



## Part 3. Financial Statements



## Financial Highlight

### Statement of financial position

	Separate financial statements						Consolidated financial statements					
	Audited						Audited					
	2017		2018		2019		2017		2018		2019	
	Million THB	%	Million THB	%	Million THB	%	Million THB	%	Million THB	%	Million THB	%
<b>Current assets</b>												
Cash and cash equivalents	91.09	2.77%	58.41	1.77%	137.39	4.16%	262.97	7.29%	206.29	5.99%	332.37	9.16%
Trade and other receivables	1,085.60	32.95%	1,080.82	32.70%	850.03	25.73%	1,246.18	34.55%	1,187.17	34.49%	1,024.67	28.22%
Contract assets	462.03	14.02%	347.57	10.52%	104.93	3.18%	591.47	16.40%	432.88	12.58%	172.97	4.76%
Long-term loans to associate	-	-	-	-	297.65	9.01%	-	-	-	-	297.65	8.20%
Costs to fulfil contracts with customers	142.50	4.32%	82.11	2.48%	79.97	2.42%	215.80	5.98%	151.27	4.40%	142.81	3.93%
Inventories	417.30	12.67%	418.48	12.66%	526.78	15.94%	446.12	12.38%	431.09	12.52%	629.39	17.34%
Other current assets	7.59	0.23%	3.16	0.10%	1.63	0.05%	15.80	0.44%	11.73	0.34%	14.17	0.39%
<b>Total Current Assets</b>	<b>2,206.11</b>	<b>66.96%</b>	<b>1,990.55</b>	<b>60.23%</b>	<b>1,998.38</b>	<b>60.49%</b>	<b>2,778.34</b>	<b>77.04%</b>	<b>2,420.43</b>	<b>70.32%</b>	<b>2,614.03</b>	<b>72.00%</b>
<b>Non - Current assets</b>												
Restricted bank deposits	176.05	5.34%	132.42	4.01%	117.42	3.55%	183.37	5.09%	143.10	4.16%	131.46	3.62%
Investments in subsidiaries	494.86	15.02%	494.86	14.97%	494.86	14.98%	-	-	-	-	-	-
Investment in associated company	27.71	0.84%	232.88	7.05%	325.14	9.84%	25.81	0.72%	224.23	6.52%	324.41	8.93%
Property, plant and equipment	372.10	11.30%	354.92	10.74%	340.12	10.30%	409.35	11.34%	386.69	11.23%	366.95	10.11%
Goodwill	-	-	-	-	-	-	156.50	4.34%	156.50	4.55%	156.50	4.31%
Other intangible assets												
Loan to associate Company			80.00	2.42%	-	-			80.00	2.32%	-	-
Deferred tax assets	14.91	0.45%	16.87	0.51%	25.59	0.78%	20.99	0.58%	23.61	0.69%	30.40	0.84%
Other non-current assets	3.01	0.09%	2.36	0.07%	2.04	0.06%	32.04	0.89%	8.36	0.21%	6.91	0.19%
<b>Total Non - Current Assets</b>	<b>1,088.64</b>	<b>33.04%</b>	<b>1,314.31</b>	<b>39.77%</b>	<b>1,305.17</b>	<b>39.51%</b>	<b>828.06</b>	<b>22.96%</b>	<b>1,021.60</b>	<b>29.68%</b>	<b>1,016.63</b>	<b>28.00%</b>
<b>Total Assets</b>	<b>3,294.75</b>	<b>100.00%</b>	<b>3,304.86</b>	<b>100.00%</b>	<b>3,303.55</b>	<b>100.00%</b>	<b>3,606.40</b>	<b>100.00%</b>	<b>3,442.03</b>	<b>100.00%</b>	<b>3,630.66</b>	<b>100.00%</b>



