



Part 3. Financial Statements



Financial Highlight

Statement of financial position

	Separate financial statements						Consolidated financial statements					
	Audited						Audited					
	2015		2016		2017		2015 (Updated)		2016		2017	
	Million THB	%	Million THB	%	Million THB	%	Million THB	%	Million THB	%	Million THB	%
Current assets												
Cash and cash equivalents	525.14	16.52%	262.75	7.88%	91.09	2.77%	712.31	20.56%	458.36	11.93%	262.97	7.29%
Trade and other receivables	1,197.05	37.66%	1,462.67	43.88%	1,547.63	46.97%	1,324.83	38.24%	1,868.93	48.63%	1,837.65	50.96%
Inventories	334.58	10.53%	509.07	15.27%	559.80	16.99%	500.26	14.44%	648.84	16.88%	661.92	18.35%
Other current assets	2.73	0.09%	5.94	0.18%	7.59	0.23%	8.43	0.24%	12.15	0.31%	15.80	0.44%
Total Current Assets	2,059.50	64.79%	2,240.43	67.21%	2,206.11	66.96%	2,545.83	73.48%	2,988.28	77.75%	2,778.34	77.04%
Non - Current assets												
Restricted bank deposits	176.05	5.54%	176.80	5.30%	176.05	5.34%	187.94	5.42%	180.76	4.70%	183.37	5.09%
Investments in subsidiaries	494.16	15.55%	494.86	14.85%	494.86	15.02%	-	-	-	-	-	-
Investment in associated company					27.71	0.84%					25.81	0.72%
Property, plant and equipment	433.59	13.64 %	403.35	12.10%	372.10	11.30%	473.82	13.68%	439.84	11.44%	409.35	11.34%
Goodwill	-	-	-	-			156.50	4.52%	156.50	4.07%	156.50	4.34%
Other intangible assets	1.17	0.04%	0.88	0.03%	0.59	0.02%	72.83	2.10%	48.76	1.27%	24.74	0.69%
Deferred tax assets	10.46	0.33%	13.38	0.40%	14.91	0.45%	17.81	0.51%	22.47	0.59%	20.99	0.58%
Other non-current assets	3.58	0.11%	3.60	0.11%	2.42	0.07%	9.89	0.29%	6.77	0.18%	7.30	0.20%
Total Non - Current Assets	1,119.01	35.21%	1,092.87	32.79%	1,088.64	33.04%	918.74	26.52%	855.10	22.25%	828.06	22.96%
Total Assets	3,178.51	100.00%	3,333.30	100.00%	3,294.75	100.00%	3,464.62	100.00%	3,843.38	100.00%	3,606.40	100.00%



	Separate financial statements						Consolidated financial statements					
	Audited						Audited					
	2015		2016		2017		2015 (Restated)		2016		2017	
	Million THB	%	Million THB	%	Million THB	%	Million THB	%	Million THB	%	Million THB	%
Current liabilities												
Short-term loans from financial institutions	100.00	3.15%	-	-	311.00	9.44%	146.97	4.24%	150.45	3.91%	344.83	9.56%
Trade and other payables	1,177.66	37.05%	1,400.31	42.01%	1,007.44	30.58%	1,217.84	35.15%	1,614.86	42.02%	1,175.27	32.59%
Accrued costs	149.27	4.70%	134.07	4.02%	151.12	4.59%	166.88	4.82%	151.92	3.95%	197.49	5.47%
Current portion of long-term loans	28.20	0.89%	28.20	0.85%	28.20	0.86%	28.20	0.81%	28.20	0.73%	28.20	0.78%
Current portion of liabilities under finance lease agreements	6.38	0.20%	7.82	0.24%	4.93	0.15%	7.91	0.23%	8.86	0.23%	6.46	0.18%
Income tax payable	6.69	0.21%	8.04	0.24%	14.31	0.43%	6.68	0.19%	12.11	0.32%	14.65	0.41%
Other current liabilities	10.55	0.33%	9.37	0.28%	15.99	0.48%	16.19	0.47%	12.11	0.32%	19.19	0.53%
Total Current liabilities	1,478.75	46.52%	1,587.81	47.64%	1,532.99	46.53%	1,590.67	45.91%	1,978.51	51.48%	1,786.09	49.52%
Non - Current liabilities												
Long-term loans, net of current portion	101.14	3.18%	72.94	2.19%	44.74	1.36%	101.14	2.92%	72.94	1.90%	44.74	1.24%
Liabilities under finance lease agreements, net of current portion	-	-	-	-	6.58	0.20%	19.39	0.56%	12.34	0.32%	12.81	0.36%
Deferred tax liabilities	18.56	0.58%	30.94	0.93%	35.83	1.09%	21.79	0.63%	34.74	0.90%	40.26	1.12%
Provision for long-term employee benefits	16.80	0.53%	-	-	-	-	16.80	0.48%	-	-	-	-
Total Non - Current liabilities	153.73	4.84%	115.36	3.46%	87.15	2.65%	184.77	5.33%	135.58	3.52%	103.60	2.88%
Total liabilities	1,632.48	51.36%	1,703.17	51.10%	1,620.14	49.17%	1,775.44	51.24%	2,114.09	55.00%	1,889.69	52.40%



	Separate financial statements						Consolidated financial statements					
	Audited						Audited					
	2015		2016		2017		2015 (Restated)		2016		2017	
	Million THB	%	Million THB	%	Million THB	%	Million THB	%	Million THB	%	Million THB	%
Shareholders' Equity												
Registered	587.99	-	588.04	-	588.04	-	587.99	-	588.04	-	588.04	-
Issued and fully paid-up	533.25	16.78%	587.87	17.64%	587.87	17.85%	533.25	15.39%	587.87	15.30%	587.87	16.30%
Share premium	671.76	21.13%	753.57	22.60%	753.57	22.87%	671.76	19.39%	753.57	19.61%	753.57	20.90%
Difference resulting from business combination	-	-	-	-			6.83	0.20%	6.83	0.18%	6.83	0.19%
share subscriptions received in advance	53.58	1.69%	-	-			53.58	1.55%	-	-		
Retained Earnings												
Appropriated - statutory reserve	46.30	1.46%	56.30	1.69%	59.00	1.79%	46.30	1.34%	56.30	1.46%	59.00	1.63%
Unappropriated	241.14	7.59%	232.39	6.97%	274.17	8.32%	292.04	8.43%	257.18	6.69%	246.75	6.84%
Other components of shareholders' equity											(0.61)	0.02%
Equity attributable to owners of the Company	1,546.03	48.64%	1,630.13	48.90%	1,674.61	50.83%	1,603.76	46.29%	1,661.75	43.24%	1,653.40	45.84%
Non-controlling interests of the subsidiaries	-	-	-	-			85.42	2.47%	67.54	1.76%	63.31	1.76%
Total shareholders' equity	1,546.03	48.64%	1,630.13	48.90%	1,674.61	50.83%	1,689.18	48.76%	1,729.29	45%	1,716.72	47.60%
Total liabilities and shareholders' equity	3,178.51	100.00%	3,333.30	100.00%	3,294.75	100.00%	3,464.62	100.00%	3,843.38	100.00%	3,606.40	100.00%

Remark: In 2015, the Company has purchased shares in subsidiaries. The accounting standards that companies must find a fair value of assets and liabilities and contingent liabilities that may arise specified in the subsidiary. Where to find fair value for such company was completed in the year 2016. The company has improved the consolidated financial statements for the year 2015 to reflect the fair value of assets and liabilities of an entity that has been purchased.



Statement of Comprehensive income:

