

## 13.1 Statements of Financial Position

(Unit : Baht)

	Notes	Consolidated			Separate financial statement		
		December 31, 2017	December 31, 2016	January 1, 2016	December 31, 2017	December 31, 2016	January 1, 2016
			Reclassification	Reclassification		Reclassification	Reclassification
<u>Assets</u>							
Current assets							
Cash and cash equivalents		10,866,863.62	47,440,839.74	53,884,430.94	7,873,775.74	46,754,433.00	53,716,082.36
Short-term investments	6	122,760.35	55,571,264.84	50,243,245.51	122,760.35	55,571,264.84	50,243,245.51
Trade and other receivables - related parties	5.1, 7	2,783,295.44	884,313.70	3,972,555.64	21,848,399.76	3,691,683.47	4,565,888.03
Trade and other receivables - third parties	8	123,156,207.60	144,279,147.58	93,457,154.27	84,303,651.14	138,945,241.23	91,431,273.89
Current portion of receivables of finance lease	9	16,980,684.76	8,257,377.79	530,110.36	498,809.21	440,030.25	530,110.36
Inventories	10	230,135,975.99	183,624,020.38	230,920,151.70	229,670,600.39	184,761,984.62	231,753,872.59
Short-term loan to related party	5.1	-	-	-	7,000,000.00	25,279,887.50	8,779,887.50
Total current assets		384,045,787.76	440,056,964.03	433,007,648.42	351,317,996.59	455,444,524.91	441,020,360.24
Non-current assets							
Deposits at financial institutions pledged as collateral	11	71,702,955.77	50,029,913.34	48,242,991.67	70,702,955.77	49,029,913.34	47,230,121.67
Receivables of finance lease	9	2,831,831.35	8,950,907.25	963,156.45	111,879.92	523,126.23	963,156.45
Investment in subsidiary	12	-	-	-	30,255,410.25	1,261,210.25	1,261,210.25
Property, plant and equipment	13	58,318,787.37	49,692,448.75	54,281,042.91	48,700,282.35	45,602,393.63	48,669,511.23
Intangible assets	14	6,674,899.46	6,043,943.07	3,200,958.08	4,915,542.90	4,827,586.41	3,191,564.70
Deferred tax assets	15	7,558,301.38	7,695,624.75	5,437,201.75	6,181,673.18	7,148,086.60	5,437,201.75
Account Receivables Revenue Department		3,902,480.25	-	-	3,902,480.25	-	-
Other non-current assets		6,982,919.23	5,582,178.30	1,899,594.00	6,141,215.10	4,548,571.83	1,899,594.00
Total non-current assets		157,972,174.81	127,995,015.46	114,024,944.86	170,911,439.72	112,940,888.29	108,652,360.05
Total assets		542,017,962.57	568,051,979.49	547,032,593.28	522,229,436.31	568,385,413.20	549,672,720.29
<u>Liabilities and Shareholders' Equity</u>							
Current Liabilities							
Bank overdraft and Short-term loan from financial institutions	16	171,028,833.25	2,185,243.02	84,894,899.17	171,028,833.25	2,185,243.02	84,894,899.17
Trade and other payables - related parties	5.1	-	-	-	238,408.28	18,320.00	18,320.00
Trade and other payables - third parties	17	73,883,997.65	154,735,281.95	127,680,222.41	56,327,297.18	147,781,367.61	126,294,185.98
Provision for warranty	18	5,467,711.61	4,412,578.92	3,034,669.56	3,565,711.61	4,412,578.92	3,034,669.56
Current portion of long-term loan from financial institutions	19	24,692.40	102,201.83	426,194.42	24,692.40	102,201.83	426,194.42
Current portion of finance lease liabilities	20	2,674,539.30	1,867,633.03	985,406.23	2,674,539.30	1,867,633.03	985,406.23
Revenue Department payable		616,685.03	29,590.77	33,380.61	439,261.85	26,335.77	33,380.61
Income tax payable		-	10,478,976.48	-	-	10,478,976.48	-
Total current liabilities		253,696,459.24	173,811,506.00	217,054,772.40	234,298,743.87	166,872,656.66	215,687,055.97
Non - Current Liabilities							
Long-term loan from financial institutions	19	-	25,030.26	239,973.31	-	25,030.26	239,973.31
Finance lease liabilities	20	2,714,982.08	3,066,349.33	1,898,850.27	2,714,982.08	3,066,349.33	1,898,850.27
Employee benefit obligations	21	6,581,978.14	1,889,945.28	1,575,033.52	5,734,125.99	1,873,260.72	1,570,972.04
Total non - current Liabilities		9,296,960.22	4,981,324.87	3,713,857.10	8,449,108.07	4,964,640.31	3,709,795.62
Total liabilities		262,993,419.46	178,792,830.87	220,768,629.50	242,747,851.94	171,837,296.97	219,396,851.59
Shareholders' Equity							
Share capital	22						
Authorised share capital							
480,000,000 ordinary shares of Baht 0.25 each		120,000,000.00	120,000,000.00	120,000,000.00	120,000,000.00	120,000,000.00	120,000,000.00
Issued and paid up share capital							
480,000,000 ordinary shares of Baht 0.25 each		120,000,000.00	120,000,000.00	120,000,000.00	120,000,000.00	120,000,000.00	120,000,000.00
Premium on ordinary shares		183,030,332.93	183,030,332.93	183,030,332.93	183,030,332.93	183,030,332.93	183,030,332.93
Surplus on share-based payment transactions		3,063,936.73	3,063,936.73	3,063,936.73	3,063,936.73	3,063,936.73	3,063,936.73
Retained earnings (deficits)							
Appropriated - legal reserve		8,256,778.85	3,743,166.50	3,743,166.50	8,256,778.85	3,743,166.50	3,743,166.50
Unappropriated		(35,326,505.40)	79,421,712.46	16,426,527.62	(34,869,464.14)	86,710,680.07	20,438,432.54
Total Shareholders' Equity		279,024,543.11	389,259,148.62	326,263,963.78	279,481,584.37	396,548,116.23	330,275,868.70
Total Liabilities and Shareholders' Equity		542,017,962.57	568,051,979.49	547,032,593.28	522,229,436.31	568,385,413.20	549,672,720.29