	Separate financial statements						Separate financial statements					
	Audited						Audited					
	2017		2018		2019		2017		2018		2019	
	Million THB	%	Million THB	%	Million THB	%	Million THB	%	Million THB	%	Million THB	%
<b>Current liabilities</b>												
Short-term loans from financial institutions	311.00	9.44%	244.50	7.40%	596.00	18.04%	344.83	9.56%	296.70	8.62%	694.50	19.13%
Trade and other payables	884.70	26.85%	1,039.10	31.45%	941.38	28.50%	1,018.47	28.24%	1,100.16	31.95%	1,054.14	29.04%
Contract liabilities	122.74	3.73%	48.55	1.47%	47.64	1.44%	156.80	4.35%	65.09	1.89%	55.56	1.53%
Accrued costs	151.12	4.59%	188.61	5.71%	41.55	1.26%	197.49	5.47%	141.76	4.12%	62.90	1.73%
Current portion of long-term loans	28.20	0.86%	28.20	0.85%	14.52	0.44%	28.20	0.78%	28.20	0.82%	14.52	0.40%
Current portion of liabilities under finance lease agreements	4.93	0.15%	4.84	0.15%	4.69	0.14%	6.46	0.18%	6.39	0.19%	5.88	0.16%
Income tax payable	14.31	0.43%	4.59	0.14%	0.45	0.01%	14.65	0.41%	5.28	0.15%	0.45	0.01%
Other current liabilities	15.99	0.48%	25.58	0.77%	7.81	0.24%	19.19	0.53%	27.41	0.80%	18.90	0.52%
<b>Other current liabilities</b>	<b>1,532.99</b>	<b>46.53%</b>	<b>1,583.97</b>	<b>47.93%</b>	<b>1,654.04</b>	<b>50.07%</b>	<b>1,786.09</b>	<b>49.52%</b>	<b>1,670.99</b>	<b>48.54%</b>	<b>1,906.85</b>	<b>52.52%</b>
<b>Non - Current liabilities</b>												
Long-term loans, net of current portion	44.74	1.36%	16.54	0.50%	2.02	0.06%	44.74	1.24%	16.54	0.48%	2.02	0.06%
Liabilities under finance lease agreements	6.58	0.20%	7.96	0.24%	7.60	0.23%	12.81	0.36%	12.63	0.36%	11.08	0.31%
Deferred tax liabilities	-	-	-	-	-	-	5.79	0.16%	0.88	0.03%	0.82	0.02%
Provision for long-term employee benefits	35.83	1.09%	38.64	1.17%	58.72	1.78%	40.26	1.12%	43.77	1.27%	66.90	1.84%
<b>Total Non - Current liabilities</b>	<b>87.15</b>	<b>2.65%</b>	<b>63.14</b>	<b>1.91%</b>	<b>68.34</b>	<b>2.07%</b>	<b>103.60</b>	<b>2.88%</b>	<b>73.82</b>	<b>2.14%</b>	<b>80.82</b>	<b>2.23%</b>
<b>Total liabilities</b>	<b>1,620.14</b>	<b>49.17%</b>	<b>1,647.11</b>	<b>49.84%</b>	<b>1,722.38</b>	<b>52.14%</b>	<b>1,889.69</b>	<b>52.40%</b>	<b>1,744.81</b>	<b>50.68%</b>	<b>1,987.67</b>	<b>54.75%</b>



	Separate financial statements						Consolidated financial statements					
	Audited						Audited					
	2017		2018		2019		2017		2018		2019	
	Million THB	%	Million THB	%	Million THB	%	Million THB	%	Million THB	%	Million THB	%
<b>Shareholders' Equity</b>												
Registered	588.04	-	588.04	-	588.04	-	588.04	-	588.04	-	588.04	-
Issued and fully paid-up	587.87	17.85%	587.87	17.79%	587.87	17.80%	587.87	16.30%	587.87	17.08%	587.87	16.19%
Share premium	753.57	22.87%	753.58	22.80%	753.58	22.81%	753.57	20.90%	753.58	21.89%	753.58	20.76%
Difference resulting from business	-	-	-	-	-	-	6.83	0.19%	6.83	0.20%	6.83	0.19%
<b>Retained Earnings</b>												
Appropriated - statutory reserve	59.00	1.79%	59.00	1.78%	59.00	1.78%	59.00	1.63%	59.00	1.71%	59.00	1.62%
Unappropriated	274.17	8.32%	257.30	7.79%	180.72	5.47%	246.75	6.84%	228.97	6.65%	189.92	5.23%
Other components of shareholders' equity	-	-	-	-	-	-	(0.61)	0.02%	(1.25)	(0.02)%	(19.14)	(0.53)%
Equity attributable to owners of the Company	1,674.61	50.83%	1,657.75	50.16%	1,581.17	47.86%	1,653.40	45.84%	1,635.00	47.51%	1,578.06	43.46%
Non-controlling interests of the subsidiaries			-				63.31	1.76%	62.22	1.81%	64.93	1.79%
<b>Total shareholders' equity</b>	1,674.61	50.83%	1,657.75	50.16%	1,581.17	47.86%	1,716.72	47.60%	1,697.22	49.32%	1,642.99	45.25%
<b>Total liabilities and shareholders' equity</b>	3,294.75	100.00%	3,304.86	100.00%	3,303.55	100.00%	3,606.40	100.00%	3,442.03	100.00%	3,630.66	100.00%



