



Executive Summary

The company performance in the quarter 1 - 3 of 2017 reflects a continuous growth compared to the same period in the year 2016 due to the stimulus policy from the government in relation to telecommunication industry giving a positive impact towards the Company in winning many new contracts and consequently resulting in a favorable business performance. The Company reports the total revenue of 600.91 million THB in 2017, increased by 262.06 or 77.34% compared to the same period of 2016. With regards to cost of sales and expenses for the 9 months of 2017, it is equivalent to 544.46 million THB or 90.61 % of total revenue compared to last year at the amount of 324.12 Million THB or 95.65%. Net profit remains showing a growth in 2017 at 44.24 million THB or 7.36% of total revenue compared to 10.85 million THB or 3.20% of total revenue in 2016.

Considering the performance in 3rd quarter of 2017, the Company reports its total revenue at 223.42 million THB categorized into sale revenue at 223.11 million THB and other revenue at 0.31 million THB with the growth rate of 36.82 % compared to total revenue of 163.29 million THB in the same period of 2016. Its cost of sales and expenses are at 197.23 Million THB or 88.26% of total revenue in Q3/2017 and at 156.44 million THB or 95.82 % of total revenue in Q3/2016 whereby the positive development derives mainly from higher sales revenue in 2017 and the efficient project cost management leading to higher profit outcome. Lastly, net profit is equivalent to 20.61 million THB or 9.22 % of total revenue in Q3/ 2017 and equivalent to 5.19 million THB or 3.18% of total revenue for Q3/2017.

1. Business Performance Analysis

1.1 Revenue

For the first nine months of the year 2017 the Company reports its total revenue of 600.91 million THB with the growth of 77.34% compared to the same period from last year showing its total revenue of 338.85 million THB because the slowdown of investment from the state enterprises in last year has been picked up during this period in 2017.

Type	Jan.-Sep. 2016		Jan.-Sep. 2017	
	MB	%	MB	%
1. Sales Revenue	337.80	99.69	599.94	99.84
2. Other Revenue*	1.05	0.31	0.97	0.16
Total Revenue	338.85	100.00	377.49	100.00

Remarks *Other Revenue comprises of interest income, etc.

Total revenue can be categorized into sales revenue and other revenue whereby in the first nine months of 2016 and of 2017, sales revenue is accounted for 99.69%, and 99.84% of total revenue and other revenue is equivalent to 0.31% and 0.16% respectively.



Sales Revenue

Sales revenue in the first nine months of 2017 consists of turnkey business including telecommunication system and construction and electrical system, supply and maintenance.

Type	Jan.-Sep. 2016		Jan.-Sep. 2017	
	MB	%	MB	%
Sales Revenue				
Sales Revenue from Turnkey Business	113.6	33.63	298.37	49.73
- Sales Revenue from Telecommunication System	113.60	33.63	268.27	44.72
- Sales Revenue from Construction and Electrical System	-	-	30.10	5.01
Sales Revenue from Supply and Maintenance	224.20	66.37	301.57	50.27
- Sales Revenue from Supply of Telecommunication System	47.77	14.14	55.84	9.31
- Sales Revenue from Maintenance of Telecommunication System	176.43	52.23	245.73	40.96
Total Sales Revenue	337.80	100.00	599.94	100.00

During the first nine months of 2017, sales revenue from turnkey business and supply and maintenance are reported at 298.37 million THB and 301.57 million THB or proportionately at 49.73% and 50.27% of total sales revenue respectively. Sales revenue from turnkey business shows a growth rate of 162.65% compared to the same period of last year resulting from the customer investment has been revived in this year again after the slowdown in 2016. Sales revenue from supply and maintenance grows at 34.51% deriving from the strong capability of the Company to maintain its customer bases as well as new maintenance projects awarded to the Company.

Other Revenue

In the quarter 1-3 of 2016 and of 2017, the Company reports its other revenue at 1.05 million THB and 0.97 million THB respectively, equivalent to 0.31% and 0.16% of total revenue comprising mostly of interest income.

1.2 Cost of Sales and Expenses

Major costs of the Company compose of cost of sales, selling expense, administrative expense and interest expense. In the first nine months of 2016 and 2017, the Company shows its cost of sales and expense at 324.31 million THB and 544.52 million THB respectively, proportionately at 95.71% and 90.62% of total revenue.



CoS and Expenses	Jan.-Sep. 2016		Jan.-Sep. 2017	
	MB	%	MB	%
Cost of Sales	287.13	84.74	501.11	83.39
Selling Expense	14.29	4.22	16.58	2.76
Administrative Expense	22.71	6.70	26.77	4.45
Interest Expense	0.19	0.06	0.06	0.01
Total CoS and Expenses	324.31	95.71	544.52	90.62
Total Revenue	338.85	100.00	600.91	100.00

Cost of Sales

Cost of sales in the quarter 1-3 of 2016 and of 2017 are 287.13 million THB and 501.11 million THB respectively, resulting in gross margin of 15.00% and 16.47%. Cost of sales can be broken down for turnkey business and for supply and maintenance of which mostly are materials, service / sub-contractors and project management costs.

