



Part 3. Financial Statements



Financial Highlight

Statement of financial position

	Separate financial statements						Consolidated financial statements					
	Audited						Audited					
	2016		2017		2018		2016		2017		2018	
	Million THB	%	Million THB	%	Million THB	%	Million THB	%	Million THB	%	Million THB	%
Current assets												
Cash and cash equivalents	262.75	7.88%	91.09	2.77%	58.41	1.77%	458.36	11.93%	262.97	7.29%	206.29	5.99%
Trade and other receivables	1,462.67	43.88%	1,547.63	46.97%	1,428.39	43.21%	1,868.93	48.63%	1,837.65	50.96%	1,620.04	47.06%
Inventories	509.07	15.27%	559.80	16.99%	500.59	15.15%	648.84	16.88%	661.92	18.35%	582.37	16.93%
Other current assets	5.94	0.18%	7.59	0.23%	3.16	0.10%	12.15	0.31%	15.80	0.44%	11.73	0.34%
Total Current Assets	2,240.43	67.21%	2,206.11	66.96%	1,990.55	60.23%	2,988.28	77.75%	2,778.34	77.04%	2,420.43	70.32%
Non - Current assets												
Restricted bank deposits	176.80	5.30%	176.05	5.34%	132.42	4.01%	180.76	4.70%	183.37	5.09%	143.10	4.16%
Investments in subsidiaries	494.86	14.85%	494.86	15.02%	494.86	14.97%	-	-	-	-	-	-
Investment in associated company			27.71	0.84%	232.88	7.05%			25.81	0.72%	224.23	6.52%
Property, plant and equipment	403.35	12.10%	372.10	11.30%	354.92	10.74%	439.84	11.44%	409.35	11.34%	386.69	11.23%
Goodwill	-	-					156.50	4.07%	156.50	4.34%	156.50	4.55%
Other intangible assets	0.88	0.03%	0.59	0.02%	0.37	0.01%	48.76	1.27%	24.74	0.69%	0.86	0.02%
Loan to associate Company					80.00	2.42%					80.00	2.32%
Deferred tax assets	13.38	0.40%	14.91	0.45%	16.87	0.51%	22.47	0.59%	20.99	0.58%	23.61	0.69%
Other non-current assets	3.60	0.11%	2.42	0.07%	1.99	0.06%	6.77	0.18%	7.30	0.20%	6.61	0.19%
Total Non - Current Assets	1,092.87	32.79%	1,088.64	33.04%	1,314.31	39.77%	855.10	22.25%	828.06	22.96%	1,021.60	29.68%
Total Assets	3,333.30	100.00%	3,294.75	100.00%	3,304.86	100.00%	3,843.38	100.00%	3,606.40	100.00%	3,442.03	100.00%



	Separate financial statements						Consolidated financial statements					
	Audited						Audited					
	2016		2017		2018		2016		2017		2018	
	Million THB	%	Million THB	%	Million THB	%	Million THB	%	Million THB	%	Million THB	%
Current liabilities												
Short-term loans from financial institutions	-	-	311.00	9.44%	244.50	7.40%	150.45	3.91%	344.83	9.56%	296.70	8.62%
Trade and other payables	1,400.31	42.01%	1,007.44	30.58%	1,087.65	32.91%	1,614.86	42.02%	1,175.27	32.59%	1,165.25	33.84%
Accrued costs	134.07	4.02%	151.12	4.59%	188.61	5.71%	151.92	3.95%	197.49	5.47%	141.76	4.12%
Current portion of long-term loans	28.20	0.85%	28.20	0.86%	28.20	0.85%	28.20	0.73%	28.20	0.78%	28.20	0.82%
Current portion of liabilities under finance lease agreements	7.82	0.24%	4.93	0.15%	4.84	0.15%	8.86	0.23%	6.46	0.18%	6.39	0.19%
Income tax payable	8.04	0.24%	14.31	0.43%	4.59	0.14%	12.11	0.32%	14.65	0.41%	5.28	0.15%
Other current liabilities	9.37	0.28%	15.99	0.48%	25.58	0.77%	12.11	0.32%	19.19	0.53%	27.41	0.80%
Total Current liabilities	1,587.81	47.64%	1,532.99	46.53%	1,583.97	47.93%	1,978.51	51.48%	1,786.09	49.52%	1,670.99	48.54%
Non - Current liabilities												
Long-term loans, net of current portion	72.94	2.19%	44.74	1.36%	16.54	0.50%	72.94	1.90%	44.74	1.24%	16.54	0.48%
Liabilities under finance lease agreements, net of current portion	11.48	0.34%	6.58	0.20%	7.96	0.24%	12.34	0.32%	12.81	0.36%	12.63	0.36%
	-	-	-	-	-	-	15.56	0.40%	5.79	0.16%	0.88	0.03%
Deferred tax liabilities	30.94	0.93%	35.83	1.09%	38.64	1.17%	34.74	0.90%	40.26	1.12%	43.77	1.27%
Provision for long-term employee benefits	-	-	-	-	-	-	-	-	-	-	-	-
Total Non - Current liabilities	115.36	3.46%	87.15	2.65%	63.14	1.91%	135.58	3.52%	103.60	2.88%	73.82	2.14%
Total liabilities	1,703.17	51.10%	1,620.14	49.17%	1,645.87	49.82%	2,114.09	55.00%	1,889.69	52.40%	1,744.81	50.68%