## Statement of Comprehensive income:

	Separate financial statements						Separate financial statements					
	Audited						Audited					
	2017		2018		2019		2017		2018		2019	
	Million THB	%	Million THB	%	Million THB	%	Million THB	%	Million THB	%	Million THB	%
<b>Revenues</b>												
Sales	3,110.52	76.47%	3,047.65	73.13%	2,929.13	87.92%	3,270.51	73.29%	3,212.14	70.35%	3,086.24	80.36%
Installation service revenue	887.16	21.81%	1,089.14	26.13%	356.15	10.69%	1,168.47	26.18%	1,317.99	28.87%	705.53	18.37%
Dividend income	49.50	1.22%	-	-	-	-	-	-	-	-	-	-
Commission Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	20.40	0.50%	30.80	0.74%	46.32	1.39%	23.51	0.53%	35.52	0.78%	48.90	1.27%
<b>Total Revenues</b>	<b>4,067.58</b>	<b>100.00%</b>	<b>4,167.59</b>	<b>100.00%</b>	<b>3,331.60</b>	<b>100.00%</b>	<b>4,462.49</b>	<b>100.00%</b>	<b>4,565.65</b>	<b>100%</b>	<b>3,840.67</b>	<b>100.00%</b>
<b>Expenses</b>												
Cost of sales	(2,754.10)	-67.71%	(2,777.57)	-66.65%	(2,625.91)	-78.82%	(2,900.96)	-65.01%	(2,929.61)	-64.17%	(2,772.10)	-72.18%
Installation service costs	(631.03)	-15.51%	(798.66)	-19.16%	(232.53)	-6.98%	(852.66)	-19.11%	(958.40)	-20.99%	(505.95)	-13.17%
Selling and distribution expenses	(101.43)	-2.49%	(95.53)	-2.29%	(76.53)	-2.30%	(103.92)	-2.33%	(96.61)	-2.12%	(77.62)	-2.02%
Administrative expenses	(267.09)	-6.57%	(275.43)	-6.61%	(312.84)	-9.39%	(343.70)	-7.70%	(353.54)	-7.74%	(364.22)	-9.48%
Loss on impairment in value of investment In associate					(20.06)	-0.60%						
<b>Cost of sales</b>	<b>(3,753.65)</b>	<b>-92.28%</b>	<b>(3,947.19)</b>	<b>-97.71%</b>	<b>(3,267.87)</b>	<b>-98.09%</b>	<b>(4,201.24)</b>	<b>-94.15%</b>	<b>(4,338.16)</b>	<b>-95.02%</b>	<b>3,719.89</b>	<b>96.85%</b>
Profit before share of loss from investment in associated company, finance cost and income tax expenses	313.94	7.72%	220.40	5.29%	63.73	1.91%	261.25	5.85%	227.49	4.98%	120.76	2.65%
Financial Costs	(6.40)	-0.16%	(6.55)	-0.16%	(13.85)	-0.42%	(9.80)	-0.22%	(8.35)	-0.18%	(16.34)	-0.36%