Cost of Sales (CoS)	Jan.-Sep. 2016		Jan.-Sep. 2017	
	MB	GM (%)	MB	GM (%)
CoS for Turnkey Business	95.05	16.33	239.06	19.88
CoS for Supply and Maintenance	192.08	14.33	262.05	13.11
Total CoS	287.13	15.00	501.11	16.47

Cost of Sales for Turnkey Business

CoS for Turnkey business are 95.05 million THB in the first nine months of 2016 and 239.06 million THB in the first nine months of 2017 with the gross margin of 16.33% and 19.88% respectively.

In the first nine months of 2017, gross margin ratio of turnkey business is increased compared to the same period of last year because a project with an outstanding project cost management can commence recognizing its revenue in quarter 3 of 2017 leading to a higher gross margin. When considering the gross margin ratio of 14.28% at the yearend 2016, the gross margin is increased to 19.88% due to a high margin of turnkey projects recognized particularly during the reporting period..

Cost of Sales for Supply and Maintenance

The Company reports its cost of sales for supply and maintenance for the first nine months of 2016 and 2017 at 192.08 million THB, 262.05 million THB respectively with the gross margin 14.33% and 13.11%.



In the quarter 1-3 of 2017, the Company reports the decrease of gross margin at 13.11% resulting from lower margin in some supply orders awarded in the first quarter of 2017.

Selling Expenses

In the first nine months of 2016 and 2017, the Company reports its selling expenses at 14.29 million THB, and 16.58 million THB, equal to 4.22% and 2.76% of total revenue. Selling expenses consist of personnel related expenses, which are for instance salary, social security, provident fund, etc.

For the first nine months of 2017, selling expenses are increased by 16.01% compared to the same period of last year; mostly are personnel related expenses, because there is an allocation of personnel related expenses from Products and Solution members in Q1/2016 at the amount of 1.78 million THB. However, the proportion of selling expenses to total revenue is decreased from 4.22% to 2.76% due to an outstandingly higher growth in revenue for the first nine months of 2017.

Administrative Expenses

The Company reports its administrative expenses at 22.71 million THB and 26.77 million THB for the first nine months of 2016 and of 2017 at the proportion 6.70% and 4.46% of total revenue respectively. Administrative expenses mostly comprise of personnel related expenses, office expenses and professional fees.

For the first nine months of 2017, its administrative expenses are increased by 17.90% compared to the same period of last year. As a result of a tremendous increase in revenue during Q1-Q3 of 2017, the administrative expenses ratio has been significantly decreased.

Interest Expenses

The Company reports its interest expense for the first nine months of 2016 and 2017 at 0.19 million THB and 0.06 million THB at the proportion of 0.06% and 0.01% of total revenue. Interest expenses are interest expenses after allocation to projects and bank fees.

1.3 Net Profit

From the business performance as aforementioned, the Company therefore reports its net profit for the first nine months of 2016 and 2017 at 10.85 million THB and 44.24 million THB respectively, accounted for 3.20% and 7.36%. For the first nine months of 2017, its revenue is increased immensely compared to the same period of last year because its sales revenue is vigorously increased and the Company is able to generate higher gross margin in certain projects.

2 Financial Status

2.1 Assets

At the end of 2016 and of Q3/2017, the Company reports its total assets of 480.00 million THB and 791.41 million THB respectively. The major asset items are account receivables, unbilled receivables and restricted bank deposits; at the end of 2016 proportionately at 47.74%, 26.54% and 10.92% of total assets respectively and at the end of



Q3/2017 proportionately at 23.18%, 21.33% and 12.74% of total assets. Additionally, in September 2017 the Company has registered to the Stock Exchange of Thailand / Market for Alternative Investment for raising fund resulting in cash and cash equivalent in the proportion of 34.50 % of total assets.

Trade Receivables

At the end of 2016 and of Q3/2017, the Company reports net trade receivables 229.00 million THB and 183.37 million THB or equal to 47.71% and 23.17% of total assets respectively.

Outstanding Period	At 31 Dec. 2016		At 30 Sep. 2017	
	MB	%	MB	%
<u>Trade Receivables</u>				
Undue	90.43	39.49	85.59	46.67
Overdue				
Less - equal to 3 months	102.29	44.67	55.83	30.45
More than 3 months but less than 6 months	35.63	15.56	41.95	22.88
More than 6 months but less than 12 months	0.11	0.05	-	-
More than 12 months	0.54	0.23	-	-
Total Trade Receivables	229.00	100.00	183.37	100.00
Deduct Allowance for doubtful debt	-		-	
Trade Receivables - Net	229.00		183.37	

The table depicts trade receivables of the Company in the year 2016 with undue and overdue less or equal to 3 months is at 84.16% of Net trade receivables.

