



PPS/PCL-050/2019

August 13<sup>th</sup>, 2019Subject : Management Discussion and Analysis of Operating Results for Quarter 2 Ended June 30<sup>th</sup>, 2019

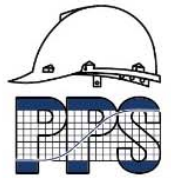
Attention : The President of The Stock Exchange of Thailand

Project Planning Service Public Company Limited (PPD) would like to report on the management discussion and analysis of operating results regarding to PPS's consolidated financial statements for the Quarter 2 of year 2019 ended June 30<sup>th</sup>, 2019 compared to the same period of last year which is summarized as follows.

Profit & Loss Statements (Consolidated)	Quarter 2 of 2019		Quarter 2 of 2018		Increase (Decrease)	
	million Baht	% of Income	million Baht	% of Income	million Baht	%
Service income	106.08	100.0	94.05	100.0	12.03	12.8
Costs of services	89.25	84.1	71.60	76.1	17.65	24.7
<b>Gross profit</b>	<b>16.83</b>	<b>15.87</b>	<b>22.45</b>	<b>23.9</b>	<b>(5.62)</b>	<b>(25.0)</b>
Other income	5.96	5.6	2.81	3.0	3.15	112.1
Administrative expense	26.92	25.4	18.26	19.4	8.66	47.4
Other expense	1.48	1.4	0.40	0.4	1.08	270.0
Finance costs	0.05	0.0	0.00	0.0	0.05	0.0
Share of profit(loss) on investment in associates and joint venture	1.48	1.4	0.41	0.4	1.07	261.0
Profit before income tax expense	(4.18)	(3.9)	7.01	7.5	(11.19)	(159.6)
Tax expense	0.92	0.9	1.20	1.3	(0.28)	(23.3)
<b>Profit(loss)for the period</b>	<b>(3.26)</b>	<b>(3.1)</b>	<b>5.81</b>	<b>6.2</b>	<b>(9.07)</b>	<b>(156.1)</b>

### Net profit (loss) and net profit (loss) rate

PPS and subsidiaries have a net loss of 3.26 million Baht decreasing from the net profit of 5.81 million Baht from the same period of last year; a decrease of 9.07 million Baht or 156.1 percent. The net loss is 3.1 percent of the service revenue comparing to the 6.2 percent profit from the same period of last year. The main reason of the decline is from the new Labor Protection Act of 2019 enforced on 5 May 2019. The Act enforced has increased the protection coverage for the employee who has been with the company for more than 20 years to be entitled to the compensation pay of 400 days or 13.3 months. Previous enforcement was 300 days or 10 months. This enforcement resulted into a one time booking into the company's account of 8.14 million Baht – non cash basis. (7.37 million Baht for the cost of service and 0.77 million Baht for administrative expense)



### **Service income**

PPS and subsidiaries have revenues from services changing from the same period last year to the amount of 12.03 million Baht (representing an increase of 12.8% from the same period last year) because there are many large projects in the period of continuous growth realized as revenue for this period.

### **Costs of service**

PPS and subsidiaries have the cost of services increased by Baht 17.65 million from the same period last year. (Representing an increase of 24.7% from the same period last year), which is higher than the increase in service revenue which is mainly due to booking of expenses incurred from the Labor Protection Act of 2019 as mentioned earlier. Also increased were the compensation for employee, specialists, legal consultants and fees for guarantee.

### **Administrative expenses**

PPS and subsidiaries have increased administrative expenses of 8.66 million Baht. An increase of 47.4 percent comparing to the same period of last year resulting from the following items:

- Expenses booked from the Labor Protection Act of 2019 for 0.77 million Baht.
- Branding consultant expenses for 1.79 million Baht
- Bidding expenses for 1.33 million Baht.

Yours Faithfully,

(Tat Thongpakdi)  
Managing Director

**PROJECT PLANNING SERVICE PCL.**

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