<b>Profit before Finance cost and income tax expense</b>	<b>307.54</b>	<b>7.56%</b>	<b>213.85</b>	<b>5.13%</b>	<b>49.88</b>	<b>1.49%</b>	<b>250.16</b>	<b>5.60%</b>	<b>213.02</b>	<b>4.67%</b>	<b>110.18</b>	<b>2.42%</b>
<b>Income tax Expense</b>	<b>(51.43)</b>	<b>-1.26%</b>	<b>(42.59)</b>	<b>-1.02%</b>	<b>(15.11)</b>	<b>-0.45%</b>	<b>(50.49)</b>	<b>-1.13%</b>	<b>(43.77)</b>	<b>-0.96%</b>	<b>(24.68)</b>	<b>-0.54%</b>
<b>Profit for the Year</b>	<b>256.11</b>	<b>6.30%</b>	<b>171.25</b>	<b>4.11%</b>	<b>34.77</b>	<b>1.04%</b>	<b>199.67</b>	<b>4.47%</b>	<b>169.25</b>	<b>3.71%</b>	<b>85.50</b>	<b>1.88%</b>
<b>Other comprehensive income</b>												
Share of other loss from investment in associated company	-	-	-	-			(0.61)	-0.01%	(0.64)	-0.01%	(17.90)	-0.39%
Actuarial Losses – Net of Income tax	-	-	-	-								
<b>Other comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-2.27</b>	<b>-0.07%</b>	<b>(0.61)</b>	<b>-0.01%</b>	<b>(0.64)</b>	<b>-0.01%</b>	<b>(3.15)</b>	<b>-0.07%</b>
<b>Total comprehensive income for the year</b>	<b>256.11</b>	<b>6.30%</b>	<b>171.25</b>	<b>4.11%</b>	<b>32.50</b>	<b>0.98%</b>	<b>199.06</b>	<b>4.46%</b>	<b>168.61</b>	<b>3.69%</b>	<b>64.45</b>	<b>1.42%</b>
<b>Profit attributable to:</b>												
Equity holders of the Company	256.11	6.25%	171.25	3.84%	34.77	0.78%	203.90	4.57%	170.34	3.73%	79.65	1.74%
Non-controlling interests of the subsidiaries	-	-	-	-			(4.23)	-0.10%	(1.09)	-0.02%	5.85	0.13%
	<b>256.11</b>	<b>6.25%</b>	<b>171.25</b>	<b>3.84%</b>	<b>34.77</b>	<b>0.78%</b>	<b>199.67</b>	<b>4.47%</b>	<b>169.25</b>	<b>3.71%</b>	<b>85.50</b>	<b>1.87%</b>
<b>Total comprehensive income attributable to:</b>												
Equity holders of the Company	256.11	6.25%	171.25	3.84%	32.50	0.73%	203.29	4.55%	169.70	3.72%	58.60	1.28%
Non-controlling interests of the subsidiaries	-	-	-	-			(4.23)	-0.09%	(1.09)	-0.02%	5.85	0.13%
	<b>256.11</b>	<b>6.25%</b>	<b>171.25</b>	<b>3.84%</b>	<b>32.50</b>	<b>0.73%</b>	<b>199.06</b>	<b>4.46%</b>	<b>168.61</b>	<b>3.69%</b>	<b>64.45</b>	<b>1.41%</b>