	Separate financial statements						Consolidated financial statements					
	Audited						Audited					
	2015		2016		2017		2015 (Restated)		2016		2017	
	Million THB	%	Million THB	%	Million THB	%	Million THB	%	Million THB	%	Million THB	%
Revenues												
Sales	3,174.29	74.32%	3,345.98	81.62%	3,110.52	76.47%	3,174.30	69.42%	3,568.52	75.72%	3,270.51	73.29%
Installation service revenue	1,081.75	25.33%	687.04	16.76%	887.16	21.81%	1,340.98	29.33%	1,125.39	23.88%	1,168.47	26.18%
Dividend income	-	-	50.40	1.23%	49.50	1.22%	-	-	-	-	-	-
Commission Revenue	-	-	-	-	-	-	34.70	0.76%	-	-	-	-
Other Income	14.99	0.35%	15.80	0.39%	20.40	0.50%	22.56	0.49%	19.14	0.40%	23.51	0.53%
Total Revenues	4,271.03	100.00%	4,099.22	100.00%	4,067.58	100.00%	4,572.54	100.00%	4,713.05	100.00%	4,462.49	100.00%
Expenses												
Cost of sales	(2,880.02)	-67.43%	(3,032.43)	-73.98%	(2,754.10)	-67.71%	(2,879.04)	-62.96%	(3,231.24)	-68.56%	(2,900.96)	-65.01%
Installation service costs	(728.63)	-17.06%	(452.52)	-11.04%	(631.03)	-15.51%	(942.98)	-20.62%	(797.58)	-16.92%	(852.66)	-19.11%
Selling expenses	(99.91)	-2.34%	(99.25)	-2.42%	(101.43)	-2.49%	(101.20)	-2.21%	(108.61)	-2.31%	(103.92)	-2.33%
Administrative expenses	(274.39)	-6.42%	(275.05)	-6.71%	(267.09)	-6.57%	(346.98)	-7.59%	(354.55)	-7.52%	(343.70)	-7.70%
Cost of sales	(3,982.95)	-93.26%	(3,859.25)	-94.15%	(3,753.65)	-92.28%	(4,270.20)	-93.39%	(4,491.98)	-95.31%	(4,201.24)	-94.15%
Profit before share of loss from investment in associated company, finance cost and income tax expenses	288.08	6.74%	239.97	5.85%	313.94	7.72%	302.34	6.61%	221.07	4.69%	261.25	5.85%
Financial Costs	(9.53)	-0.22%	(8.55)	-0.20%	(6.40)	-0.16%	(11.46)	-0.25%	(11.17)	-0.24%	(9.80)	-0.22%
Profit before Finance cost and income tax expense	278.55	6.52%	231.42	5.65%	307.54	7.56%	290.88	6.36%	209.90	4.45%	250.16	5.60%
Income tax Expense	(56.28)	-1.32%	(35.73)	-0.87%	(51.43)	-1.26%	(64.11)	-1.40%	(36.91)	-0.78%	(50.49)	-1.13%
Profit for the Year	222.27	5.20%	195.69	4.78%	256.11	6.30%	226.77	4.96%	172.99	3.67%	199.67	4.47%
Other comprehensive income												
Share of other loss from investment in associated company	-	-	-	-	-	-	-	-	-	-	(0.61)	-0.01%
Actuarial Losses – Net of Income tax	-	-	(6.32)	-0.16%	-	-	-	-	(6.32)	-0.13%	-	-
Other comprehensive income for the year	-	-	(6.32)	-0.16%	-	-	-	-	(6.32)	-0.13%	(0.61)	-0.01%
Total comprehensive income for the year	222.27	5.20%	189.37	4.62%	256.11	6.30%	226.77	4.96%	166.67	3.54%	199.06	4.46%
Profit attributable to:												
Equity holders of the Company	222.27	5.20%	195.69	4.77%	256.11	6.25%	219.36	4.80%	169.58	3.60%	203.90	4.57%
Non-controlling interests of the subsidiaries	-	-	-	-	-	-	7.40	0.16%	3.42	0.07%	(4.23)	-0.10%
Total comprehensive income attributable to:	222.27	5.20%	189.37	4.62%	256.11	6.25%	226.76	4.96%	173.00	3.67%	199.67	4.47%
Equity holders of the Company	222.27	5.20%	189.37	4.62%	256.11	6.25%	219.36	4.80%	163.26	3.60%	203.29	4.55%
Non-controlling interests of the subsidiaries	-	-	-	-	-	-	7.40	0.16%	3.42	0.07%	(4.23)	-0.09%
Total comprehensive income attributable to:	222.27	5.20%	189.37	4.62%	256.11	6.25%	226.76	4.96%	166.68	3.53%	199.06	4.46%



Cash Flow Statements

	Separate financial statements			Consolidated financial statements		
	Audited			Audited		
	2015	2016	2017	2015	2016	2017
Cash flows from operating activities:						
Profit before tax	278.56	231.42	307.54	290.88	209.90	250.16
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:						
Depreciation and amortisation	29.57	36.39	33.32	50.63	66.72	62.96
Written off withholding tax	2.97	(1.87)	(1.28)	2.34	(2.21)	(4.08)
Allowance for doubtful accounts (reversal)	4.37	0.07	2.24	3.28	(0.12)	2.11
Reduction of cost of inventory to net realisable value (reversal)	-	-	-	-	0.36	1.11
Share of loss from investment in associated company	-	-	-	-	-	1.29
Dividend received from subsidiary	-	(50.40)	(49.50)	-	-	-
Provision for long-term employee benefits	2.40	4.50	4.89	2.40	5.08	5.52
Gain on disposal of investment property	(0.18)	(0.49)	(2.53)	(0.10)	(0.49)	(3.51)
Gain on disposal of property, plant and equipment	-	-	-	(1.43)	(0.26)	-
Interest income	(7.54)	(5.66)	(5.05)	(9.86)	(7.87)	(6.77)
Interest expenses	9.52	8.55	6.40	11.46	11.17	9.80
Profit from operating activities before changes in operating assets and liabilities	319.67	222.51	296.03	349.60	282.28	318.59
Operating assets (increase) decrease						
Trade and other receivables	16.21	(263.84)	(83.68)	121.72	(541.99)	35.35
Inventories	(20.75)	(174.57)	(52.97)	13.17	(148.46)	(15.18)
Other current assets	2.64	(3.20)	(1.65)	5.67	(3.71)	(1.01)
Other non-current assets	0.12	(0.03)	1.19	0.11	(0.45)	(0.53)
Operating liabilities increase (decrease)						
Trade and other payables	39.33	222.65	(393.07)	(10.58)	397.02	(439.82)
Accrued costs	39.99	(15.20)	17.05	50.35	(14.96)	45.57
Other current liabilities	(1.74)	(1.15)	6.62	0.57	(4.05)	7.08
Cash flow used in operating activities	395.47	(12.83)	(210.48)	530.61	(34.32)	(49.95)
Cash received from interest income	7.72	5.75	5.05	10.36	7.97	6.78
Cash paid for long-term employee benefits	-	(0.03)	-	-	(0.03)	-
Cash paid for interest expenses	(8.59)	(7.34)	(5.16)	(10.52)	(9.91)	(8.23)
Cash paid for income tax	(72.85)	(35.71)	(46.70)	(88.38)	(44.66)	(59.99)
Net cash flows used in operating activities	321.75	(50.16)	(257.29)	442.07	(80.95)	(111.39)



	Separate financial statements			Consolidated financial statements		
	Audited			Audited		
	2015	2016	2015	2016	2015	2016
Cash flows from investing activities:						
Decrease (increase) in restricted bank deposits	-	(0.75)	0.75	-	7.19	(2.61)
Cash paid for investment in subsidiaries company	(327.36)	-	-	(315.55)	-	-
Cash paid for investment in associated company			(27.71)	-	-	(27.71)
Dividend received from subsidiaries	-	50.40	49.50	-	-	-
Increase in investment in subsidiary	-	(0.70)		-	-	-
Proceeds from sales of investment property	3.34	1.25	3.76	2.56	1.25	6.91
Proceeds from sales of property, plant and equipment	-	-	-	4.90	2.80	-
Acquisition of property, plant and equipment	(97.37)	(5.16)	(3.01)	(97.71)	(7.30)	(4.19)
Cash paid for share subscriptions payable	-	(16.80)	-	-	(16.80)	-
Net cash flows from (used in) investing activities	(421.39)	28.24	23.29	(405.80)	(12.86)	(27.60)
Cash flows from financing activities:						
Increase (decrease) in short-term loans from financial institutions	100.00	(100.00)	311.00	70.07	3.48	194.37
Cash received from long-term loans	60.00	-	-	60.00	-	-
Repayment of long-term loans	(23.22)	(28.20)	(28.20)	(23.22)	(28.20)	(28.20)
Repayment of liabilities under finance lease agreements	(11.51)	(7.00)	(8.83)	(12.62)	(8.85)	(10.94)
Proceed from exercise of warrants	298.12	82.85	-	298.11	82.85	-
Cash received from investment of non-controlling interests	-	-	-	1.08	0.30	-
Dividend paid to shareholders	(115.38)	(188.12)	(211.63)	(115.38)	(188.12)	(211.63)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	(21.60)	-
Net cash flows from (used in) financing activities	308.01	(240.47)	62.34	278.04	(160.14)	(56.40)
Net decreased in cash and cash equivalents	208.37	(262.39)	(171.66)	314.31	(253.95)	(195.39)
Cash and cash equivalents at beginning of year	316.78	525.14	262.75	398.00	712.32	458.37
Cash and cash equivalents at end of year	525.15	262.75	91.09	712.31	458.37	262.98
Supplemental cash flow information:						
Property, plant and equipment increase through financial leases	15.65	1.46	-	15.65	1.46	7.68



■ important financial ratios

	Separate financial statements			Consolidated financial statements		
	2015	2016	2017	2016	2015	2017
Liquidity Ratio						
Liquidity ratio (time)	1.39	1.41	1.44	1.60	1.51	1.56
Quick Ratio (times)	1.16	1.09	1.07	1.28	1.18	1.18
Cash Flow Ratio (times)	0.23	0.03	0.16	0.61	0.09	0.12
Account receivable turnover (times).	3.55	3.07	2.69	3.38	2.91	2.38
Average collection period (days)	102	117	134	107	124	151
Inventory turnover (times).	9.40	8.05	6.44	7.73	7.27	6.16
Average Sales turnover (days)	39	47	58	47	49	58
Accounts payable turnover (times).	3.12	2.70	2.81	3.24	2.84	2.69
Debt Payment period (days)	116	133	128	111	127	134
Cash Cycle (days)	57	29	62	42	47	76
Profitability Ratio						
Gross profit margin (%)	15%	14%	15%	15%	14%	15%
Operating profit margin (%)	7%	6%	8%	7%	5%	6%
Net profit margin (%)	5%	5%	6%	5%	4%	5%
Return on equity (%)	17%	12%	15%	16%	10%	12%
Efficiency Ratio						
Return on assets (%)	8%	6%	8%	7%	5%	5%
Rate of return on fixed assets (%)	64%	55%	75%	63%	47%	56%
Total assets turnover (times).	1.49	1.26	1.23	1.50	1.29	1.20
Financial Policy Ratio						
Debt to Shareholders' Equity (times)	1.06	1.04	0.97	1.11	1.22	1.10
Interest coverage ratio (times)	30.23	28.07	49.05	26.38	19.79	26.66
Dividend payout ratio (%)	100%	96%	83%	-	-	-
Per Shares information ^{1/}						
Par value per share (THB)	0.50	0.50	0.50	0.50	0.50	0.50
Book value per share (THB)	1.45	1.39	1.42	1.50	1.47	1.46
Net income per share – equity holders of the company.						
Net earnings per share basic earnings per share (THB)	0.21	0.17	0.22	0.21	0.15	0.17
Earnings per diluted share (THB).	0.19	-	-	0.19	-	-