## 13.2 Statement of Comprehensive Income

(Unit : Baht)					
	Notes	Consolidated		Separate financial statement	
		2017	2016	2017	2016
		Reclassification		Reclassification	
Revenues					
Revenues from sales		458,120,390.78	853,175,039.13	436,187,027.27	831,568,831.69
Revenues from services		80,341,344.30	28,258,564.93	59,549,750.88	26,479,717.44
Other income		14,890,385.86	7,558,036.53	12,292,887.45	8,001,368.37
Total revenues		553,352,120.94	888,991,640.59	508,029,665.60	866,049,917.50
Expenses					
Costs of sales		350,544,951.03	562,670,397.00	346,334,483.43	544,595,395.58
Costs of services		50,829,936.63	7,838,136.35	31,138,330.80	6,530,655.49
Selling expenses		153,492,375.61	139,311,431.94	146,506,907.81	139,229,727.73
Administrative expenses		76,480,589.53	70,485,672.19	69,159,471.06	63,237,221.22
Finance cost		5,646,250.22	1,687,574.27	5,646,250.35	1,633,887.52
Total expenses		636,994,103.02	781,993,211.75	598,785,443.45	755,226,887.54
Profit (loss) before income tax expense		(83,641,982.08)	106,998,428.84	(90,755,777.85)	110,823,029.96
Income tax expense	24	(594,118.62)	(20,003,244.00)	(966,413.42)	(20,550,782.43)
Profit (loss) for the year		(84,236,100.70)	86,995,184.84	(91,722,191.27)	90,272,247.53
Other comprehensive income					
Items must not be classified into profit or loss in the future					
Actuarial losses		(4,206,504.81)	-	(3,552,340.59)	-
Other comprehensive loss for the year		(4,206,504.81)	-	(3,552,340.59)	-
Total comprehensive income (loss) for the year		(88,442,605.51)	86,995,184.84	(95,274,531.86)	90,272,247.53
Basic earnings (loss) per share		(0.18)	0.18	(0.20)	0.19
Number of share (Unit : share)	25	480,000,000	480,000,000	480,000,000	480,000,000

Notes to financial statements are an integral part of these financial statements.