## Cash Flow Statements

	Separate financial statements			Consolidated financial statements		
	Audited			Audited		
	2017	2018	2019	2017	2018	2019
<b>Cash flows from operating activities:</b>						
Profit before tax	307.54	213.85	49.87	250.16	213.02	110.18
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:						
Depreciation and amortisation	33.32	30.37	29.93	62.96	59.69	35.21
Allowance for doubtful accounts (reversal)	(1.28)	9.12	26.19	(4.08)	6.05	13.08
Loss on impairment of investment in associate	-	-	20.06	-	-	-
Reduction of cost of inventory to net realisable value (reversal)	2.24	(3.57)	0.97	2.11	(3.53)	0.91
Written off withholding tax	-	-	-	1.11	0.80	-
Share of loss from investment in associated company	-	-	-	1.29	6.11	(5.76)
Dividend received from subsidiary	(49.50)	-	-	-	-	-
Provision for long-term employee benefits	4.89	3.01	18.09	5.52	3.70	20.04
Gain on disposal of property, plant and equipment	(2.53)	(2.22)	(1.02)	(3.51)	(2.22)	(1.31)
Gain on disposal of investment property	-	-	-	-	(2.50)	-
Unrealised loss on exchange	-	-	18.98	-	-	18.84
Interest income	(5.05)	(7.65)	(25.09)	(6.77)	(9.19)	(26.64)
Interest expenses	6.40	6.55	13.85	9.80	8.35	16.34
Profit from operating activities before changes in operating assets and liabilities	296.03	249.46	151.83	318.59	280.28	180.89
<b>Operating assets (increase) decrease</b>						
Trade and other receivables	(83.68)	(3.20)	214.27	35.35	183.25	159.09
Contract assets		114.46	242.64		29.44	259.91
Costs to fulfil contracts with customers		60.39	2.14		64.53	8.46
Inventories	(52.97)	2.39	(109.26)	(15.18)	18.56	(205.61)
Other current assets	(1.65)	4.43	5.29	(1.01)	4.16	9.75
Other non-current assets	1.19	0.43	0.15	(0.53)	(0.31)	0.15
<b>Operating liabilities increase (decrease)</b>						
Trade and other payables	(393.07)	172.00	(97.59)	(439.82)	64.27	(45.77)
Contract liabilities		(91.71)	(0.92)		(74.18)	(9.52)
Accrued costs	17.05	37.49	(165.85)	45.57	(55.73)	(103.23)
Other current liabilities	6.62	9.59	(21.52)	7.08	8.22	(12.27)
Other Non-current liabilities					0.99	
Cash flow used in operating activities	(210.48)	555.73	221.18	(49.95)	523.48	241.85
Cash received from interest income	5.05	6.52	14.71	6.78	8.06	16.26
Cash received from interest income	-	(0.20)	(0.85)	-	(0.20)	(0.85)
Cash paid for interest expenses	(5.16)	(5.78)	(13.06)	(8.23)	(7.27)	(15.27)
Cash paid for income tax	(46.70)	(54.28)	(23.64)	(59.99)	(61.56)	(37.86)
<b>Net cash flows used in operating activities</b>	<b>(257.29)</b>	<b>501.99</b>	<b>198.34</b>	<b>(111.39)</b>	<b>462.51</b>	<b>204.13</b>



	Separate financial statements			Separate financial statements		
	Audited			Audited		
	2017	2018	2019	2017	2018	2019
<b>Cash flows from investing activities:</b>						
Decrease (increase) in restricted bank deposits	0.75	43.62	15.00	(2.61)	40.27	11.64
Cash paid for long-term loans to associated companies		(80.00)	80.00		(80.00)	80.00
Cash paid for Short-term loans to associated companies		(32.00)	(391.90)		(32.00)	(391.90)
Cash received from jointly controlled entities		32.00	75.94		32.00	75.94
Cash paid for investment in subsidiaries company	-	-		-		
Cash paid for investment in associated company	(27.71)	(205.16)	(112.32)	(27.71)	(205.17)	(112.17)
Dividend received from subsidiaries	49.50	-		-	-	
Increase in investment in subsidiary				-	-	
Proceeds from sales of property, plant and equipment	3.76	2.44	1.27	6.91	2.44	1.62
Proceeds from sales of property, plant and equipment	-			-	2.50	
Acquisition of property, plant and equipment	(3.01)	(4.79)	(5.86)	(4.19)	(4.97)	(6.16)
Cash paid for share subscriptions payable	-			-		
<b>Net cash flows from (used in) investing activities</b>	<b>23.29</b>	<b>(243.89)</b>	<b>(337.87)</b>	<b>(27.60)</b>	<b>(244.93)</b>	<b>(341.03)</b>
<b>Cash flows from financing activities:</b>						
Increase (decrease) in short-term loans from financial institutions	311.00	(66.50)	351.50	194.37	(48.12)	397.80
Cash received from long-term loans	-	56.49		-	56.49	
Repayment of long-term loans	(28.20)	(84.69)	(28.20)	(28.20)	(84.69)	(28.20)
Repayment of liabilities under finance lease agreements	(8.83)	(7.96)	(10.73)	(10.94)	(9.82)	(12.56)
Proceed from exercise of warrants	-			-	-	
Cash received from investment of non-controlling interests	-			-	-	
Dividend paid to shareholders	(211.63)	(188.11)	(94.06)	(211.63)	(188.12)	(94.06)
Dividend paid to non-controlling interests of subsidiaries	-			-		
<b>Net cash flows from (used in) financing activities</b>	<b>62.34</b>	<b>(290.77)</b>	<b>218.51</b>	<b>(56.40)</b>	<b>(274.26)</b>	<b>262.98</b>
Net decreased in cash and cash equivalents	(171.66)	(52.73)	78.98	(195.39)	(56.68)	126.08
Cash and cash equivalents at beginning of year	262.75	91.09	58.41	458.37	262.97	206.29
<b>Cash and cash equivalents at end of year</b>	<b>91.09</b>	<b>38.36</b>	<b>137.39</b>	<b>262.98</b>	<b>206.29</b>	<b>332.37</b>
<b>Supplemental cash flow information:</b>						
Property, plant and equipment increase through financial Leases	-	8.39	9.36	7.68	8.39	9.36