Financial Status and Results of Operation

Audit Report

2015 Audited by Mr. Supachai Phanyawattano A Certified Public Accountant - registration no. 3930
EY Office Limited

2016-2017 Audited by Ms. Krongkaew Limkittikul A Certified Public Accountant - registration no. 5874
EY Office Limited

For financial statement of year end 2015 as of 31 December 2015

According to the auditor's report for consolidated financial statement of the Company and subsidiaries of year 2015, the auditor expressed his unqualified opinion that the financial statement presented operation result and cash flow for the same year end of the Company and subsidiaries and jointly-controlled entities and entities under sole control of the Company accurately, in all material respect in accordance with financial report standard according to report dated 25 February 2016.

And has comments to note 9 to the financial statements that the process of assessing the fair value of identifiable assets, liabilities and contingent liabilities of a subsidiary has not yet completed.

For financial statement of year end 2016 as of 31 December 2016

According to the auditor's report for consolidated financial statement of the Company and subsidiaries of year 2016, the auditor expressed his unqualified opinion that the financial statement presented operation result and cash flow for the same year end of the Company and subsidiaries and jointly-controlled entities and entities under sole control of the Company accurately, in all material respect in accordance with financial report standard according to report dated 23 February 2017.

And has address key audit matters about Business Combination, Goodwill, Allowance for doubtful accounts, net realizable value of inventories, The revenue recognition and others matters.

For financial statement of year end 2017 as of 31 December 2017

According to the auditor's report for consolidated financial statement of the Company and subsidiaries of year 2017, the auditor expressed his unqualified opinion that the financial statement presented operation result and cash flow for the same year end of the Company and subsidiaries and jointly-controlled entities and entities under sole control of the Company accurately, in all material respect in accordance with financial report standard according to report dated 23 February 2018.

And has address key audit matters about Goodwill, Allowance for doubtful accounts, net realizable value of inventories and The revenue recognition.



Analysis and explanation of the Management

Business Overview

Communication & System Solution Public Limited Company ("the Company") presently, the main income of the Company is obtained from sales of electrical wires and related equipment. As, trading business does not require high cost of investment in fixed assets as in production and distribution, but it does require high cost of working capital for purchasing and storing products for sale which need to be diversified to meet customers' requirements. The factors of success in trading business depending on marketing strategy, inventory management and effective payment collection. The Company distributes products of international standard manufacturers such as Phelps Dodge, 3M and Phillips. Similar to distribution of other product types, gross profit from distribution of electrical wires and equipment is set in medium range rate, therefore, to increase the net profit, the Company concentrated on sales volume. In addition, the growth of such business distribution of electrical wires and equipment depending on economic growth of construction and real estate businesses mainly.

Another income of the Company is derived from provision of installation service which consists of communication network, fire protection equipment etc. As for business of installation of communication network, the scope of work includes design, procure and contract installation of communication network which the types, patterns, height and weight of the pole including communication equipment can be adjusted to meet customers' requirements. Types of services includes new site installation to support network expansion, installation of additional devices to upgrade properties and performance of existing poles for customers who are network owners or mobile phone service providers such as True move, AIS and DTAC or act undertake job as a subcontractor for network owner such as Huawei, AWC and ZTE. Each project contains several sites for installations, where normally the installation takes 45-60 days per one site. In case where the project is passed to sub-contractors, the engineering team will be assigned to control such project. The service charge is fixed upon complexity of work which consisted of important factors which are: landscape of the area (on the building or on the ground level), distance of the site, types and patterns of the poles and duration of operation. However, the installation of communication network expanded consistently with investment of the mobile phone service providers who will make decision mainly based on economic situation, changes of technologies and consumer behaviors.

In 2010-2013, the Company was hired to install and maintain light and energy-saving bulbs under the project "Smart Way" ("contract installation") launched by the Institute of Energy Engineering, Kasetsart University and Electricity Development Division, Provincial Electricity Authority with aim to implement policy on saving public energy. The Company's role was to invest in installation of energy-saving lights as well as maintain for a period of 10 years in Ratchaburi and Mueang Pattaya. The agreed income to be based on the energy savings during the project duration. However, presently, the Company has no policy to invest in such project toward the future.

And on 8 May 2015, The Company invested in the ordinary shares in Neonworx Communications Co.,Ltd. ("NWC") about 344 Million Baht. NWC do a business about telecommunications. The main customers are AIS and True. These make the telecommunication business of the company cover all networks.



At 4 October 2017, The Company has invested in Nam Sor Hydro Power Co.,Ltd. which is located in Laos for conducting hydropower business about 27.7 million Baht or 28% of registered capital. This is a joint venture of the Company.

The Company's consolidated financial statement comprises of consolidated financial statement of the Company and subsidiaries as per proportion of controlling-stake. The Company has controlling proportion of 99% in C.S.S. Energy Co.,Ltd, and 70% in Neonworx Communications (Thailand) Co.,Ltd, Investment in Nam Sor Hydro Power Co.,Ltd shows the investment under the equity method, and realized gain/loss from investment in associates. The analysis of financial status and operation result during 2015-2017 will be based on consolidated financial statement where the material parts are operation result of the Company and subsidiaries.



Operating Results

Total incomes

Main incomes of the Company are from sales of electrical systems such as electrical wires and equipment, installation services which consist of communication system and fire protection equipment etc. Other sources of incomes are such as revenue received from service of electrical equipment installation, marketing promotion of distributor, interest received, rent, profit from asset disposal, and profit from exchange rate. Structure of total incomes of the Company Group is summarized as follows:

Types of Products	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Electrical wire	2,186.94	47.83	2,639.88	56.01	2,288.04	51.27
Lamps and lighting equipment	499.85	10.93	441.60	9.37	431.56	9.67
Electrical conduits and fittings	168.09	3.68	132.70	2.82	114.63	2.57
Electrical system control equipment	221.87	4.85	270.86	5.75	373.49	8.37
Passive fire protection materials and equipment	36.82	0.81	40.98	0.87	40.62	0.91
Electrical transformers	23.48	0.51	25.76	0.55	13.90	0.31
Other	37.25	0.81	16.74	0.36	8.27	0.19
Total sales revenues	3,174.30	69.42	3,568.52	75.72	3,270.51	73.29
Telecommunication system installation revenue	1,278.49	27.96	1,050.18	22.28	1,114.71	24.98
Passive fire protection system installation revenue	35.89	0.79	43.62	0.93	35.31	0.79
Electrical equipment installation revenue	15.86	0.35	-	-	-	-
Other service revenue	10.71	0.23	31.60	0.67	18.45	0.41
Total installation service revenues	1,340.95	29.33	1,125.40	23.88	1,168.47	26.18
Liaise income	34.70	0.76	-	-	-	-
Other income	22.55	0.49	19.14	0.41	23.51	0.53
Total revenues	4,572.50	100.00	4,713.06	100.00	4,462.49	100.00

During 2015-2017, the Company's total incomes were 4,573 Million Baht, 4,713 Million Baht and 4,462 Million Baht respectively. Main income was from sales of electrical wires and equipment which accounted 69 -76% of total incomes. Other sources of incomes were from installation service which accounted 24-30% of total incomes.

In 2016, total income of the Company was 4,713 Million Baht, increased by 3% comparing to 2015. The income comprised of sales from electrical wires and equipment and installation service which represented 76% and 24%-29% of total incomes respectively.



In 2017, total income of the Company was 4,462 Million Baht, decreased by 5% comparing to 2016. The income comprised of sales from electrical wires and equipment decreased 8% and installation service increased 3% which represented 73% and 26% of total incomes respectively.

Incomes from sales and services

- **Total sales income**

Main incomes of the Company were from sales of electrical wires and equipment. During year 2015-2017, sale incomes of the Company reached 3,174 Million Baht 3,569 Million Baht and 3,271 Million Baht respectively or 69%, 76% and 73% of total incomes respectively.

Sale income during year 2015-2017 is classified by products types as follows:

Sales Revenue	2015		2016		2017	
	Million THB	%	Million THB	%	Million THB	%
Electrical wire	2,186.94	68.90	2,639.88	73.98	2,288.04	69.96
Lamps and lighting equipment	499.85	15.75	441.60	12.37	431.56	13.20
Electrical conduits and fittings	168.09	5.30	132.70	3.72	114.63	3.50
Electrical system control equipment	221.87	6.67	270.86	7.59	373.49	11.42
Passive fire protection materials and equipment	36.82	1.16	40.98	1.15	40.62	1.24
Electrical transformers	23.48	0.74	25.76	0.72	13.90	0.43
Other	37.25	1.17	16.74	0.47	8.27	0.25
Total Sales Revenues	3,174.30	100.00	3,568.52	100.00	3,270.51	100.00

Sale incomes in year 2016 compared with year 2015, It was a result of increase 394 million baht or 12% in sale volume. The product has also been growing are Lamps and lighting equipment, Electrical conduits and fittings, Electrical system control equipment from the Mega projects in the year.