### 13.3 Consolidated Statements of Changes in Shareholders's Equity

(Unit : Baht)

	Notes	Issued and paid-up share capital	Premium on ordinary share	Surplus on share-based payment transactions	Retained earnings (deficits)		Total
					Legal reserve	Unappropriated	
Balance as at January 1, 2016		120,000,000.00	183,030,332.93	3,063,936.73	3,743,166.50	16,426,527.62	326,263,963.78
Change in equity for the year							
Dividend payment		-	-	-	-	(24,000,000.00)	(24,000,000.00)
Total comprehensive income for the year		-	-	-	-	86,995,184.84	86,995,184.84
Balance as at December 31, 2016		120,000,000.00	183,030,332.93	3,063,936.73	3,743,166.50	79,421,712.46	389,259,148.62
Change in equity for the year							
Legal reserve		-	-	-	4,513,612.35	(4,513,612.35)	-
Dividend payment		-	-	-	-	(21,792,000.00)	(21,792,000.00)
Actuarial losses		-	-	-	-	(4,206,504.81)	(4,206,504.81)
Loss for the year		-	-	-	-	(84,236,100.70)	(84,236,100.70)
Balance as at December 31, 2017		120,000,000.00	183,030,332.93	3,063,936.73	8,256,778.85	(35,326,505.40)	279,024,543.11

Notes to financial statements are an integral part of these financial statements.

### 13.4 Separate Statements of Changes in Shareholders's Equity

(Unit : Baht)

		Issued and paid-up share capital	Premium on ordinary share	Surplus on share-based payment transactions	Retained earnings (deficits)		
	Notes				Legal reseve	Unappropriated	Total
Balance as at January 1, 2016		120,000,000.00	183,030,332.93	3,063,936.73	3,743,166.50	20,438,432.54	330,275,868.70
Change in equity for the year							
Dividend payment		-	-	-	-	(24,000,000.00)	(24,000,000.00)
Total comprehensive income for the year		-	-	-	-	90,272,247.53	90,272,247.53
Balance as at December 31, 2016		120,000,000.00	183,030,332.93	3,063,936.73	3,743,166.50	86,710,680.07	396,548,116.23
Change in equity for the year							
Legal reseve		-	-	-	4,513,612.35	(4,513,612.35)	-
Dividend payment		-	-	-	-	(21,792,000.00)	(21,792,000.00)
Actuarial losses		-	-	-	-	(3,552,340.59)	(3,552,340.59)
Loss for the year		-	-	-	-	(91,722,191.27)	(91,722,191.27)
Balance as at December 31, 2017		120,000,000.00	183,030,332.93	3,063,936.73	8,256,778.85	(34,869,464.14)	279,481,584.37

Notes to financial statements are an integral part of these financial statements.