■ important financial ratios

	Separate financial statements			Consolidated financial statements		
	2017	2018	2019	2017	2018	2019
<b>Liquidity Ratio</b>						
Liquidity ratio (time)	1.44	1.26	1.21	1.56	1.45	1.37
Quick Ratio (times)	1.07	0.94	0.66	1.18	1.09	0.80
Cash Flow Ratio (times)	0.16	0.32	0.12	0.12	0.54	0.23
Account receivable turnover (times).	2.69	2.76	4.04	2.38	2.57	2.63
Average collection period (days)	134	130	89	151	140	137
Inventory turnover (times).	6.44	6.37	5.36	6.16	6.67	4.97
Average Sales turnover (days)	58	57	67	58	57	72
Accounts payable turnover (times).	2.81	3.41	2.75	2.69	3.32	2.88
Debt Payment period (days)	128	105	131	134	108	125
Cash Cycle (days)	62	53	25	76	88	85
<b>Profitability Ratio</b>						
Gross profit margin (%)	15%	14%	13%	15%	14%	14%
Operating profit margin (%)	8%	5%	2%	6%	5%	3%
Net profit margin (%)	6%	4%	1%	5%	4%	2%
Return on equity (%)	15%	10%	2%	12%	10%	5%
<b>Efficiency Ratio</b>						
Return on assets (%)	8%	5%	1%	5%	5%	2%
Rate of return on fixed assets (%)	75%	55%	10%	56%	43%	23%
Total assets turnover (times).	1.23	1.26	1.01	1.20	1.30	1.09
<b>Financial Policy Ratio</b>						
Debt to Shareholders' Equity (times)	0.97	0.99	1.09	1.10	1.03	1.21
Interest coverage ratio (times)	49.05	33.65	4.60	26.66	27.24	7.39
Dividend payout ratio (%)	83%	82%	101%	-	-	-
<b>Per Shares information</b> <sup>1/</sup>						
Par value per share (THB)	0.50	0.50	0.50	0.50	0.50	0.50
Book value per share (THB)	1.42	1.41	1.34	1.46	1.44	1.41
Net income per share – equity holders of the company.						
Net earnings per share basic earnings per share (THB)	0.22	0.15	0.03	0.17	0.14	0.07
Earnings per diluted share (THB).	-	-		-	-	





## Financial Status and Results of Operation

### Audit Report

2017-2019

Audited by Ms.Krongkaew Limkittikul

A Certified Public Accountant - registration no. 5874

EY Office Limited

#### 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.

#### For financial statement of year end 2019 as of 31 December 2019

According to the auditor's report for consolidated financial statement of the Company and subsidiaries of year 2019, 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 28 February 2020.

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 2016-2019 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 into 3 main parts are from sales of electrical systems such as electrical wires and equipment and fire protection equipment etc. equipment for fire protection system. Revenue from installation service Consists of providing telecommunication installation services Providing fire installation services and other installation services. 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	2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
Electrical wire	2,288.04	51.27	2,584.37	56.60	2,427.54	63.21
Lamps and lighting equipment	431.56	9.67	131.85	2.89	20.99	0.55
Electrical conduits and fittings	114.63	2.57	84.15	1.84	86.52	2.25
Electrical system control equipment	373.49	8.37	325.41	7.13	494.06	12.86
Passive fire protection materials and equipment	40.62	0.91	32.19	0.71	29.58	0.77
Electrical transformers	13.90	0.31	19.79	0.43	6.22	0.16
Other	8.27	0.19	34.38	0.75	21.33	0.56
<i>Total sales revenues</i>	<i>3,270.51</i>	<i>73.29</i>	<i>3,212.14</i>	<i>70.35</i>	<i>3,086.24</i>	<i>80.36</i>
Telecommunication system installation revenue	1,114.71	24.98	986.91	21.62	343.13	8.94
Passive fire protection system installation revenue	35.31	0.79	37.60	0.82	39.71	1.03
Other service revenue	18.45	0.41	293.47	6.43	322.69	8.40
<i>Total installation service revenues</i>	<i>1,168.47</i>	<i>26.18</i>	<i>1,317.98</i>	<i>28.87</i>	<i>705.53</i>	<i>18.37</i>
Other income	23.51	0.53	35.52	0.78	48.90	1.27
<i>Total revenues</i>	<i>4,462.49</i>	<i>100.00</i>	<i>4,565.64</i>	<i>100.00</i>	<i>3,840.67</i>	<i>100.00</i>

