubtful debt	(1.43)	(3.06)	(4.14)
Net account receivables	65.30	74.48	115.09
other receivables	2.58	3.94	26.66
Less allowance for doubtful debt	0	0	(1.12)
Net other receivables	2.58	3.94	25.54
Total account receivables and other receivables	67.88	78.42	140.63

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 2017, and 2018, the company and the subsidiaries were having 65.30 million baht and 74.48 million baht in net account receivables respectively. As of December 31st, 2019, the company has 115.09 million baht in net account receivables, an increase of 40.61 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, 2019, the company and the subsidiaries have an increment in net account receivables and other receivables of 1.08 million baht which caused by the inability to collect payments according to the cheque of 1.90 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 0.75 million baht and received an allowance amount 0.21 million baht.

The trade accounts receivable can be summarized as of December 31st, 2017-2019 according to the table above.

As of December 31st, 2019, the company and the subsidiaries have an increment in net account receivables and other receivables of 2.59 million baht, 3.94 million baht, and 25.54 million baht respectively. which caused by the inability to collect payments according to the cheque of 1.90 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 0.75 million baht and received an allowance amount 0.21 million baht.

The trade accounts receivable can be summarized as of December 31st, 2017-2019 according to the table above.

Other current receivables consist of the advance payment, prepaid expenses, and etc. As of December 31st, 2019, the Company and subsidiaries have increased other receivables from the year 2018 amount of 22.72 million baht which increased 20 million baht due to Project One Property Development Company Limited's warranty for studying property project according to the resolution of the Board of Director no. 6/2019 on December 13rd, 2019. The allowance for doubtful debt belongs to a subsidiary, Sapatt Project Co., Ltd. recorded an allowance for doubtful accounts in the provision for projects which are likely to have disruption.

The trade accounts receivable can be summarized as of December 31st, 2017-2018 according to the table above.

Unbilled Revenue and Impairment Losses

(unit : million baht)

Year Period	December 31, 2017	December 31, 2018	December 31, 2019
Unbilled revenue	68.21	93.84	109.93
Loss Impairment Losses	(2.84)	(3.25)	(4.01)
Net unbilled revenue	65.37	90.58	105.92

Unbilled revenue is the amount of revenue that has been accumulated that exceeds the amount collected from customers to date. The Company and its subsidiaries will not record an allowance for impairment loss of unbilled income for the estimated losses that may be incurred in the collection of customers. Unbilled income is classified as trade accounts receivable when the business has the right to receive payment unconditionally, for example, when the business has finished providing services and the client receives the work.

As of 31 December 2017 - 2018, the Company and its subsidiaries have unbilled income - net of 65.37 million baht and 90.58 million baht respectively. In 2019, the Company and subsidiaries have unbilled revenue - net in the amount of 105.92 million baht, consisting of unbilled revenue in the public sector work of 95.61 million baht in the private sector work of 10.31 million baht.

➤ **Retention**

As of December 31st, 2017-2018, the Company and the subsidiaries had a retention valued at 9.37 and 14.31 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 Suvarnabhumi Airport 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, 2019, the Company and the subsidiaries had a retention valued at 17.64 million baht, increased from the year earlier, as the Company was deducted the retention for 7.53 million baht which the deduction of contributions under the conditions of the normal contract. Moreover, the Company received the retention of 4.19 million baht according to the conditions of retention of refunds.

➤ **Land, Building, and Equipment**

As of December 31st, 2017-2018, the Company and the subsidiaries possessed worth of net land, building and equipment of 10.04 million baht and 18.51 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, 2019, the Company and subsidiaries possessed 27.13-million-baht worth of net of property and equipment. During the year 2019, the Company had invested in office equipment such as office furniture and computers for 3.13 million-baht, production equipment and the Company has recorded vehicles according to financial lease agreement, causing the Company's vehicle account increased by 3.06 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, 2017-2018, the Company and the subsidiaries were having 9.01 million baht and 9.08 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, 2019, the Company and the subsidiaries were having 9.16 million baht in fixed deposits with pledged guarantee, increased slightly from the previous year due to interest received.