### 13.5 Statement of Cash Flows

(Unit : Baht)				
	Notes	Consolidated 2017	Consolidated 2016 Reclassification	Separate financial statement 2017 Reclassification 2016
Cash flows from operating activities				
Profit (loss) before income tax expense		(83,641,982.08)	106,998,428.84	(90,755,777.85) 110,823,029.96
Adjustments to reconcile profit (loss) before income tax expense for cash provided by (used in) operating activities				
Depreciation and amortization		17,089,007.88	12,484,061.69	16,260,321.41 12,224,951.27
Doubtful debt		2,397,298.28	781,934.34	2,299,515.78 781,934.34
Impairment loss on assets		10,581,845.98	3,590,040.81	8,965,941.60 358,232.05
Unrealised gain from exchange rates		(1,908,232.50)	(836,391.29)	(1,960,995.06) (836,391.57)
Loss from write-off of property, plant and equipment		65,474.26	403,119.60	65,474.26 403,119.60
Gain from disposal of property, plant and equipment		(93,066.43)	(405,574.83)	(93,066.43) (405,574.83)
Unrealised (gain) loss from short-term investment		1,142.56	(170,518.74)	1,142.56 (170,518.74)
Loss from obsolete inventories		20,110,371.40	4,586,435.87	20,103,558.09 4,586,435.87
Employee benefit obligations		321,987.00	314,911.76	308,524.68 302,288.68
Provision for warranty (Reversal)		1,055,132.69	1,377,909.36	(846,867.31) 1,377,909.36
Interest income		(3,145,429.58)	(792,668.82)	(1,356,154.06) (792,666.81)
Interest expenses		5,646,250.22	1,687,574.27	5,646,250.35 1,633,887.52
Profit (loss) from operating activities before changes in operating assets and liabilities		(31,520,200.32)	130,019,262.86	(41,362,131.98) 130,286,636.70
(Increase) decrease in trade and other receivables - related parties		(1,898,981.74)	3,088,241.94	(19,883,008.41) 874,204.56
(Increase) decrease in trade and other receivables - third parties		18,706,458.08	(57,569,357.87)	52,318,800.58 (51,218,038.74)
(Increase) decrease in receivables of finance lease		(2,604,231.07)	(15,620,524.29)	352,467.35 624,604.27
(Increase) decrease in inventories		(67,140,008.14)	42,709,695.45	(65,466,854.99) 42,405,452.10
Increase in other non-current assets		(5,303,221.18)	(27,200.00)	(4,751,127.76) (27,200.00)
Increase in trade and other payables - related parties		-	-	220,088.28 -
Increase (decrease) in trade and other payables - third parties		(82,333,342.52)	28,510,822.97	(90,695,307.79) 22,294,545.06
Increase (decrease) in revenue department payable		587,094.26	(3,789.84)	412,926.08 (7,044.84)
Cash provided (generated) from operation		(171,506,432.63)	131,107,151.22	(168,854,148.64) 145,233,159.11
Cash received from interest		2,894,873.97	470,428.22	2,835,980.68 480,858.70
Cash paid for income tax		(10,772,230.68)	(9,696,350.81)	(11,222,972.70) (9,696,350.81)
Net cash provided by (used in) operating activities		(179,383,789.34)	121,881,228.63	(177,241,140.66) 136,017,667.00
Cash flow from investing activities				
Cash received from sales short-term investment		275,077,361.93	617,502,499.41	275,077,361.93 617,502,499.41
Cash paid for purchase short-term investment		(219,630,000.00)	(622,660,000.00)	(219,630,000.00) (622,660,000.00)
Cash paid investment in subsidiary		-	-	(28,994,200.00) -
Cash paid for purchase of property, plant and equipment		(30,179,404.35)	(6,856,270.11)	(24,329,421.67) (4,891,364.21)
Cash received from sales of property, plant and equipment		193,816.37	1,079,616.49	193,816.37 1,079,616.49
Cash paid for purchase of intangible assets		(1,580,593.00)	(2,653,250.00)	(1,165,593.00) (1,441,750.00)
(Increase) decrease in short-term loan due to related party		-	-	18,279,887.50 (17,871,718.71)
Increase in fixed deposits pledged as collateral		(21,673,042.43)	(1,786,921.67)	(21,673,042.43) (1,799,791.67)
Net cash provided by (used in) investing activities		2,208,138.52	(15,374,325.88)	(2,241,191.30) (30,082,508.69)
Cash flows from financing activities				
Increase (decrease) in short - term loans from financial institutions		170,240,506.05	(83,817,246.15)	170,240,506.05 (83,817,246.15)
Cash paid for obligation under finance leases		(2,143,292.75)	(3,135,318.46)	(2,143,292.75) (3,135,318.46)
Cash paid for long-term loan due from financial institution		(102,539.69)	(538,935.64)	(102,539.69) (538,935.64)
Cash paid for dividend		(21,792,000.00)	(24,000,000.00)	(21,792,000.00) (24,000,000.00)
Cash paid for interest		(5,600,998.91)	(1,458,993.70)	(5,600,998.91) (1,405,307.42)
Net cash provided by (used in) financing activities		140,601,674.70	(112,950,493.95)	140,601,674.70 (112,896,807.67)
Net decrease in Cash and Cash Equivalent		(36,573,976.12)	(6,443,591.20)	(38,880,657.26) (6,961,649.36)
Cash and cash equivalents, beginning balance		47,440,839.74	53,884,430.94	46,754,433.00 53,716,082.36
Cash and cash equivalents, ending balance	27.1	10,866,863.62	47,440,839.74	7,873,775.74 46,754,433.00