	Separate financial statements						Consolidated financial statements					
	Audited						Audited					
	2016		2017		2018		2016		2017		2018	
	Million THB	%	Million THB	%	Million THB	%	Million THB	%	Million THB	%	Million THB	%
Shareholders' Equity												
Registered	588.04	-	588.04	-	588.04	-	587.99	-	588.04	-	588.04	-
Issued and fully paid-up	587.87	17.64%	587.87	17.85%	587.87	17.79%	533.25	15.39%	587.87	15.30%	587.87	17.08%
Share premium	753.57	22.60%	753.57	22.87%	753.58	22.80%	671.76	19.39%	753.57	19.61%	753.58	21.89%
Difference resulting from business combination	-	-				-	6.83	0.20%	6.83	0.18%	6.83	0.20%
share subscriptions received in advance	-	-				-	53.58	1.55%	-	-	-	-
Retained Earnings												
Appropriated - statutory reserve	56.30	1.69%	59.00	1.79%	59.00	1.78%	46.30	1.34%	56.30	1.46%	59.00	1.71%
Unappropriated	232.39	6.97%	274.17	8.32%	257.30	7.79%	292.04	8.43%	257.18	6.69%	228.97	6.65%
Other components of shareholders' equity											(1.25)	(0.02)%
Equity attributable to owners of the Company	1,630.13	48.90%	1,674.61	50.83%	1,657.75	50.16%	1,603.76	46.29%	1,661.75	43.24%	1,635.00	47.51%
Non-controlling interests of the subsidiaries	-	-				-	85.42	2.47%	67.54	1.76%	62.22	1.81%
Total shareholders' equity	1,630.13	48.90%	1,674.61	50.83%	1,657.75	50.16%	1,689.18	48.76%	1,729.29	45%	1,697.22	49.32%
Total liabilities and shareholders' equity	3,333.30	100.00%	3,294.75	100.00%	3,304.86	100.00%	3,464.62	100.00%	3,843.38	100.00%	3,442.03	100.00%



Statement of Comprehensive income:

	Separate financial statements						Consolidated financial statements					
	Audited						Audited					
	2016		2017		2018		2016		2017		2018	
	Million THB	%	Million THB	%	Million THB	%	Million THB	%	Million THB	%	Million THB	%
Revenues												
Sales	3,345.98	81.62%	3,110.52	76.47%	3,047.65	73.13%	3,568.52	75.72%	3,270.51	73.29%	3,212.14	70.35%
Installation service revenue	687.04	16.76%	887.16	21.81%	1,089.14	26.13%	1,125.39	23.88%	1,168.47	26.18%	1,317.99	28.87%
Dividend income	50.40	1.23%	49.50	1.22%	-	-	-	-	-	-	-	-
Commission Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	15.80	0.39%	20.40	0.50%	30.80	0.74%	19.14	0.40%	23.51	0.53%	35.52	0.78%
Total Revenues	4,099.22	100.00%	4,067.58	100.00%	4,167.59	100.00%	4,713.05	100.00%	4,462.49	100.00%	4,565.65	100.00%
Expenses												
Cost of sales	(3,032.43)	-73.98%	(2,754.10)	-67.71%	(2,777.57)	-66.65%	(3,231.24)	-68.56%	(2,900.96)	-65.01%	(2,929.61)	-64.17%
Installation service costs	(452.52)	-11.04%	(631.03)	-15.51%	(798.66)	-19.16%	(797.58)	-16.92%	(852.66)	-19.11%	(958.40)	-20.99%
Selling expenses	(99.25)	-2.42%	(101.43)	-2.49%	(95.53)	-2.29%	(108.61)	-2.31%	(103.92)	-2.33%	(96.61)	-2.12%
Administrative expenses	(275.05)	-6.71%	(267.09)	-6.57%	(275.43)	-6.61%	(354.55)	-7.52%	(343.70)	-7.70%	(353.54)	-7.74%
Cost of sales	(3,859.25)	-94.15%	(3,753.65)	-92.28%	(3,947.19)	-97.71%	(4,491.98)	-95.31%	(4,201.24)	-94.15%	(4,338.16)	-95.02%
Profit before share of loss from investment in associated company, finance cost and income tax expenses	239.97	5.85%	313.94	7.72%	220.40	5.29%	221.07	4.69%	261.25	5.85%	227.49	4.98%
Financial Costs	(8.55)	-0.20%	(6.40)	-0.16%	(6.55)	-0.16%	(11.17)	-0.24%	(9.80)	-0.22%	(8.35)	-0.18%
Profit before Finance cost and income tax expense	231.42	5.65%	307.54	7.56%	213.85	5.13%	209.90	4.45%	250.16	5.60%	213.02	4.57%
Income tax Expense	(35.73)	-0.87%	(51.43)	-1.26%	(42.59)	-1.02%	(36.91)	-0.78%	(50.49)	-1.13%	(43.77)	-0.96%
Profit for the Year	195.69	4.78%	256.11	6.30%	171.26	4.11%	172.99	3.67%	199.67	4.47%	169.25	3.71%
Other comprehensive income												
Share of other loss from investment in associated company	-	-	-	-	-	-	-	-	(0.61)	-0.01%	(0.64)	-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%	(0.64)	-0.01%
Total comprehensive income for the year	189.37	4.62%	256.11	6.30%	171.26	4.11%	166.67	3.54%	199.06	4.46%	168.61	3.69%
Profit attributable to:												
Equity holders of the Company	195.69	4.77%	256.11	6.25%	171.26	4.11%	169.58	3.60%	203.90	4.57%	170.34	3.73%
Non-controlling interests of the subsidiaries	-	-	-	-	-	-	3.42	0.07%	(4.23)	-0.10%	(1.09)	-0.02%
Total comprehensive income attributable to:	195.69	4.77%	256.11	6.25%	171.26	4.11%	173.00	3.67%	199.67	4.47%	169.25	3.71%
Equity holders of the Company	189.37	4.62%	256.11	6.25%	-	-	163.26	3.60%	203.29	4.55%	169.70	3.72%
Non-controlling interests of the subsidiaries	-	-	-	-	-	-	3.42	0.07%	(4.23)	-0.09%	(1.09)	-0.02%
Total comprehensive income attributable to:	189.37	4.62%	256.11	6.25%	171.26	4.11%	166.68	3.53%	199.06	4.46%	168.61	3.69%