In year 2017 compared with year 2016, It was a result of decrease 298 million Baht in sale volume. The product has also been dropping were Electrical wire and Lamps and lighting equipment about 362 million Baht from Mega Projects. But Electrical system control was growing 103 million Baht from the Housing and Condominium's Projects.

Main product of the company is electrical wire which was 2,640 million THB in 2016, increased by 21% comparing to the previous year because the sales of special electrical wires. In 2017 the Company's sale income was 2,288 million THB, decreased by 13% comparing to the year 2016. The main reason was because no sales of special electrical wires.

Income from sale of bulbs, lights, electric conduit and installation equipment, power control devices, materials and equipment related to fire protection, transformers etc. amounted at, 987 million THB, 929 million THB and 982 million THB during year 2015-2017 respectively, representing 26-31% of sale income. Income from lighting and lamp equipment control were growing up in 2015, but in 2016-2017 it decreased because changing of lighting



technology. In 2016, equipment control continues increased 22% comparing in 2015 and in 2017 was increase from 2016 about 38% from the Housing and Condominium's Projects.

In addition, the Company's income from sale of electrical wire and equipment are from domestic customers nationwide which mostly are from private sectors totaling of approximately 3,200 customers. The Company has policy to expand customer base to over sea, targeting ASEAN region in correspond to ASEAN Economics Community: AEC. Furthermore, the Company plans to focus more on government departments by assigning its subsidiaries to cope with operations involving thereof. With such proactive marketing, the Company assures that it will support growth of sale income continuously.

The Company has policy to seek for customers by direct contact the target groups by meeting and/or connecting through media such as telephone, fax and Internet etc. or through introduction of business allies such as the Board of Directors, executives, customers and suppliers. The Company has determined policy on analysis of financial status and payment record of customers on regular basis in order to specify and improve policy on credit loan approval as well as credit duration for each customer to ensure that the Company will be able to control sale volume to each customer efficiently.

- **Income from installation service**

Installation services of the Company are classified into 3 main types: (1) Service of Design, procure and contractor for installation of communication system including maintenance service thereof (2) Service of design, procurement and installation of Fire Protection System (3) Service of installation of electrical equipment (subsidiary). The Company's income derived from installation service were 1,341 million THB, 1,125 million THB and 1,168 million THB in 2015-2017 or 29%, 24% and 26% respectively, such growth is mainly a result of increase of installation of communication system which accounted 93-95% of total income from installations. Since the communication industry has been growing and developing constantly, especially, expansion on telecommunication towers and installation of support devices to enable compatibility with 4G networks of mobile phone providers. In 2016, the Company's income from installation accounted 1,125 million THB, a decrease by 16% comparing to previous year due to decrease in installation of communication system by 216 million THB. In 2017 income from installation increased 43 million THB from installation service was grow up.

Incomes received from installation service during year 2015-2017 are as follows:

installation service Revenues	2015		2016		2017	
	Million THB	%	Million THB	%	Million THB	%
Telecommunication system installation revenue	1,278.49	95.34	1,050.18	93.32	1,108.89	95.40
Passive fire protection system installation revenue	35.89	2.68	43.62	3.88	35.31	3.02
Electrical equipment installation revenue	15.86	1.18	-	-	-	-
Other service revenue	10.71	0.80	31.60	2.81	24.27	1.58
Total installation service revenues	1,340.95	100.00	1,125.40	100.00	1,168.47	100.00



During the year 2015-2016 the Company's income from installation of communication system amounted of 1,278 million THB and 1,050 million THB respectively, a decrease by 18%. As for 2017 the income from installation of communication system amounted of 1,109 million THB, an increase by 6% comparing to the previous year.

Incomes from installation of communication system are from domestic customers which are owners of communication network, big contractors that undertake work directly from owners of communication systems. As of year-end 2016, the Company's contract of installation of communication system valued at approximately 7,073 million THB, income from service recognized as of the closing date up to 95% amounted of 5,517 million THB, recognized as an income during year 2016 at 1,109 million THB. Types of services of installation are construction of new site, upgrade of supporting devices. As of 31 December 2015 to 31 December 2017, new site project value were at 3,345 million THB and 4,038 million THB and 4,910 million THB respectively, representing 75%, 74% and 75% of total project values, respectively. The details of Installation Services income are summarized as follows:

(Unit : Million THB)

	2016				2017			
	Project Values	Income Accumulated (\geq 95%)			Project Values	Income Accumulated (\geq 95%)		
		Income Accumulated To 1 January 2016	Income recognized in 2016	Total Income Accumulated 1 January 2016		Income Accumulated To 1 January 2017	Income recognized in 2017	Total Income Accumulated 1 January 2017
New Site	4,384.67	3,345.79	691.88	4,037.67	5,238.57	4,037.67	871.98	4,909.65
Upgrade	1,086.30	752.86	275.40	1,028.26	1,215.40	1,028.26	143.19	1,171.45
IBC	296.91	187.88	40.17	228.05	296.09	228.04	24.39	252.43
Other *	226.46	180.53	42.73	223.26	322.32	223.26	69.33	292.59
Total	5,994.34	4,467.06	1,050.18	5,517.24	7,072.38	5,517.23	1,108.89	6,626.12

Remark: * Other works are installation on new site as well as upgrading of devices and specific installation

Income from installation of Fire Protection System totaled of 36 million THB, 44 million THB and 35 million THB between years 2015-2017 consecutively. The service scope of design, procurement and installation of fire protection system consists of installation materials and equipment to protect fire spread on opened lid of electrical conduit, power system, water system, and air-conditioning system. The system is capable to protect heat, flame and smoke for at least 3 hours. At present, most entrepreneurs are interested and realize the importance of installation of fire protection system more since the system slow down the flame and smoke in case of fire.

Incomes from other services in 2015-2017 were mainly from Smart Way project about 7 million THB launched by the Energy Engineering Institute, Kasetsart University and Electricity Development Division, the Provincial Electricity Authority. An increasing each year come from others installation. In 2016, income from information systems network security amount 17 million THB. And in 2017, The Company and its subsidiaries recognized income from Telecommunication Infrastructure Project to drive the economy of the country. (24,700 Internet housing Projects)



- **Commission income**

Commission income is from the subsidiaries having taken an action on communications amounted 35 million THB, representing 1% of total income.

- **Other incomes**

Other incomes of the Company are administrative income, commission, transportation fees, income from marketing promotion of manufacturers, interest received, rent, profit from assets disposal and profit from exchange rate etc. In 2015-2017 other income of the Company amounted at approximately 23 million THB, 19 million THB and 24 million THB consecutively, representing 1% of total income.

Details of other incomes of the Company during year 2015-2017 are as follows:

Other incomes	2015		2016		2017	
	Million THB	%	Million THB	%	Million THB	%
income from marketing promotion of manufacturers	0.65	2.88	3.48	18.21	8.22	34.96
interest received	9.86	43.73	7.87	41.14	6.72	28.57
profit from assets disposal and profit from exchange rate	1.95	8.65	-	-	3.51	14.92
transportation fees	3.07	13.61	2.29	11.95	2.63	11.21
Other*	7.02	31.13	5.49	28.71	2.43	10.34
Other income	22.55	100.00	19.14	100.00	23.51	100.00

Remarks:* Other includes income from rent, profit/loss from exchange rate and adjustments etc.

Cost of sales and service and coordination

- **Cost of sales**

Costs of sales of the Company were mainly from cost of purchasing products for re-selling. Normally, the Company has policy to determine selling price by adding profit margin prior to selling to customers. In 2015-2017 cost of sales of the Company were 2,880 million THB, 3,231 million THB and 2,901 million THB respectively which represented 89-91% comparing to sale income respectively.

In 2015 cost of sale of the Company was 2,880 million THB, rose by 7% comparing to the previous year as a result of higher amount of sale income. The ratio of sale cost per sale income stood at 90%, decreased from 91%. The Company has set reserves for adjustment of cost of inventory to be net price between the year about 3 million THB. It made the reserves for adjustment of cost of inventory to be net price at 29 million THB in the end of 2015.

In 2016 cost of sale of the Company was 3,231 million THB, rose by 12% comparing to the previous year as a result of higher amount of sale income. The ratio of sale cost per sale income stood at 91%, The Company has not set reserves for adjustment of cost of inventory to be net price at 29 million THB in 2016.



In 2017 cost of sale of the Company was 2,901 million THB, decreased by 10% comparing to the previous year as a result of lower amount of sale income. The ratio of sale cost per sale income stood at 89%, The Company has set reserves for adjustment of cost of inventory at the end of year 2017 about 31 million THB.