Notes to financial statements are an integral part of these financial statements.

### 13.6 Financial Ratio

Financial Ratio	Consolidated Financial Statement		+/( -)
	Jan - Dec 2017	Jan - Dec 2016	
Liquidity Ratio			
Current ratio	1.52	2.53	(1.01)
Quick ratio	0.61	1.48	(0.87)
Profitability Ratio			
Gross profit margin %	25.46%	35.27%	(9.81)
EBIT margin %	(15.53)%	12.14%	(27.67)
Net profit margin %	(15.64)%	9.87%	(25.51)
Efficiency Ratio			
Return on equity (ROE) %	(30.19)%	22.35%	(52.54)
Return on asset (ROA) %	(15.54)%	15.31%	(30.85)
Financial Policy Ratio			
Debt ratio	0.94	0.46	0.48

Masterkool International Public Company Limited (“the Company”) would like to announce the operating results of the Company for the twelve-month period of 2017 ended December 31, 2017 which has been reviewed in the Board of Directors’ Meeting No. 1/2018 arranged on February 27, 2018 as following:-

**Table 1: Overall performance for the twelve-month period of 2017 ended December 31, 2017**

Unit: Million Baht

Items	FY2017	FY2016	Increase (Decrease)	
	( 12 Months )	(12 Months )	Amount	%
Net Product Sales	458.12	853.18	(395.06)	(46.30)
Net Service Sales	80.34	28.26	52.08	184.29
Other Revenue *	14.89	7.56	7.33	96.96
<b>Total Revenues</b>	553.35	889.00	(335.65)	(37.76)
Cost of Goods Sold	350.71	562.67	(211.96)	(37.67)
Cost of Service	50.66	7.84	42.82	546.17
Selling and Administrative Expenses	229.97	209.80	20.17	9.61
Financial Cost	5.65	1.69	3.96	234.32
<b>Net Profit</b>	(84.24)	87.00	(175.44)	(201.66)
<b>EPS (Baht/Share)</b>	(0.184)	0.181	(0.365)	(201.66)

\*Other revenue such as interest income, foreign exchange gains, government grants, etc.

### **Business Overview**

For the business performance in 2017, the Company's net loss was Baht 84.24 Million Baht, compared with net profit of Baht 87.0 Million Baht for the year 2016. The business outputs decreased which mostly impacted by external factors; both demand-side factor and supply-side factor. Market demand dropped down since the beginning of 2017 as the Thailand's climate was not extremely hot when compared to the climate in the year 2016. From January to February 2017, Thailand was influenced by cold air masses travelled from China; resulting cold weather prevailed over the upper parts of Thailand. The southern part of Thailand was also influenced by the northeast monsoon brought rainfalls prevailed over the Gulf of Thailand and almost all southern areas. The overall climate of Thailand in the year 2017, the weather was not very hot; and the summer season longed for a short period of time. In combination of the microeconomic situation which including retail consumers and households' economics continued slowing in 2017, such situations led to lower demands of the cooling products across the industry. According to the industrial data as of October 2017 reported by the Office of Industrial Economics, the Manufacturing Production Index (MPI) decreased by 22.44 percent, comprised of condensing units, fan coil units and compressor units; resulted by variability of the weather conditions in 2017.