At the end of Q3/2017, the Company reports the undue trade receivables, overdue with less or equal to 3 months, overdue for 3 – 6 months and overdue with more than 6 months at 46.67%, 30.45%, and 22.88% of total trade receivables. Trade receivables are regarded as debtors to whom the bill placement has been proceeded according to the billing plan; however, they are still under the process of customer acceptance and final document review before customer payment. For the undue items and overdue less than or equal 3 months, the collection was made for some items and for the overdue during 3-6 months, the project is under contract amendment and the collection should be feasible after the amendment is completed.

Unbilled Receivables

Due to its turnkey business, the revenue recognition is performed based on percentage of completion method which may deviate from the payment plan according to the contractual conditions. As a result, unbilled receivables are reported at the end of 2016 and of Q3/2017 at 127.41 million THB and 168.83 million THB or equivalent to 26.54% and 21.33% of total assets respectively. Unbilled receivables are increased in relation to the increase of the sales revenue. At the end of Q3/2017, unbilled receivables are increased by 32.51% from the year end of 2016 because there are some projects under delivery and acceptance as per its scope prior to the billing conditions.

Advance Payment for Goods and Services

At the end of 2016 and of Q3/2017, the Company reports its advance payment for goods and services at 4.32 million THB and 21.34 million THB required for projects.

Other Current Assets

Other current assets comprises of advance payment, undue VAT, A/R Revenue Department, withholding tax, etc. At the yearend 2016 and at the end of Q3/2017, the Company reports other current assets in the amount of 7.81 million THB and 11.85 Million THB respectively. Other current assets at the end of Q3/2017 are increased by the increase in tax i.e. undue VAT at 6.08 million THB and WHT at 3.93 million THB.

Restricted Bank Deposits

At the yearend 2016 and at the end of Q3/2017, the amount of restricted bank deposits are at 52.41 million THB and 100.86 million THB respectively. The change is subject to the credit facilities required for operating the business.

Office Improvement and Equipment

At the yearend 2016 and at the end of Q3/2017, the amount of fixed assets are at 3.22 million THB and 3.96 million THB respectively of which are basically the office improvement, office supplies, vehicles and computer equipment because the main company business is system integration and does not require any big fixed asset items.

2.2 Sources of Fund

Liabilities

The Company reports its liabilities at 314.89 million THB at the yearend 2016 and 317.01 million at the end of Q3/2017 and the major items are trust receipts and account payables which are regarded as working capital for running the business.

Most of the liabilities are current liabilities with its proportion as at 2016 and at the end of Q3/2017 at 98.93% and 98.29% of total liabilities respectively.



Trade and Other Payables

The Company reports its trade and other payables at the end 2016 and of Q3/2017 at 166.42 million THB and 160.30 million THB respectively and this shall vary in relation to the company business performance and cost of sales.

Trade and Other Payables	At 31 Dec. 2016		At 30 Sep. 2017	
	MB	%	MB	%
Trade Payables	144.94	87.10	143.45	89.48
Other Payables	0.06	0.04	1.68	1.05
Accrued Interest	1.62	0.97	-	-
Trade Payables - Retention	2.10	1.26	2.43	1.52
Accrued Expenses	17.69	10.63	12.74	7.95
รวมเจ้าหนี้การค้าและเจ้าหนี้อื่น	166.41	100.00	160.31	100.00

The major trade and other payables are trade payables, mostly for equipment, service and sub-contractors costs in projects.

Unbilled Payables

Unbilled payables incur when the invoice from vendors are not placed when recognizing its revenue in the project and the company reports accrued costs at the end of 2016 and of Q3/2017 at 47.11 million THB and 43.07 million THB respectively.

Advance Receipts from Customers

Advance receipts from customers take place when the Company can invoice and collect the customer payment based on the invoicing plan. Mostly they will incur when collecting the money shortly after signing the contract. At the end of 2016 and of Q3/2017, the amount reported are 25.64 million THB and 28.13 million THB respectively.

Shareholders 'Equity

The shareholders' equity is in the amount of 165.10 million THB at the yearend of 2016 and of 474.40 million THB at the end of Q3/2017 which has constantly increased in conjunction to the business result. In April 2017, a registered capital is increased by 50 million THB for issuing 100 million shares at the price of 0.50 Baht to the existing shareholders. Later in September 2017, the initial public offering was conducted for 120,000,000 shares with its price 1.84 Baht per share.



Funding Structure

D/E ratio of the Company is at 1.91, and 0.67 for the yearend 2016 and at the end of Q3/2017 respectively.