Cash Flow Statements

	Separate financial statements			Consolidated financial statements		
	Audited			Audited		
	2016	2017	2018	2016	2017	2018
Cash flows from operating activities:						
Profit before tax	231.42	307.54	213.85	209.90	250.16	213.02
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:						
Depreciation and amortisation	36.39	33.32	30.37	66.72	62.96	59.69
Written off withholding tax	(1.87)	(1.28)	9.12	(2.21)	(4.08)	6.05
Allowance for doubtful accounts (reversal)	0.07	2.24	(3.57)	(0.12)	2.11	(3.53)
Reduction of cost of inventory to net realisable value (reversal)	-	-	-	0.36	1.11	0.81
Share of loss from investment in associated company	-	-	-	-	1.29	6.12
Dividend received from subsidiary	(50.40)	(49.50)	-	-	-	-
Provision for long-term employee benefits	4.50	4.89	3.01	5.08	5.52	3.70
Gain on disposal of investment property	(0.49)	(2.53)	(2.22)	(0.49)	(3.51)	(2.50)
Gain on disposal of property, plant and equipment	-	-	-	(0.26)	-	(2.22)
Interest income	(5.66)	(5.05)	(7.65)	(7.87)	(6.77)	(9.19)
Interest expenses	8.55	6.40	6.55	11.17	9.80	8.35
Profit from operating activities before changes in operating assets and liabilities	222.51	296.03	249.46	282.28	318.59	280.30
Operating assets (increase) decrease						
Trade and other receivables	(263.84)	(83.68)	111.26	(541.99)	35.35	212.69
Inventories	(174.57)	(52.97)	62.78	(148.46)	(15.18)	83.09
Other current assets	(3.20)	(1.65)	4.43	(3.71)	(1.01)	4.16
Other non-current assets	(0.03)	1.19	0.43	(0.45)	(0.53)	(0.31)
Operating liabilities increase (decrease)						
Trade and other payables	222.65	(393.07)	80.29	397.02	(439.82)	(9.92)
Accrued costs	(15.20)	17.05	37.49	(14.96)	45.57	(55.73)
Other current liabilities	(1.15)	6.62	9.59	(4.05)	7.08	8.22
Other Non-current liabilities						0.99
Cash flow used in operating activities	(12.83)	(210.48)	555.73	(34.32)	(49.95)	523.49
Cash received from interest income	5.75	5.05	6.52	7.97	6.78	8.06
Cash paid for long-term employee benefits	(0.03)	-	(0.20)	(0.03)	-	(0.20)
Cash paid for interest expenses	(7.34)	(5.16)	(5.78)	(9.91)	(8.23)	(7.27)
Cash paid for income tax	(35.71)	(46.70)	(54.28)	(44.66)	(59.99)	(61.56)
Net cash flows used in operating activities	(50.16)	(257.29)	501.99	(80.95)	(111.39)	462.52



	Separate financial statements			Consolidated financial statements		
	Audited			Audited		
	2016	2017	2018	2016	2017	2018
Cash flows from investing activities:						
Decrease (increase) in restricted bank deposits	(0.75)	0.75	43.62	7.19	(2.61)	40.27
Cash paid for long-term loans to associated companies			(80.00)			(80.00)
Cash paid for short-term loans to associated companies			(32.00)			(32.00)
Cash received from jointly controlled entities			32.00			32.00
Cash paid for investment in subsidiaries company	-	-	-	-	-	-
Cash paid for investment in associated company		(27.71)	(205.16)	-	(27.71)	(205.17)
Dividend received from subsidiaries	50.40	49.50	-	-	-	-
Increase in investment in subsidiary	(0.70)			-	-	-
Proceeds from sales of investment property	1.25	3.76	2.44	1.25	6.91	2.44
Proceeds from sales of property, plant and equipment	-	-		2.80	-	2.50
Acquisition of property, plant and equipment	(5.16)	(3.01)	(4.79)	(7.30)	(4.19)	(4.97)
Cash paid for share subscriptions payable	(16.80)	-		(16.80)	-	
Net cash flows from (used in) investing activities	28.24	23.29	(243.89)	(12.86)	(27.60)	(244.93)
Cash flows from financing activities:						
Increase (decrease) in short-term loans from financial institutions	(100.00)	311.00	(66.50)	3.48	194.37	(48.13)
Cash received from long-term loans	-	-	56.49	-	-	56.49
Repayment of long-term loans	(28.20)	(28.20)	(84.69)	(28.20)	(28.20)	(84.69)
Repayment of liabilities under finance lease agreements	(7.00)	(8.83)	(7.96)	(8.85)	(10.94)	(9.82)
Proceed from exercise of warrants	82.85	-		82.85	-	-
Cash received from investment of non-controlling interests	-	-		0.30	-	-
Dividend paid to shareholders	(188.12)	(211.63)	(188.11)	(188.12)	(211.63)	(188.12)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	(21.60)	-	-
Net cash flows from (used in) financing activities	(240.47)	62.34	(290.77)	(160.14)	(56.40)	(274.27)
Net decreased in cash and cash equivalents	(262.39)	(171.66)	(32.67)	(253.95)	(195.39)	(56.68)
Cash and cash equivalents at beginning of year	525.14	262.75	91.09	712.32	458.37	262.97
Cash and cash equivalents at end of year	262.75	91.09	58.42	458.37	262.98	206.29
Supplemental cash flow information:						
Property, plant and equipment increase through financial Leases	1.46	-	8.39	1.46	7.68	8.39