- **Cost of installation**

Cost of installation is derived from service provision on installation of communication system, fire protection system etc. During year 2015-2017 cost of installation were approximately 943 million THB, 798 million THB and 853 million THB respectively, representing 70%, 71% and 73% of installation incomes respectively. Cost of installation consists of main expenses such as labor cost, products used in installation such as telecommunication towers, equipment related to communication systems, equipment related to fire protection system, equipment related to electrical system etc. All these totaled in average in 2015 - 2017 approximately 87%, 71% and 90% of the cost of installation consecutively. Costs of installation are mainly derived from installation of communication system. As of 31 December 2015 - 2017 cost of installation which recognized as at the closing date were 2,514 million THB, 3,231 million THB and 4,036 million THB respectively. Details are as follows:

(Unit : Million THB)

Cost of Installation Communication System	31 Dec 2015	31 Dec 2016	31 Dec 2017
Costs of Installation Recognized	2,721	4,785	5,468
Costs of Installation Recognized at beginning period	1,652.82	2,514.40	3,230.62
Costs of Installation Recognized during period	861.58	716.22	805.14
Costs of Installation Recognized at ending period	2,514.40	3,230.62	4,035.76

As of 31 December 2015 - 2017, the Company estimated cost of installation for total communication projects at and 2,721 million THB and 4,785 million THB and 5,468 million THB. Cost of installation recognized at its 95% completion were 2,515 million THB, 3,231 million THB and 4,036 million THB which divided into cost of telecommunication at 1,653 million THB, 2,515 million THB and 3,230 million THB. Costs of installation of communication recognized between 2015 - 2017 were 862 million THB, 716 million THB and 805 million THB. Cost of installation of communication system was mainly from new site construction which accounted 68% of total cost of communication project estimated.

Expenses

Major expenses of the Company were sales expense, administrative expense, and financial expenses. In the recent year, sale expenses and administrative expenses decreased in comparison to total income, total of the expenses represented 10% of total income. Summary and analysis of expense in each category is shown as following.

- **Sale expense**

Sale expenses include expenses related to sales persons, commission, transportation fee, sales promoting expenses mainly. In 2015-2017, sale expenses amounted of approximately 101 million THB, 109 million THB and 104 million THB respectively or 2% of total income. The increases of sale expense are a result of increase sale volume.



- **Administrative expenses**

Administrative expenses during year 2015-2017 were 347 million THB and 355 million THB and 344 million THB respectively, representing 8% of total incomes. Administrative expenses mainly consist of expenses related to employees which accounted 63% of administrative expenses. Other administrative expenses were depreciation cost of vehicles and office equipment, rent paid in accordance with work contract, office and warehouse rent and Utility Bills.

Administrative expenses during year 2015 were 347 million THB, increased by 122 million THB or 56% comparing to year 2014 as a result of increasing expenses related to The Company has added 2 businesses about Information Technology and Energy include the subsidiaries, so it made more expenses amount 58 million THB. In the beginning of the year 2015, the Company had invested in Energy business, but there was some problem to cancel of investment that made causing a loss of 2.4 million THB. In the middle of the year 2015, the Company moved the office and warehouse to the new place; it increased of transportation and service's 3 million THB including buying all new appliances office that made depreciation added to the Office building decor and office supplies amount 8 million THB. And others expenses were increased from the subsidiaries 18 million THB these made Administrative expenses higher than previous year.

Administrative expenses during year 2016 were 355 million THB, increased by 8 million THB or 2% comparing to year 2015 as a result of increasing expenses related to employees. The Company hired more employees as well as raise the compensation for employees in accordance with increasing profit.

Administrative expenses during year 2017 were 344 million THB, decreased by 11 million THB or 3% comparing to year 2016 as a result were depreciation cost of office equipment, computer, vehicles and consultant.

- **Financial expenses**

Financial expenses of the Company were from interest incurred from loan from financial institutions. During year 2014- 2016 the financial expenses of the Company were 11 million THB, 11 million THB and 10 million THB respectively. Average interest rate was between 10-11% per annum.

In 2015 the Company and subsidiaries has short-term loan 7.1 million THB include the interest incurred from long-term loan applied from the New Office building and New Warehouse 4.2 million THB.

In 2016 the Company and subsidiaries has short-term loan 7.6 million THB include the interest incurred from long-term loan applied from the New Office building and New Warehouse 3.6 million THB.

In 2017 the Company and subsidiaries has short-term loan 7.2 million THB include the interest incurred from long-term loan applied from the New Office building and New Warehouse 2.8 million THB.

Profits

During 2015-2017 the Company's gross profit from sale of electrical wire and equipment and installation service were 693 million THB and 665 million THB and 685 million THB respectively, presenting 15%, 14% and 15% of total gross profit. Details are summarized as follow:



- **Gross profit-sale of electrical wire and equipment**

The Company's gross profits from sale of electrical equipment were approximately 295 million THB, 337 million THB and 370 million THB in year 2015-2017 respectively. Gross profit margin was 9% in 2015-2016 and 11% in 2017 of sale income because of price of the copper was increased but The Company's inventories at a low cost. That made the profit increased 2%.

- **Gross Profit - Installation Service**

The Company's gross profit from installation service were approximately 398 million THB and 328 million THB in year 2015-2016 Gross profit margin were 30% and 29% of sale income from installation service respectively. The increase in gross profit is because most of the work was new site construction.

In 2017, the Company's total gross profit from installation service stood at 316 million Baht, representing gross profit margin at 27% of total income from installation service. Decreased from last year 2% from increasing of cost.

- **Net profit**

Net profits of the Company in year 2015-2017 were 227 million THB, 173 million THB and 200 million THB, representing net profit margin of 5%, 4% and 4% respectively. Divided to shareholders' equity in 2015 – 2017 about 219 million THB, 170 million THB and 204 million THB respectively.

In 2015 profit before tax of the Company was 291 million THB, and corporate income tax expense was approximately 64 million THB, divided into interim corporate income tax approximately 69 million THB; deferred income tax incurred from temporary differences and reverse of temporary differences was approximately 5 million THB, tax expenses paid accounted 22% of profit before tax which such rate is higher than the rate stipulated due to adjustment on tax items.

In 2016 profit before tax of the Company was 210 million THB, and corporate income tax expense was approximately 37 million THB, divided into interim corporate income tax approximately 50 million THB; deferred income tax incurred from temporary differences and reverse of temporary differences was approximately 13 million THB, tax expenses paid accounted 18% of profit before tax which such rate is lower than the rate stipulated due to adjustment on tax items. Which the company has got tax benefits.

In 2017 profit before tax of the Company was 250 million THB, and corporate income tax expense was approximately 50 million THB, divided into interim corporate income tax approximately 59 million THB; deferred income tax incurred from temporary differences and reverse of temporary differences was approximately 9 million THB, tax expenses paid accounted 20% of profit before tax which such rate is higher than the rate stipulated due to adjustment on tax items.

Return on equity

During year 2015-2017, the Company's returns on equity were 16%, 10% and 12% respectively. The Company's dividend payment policy is to pay dividends at a rate of approximately 40% of its consolidated net income, after deduction of all reserves as required by law and the Company (see more details in Clause 2, Article 8.3 Dividend Payment Policy). During year 2015-2017 the Company's consolidated net income accounted 222 million THB, 196 million THB and 256 million THB respectively. Dividend from such profit was paid to shareholders at the amount of 223 million THB, 118 million THB, and 212 million THB respectively, which represented 101%, 96% and 83% of consolidated net income respectively. Details are summarized as follows:

Dividend	Dividend per share (THB)	Total dividend paid (Million THB)
Dividend of year 2015 comprises:-		
Interim dividend paid in cash to shareholders totaling 1,050 million shares.	0.10	105
Dividend for operation result during year 2015 - net after deduction of 1st interim dividend, paid in cash to shareholders*	0.10	118
Totals dividend of the year 2015	0.20	223
Dividend of year 2016 comprises:-		
Interim dividend paid in cash to shareholders totaling 1,175 million shares.	0.06	70
Dividend for operation result during year 2016 - net after deduction of 1st interim dividend, paid in cash to shareholders*	0.10	118
Totals dividend of the year 2016	0.16	188
Dividend of year 2017 comprises:-		
Interim dividend paid in cash to shareholders totaling 1,175 million shares.	0.08	94
Dividend for operation result during year 2017 - net after deduction of 1st interim dividend, paid in cash to shareholders*	0.10	118
Totals dividend of the year 2017	0.18	212

Remark: The payment of dividend for the year 2017, it must be approved by the Annual General Meeting of the Shareholders for the year 2018

Toward the future, the Company continues to strictly comply with Dividend Payment Policy as specified in Clause 2, Article 8: Fund Structure, Article 8.3 Dividend Payment Policy.



Financial Analysis

Total Assets

Total assets of the Company as of 31 December 2015-2017 amounted of and 3,464 million THB and approximately 3,843 million THB and 3,606 million THB respectively. Most of the assets are trade receivables and other receivables which portioned 38-51% of total assets. Other assets are inventory which portioned 48-51% and property, building and equipment about 28-30% of total assets.

Total assets as of ending year 2015 increased to approximately 852 million THB or 32% comparing to year 2014. Because of the Company has more investment in subsidiary Neonworx Communications (Thailand) Co.,Ltd. and the new office building is done.