Liabilities

As of December 31st, 2017-2019, the Company and the subsidiaries were having 73.00 million baht, 84.90 million baht, and 114.74 million baht for total liabilities respectively. The total of liabilities in year 2019 increased from the previous year by 29.84 million baht or 35.15% due to accounts payable amount of 4.88 million baht or 9.54 percent. Since in 2019, the company has hired external experts to join the project management and increased liabilities under finance lease agreements by 24.96 million baht or 74.03 percent. Description of major items in the liabilities is listed below.

➤ **Account Payables and Other Payables**

As of December 31st, 2017-2019, the Company and the subsidiaries were having 27.74 million baht and 35.68 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, 2019, the Company and the subsidiaries were having 45.61 million baht in account payables and other payables. Account payables amount was 19.74 million baht and other payables amount was 25.68 million baht, which was comprised of 16.63 million-baht including 16.63 million baht from estimate of project loss and 7.84 million baht of other payables.

➤ **Finance Lease Liabilities**

As of December 31st, 2019, the Company has recognized vehicles under financial lease agreements are assets and liabilities in the statements of financial position resulting in total liabilities under financial lease agreements in the amount of 8.15 million baht, an increase of 3.27 million baht from the previous year, in accordance with the increase in vehicles in 2019 and a decrease from normal payment.

➤ **Employee benefit liabilities estimation**

As of December 31st, 2017-2019, the Company and the subsidiaries were having 28.57 million baht, 28.25 million baht in employee benefits respectively. In 2019, the Company has estimated employee benefits of 52.75 million baht, increased of 24.50 million baht or 86.71% from the previous year due to the recognition of profit from the new measurement of value of employee benefits, which is set at 8.14 million baht. In addition, there was an increase in the promulgation of the new Labor Protection Act. which effected in May 2019, has set the compensation rate for termination of employment for employees who have worked consecutively for 20 years or more, they are entitled to compensation not less than 400 days or 13.3 months (from the old law receiving compensation for 300 days or 10 months). As a result, the Company and its subsidiaries have to recognize the said expense of 8.22 million baht. The increase of 3.55 million baht in record of provision but decrease of employee's retirement benefits of 2.72 million baht.

Shareholder's equity

As of December 31st, 2017-2019, the Company was having 333.15 million baht, 321.53 million baht, and 313.68 million baht in shareholder's equity, respectively. In 2019, the shareholder's equity decreased from the previous year by 7.85 million baht or 2.44%, as a result of capital increase from exercise of warrants of 8.60 million baht, decreased from the dividend payment of 6.53 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 0.22 times, 0.26 times, and 0.37 times at the end of 2017, 2018, and 2019, respectively (calculated from total liabilities divided by the parent's company equity on the same year-end date). The debt to equity ratio in 2019 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, 2017	December 31, 2018	December 31, 2019
Cash and cash equivalent	million baht	50.73	62.68	32.60
Current assets	million baht	349.95	333.61	330.98
Current liabilities	million baht	44.42	51.18	56.06
Current ratio (Current assets/Current liabilities)	times	7.88	6.52	5.90
Cash flow from operation	million baht	3.28	(22.01)	(63.16)

Current ratio at the end of 2019 was 5.90 times, slightly decreased from the previous year due to the decreasing of current assets whilst the current liabilities increased. The current assets decreased for 2.63 million baht (0.79%) whilst increased of current liabilities for 4.88 million baht (9.53%). 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 2019 was negative 63.16 million baht, due to an increase in trade and other receivables, and retention, etc.

Capital expenditure

In 2019, additional investment was made as follows;

- The Company and subsidiaries had an investment in office supplies, computer equipment, and vehicles for business operation, totaling 6.19 million baht. Investing in other intangible assets such as software development programs and document management systems, totaling 2.56 million baht. And investing in decorating rented office buildings, in the amount of 7.02 million baht, etc.
- Project One Property Company Development Co., Ltd. has placed a deposit to study a real estate project in the amount of 20 million baht according to the resolution of the Board of Directors meeting no. 6/2019 on December 13rd, 2019.