■ important financial ratios

	Separate financial statements			Consolidated financial statements		
	2016	2017	2018	2016	2017	2018
Liquidity Ratio						
Liquidity ratio (time)	1.41	1.44	1.26	1.51	1.56	1.45
Quick Ratio (times)	1.09	1.07	0.94	1.18	1.18	1.09
Cash Flow Ratio (times)	0.03	0.16	0.32	0.09	0.12	0.54
Account receivable turnover (times).	3.07	2.69	2.76	2.91	2.38	2.57
Average collection period (days)	117	134	130	124	151	140
Inventory turnover (times).	8.05	6.44	12.70	7.27	6.16	12.70
Average Sales turnover (days)	47	58	28.35	49	58	28
Accounts payable turnover (times).	2.70	2.81	3.41	2.84	2.69	3.32
Debt Payment period (days)	133	128	105	127	134	108
Cash Cycle (days)	29	62	53	47	76	60
Profitability Ratio						
Gross profit margin (%)	14%	15%	14%	14%	15%	14%
Operating profit margin (%)	6%	8%	5%	5%	6%	5%
Net profit margin (%)	5%	6%	4%	4%	5%	4%
Return on equity (%)	12%	15%	10%	10%	12%	10%
Efficiency Ratio						
Return on assets (%)	6%	8%	5%	5%	5%	5%
Rate of return on fixed assets (%)	55%	75%	55%	47%	56%	43%
Total assets turnover (times).	1.26	1.23	1.26	1.29	1.20	1.30
Financial Policy Ratio						
Debt to Shareholders' Equity (times)	1.04	0.97	0.99	1.22	1.10	1.03
Interest coverage ratio (times)	28.07	49.05	33.65	19.79	26.66	27.24
Dividend payout ratio (%)	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)	1.39	1.42	1.41	1.47	1.46	1.44
Net income per share – equity holders of the company.						
Net earnings per share basic earnings per share (THB)	0.17	0.22	0.15	0.15	0.17	0.14
Earnings per diluted share (THB).	-	-	-	-	-	-



Financial Status and Results of Operation

Audit Report

2017-2018

Audited by Ms.Krongkaew Limkittikul

A Certified Public Accountant - registration no. 5874

EY Office Limited

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 matter.

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.

For financial statement of year end 2018 as of 31 December 2018

According to the auditor's report for consolidated financial statement of the Company and subsidiaries of year 2018, 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 2019.

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



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.

Moreover, the Company and its subsidiaries have added channels to provide income by increase join bidding project of government. The bidding is about electric system, IT system and telecommunication system Which is related to a business that the company performed.

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.



And Nam So Hydro Power Co.,Ltd has increased the registered capital.The company invested more on April 24, 2018 To maintain the investment 28% of the registered capital. On October 1, 2018, the Company invested in ordinary shares in Nam So Hydro Power Co.,Ltd about 14.6 million baht or 10% of the registered capital or 38% This is a joint venture of the Company.

At 20 December 2018, The Company has invested in Phu Khanh Solar Power Joint Stock Company is a company incorporated and registered under the laws of Vietnam with the original purpose of operating for conducting Solar power Plant about 176.4 million Baht or 25% of registered capital of Phu Khanh Solar Power Joint Stock 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 2016-2018 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	2016		2017		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Electrical wire	2,639.88	56.01	2,288.04	51.27	2,584.37	56.60
Lamps and lighting equipment	441.60	9.37	431.56	9.67	131.85	2.89
Electrical conduits and fittings	132.70	2.82	114.63	2.57	84.15	1.84
Electrical system control equipment	270.86	5.75	373.49	8.37	325.41	7.13
Passive fire protection materials and equipment	40.98	0.87	40.62	0.91	32.19	0.71
Electrical transformers	25.76	0.55	13.90	0.31	19.79	0.43
Other	16.74	0.36	8.27	0.19	34.38	0.75
Total sales revenues	3,568.52	75.72	3,270.51	73.29	3,212.14	70.35
Telecommunication system installation revenue	1,050.18	22.28	1,114.71	24.98	986.91	21.62
Passive fire protection system installation revenue	43.62	0.93	35.31	0.79	37.60	0.82
Other service revenue	31.60	0.67	18.45	0.41	293.47	6.43
Total installation service revenues	1,125.40	23.88	1,168.47	26.18	1,317.98	28.87
Other income	19.14	0.41	23.51	0.53	35.52	0.78
Total revenues	4,713.06	100.00	4,462.49	100.00	4,565.64	100.00

During 2016-2018, the Company's total incomes were 4,713 Million Baht, 4,462 Million Baht and 4,566 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 24-29% of total incomes.

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.



In 2018, total income of the Company was 4,566 Million Baht, increased by 2% comparing to 2017. The income comprised of sales from electrical wires and equipment decreased 2% and installation service increased 13% which represented 70% and 29% 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 2016-2018, sale incomes of the Company reached 3,569 Million Baht 3,271 Million Baht and 3,212 Million Baht respectively or 76%, 73% and 70% of total incomes respectively.

Sale income during year 2016-2018 is classified by products types as follows:

Sales Revenue	2016		2017		2018	
	Million THB	%	Million THB	%	Million THB	%
Electrical wire	2,639.88	73.98	2,288.04	69.96	2,584.37	80.46
Lamps and lighting equipment	441.60	12.37	431.56	13.20	131.85	4.10
Electrical conduits and fittings	132.70	3.72	114.63	3.50	84.15	2.62
Electrical system control equipment	270.86	7.59	373.49	11.42	325.41	10.13
Passive fire protection materials and equipment	40.98	1.15	40.62	1.24	32.19	1.00
Electrical transformers	25.76	0.72	13.90	0.43	19.79	0.62
Other	16.74	0.47	8.27	0.25	34.38	1.07
Total Sales Revenues	3,568.52	100.00	3,270.51	100.00	3,212.14	100.00

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.