Total assets as of ending year 2016 increased 380 million THB or 11% comparing to year 2015. Assets which increased were trade receivables and other receivables 544 million THB or 41% and inventory which increased 149 million THB or 30%

Total assets as of ending year 2017 decreased 237 million THB or 6% comparing to year 2016. Assets which decreased were cash and Cash equivalents were decreased 195 million THB. trade receivables and other receivables decreased 31 million THB, inventory which increased 13 million THB and property, building and equipment decreased about 30 million THB. Intangible assets decreased 24 million THB and investment in joint venture increased 25.8 million THB

- **Trade receivables and other receivables**

As of 31 December 2015-2017 the Company's trade receivables and other receivables were approximately at 1,325 million THB and 1,869 million THB and 1,838 million THB respectively, which represented 39%, 49% and 51% of total assets. Details of the Company's assets are as follows:

- **Trade receivables**

As of 31 December 2015-2017, the Company's trade receivables-net were approximately at 962 million THB, 1,271 million THB and 1,220 million THB respectively, represented 28%, 33% and 34% of total assets. The increase in trade receivables is due to increase in sale volume of the Company. In addition, the Company has set clear policy on sale of products and approval of credit for customers based on credit rating, analysis on previous financial statements, financial status and business operation. The financial amount of credit approved is reviewed on regular basis. Averagely, the Company allows payment duration around 30-120 days. Details of trade receivables of the Company as of 31 December 2015-2017 are summarized as follows:-



Table showing age of trade receivables

(Unit: Million THB)

Items	2015		2016		2017	
	Value	Proportions	Value	Proportions	Value	Proportions
Not yet Due	548.00	53.26%	714.00	53.48%	622.00	48.56%
Trade Receivables past due						
Up to 3 Months	359.00	34.89%	520.00	38.95%	530.00	41.37%
3 - 6 Months	32.00	3.11%	19.00	1.42%	30.00	2.34%
6 - 12 Months	7.00	0.68%	14.00	1.05%	26.00	2.03%
Over 12 Months	83.00	8.06%	68.00	5.10%	73.00	5.70%
Total Trade Receivables	1,029.00	100.00%	1,335.00	100.00%	1,281.00	100.00%
Less: Allowance for doubtful debts	(67.00)	(6.52)%	(64.00)	(4.79)%	(61.00)	(4.76)%
Total Trade Receivables Net	962.00	93.49	1,271.00	95.21%	1,220.00	95.24%

The Company has set policy on forecasting of allowance for receivables doubtful accounts based on record of payment collection, analysis of aging of outstanding payment. The Company sets its allowance for doubtful accounts at 50% of receivable value for 6-12 month outstanding payment, 100% for outstanding payment up to 12 months.

As of 31 December 2015, the ratio of receivables which are not yet due and receivables which have outstanding payment less than 6 months increased to 91% of total trade receivables while the ratio between outstanding payment between 6-12 months accounted 1% and up to 12 months accounted 8% of total trade receivables respectively. In addition, the Company has set allowance for doubtful account at the amount of 67 million THB or 7% of total trade receivables. As a result, the Company's net-trade receivables stood at approximately 963 million THB.

As of 31 December 2016, the ratio of receivables which are not yet due and receivables which have outstanding payment less than 6 months increased to 94% of total trade receivables while the ratio between outstanding payment between 6-12 months and up to 12 months accounted 1% and 5% of total trade receivables respectively. In addition, the Company has set allowance for doubtful account at the amount of 64 million THB or 5% of total trade receivables. As a result, the Company's net-trade receivables stood at approximately 1,271 million THB.

As of 31 December 2017, the ratio of receivables which are not yet due and receivables which have outstanding payment less than 6 months amounted of 92 % of total trade receivables while the ratio between outstanding payment between 6-12 months and up to 12 months accounted 2% and 6% of total trade receivables respectively. In addition, the Company has set allowance for doubtful account at the amount of 61 million THB or 5% of total trade receivables. As a result, the Company's net-trade receivables stood at approximately 1,220 million THB.



The executives are of the opinion that the Company's policy on allowance for doubtful accounts and control and monitor Debt Payment System are appropriate and sufficient for the business operation. However, the Company may consider improvement on receivable policy to be appropriate and consistent to the current situation based on risks and benefit of the Company.

During year 2015-2017 the Company's financial ratio on collection period of sales were approximately 101 days, 102 days and 120 days respectively. Such duration was similar to credit loan policy for trade receivables of the Company.

- **Other receivables**

Others receivables consists of accrued income from installation of fire protection system and others, unbilled completed works, other receivables, other accrued income, advance expenses and advance costs which totaled of approximately 362 million THB and 598 million THB and 618 million THB, as of 31 December 2015-2017 respectively. Others receivables mainly consists of unbilled completed work which represented approximately 83%, 88% and 95% of total other receivables.

Value of unbilled completed work is an income from installation of communication systems which is recognized as income based on percentage of completion but the payment is not due yet. Such income comprises of cost of materials, labor, contractors, service and other expenses totaling 300 million THB and 522 million THB and 587 million THB, as of 31 December 2015-2017 respectively.

In 2015 the Company's work value of communication installation contracts totaled of 4,747.66 million THB, the work progress until closing date totaled of 4,467.06 million THB. Recognized income accumulated to 1 January 2015 amounted of 3,189 million THB, income recognized in 2015 amounted of 1,279 million THB respectively. The payment collected from customers was 4,173 million THB while the unbilled completed work was 300 million THB. Types of services of installation are classified as follows:

(Unit : Million THB)

Installation of Communication System	Total Project Value	Income recognized based on % of work completion in each area ($\geq 95\%$)	Income accumulated to 1 Jan 2015	Income recognized in 2015	Payment collected from customers	Unbilled completed work
New Site	3,530.27	3,345.79	2,330.81	1,014.98	3,167.77	180.24
Upgrade	791.71	752.86	553.98	198.88	671.50	83.97
IBC	236.49	187.88	151.22	36.66	169.89	18.87
Other	189.19	180.53	152.57	27.96	163.41	17.12
Total	4,747.66	4,467.06	3,188.58	1,278.48	4,172.57	300.20



In 2016 the Company's work value of communication installation contracts totaled of 5,994 million THB, the work progress until closing date totaled of 5,517 million THB. Recognized income accumulated to 1 January 2016 amounted of 4,467 million THB. Income recognized in 2016 amounted of 1,050 million THB respectively. The payment collected from customers was 5,013 million THB while the unbilled completed work was 521 million THB. In 2016, the Company has added the IBC project. Types of services of installation are classified as follows:

(Unit : Million THB)

Installation of Communication System	Total Project Value	Income recognized based on % of work completion in each area ($\geq 95\%$)	Income accumulated to 1 Jan 2016	Income recognized in 2016	Payment collected from customers	Unbilled completed work
New Site	4,384.67	4,037.67	3,345.79	691.88	3,670.63	370.14
Upgrade	1,086.30	1,028.26	752.86	275.40	936.10	105.89
IBC	296.91	228.04	187.88	40.17	197.75	31.25
Other	226.46	223.26	180.53	42.73	208.76	14.56
Total	5,994.34	5,517.23	4,467.06	1,050.18	5,013.24	521.84

In 2017, the Company's work value of communication installation contracts totaled of 7,072 million THB, the work progress until closing date totaled of 6,626 million THB. Recognized income accumulated to 1 January 2017 amounted of 5,517 million THB. Income recognized in 2017 amounted of 1,109 million THB respectively. The payment collected from customers was 6,066 million THB while the unbilled completed work was 586 million THB.

(Unit : Million THB)

Installation of Communication System	Total Project Value	Income recognized based on % of work completion in each area ($\geq 95\%$)	Income accumulated to 1 Jan 2017	Income recognized in 2017	Payment collected from customers	Unbilled completed work
New Site	5,238.57	4,909.65	4,037.67	871.98	4,413.07	504.45
Upgrade	1,215.40	1,171.45	1,028.26	143.19	1,150.99	36.36
IBC	296.09	252.43	228.04	24.39	233.37	21.29
Other	322.32	292.59	223.26	69.33	268.66	24.30
Total	7,072.38	6,626.12	5,517.23	1,108.89	6,066.09	586.40

● Inventories

The Company has set policy on recording value of finished goods and on-going project based on cost (First in-First out) or the net value expected to receive depended on the lower value. Finished product (cables) recorded value as cost (specific) or the net value expected to receive depended on the lower value.



However, the Company records loss incurred from reduction of product value in income statement in case where the cost of inventory in any accounting period is higher than net profit expected to receive. Upon the circumstance that it is not necessary or less necessary to reduce of product value to be lower than product cost, the Company will reverse the loss recognized in the previous accounting period in income statement of the particular accounting period.

As of 31 December 2015-2017 the Company's inventory valued of approximately 500 million THB, 649 million THB, and 662 million THB respectively, which represented 14%, 17% and 18% of total assets respectively. Details of inventory of the Company as of 31 December 2015-2017 are concluded as follows:

Table showing details of inventory

(Unit : Million THB)

Items	2015		2016		2017	
	Value	Proportions	Value	Proportions	Value	Proportions
Finished Goods	407.00	81.40%	480.00	73.96%	461.00	69.64%
<u>Less: Reduce cost to net realizable value</u>	<u>(29.00)</u>	<u>(5.80)%</u>	<u>(29.00)</u>	<u>(4.47%)</u>	<u>(31.00)</u>	<u>(4.68%)</u>
Finished goods - Net	378.00	75.60%	451.00	69.50%	430.00	64.96%
Installation in Progress - Telecommunication Project	108.00	21.60%	131.00	20.18%	92.00	13.90%
Installation in Progress - passive fire protection equipment and other	14.00	2.80%	67.00	10.32%	140.00	21.14%
Inventories - Net	500.00	100.00%	649.00	100.00%	662.00	100.00%

Inventory of the Company is mainly in form of finished goods-net value portioned 81%, 74% and 71% of total inventory in 2015-2017. The Company recognized income derived from installation of communication systems during the first phase at 95% of project value upon completion of work. Therefore, the on-going project is recorded as 'on-going project' in the inventory which amounted of 108 million THB, 131 million THB and 92 million THB in 2015-2017 respectively, or represented 22% and 20% and 14% of net-inventory value during the same period respectively.