The supply side was another factor that had affected to the Company's performance. In the year 2016, the market demand of cooling fans has soared up in distinguished heights; so several competitors, bot major and minor competitors, entered the cooling fan industry in the year 2017 which penetrating strategy with low price selling. There were 300-400% of competitors entered to the market in 2017. With competition forces, short and low temperature summer, and slow moving of

microeconomics as mentioned, the retail markets, which mainly were Moderntrade and Dealer, were affected. The foreign markets were also affected; due to the main international agents were the countries from ASEAN Economic Community (AEC), which their climates were not much different from Thailand.

The above said factors had affected the overall business in the year 2017, resulting in a net loss of Baht 84.24 Million Baht which included the loss approximately 35 Million Baht as provision for accumulated impairment losses.

For the operation plan in 2018, the Moderntrade channel has managed its stores with a focus on quality of stores; based on sales statistics of the top-ranked stores as a criterion on store-selection. This present year, the Company has not focused on the number of stores / branches. In addition, the Company has planned to expand online channels to meet new market trends and consumer behavior that changed.

**Table 2: Sales summary by segments for the twelve-month period of 2017 ended December 31, 2017**

Unit: Million Baht

Segments	Jan-Dec 2017	Jan-Dec 2016	Y-o-Y Difference (%)
Retail Channel	237.01	419.12	(43.45)
Corporate Customer Channel	195.90	245.28	(20.13)
Exporting Distribution	105.55	216.56	(51.26)
Others	14.89	8.04	85.20
Total Revenues	553.35	889.00	(37.76)

## **Analysis of the Company's Performance**

### **Retail Market**

Retail Market is one of three targeted market. In line with the Company's business plan, the Company increased the number of branches in its sales channels through Moderntrade since the beginning of the year 2017 from 238 stores to 500 stores. This caused sales and administrative expenses increased to 229.97 Million Baht from 209.80 Million Baht in 2016, representing an increase of 9.61%; in the meanwhile the market demand was dropped down due to the demand-side factor and supply-side factor as informed, thus the sales in 2017 totaled 237.01 Million Baht, compared to the year 2016 with total sales of 419.12 Million Baht, dropped at 43.45 percent.

Since the Retail Market Sales was not as expected, therefore, the company had adjusted its plan and launched promotion activities at the point of sale and discount promotion for stimulating sales from the middle of Q2 / 2017, the gross profit margin of this channel decreased.

### **Corporate Market**

The Corporate business model is B2B sales (Business-to-Business) which proposes both product as a functional unit; and products combining with installation as a solution system. Some of targeted customers are industrial factories, educational institutions, etc. In 2017, the sales of the Corporate Channel was 195.96 Million Baht, decreased from the year 2016 at 245.28 Million Baht or a decrease of 20.13 percent due to the unfavorable weather conditions and lack of confidence on national economics, leading to delay of decision on projects.



Anyhow, the company foresees on business opportunities to growth and increasing of sales as the Company has products, service, and solutions related to energy saving and environmental solutions. These kinds of demands have continued to grow; but since its business model has a long sales cycle, there are customers in the selling pipeline which is still an opportunity for sales and revenue in the future.

#### **Export Market**

The 2017 performance of the export business totaled 105.55 Million Baht, a decrease of 111.01 Million Baht or 51.26% compared to its performance in the year 2016 with sales of 216.56 Million Baht. Even the Export Channel had continuously grown in several previous years; but the main foreign agents/distributors are from the AEC countries, where climates are not much different from Thailand. Most of the foreign distributors still have enough inventories to sell in their country. Another targeted market was in the Northern Hemisphere where the 2017 summer were in a short period. As a result, the demand of cooling fans or air cooling fans was not much as expected; thus affected in the lower sales value of the Export Market.