Sales revenue in 2018, compared to 2017, decreased by 58 million baht due to company terminated contract with Philips supplier caused sales decrease 300 million baht. Also, economic slowdown result in sales of conduits and installation equipment including electrical control systems equipment related to fire protection systems decreased by 87 million baht.

Main products of company such as electrical wires with proportion of sales is 70-80% of sales revenue and 2018 with sales of 2,584 million baht, increase of 296 million baht or 13% compared to 2017 due to company received several major projects such as condominium projects and building projects such as Wachira Hospital, Solar Cell Project, Hanuman Project etc.

For sale of light bulbs and lighting equipment, electrical conduit and installation equipment, electrical control system, materials and equipment related to fire protection systems iron and other transformers totaled approximately 929 million baht and 982 million baht and 627 million baht in 2016 - 2018 respectively.



Thus, as shown in 2016 and 2017, sales of light bulbs and lighting equipment, electrical conduit and installation equipment, electrical control system and more related materials and equipment increase, on the contrary, 2018 those products have decreased sales due to economic conditions and technology changed, as well as company has terminated supplier for lamps and lighting equipment which this group accounts for about 20-31% of sales revenue.

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 1,125 million THB and 1,168 million THB and 1,318 million THB, in 2016-2018 or 24%, 26% and 29% 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 2017 income from installation increased 43 million THB from installation service was grow up. And In 2018, income from installation increased 150 million THB from expansion on telecommunication towers and installation of support devices. The Company has expanded by joining to bid of the government and state enterprise.

Incomes received from installation service during year 2016-2018 are as follows:

installation service	2016		2017		2018	
	Million THB	%	Million THB	%	Million THB	%
Telecommunication system installation revenue	1,050.18	93.32	1,108.89	95.40	986.91	74.88
Passive fire protection system installation revenue	43.62	3.88	35.31	3.02	37.60	2.85
Other service revenue	31.60	2.80	24.27	1.58	293.47	22.27
Total installation service revenues	1,125.40	100.00	1,168.47	100.00	1,317.98	100.00

During the year 2016-2018 the Company's income from installation of communication system amounted of 1,050 million THB, and 1,109 million THB respectively, an increase by 59 million THB or 6%. As for 2018, the income from installation of communication system amounted of 987 million THB, a decrease by 122 million THB or 11% 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 2018, the Company's contract of installation of communication system that has not done yet approximately 2,621 million THB, income from service which is not completed yet recognized up to 95% amounted of 6,626 million THB, recognized as an income during year 2018 at 987 million THB. Types of services of installation are construction of new site, upgrade of supporting devices. As of 31 December 2016 to 31 December 2018, new site project value were at 4,038 million THB and 4,910 million THB and 5,651 million THB respectively, representing 74%, 75% and 74% of total project values, respectively. The details of Installation Services income are summarized as follows:

(Unit : Million THB)

	2017				2018			
	Project Values	Income Accumulated ($\geq 95\%$)			Project Values	Income Accumulated ($\geq 95\%$)		
		Income Accumulated To 1 January 2017	Income recognized in 2017	Total Income Accumulated 1 January 2017		Income Accumulated To 1 January 2018	Income recognized in 2018	Total Income Accumulated 1 January 2018
New Site	5,238.57	4,037.67	871.98	4,909.65	1,863.29	4,909.65	740.91	5,650.56
Upgrade	1,215.40	1,028.26	143.19	1,171.45	406.61	1,171.45	85.24	1,256.69
IBC	296.09	228.04	24.39	252.43	94.21	252.43	17.55	269.98
Other *	322.32	223.26	69.33	292.59	256.32	292.59	143.21	435.8
Total	7,072.38	5,517.23	1,108.89	6,626.12	2,620.43	6,626.12	986.91	7,613.03

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 44 million THB, 35 million THB and 38 million THB between years 2016-2018 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 2016-2018 were mainly from Smart Way project about 4 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. 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). And In 2018, The Company has got the project of Improvement of the power station 22 KV systems of the Provincial Electricity Authority and installation of video conference system of the Provincial Electricity Authority.



- 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 2016-2018 other income of the Company amounted at approximately 19 million THB, 24 million THB and 36 million THB consecutively, representing 1% of total income.

Details of other incomes of the Company during year 2016-2018 are as follows:

Other incomes	2016		2017		2018	
	Million THB	%	Million THB	%	Million THB	%
income from marketing promotion of manufacturers	3.48	18.21	8.22	34.96	10.09	28.41
interest received	7.87	41.14	6.72	28.57	9.19	25.88
profit from assets disposal and profit from exchange rate	-	-	3.51	14.92	4.72	13.29
transportation fees	2.29	11.95	2.63	11.21	2.37	6.68
Other*	5.49	28.71	2.43	10.34	9.15	25.74
Other income	19.14	100.00	23.51	100.00	35.52	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 3,231 million THB, 2,901 million THB and 2,930 million THB, respectively which represented 89-91% comparing to sale income respectively.

In 2016 cost of sale of the Company was 3,231 million THB, decreased 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.

In 2018 cost of sale of the Company was 2,930 million THB, increased by 1% 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 set reserves for adjustment of cost of inventory to be net price between the year had decreased 0.64 million THB. It made the reserves for adjustment of cost of inventory to be net price at 28 million THB in the end of 2018.