During year 2015 - 2017 the sale duration in average were 47 days, 49 days and 58 days consecutively. Presently, the Company has set its policy on storage of finished goods at around 30-60 days of sale volume forecast in order to be sufficient for customers' requirement which is consistent to the current sale duration of the Company.

The Company has set policy on reserves for allowance of price reduction of finished goods at 25% of electrical wire stored longer than 2 years and 25-100% allowance in accordance with period of storage of other products which is longer than 1 year. Since most of the finished goods are electrical wires, the Company experienced no obsolete and depreciation. At the end of year 2015-2016, the allowance for value reduction remained in amount at 29 million THB each year. Between the year 2017, the Company set allowance for price reduction of finished goods increase 3 million THB. At the end of year 2017, the allowance for value reduction remained in amount at 31 million THB.



- **Property, plant and equipment**

As of 31 December 2014-2016 the Company's property, building and equipment valued of approximately 474 million THB, 440 million THB and 410 million THB respectively, mainly are building and vehicles which represented 79%, 83% and 86% of property, building and equipment consecutively. Other assets are vehicles, supporting devices for work contract represented 8%, 6% and 5% of property, building and equipment and net equipment respectively.

As of 2015 the Company's property, building and equipment increased to 474 million THB or by 126 million THB or 36% comparing to year 2014. During the year the Company has investments in subsidiaries and combined assets of subsidiary company in the consolidated financial statements. And The Company's new office building and warehouse is already completed. The property is decorated in parts of the building office equipment and office equipment increased than the previous year. 2014 the Company deducted depreciation cost of the assets based on duration of useful life at amount of 34 million THB.

As of 2016 the Company's property, building and equipment decreased to 440 million THB or by 34 million THB from the annual depreciation.

As of 2017 the Company's property, building and equipment decreased to 410 million THB or by 30 million THB from the annual depreciation. And sold 3 storey townhouse with the land.

Asset of deferred income tax

In 2013 the Company has implemented Accounting Standard Edition 12 subject: Income Tax to the regulation which determine that the Company shall specify temporary differences incurred out of differences of asset value and liability between accounting and taxation in order to recognize impact of tax as asset or liability of deferred income tax as stipulated in accounting standard. After implementation of such accounting standard, the Company's asset of deferred income tax as of 31 December 2015 - 2017 were 18 million THB, 22 million THB and 21 million THB respectively.

	2015	2016	2017
Return On Fixed Assets (%)*	63%	47%	56%
Return On Assets (%)	7%	5%	5%
Total assets turnover (times)	1.50	1.29	1.20

Remarks: * Based on net-property, building and equipment

During year 2015-2017 the Company was managed to operate business and generated income from asset constantly. Trend of utilization of the asset to business operation is likely to be better. Rate of return from fixed asset was approximately 63%, 47% and 56% respectively. Rate of return from asset were 7%, 5% and 5% respectively while the asset turnover were 1.50 times, 1.29 times and 1.20 times respectively.

Liquidity

(Unit: MillionTHB)

	2015	2016	2017
Net cash from operating activities	442.07	(80.94)	(111.39)
Net cash in investing activities	(405.80)	(12.85)	(27.60)
Net cash in financing activities	278.04	(160.14)	(56.40)
Net increase (decrease) in cash	314.31	(253.94)	(195.39)

As a result of business policy which aims to increase income from sales of product and service, most of the cash flow was spent as working capital in form of inventory and trade receivables. Therefore, in each year, the Company mainly spent cash flow in operating activities and investing activities.

In 2015, the Company received 442 million THB of cash flow from operating activities, which mainly were from a decrease of trade and other receivables at 122 million THB, profit before tax was 291 million THB while account and other payables decreased to 11 million THB, inventory decreased to 13 million THB. Cash flow spent in investing activities at 406 million THB which divided in construction of new office building and purchase of other assets totaling 98 million THB. The Company invested in subsidiaries about 316 million THB. The Company spent on funding activities at 278 million THB which derived from short-term loan about 70 million THB, long-term loan about 37 million THB. The Company also repayment of long-term loan and liabilities under the financial leasing contract at the amount of approximately 13 million THB. Cash received from warrant exercise at the amount of 298 million THB. Nonetheless in 2015 the Company paid dividend in cash to shareholders at the amount of 115 million THB. Therefore, the net cash flow in 2015 increased to 314 million THB while cash and cash equivalent as of year-end 2015 was at 712 million THB.

In 2016, the Company used 81 million THB of cash flow to operating activities which mainly were from increase of trade and other receivables at 542 million THB, profit before tax was 210 million THB while account and other payables increased to 397 million THB, inventory increased to 148 million THB. Cash flow spent in investing activities at 13 million THB which divided in purchase of other assets totaling 7 million THB. Pay for the shares payable totaling 16.8 million THB. The Company spent on funding activities at 160 million THB, loan of short-term 3 million THB, long-term repayment amount of approximately 28 million THB. And repayment of long-term loan and liabilities under the financial leasing contract at the amount of approximately 9 million THB. Cash received from warrant exercise at the amount of 83 million THB. Nonetheless in 2016 the Company paid dividend in cash to shareholders at the amount of 188 million THB and dividend payment to none-control stakeholder 21.6 million THB. Therefore, the net cash flow in 2016 decreased to 254 million THB while cash and cash equivalent as of year-end 2016 was at 458 million THB.

In 2017, the Company used 111 million THB of cash flow from operating activities, profit before tax was 250 million THB while account and other payables decreased to 440 million THB, inventory increased to 13 million THB. Cash flow spent in investing activities at 28 million which divided in purchase of other assets totaling 11 million THB. Pay for investment in Nam Sor Hydro Power Co.,Ltd totaling 28 million THB. The Company spent on



funding activities at 56 million THB, loan of short-term 194 million THB, long-term repayment amount of approximately 28 million THB. And repayment of long-term loan and liabilities under the financial leasing contract at the amount of approximately 11 million THB. Nonetheless in 2017 the Company paid dividend in cash to shareholders at the amount of 212 million THB. Therefore, the net cash flow in 2017 decreased to 195 million THB while cash and cash equivalent as of year-end 2017 was at 263 million THB.

The Company's liquidity ratio during year 2015-2017 were at 1.60 times, 1.51 times and 1.56 times consecutively while the quick liquidity ratio accounted at 1.28 times, 1.18 times and 1.18 times consecutively. Such ratios were ranked in average level due to the business operation requires working capital. In the past years, the Company applied for short-term loan as a source of fund to purchase or reserve the products, expenditure on installation of communication system, fire protection system etc.

Source of fund

- **Structure of fund**

The ratio of debt per shareholders' equity (D/E) as of 31 December 2015-2017 was at 1.07 times, 1.22 time and 1.10 times, respectively.

Liabilities

Total liabilities of the Company as of 31 December 2015-2017 were 1,775 million THB, 2,114 million THB and 1,890 million THB, respectively. Main liabilities were trade and other payables, short-term loans which represented 80% of total liabilities.

Total liabilities of the Company as of 31 December 2015 were 1,775 million THB, which consist of current liabilities at the amount of 1,591 million THB, representing 90% of total liabilities. Main current liabilities are trade and other payables at approximately 1,218 million THB, unbilled cost accounted at 167 million and long-term loan which repayment due within 1 year at the amount of 28 million THB. The Company's non-current assets was 185 million THB, representing 10% of total liabilities. Main non-current liabilities consists of long-term loan from financial institutions-net from payment due within 1 year at amount of 101 million THB, reserves for employees' benefit at 22 million THB and liabilities under hire-purchase contract-net from payment due within 1 year at the amount of 19 million THB. And Payable Stock amount 17 million THB.

Total liabilities of the Company as of 31 December 2016 were 2,114 million THB, which consist of current liabilities at the amount of 1,978 million THB, representing 94% of total liabilities. Main current liabilities are trade and other payables at approximately 1,615 million THB, unbilled cost accounted at 152 million THB and long-term loan which repayment due within 1 year at the amount of 28 million THB. The Company's non-current assets was 136 million THB, representing 6% of total liabilities. Main non-current liabilities consists of long-term loan from financial institutions-net from payment due within 1 year at amount of 73 million THB, reserves for employees' benefit at 35 million THB and liabilities under hire-purchase contract-net from payment due within 1 year at the amount of 12 million THB.