The company continuously recruits and selects more distributors to cover more and more potential areas in countries; including the Southern Hemisphere, where weather is hot during the off-season of Thailand.

## Financial Status

**Table 3: Summary statement of financial position as of December 31,2017**

Unit: Million Baht

Statement of Financial Position	Consolidated Financial Statements			
	31 Dec 2017	31 Dec 2016	+/( -)	%
Cash and cash equivalents	10.87	47.44	(36.57)	(77.09%)
Temporary investment	0.12	55.57	(55.45)	(99.78%)
Trade and other receivables – related parties	2.78	0.88	1.90	215.91%
Trade and other receivables – other parties	123.16	144.28	(21.99)	15.24%
A/R under finance lease agreements due within one year	16.98	8.26	8.72	105.57%
Inventory	230.14	183.62	46.52	25.33%
Deposits as financial institutions pledged as collateral	71.70	50.03	21.67	43.21%
Receivables for finance lease contracts	2.83	8.95	(6.12)	(68.38%)
Property, plants and equipment	58.32	49.69	8.63	17.37%
Intangible assets	6.68	6.05	0.63	10.41%
Deferred tax assets	7.56	7.70	(0.14)	(1.82%)
Revenue Department <i>Receivable</i>	3.90	-	100.00	100%
Other non - current assets	6.98	5.58	1.25	22.40%
<b>Total assets</b>	<b>541.15</b>	<b>568.05</b>	<b>(26.90)</b>	<b>(4.74%)</b>
Bank over drafts and short - term loans from financial institution	171.03	2.18	168.85	7745.41%
Trade and other payables – related parties	-	-	-	-
Trade and other payables – other parties	73.88	154.74	(81.73)	(52.82%)
Product Warranty <i>Estimated Liabilities</i>	5.47	4.41	1.06	24.04%
Current portion of long - term loan from financial institution	0.02	0.10	(0.08)	(0.80%)
Current portion of liabilities under finance lease contracts	2.67	1.87	0.80	43.00%
Income tax payable	-	10.48	(100.00)	(100.00%)
Revenue Department <i>Payable</i>	0.62	0.03	0.59	1966.66%
Long - term loan from financial institutions	-	0.02	(0.02)	(100.00%)
Long - term of liabilities under finance lease contracts	2.72	3.07	(0.35)	(11.40%)
Employee benefit obligation	6.58	1.89	4.69	248.15%
<b>Total liabilities</b>	<b>262.12</b>	<b>178.79</b>	<b>83.33</b>	<b>46.61%</b>
Issued and paid-up share capital	120.00	120.00	-	-
Premium on share capital	183.03	183.03	-	-
Surplus on share-based payment transactions	3.06	3.06	-	-
<b>Retained earnings</b>				
- Appropriated for legal reserve	8.26	3.75	4.51	120.85%
- Un-appropriated retained earnings	(35.33)	79.42	(114.75)	(144.49%)
<b>Total shareholders' equity</b>	<b>279.02</b>	<b>389.26</b>	<b>(110.24)</b>	<b>(28.32%)</b>
<b>Total liabilities and shareholders' equity</b>	<b>541.14</b>	<b>568.05</b>	<b>(26.91)</b>	<b>(4.74%)</b>

### **Assets**

As of December 31, 2017, the Company had total assets of 541.15 Million Baht, a decrease of 4.74% when compared to 568.05 Million Baht as of December 31, 2016. Details include:-

- Short-term investments decreased of 55.45 Million Baht when compared to the balance as at the end of 31 December 2016 due to these investments had reached the maturity date.
- Inventories were 203.14 Million Baht or 42.52% of total assets which increased 46.52 Million Baht when compared to the balance as at December 31, 2016 with the inventories were 183.62 Million Baht, an increase of 25.33%. Anyhow, these inventories can continuously be sold in the future due to products are durable type of goods that not much affected by deterioration and/or obsolescence.
- Deposits with financial institutions as pledged assets for collaterals: The values as of December 31, 2017 was in amount of 71.70 Million Baht, which increased by 21.67 Million Baht when compared to the end of December 31, 2016, representing an increase of 43.21% for working capitals on goods purchasing.