- **Cost of installation**

Cost of installation is derived from service provision on installation of communication system, fire protection system etc. During year 2016-2018 cost of installation were approximately 798 million THB, 853 million THB and 958 million THB respectively, representing 71%, 73% 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. Costs of installation are mainly derived from installation of communication system. As of 31 December 2016 - 2018 cost of installation which recognized as at the closing date were 3,231 million THB, 4,036 million and 4,710 million THB respectively. Details are as follows:

(Unit : Million THB)

Cost of Installation Communication System	31 Dec 2016	31 Dec 2017	31 Dec 2018
Costs of Installation Recognized at beginning period	2,514.40	3,230.62	4,035.76
Costs of Installation Recognized during period	716.22	805.14	674.22
Costs of Installation Recognized at ending period	3,230.62	4,035.76	4,709.98

As of 31 December 2016 - 2018, the Company estimated cost of installation recognized at its 95% completion were 3,231 million THB, 4,036 million THB and 4,710 million THB, which divided into cost of telecommunication at 2,515 million THB and 3,230 million THB and 4,036 million THB, Costs of installation of communication recognized between 2016 - 2018 were 716 million THB, 805 million THB and 674 million THB. Cost of installation of communication system was mainly from new site construction which accounted 76% 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 2016-2018, sale expenses amounted of approximately 109 million THB, 104 million THB and 97 million THB respectively or 2% of total income. The sale expense are a result of decrease sale. In the year 2018, sales decreased by 58 million baht and selling expenses decreased by 7.32 million baht.

Administrative expenses

Administrative expenses during year 2016-2018 were 355 million THB and 344 million THB and 354 million THB respectively, representing 8% of total incomes. Administrative expenses mainly consist of expenses related to employees which accounted 61% 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 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 and depreciation of office buildings, building decoration, office equipment, which in 2016, calculated the full year depreciation. Compared to last year.

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.

Administrative expenses during year 2018 were 354 million THB, increased by 10 million THB or 3% comparing to year 2017 as a result due to an increase in allowance for doubtful accounts.

- **Financial expenses**

Financial expenses of the Company were from interest incurred from loan from financial institutions. During year 2016- 2018 the financial expenses of the Company were 11 million THB, 10 million THB and 8 million THB respectively. Average interest rate was between 2-11% per annum.

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.

In 2018 the Company and subsidiaries has short-term loan 6 million THB include the interest incurred from long-term loan applied from the New Office building and New Warehouse 2 million THB.

Profits

During 2016-2018 the Company's gross profit from sale of electrical wire and equipment and installation service were 655 million THB and 685 million THB and 642 million THB respectively, presenting 14%, 15% and 14% 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 337 million THB, 370 million THB and 282 million THB in year 2016-2018 respectively. Gross profit margin was 11% in 2017 and 9% in 2018. Gross profit of trading business was decreased because of the market competition situation is very high.

- **Gross Profit - Installation Service**

The Company's gross profit from installation service were approximately 328 million THB, 315 million THB and 360 million THB in year 2016-2018 Gross profit margin were 29% in year 2016 and 27% in year 2017-2018 of sale income from installation service respectively.

- **Net profit**

Net profits of the Company in year 2016-2018 were 173 million THB, 200 million THB and 169 million THB, representing net profit margin of 4%. Divided to shareholders' equity in 2016 – 2018 about 170 million THB, 204 million THB and 170 million THB respectively.



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.

In 2018 profit before tax of the Company was 213 million THB, and corporate income tax expense was approximately 44 million THB, divided into interim corporate income tax approximately 51 million THB; deferred income tax incurred from temporary differences and reverse of temporary differences was approximately 7 million THB, tax expenses paid accounted 21% of profit before tax which such rate is higher than the rate stipulated due to adjustment on tax items.

Return on equity

During year 2016-2018, the Company's returns on equity were 10%, 12% and 10% 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 2016-2018 the Company's consolidated net income accounted 196 million THB, 256 million THB and 171 million THB respectively. Dividend from such profit was paid to shareholders at the amount of 188 million THB, 212 million THB, and 141 million THB respectively, which represented 96%, 83% 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 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



Dividend	Dividend per share (THB)	Total dividend paid (Million THB)
Dividend of year 2018 comprises:-		
Interim dividend paid in cash to shareholders totaling 1,175 million shares.	0.06	70.5
Dividend for operation result during year 2018 - net after deduction of 1st interim dividend, paid in cash to shareholders*	0.06	70.5
Totals dividend of the year 2018	0.12	141

Remark: The payment of dividend for the year 2018, it must be approved by the Annual General Meeting of the Shareholders for the year 2019

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 2016-2018 amounted of and 3,843 million THB and approximately 3,606 million THB and 3,442 million THB respectively. Most of the assets are trade receivables and other receivables which portioned 47-51% of total assets. Other assets are inventory which portioned 17-18% and property, building and equipment about 11%. In the year 2018, There is an increase of the investment in associated company about 224 million THB or 7% of total assets.

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

Total assets as of ending year 2018 decreased 164 million THB or 5% comparing to year 2017. Assets which decreased were cash and Cash equivalents were decreased 57 million THB. trade receivables and other receivables decreased 217 million THB, inventory which decreased 80 million THB and property, building and equipment decreased about 22 million THB. Intangible assets decreased 24 million THB and investment in joint venture increased 198 million THB. Long-term loan 80 million THB. Deposit with guarantee 40 million THB.