Total liabilities of the Company as of 31 December 2017 were 1,890 million THB, which consist of current liabilities at the amount of 1,786 million THB, representing 94% of total liabilities. Main current liabilities are trade and other payables at approximately 1,175 million THB, unbilled cost accounted at 197 million THB and long-term loan which repayment due within 1 year at the amount of 28 million THB. The Company's non-current assets was 105 million THB, representing 6% of total liabilities. Main non-current liabilities consists of long-term loan from financial institutions-net from payment due within 1 year at amount of 45 million THB, reserves for employees' benefit at 40 million THB and liabilities under hire-purchase contract-net from payment due within 1 year at the amount of 13 million THB.

- **Loans from financial institutions**

The Company's source of fund was mainly from short-term loans which the Company is exposing to the risk of financial liquidity. However, main financial credit the Company was granted were bank overdraft, short-term loan in form of promissory note, factoring service. The financial institutions grant the loan to enable the Company use as working capital in business operation to ensure that the Company will be able to repay the loan within the due course.

Liabilities incurred out of loan from financial institution as of 31 December 2017 are as follow:-

- **Short-term loan: total of 1,413 million THB divided into**

- Bank overdraft at financial amount of 78 million THB.
- Short-term promissory notes, trade on demand which is similar to promissory note but with option to withdraw cash from financial institution as of balance of receivables and/or payables of reference, financial credit total of 1,335 million THB.

As 31 December 2017, the subsidiaries have short-term from financial institution amount 29 million THB.

- **Long-term loan: total of 198.10 million THB divided into**

- Long-term loan for purchase of land and building where the warehouse of Bangphra district, Chonburi province located. The total financial credit was 18.10 million THB. The loan was completely paid in October 2014.
- Long-term loan for purchase of land and construction of office building and new warehouse at Pakkred district, Nonthaburi province. Total of finance amount 180 million THB, which divided into purchase of land amount 120 million THB. And amount for construction of new office building and warehouse at 60 million THB. The Company has withdrawn 118.40 million from the long-term loan to purchase the land. The repayment of loan is determined on monthly basis, total 78 payments, each payment is at 0.83 million THB. The first payment was in July 2015. As 31 December 2017 the outstanding balance approximately 73 million THB.

- **Liabilities under the financial lease**

The Company has entered into financial lease and hire-purchase contract with leasing company in order to lease and hire-purchase vehicles for use in business operation of the Company. The duration of contract is averagely between 2-5 years. The repayment is set on monthly basis, average interest rate at 2.35-10.64% per year during 2015-2017.



As of 31 December 2015-2017 the Company had obligation to pay the minimum rent as per financial lease contract and hire-purchase contract at the amount of 31 million THB, 24 million THB and 22 million THB consecutively. The details of payment are as follows:

(Unit: Million THB)

	31 December 2015			31 December 2016			31 December 2017		
	Less than a year	1 - 5 years	Total	Less than a year	1 - 5 years	Total	Less than a year	1 - 5 years	Total
Future minimum lease payments	9.25	21.73	30.98	9.95	13.72	23.67	7.47	14.06	21.53
Deferred interest expenses	(1.34)	(2.34)	(3.68)	(1.09)	(1.37)	(2.47)	(1.01)	(1.25)	(2.26)
Present value of future minimum lease payments	7.91	19.39	27.30	8.86	12.34	21.20	6.46	12.81	19.27

● Unbilled costs

In 2015, the Company's cost of service for communication recognized at the amount of 943 million THB. It was installation of telecommunication about 861 million THB and other installation 82 million THB. In 2016, the Company's cost of service for communication recognized at the amount of 798 million THB. It was installation of telecommunication about 727 million THB and other installation 71 million THB and in 2017, the Company's cost of service for communication recognized at the amount of 853 million THB. It was installation of telecommunication about 805 million THB and other installation 48 million and the Company received invoices for actual service costs in 2015 about 897 million THB consists of installation of telecommunication about 803 million THB and others installation 94 million THB. In 2016, received invoices for cost of service at the amount of 843 million THB, it was installation of telecommunication about 726 million THB and others installation 117 million THB. In 2017, received invoices for cost of service at the amount of 887 million THB, it was installation of telecommunication about 720 million THB and others installation 167 million THB. In 2015, Ongoing project totaled of 121 million THB with telecommunication service about 107 million THB and others installation 14 million THB. In 2016, Ongoing project totaled of 197 million THB with telecommunication service about 131 million THB and others installation 66 million THB. In 2017, Ongoing project totaled of 232 million THB with telecommunication service about 92 million THB and others installation 140 million THB. The Company recognized income from installation of communication system during the first phase at completion percentage of 95% of project value upon work completion. Therefore, the ongoing communication projects are recorded as "ongoing project" in the inventory.

As a result, the unbilled cost was 167 million THB in which consists of the cost of the telecommunications job paid 164 million baht and Switcher Circuits for 3 million THB and 152 million THB in 2016 and 197 million THB on 2017.

Unit : Million THB	31 Dec 2015	31 Dec 2016	31 Dec 2017
Costs of installation recognized as at the beginning period	942.98	797.58	852.66
The actual costs of installation	(883.71)	(776.65)	(747.17)
Add Work in process	107.61	130.99	92.00
Unbilled costs	166.88	151.92	197.49

**Shareholders' equity**

Shareholder's equity as of 31 December 2015-2017 were 1,689 million THB, 1,729 million THB and 1,717 million THB, respectively. The increase was in consistent with the net profit at 227 million THB, 173 million THB and 200 million THB respectively.

As of 31 December 2015 the Company's shareholder's equity was 1,689 million THB consist of Shareholders' Equity 1,653 million THB and Non-controlling subsidiaries interests amount 85 million THB, an increase of 487 million THB from the previous year as a result of CSS-W1's exercised. It increased the capital more 183 million THB, 187 million THB of premium on share from share disposal in the stock exchange. As a result of advanced payment from warrant exercise for ordinary shares at the amount of 15 million THB, net profit of 227 million THB. During the year the Company paid dividend at the amount of 115 million THB and included.

As of 31 December 2016 the Company's shareholder's equity was 1,729 million THB consist of shareholder's equity 1,662 million THB and Non-controlling subsidiaries interests amount 67 million THB, an increase of 40 million THB from the previous year as a result of CSS-W1's exercised. It increased the capital more 55 million THB. As a result of advanced payment from warrant exercise for ordinary shares at the amount of 54 million THB, Share premium increase of 82 million THB net profit of 173 million THB. During the year the Company paid dividend at the amount of 188 million THB.

As of 31 December 2017 the Company's shareholder's equity was 1,717 million THB, consist of shareholder's equity 1,654 million THB and Non-controlling subsidiaries interests amount 63 million THB decrease of 12 million THB. Net profit of 200 million THB. During the year the Company paid dividend at the amount of 212 million THB.

Auditors' remuneration

Details of audit fee are summarized as follows:-

- In 2015 the Company paid audit fee to the Company's auditor at the amount of 1.47 million THB, including the audit fee for its subsidiaries at 0.78 million THB. The Company invested in new subsidiary. The Company and its subsidiaries did not use other additional service from auditors.
- In 2016, the Company paid audit fee to the Company's auditor at the amount of 1.47 million THB, including the audit fee for its subsidiaries at 0.86 million THB. The Company and its subsidiaries did not use other additional service from auditors.
- In 2017, the Company paid audit fee to the Company's auditor at the amount of 1.77 million THB, including the audit fee for its subsidiaries at 0.96 million THB. The Company and its subsidiaries did not use other additional service from auditors.

**Main factors and influences that may have impact to the financial status and operation result in the future.**

Main factors and influences that may have impact to the financial status and operation result in the future are:-

- **Risk from fluctuation in copper price which impact the income and cost of the product (electrical wire)**

Main cost of electrical wire is copper which its price is changes upon global demand and supply. Changes in copper price directly affect the buying price or cost of electrical wire including selling price, income and gross profit of the Company. Significantly when the price of copper will decline if the Company will not be able to adjust the product price to be consistent to the changes of product cost, it may adversely affect the sale cost and value if inventory of the Company. For this reason, the Company has put its emphasis on risk management on such matter by regularly monitor the price of copper in order to forecast direction and trend of copper price to apply appropriate inventory management. Normally, upon fluctuation of copper price, it takes around 6-7 months (Lapse Time) to actually affect the selling price and cost of electrical wires. For such method, the Company will be able to ease the impact from copper price fluctuation at a certain level.

- **Risks from inconsistent revenue derived from Projects**

Service design and installation of communication of the Company is conducted under project scope with schedule of completion, not long-term contract. Therefore, the consistency of income is depended on opportunity to undertake each project. However, the Company has good working background, deliver project within specified time frame. In addition, the communication industry is likely to grow steadily upon auction of license on mobile phone 4G network as well as demand to improve mobile phone signal regularly, the executives believe that the Company will not be affected from such risk much.

- **Risks from working capital**

In the normal business operation regarding distribution of electrical wires and equipment and services of installation of communication system, the Company requires working capital for purchasing products and maintaining inventory for sales. This should represent variety and adequate quantity to meet the customers' demand. In regard to service of installation of communication systems, the Company also requires working capital for purchasing, hiring and preparing tasks prior to receiving the payment from the customers according to the agreement. To manage cash flow, the Company utilized the short-term loan from the financial institutions as a working capital to operate such business. Therefore, the liquidity ratio and quick liquidity ratio in 2015 were 1.60 times and 1.28 times respectively while liquidity ratio and quick liquidity ratio in year 2016 were 1.51 times and 1.18 times respectively. In 2017 were 1.56 times and 1.18 times respectively.