### **Liabilities**

As of December 31, 2017, total liabilities were 262.12 Million Baht, compared to 178.79 Million Baht as at December 31, 2016, with an increase of 88.33 Million Baht or 46.61%. Details include:-

- Bank overdrafts and short-term loans from financial institutions increased by 168.85 Million Baht as compared to the outstanding balance of 2.18 Million Baht as at 31 December 2016 for working capitals on goods purchasing.

### **Shareholders' Equity**

As at December 31, 2017, the Company had shareholders' equity of 279.02 Million Baht, or 51.56% of total assets, decreased by 110.24 Million Baht or 28.32% compared to the shareholders' equity as at December 31, 2016 which the shareholders' equity was 389.26 Million Baht, resulting from the operating loss in the year 2017 (January - December 2017). Meanwhile, the Company paid the dividend in the amount of 36.19 Million Baht for the twelve-month operating result of the year 2016 according to the resolutions of the 2017 Annual General Meeting of Shareholders held on April 20, 2017.

**Table 4: Financial Ratio**

Financial Ratio	Consolidated financial statements		+/( -)
	Jan - Dec 2017	Jan - Dec 2016	
Liquidity Ratio			
Current ratio	1.52	2.53	(1.01)
Quick ratio	0.61	1.48	(0.87)
Profitability Ratio			
Gross profit margin %	25.46%	35.83%	(9.81)
EBIT margin %	(15.53)%	12.14%	(27.67)
Net profit margin %	(15.64)%	9.87%	(25.51)
Efficiency Ratio			
Return on equity (ROE) %	(30.19)%	22.35%	(52.54)
Return on asset (ROA) %	(15.54)%	15.31%	(30.85)
Financial Policy Ratio			
Debt ratio	0.94	0.46	0.48

**Liquidity Ratio**

With comparison the year 2016, the liquidity ratio decreased 1.01 times and the quick ratio decreased 0.87 times. For the quick ratio decreased, resulted by the inventories have increased in comparison with total assets; accounted for 42.52% of the total assets due to sales of the year 2017 was not as expected. However, these inventories can be sold through several channels in the future.

**Profitability Ratio and Performance Ratio**

The operating performance for the twelve months of 2017 generated gross margin, operating margin and net profit margin declined 9.81%, 27.67% and 25.51%, respectively. The operating performance was decreased due to the net loss of 84.24 Million Baht in the year 2017.

**Financial Policy Ratio**

The Company's debt to equity ratio increased from the previous year at 0.48 times. It is directly related to the Company's results of operations in the year 2017 which not as expected.

**Foreign Exchange Rate**

The Company's products mostly imported and mainly paid in US dollars. The Company focused on the assessment of exchange rate fluctuations and managed by fix forward option to avoid loss from the exchange rate fluctuations. Anyhow, the Company had no policy to make profit from such currency exchange

## Director's Responsibility for Financial Statements

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The Board of Directors is aware of the corporate governance responsibilities of the Company, as well as the supervision of the financial statements and reports as appeared on the annual report. The financial statements are prepared in accordance with accounting standards and sufficient disclosure of material information in the notes should be made in the financial statements. This includes a financial report review to monitor the internal control system effectively, in order to ensure that accurate, complete, timely, and fraudulent accounting records are kept.

The Board of Directors is of the opinion that the internal control system of the company is included in the satisfactory criteria, and to ensure the reliability of the company's financial statements as of 31 December 2017, the company's auditors, in accordance with generally accepted auditing standards, have expressed the opinion that the financial statements and the results of the company's operations are reasonable in substance according to conventionally adopted accounting principles



(Asso. Prof. Dr. Prakrit Tangtisanon)  
Chairman of the Board



(Mr. Noppachai Veeraman)  
CEO/Managing Director