- **Trade receivables and other receivables**

As of 31 December 2016-2018 the Company's trade receivables and other receivables were approximately at 1,869 million THB and 1,838 million THB and 1,620 million THB respectively, which represented 49%, 51% and 47% of total assets. Details of the Company's assets are as follows:

- **Trade receivables**

As of 31 December 2016-2018, the Company's trade receivables-net were approximately at 1,271 million THB, 1,220 million THB and 1,150 million THB respectively, represented 33%, 34% 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 2015-2018 are summarized as follows:-



Table showing age of trade receivables

(Unit: Million THB)

Items	2016		2017		2018	
	Value	Proportions	Value	Proportions	Value	Proportions
Not yet Due	714.00	53.48%	622.00	48.56%	574.00	47.01%
Trade Receivables past due						
Up to 3 Months	520.00	38.95%	530.00	41.37%	448.00	36.70%
3 - 6 Months	19.00	1.42%	30.00	2.34%	60.00	4.91%
6 - 12 Months	14.00	1.05%	26.00	2.03%	49.00	4.01%
Over 12 Months	68.00	5.10%	73.00	5.70%	90.00	7.37%
Total Trade Receivables	1,335.00	100.00%	1,281.00	100.00%	1,221.00	100.00%
			0			
Less: Allowance for doubtful debts	(64.00)	(4.79)%	(61.00)	(4.76)%	(66.00)	(5.41)%
Total Trade Receivables Net	1,271.00	95.21%	1,220.00	95.24%	1,155.00	94.59%
			0			

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 months outstanding payment, 100% for outstanding payment up to 12 months.

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.

As of 31 December 2018, the ratio of receivables which are not yet due and receivables which have outstanding payment less than 6 months amounted of 89 % of total trade receivables while the ratio between outstanding payment between 6-12 months and up to 12 months accounted 4% and 7% of total trade receivables respectively. In addition, the Company has set allowance for doubtful account at the amount of 66 million THB or 5% of total trade receivables. As a result, the Company's net-trade receivables stood at approximately 1,155 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 2016-2018 the Company's financial ratio on collection period of sales were approximately 102 days, 117 days and 96 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 598 million THB and 618 million THB and 465 million THB, as of 31 December 2016-2018 respectively. Others receivables mainly consists of unbilled completed work which represented approximately 88%, 95% and 92% 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 522 million THB and 586 million THB and 428 million THB, as of 31 December 2016-2018 respectively.

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.

(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.



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

In 2018 the Company's work value of communication installation contracts totaled of 7,871 million THB, the work progress until closing date totaled of 7,613 million THB. Recognized income accumulated to 1 January 2018 amounted of 6,626 million THB, income recognized in 2018 amounted of 987 million THB respectively. The payment collected from customers was 7,198 million THB while the unbilled completed work was 428 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 2018	Income recognized in 2018	Payment collected from customers	Unbilled completed work
New Site	5,813.32	5,650.56	4,909.65	740.91	5,304.29	349.05
Upgrade	1,270.39	1,256.69	1,171.45	85.24	1,244.72	20.68
IBC	309.72	269.98	252.43	17.55	255.99	15.65
Other	478.05	435.80	292.59	143.21	393.19	43.00
Total	7,871.48	7,613.03	6,626.12	986.91	7,198.19	428.38

● 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 2016-2018 the Company's inventory valued of approximately 649 million THB, 662 million THB, and 582 million THB respectively, which represented 17%, 18% and 17% of total assets respectively. Details of inventory of the Company as of 31 December 2016-2018 are concluded as follows:

Table showing details of inventory

(Unit : Million THB)

Items	2016		2017		2018	
	Value	Proportions	Value	Proportions	Value	Proportions
Finished Goods	480.00	73.96%	461.00	69.64%	459	78.78%
<u>Less:</u> Reduce cost to net realizable value	<u>(29.00)</u>	<u>(4.47%)</u>	<u>(31.00)</u>	<u>(4.68%)</u>	<u>(28)</u>	<u>(4.81%)</u>
Finished goods - Net	451.00	69.50%	430.00	64.96%	431	74.06%
Installation in Progress - Telecommunication Project	131.00	20.18%	92.00	13.90%	49	8.42%
Installation in Progress - passive fire protection equipment and other	67.00	10.32%	140.00	21.14%	102	17.52%
Inventories - Net	649.00	100.00%	662.00	100.00%	582	100%

Inventory of the Company is mainly in form of finished goods-net value portioned 74%, 70% and 79% of total inventory in 2016-2018. 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 131 million THB, 92 million THB and 49 million THB in 2016-2018 respectively, or represented 20% and 14% and 8% of net-inventory value during the same period respectively.

During year 2016 - 2018 the sale duration in average were 49 days, 58 days and 28 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 2016-2017, the allowance for value reduction remained in amount at 31 million THB and 28/ million THB. Between the year 2018, the Company set allowance for price reduction of finished goods decrease 3 million THB. At the end of year 2018, the allowance for value reduction remained in amount at 28 million THB.

- **Property, plant and equipment**

As of 31 December 2016-2018 the Company's property, building and equipment valued of approximately 440 million THB, 410 million THB and 387 million THB respectively, mainly are building and vehicles which represented 83%, 86% and 89% 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 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 409 million THB or by 30 million THB from the annual depreciation. And sold 3 stores townhouse with the land.

As of 2018 the Company's property, building and equipment decreased to 387 million THB or by 23 million THB from the annual depreciation.

Asset of deferred income tax

In 2016 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 22 million THB, 21 million THB and 24 million THB respectively.

	2016	2017	2018
Return On Fixed Assets (%)*	47%	56%	43%
Return On Assets (%)	5%	5%	5%
Total assets turnover (times)	1.29	1.20	1.30

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

During year 2016-2018 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 47%, 56% and 43% respectively. Rate of return from asset were 5% while the asset turnover were 1.29 times, 1.20 times and 1.30 times respectively.

Liquidity

(Unit: MillionTHB)

	2016	2017	2018
Net cash from operating activities	(80.94)	(111.39)	462.51
Net cash in investing activities	(12.85)	(27.60)	(244.93)
Net cash in financing activities	(160.14)	(56.40)	(274.26)
Net increase (decrease) in cash	(253.94)	(195.39)	(56.68)

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 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, were decreased of Trade and other payables at 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.

In 2018, the Company used 463 million THB of cash flow from operating activities, profit before tax was 213 million THB while trade and other receivables decreased to 213 million THB, inventory decreased to 83 million THB. Unbilled cost increased 56 million THB. Trade and other payables increased to 10 million THB. Cash flow spent in investing activities at 245 million THB which divided in purchase of other assets totaling 5 million THB. Lending the joint venture about 80 million THB. Pay for investment in Nam Sor Hydro Power Co.,Ltd totaling 29 million THB. And pay for investment in Phu Khanh Solar Power about 176 million THB. The Company spent on funding activities at 274 million THB, loan of short-term down to 48 million THB, long-term repayment amount of approximately 85 million THB. And repayment of long-term loan and liabilities under the financial leasing contract at the amount of approximately 10 million THB. Nonetheless in 2018 the Company paid dividend in cash to shareholders at the amount of 188 million THB. Therefore, the net cash flow in 2018 decreased to 57 million THB while cash and cash equivalent as of year-end 2018 was at 206 million THB.

The Company's liquidity ratio during year 2016-2018 were at 1.51 times, 1.56 times and 1.45 times consecutively while the quick liquidity ratio accounted at 1.18 times, 1.18 times and 1.09 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 2016-2018 was at 1.22 times, 1.10 time and 1.03 times, respectively.

Liabilities

Total liabilities of the Company as of 31 December 2016-2018 were 2,114 million THB, 1,890 million THB and 1,745 million THB, respectively. Main liabilities were trade and other payables, short-term loans which represented 84% of total liabilities in the year 2018.

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 consist 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 consist 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.

Total liabilities of the Company as of 31 December 2018 were 1,745 million THB, which consist of current liabilities at the amount of 1,671 million THB, representing 96% of total liabilities. Main current liabilities are trade and other payables at approximately 1,165 million THB, unbilled cost accounted at 142 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 74 million THB, representing 4% of total liabilities. Main non-current liabilities consist of long-term loan from financial institutions-net from payment due within 1 year at amount of 17 million THB, reserves for employees' benefit at 44 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 2018 are as follow:-

- **Short-term loan: total of 2,536 million THB divided into**

- Bank overdraft at financial amount of 93 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 2,443 million THB.

As 31 December 2018, the subsidiaries have short-term from financial institution amount 52 million THB.

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

- 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. Now The contract closed prematurely at 31 August 2018.

- Long-term loan for working in business operation by loan guarantee with Mortgaged land and buildings of the company total 56 million THB. By repayment at the end of the month about 38 times. At the period 1-20 pay amount 2.4 million THB each time and at the period 21-38 pay amount 0.83 million THB each time. Started on August 2018. At 31 December 2018, there are balance about 45 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 2015-2018.

As of 31 December, 2016-2018 the Company had obligation to pay the minimum rent as per financial lease contract and hire-purchase contract at the amount of 24 million THB, 22 million THB and 21 million THB consecutively. The details of payment are as follows:



	31 December 2016			31 December 2017			31 December 2018		
	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	9.95	13.72	23.67	7.47	14.06	21.53	7.44	13.64	21.08
Deferred interest expenses	(1.09)	(1.37)	(2.47)	(1.01)	(1.25)	(2.26)	(1.05)	(1.01)	(2.06)
Present value of future minimum lease payments	8.86	12.34	21.20	6.46	12.81	19.27	6.39	12.63	19.02

- **Unbilled costs**

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. 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 in 2018, the Company's cost of service for communication recognized at the amount of 958 million THB. It was installation of telecommunication about 674 million THB and other installation 284 million THB. The Company received invoices for actual service costs in 2016 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 2018, received invoices for cost of service at the amount of 750 million THB, it was installation of telecommunication about 688 million THB and others installation 62 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. In 2018, Ongoing project totaled of 151 million THB with telecommunication service about 49 million THB and others installation 102 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 of the telecommunications job paid about 152 million THB in 2016. 197 million THB in 2017 and 142 million THB in the year 2018. The details are as follows,

Unit : Million THB	31 Dec 2016	31 Dec 2017	31 Dec 2018
Costs of installation recognized as at the beginning period	797.58	852.66	958.40
The actual costs of installation	(843.14)	(886.84)	(967.93)
Add Work in process - Telecommunication	130.99	91.94	49.05
Add Work in process	66.49	139.73	102.24
Unbilled costs	151.92	197.49	141.76

**Shareholders' equity**

Shareholder's equity as of 31 December 2016-2018 were 1,729 million THB, 1,717 million THB and 1,697 million THB, respectively. The increase was in consistent with the net profit at 173 million THB, 200 million THB and 169 million THB respectively.

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.

As of 31 December 2018 the Company's shareholder's equity was 1,697 million THB, consist of shareholder's equity 1,635 million THB and Non-controlling subsidiaries interests amount 62 million THB, decreased of 20 million THB from the previous year. Net profit of 169 million THB. During the year the Company paid dividend at the amount of 141 million THB.

Auditors' remuneration

Details of audit fee are summarized as follows:-

- 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.
- In 2018 the Company paid audit fee to the Company's auditor at the amount of 1.85 million THB, including the audit fee for its subsidiaries at 0.96million THB. The Company invested in new subsidiary.

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 2016 were 1.51 times and 1.18 times respectively while liquidity ratio and quick liquidity ratio in year 2017 were 1.56 times and 1.18 times respectively. In 2017 were 1.56 times and 1.18 times respectively, In 2018 were 1.45 times and 1.09 times respectively.