During 2017-2019, the Company's total incomes were 4,462 Million Baht, 4,566 Million Baht and 3,841 Million Baht respectively. Main income was from sales of electrical wires and equipment which accounted 70 -80% of total incomes. Other sources of incomes were from installation service which accounted 18-29% 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.

In 2019, total income of the Company was 3,841 Million Baht, decreased by 16% comparing to 2018. The income of sales decreased 126 Million Baht or 4% comparing to 2017. The income comprised of sales from electrical wires and equipment decreased. The revenue from electrical control equipment increased from special products. For other products Sales are close to last year. The revenue from installation services decreased by 612 Million Baht, or 46% compared to the last year. The revenue from installation of telecommunication systems decreased more than 50% of the revenue from installation services. The revenue from the installation of the fire system and income from other installation services Close to the last year and the proportion of sales revenue and installation services are 80% and 18% 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 2017-2019, sale incomes of the Company reached 3,271 Million Baht 3,212 Million Baht and 3,086 Million Baht respectively or 73%, 70% and 80% of total incomes respectively.

Sale income during year 2017-2019 is classified by products types as follows:

Sales Revenue	2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
Electrical wire	2,288.04	69.96	2,584.37	80.46	2,427.54	78.66
Lamps and lighting equipment	431.56	13.20	131.85	4.10	20.99	0.68
Electrical conduits and fittings	114.63	3.50	84.15	2.62	86.52	2.80
Electrical system control equipment	373.49	11.42	325.41	10.13	494.06	16.01
Passive fire protection materials and equipment	40.62	1.24	32.19	1.00	29.58	0.96
Electrical transformers	13.90	0.43	19.79	0.62	6.22	0.20
Other	8.27	0.25	34.38	1.07	21.33	0.69
<b>Total Sales Revenues</b>	<b>3,270.51</b>	<b>100.00</b>	<b>3,212.14</b>	<b>100.00</b>	<b>3,086.24</b>	<b>100.00</b>

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.



Sales revenue in 2019, decreased by 126 Million Baht or 4% compared to the last year. Revenue from the sale of electrical wires decreased 157 Million Baht or 6% compared to the previous year. Lighting and equipment decreased due to the company terminated contract with Philips suppliers products in early 2018. Revenue from sales of electrical control equipment increased by 169 Million Baht or 52% compared to the previous year due to the company has ordering special electrical control devices From the Provincial Electricity Authority and Metropolitan Electricity Authority.

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 1,168 Million Baht and 1,318 Million Baht and 706 Million Baht, in 2017-2019 or 26%, 29% and 18% respectively, such growth is mainly a result of increase of installation of communication system which accounted 49-95% of total income from installations.

Since changing internal and external economic conditions including the intense competition of telecommunication service providers As a result, the investment in the telecommunications network infrastructure of the major service providers has decreased continuously. Causing the installation of telecommunication systems to slow down The Company is looking for opportunities to expand the business to increase trade opportunities. By bidding for government jobs Projects related to communication devices alternative energy, electronic equipment and computer equipment. As well as the construction business in which the company and the subsidiary company has expertise, resulting in continuous increase in other installation revenue of the company.



Incomes received from installation service during year 2017-2019 are as follows:

installation service Revenues	2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
Telecommunication system installation revenue	1,108.89	95.40	986.91	74.88	343.13	48.63
Passive fire protection system installation revenue	35.31	3.02	37.60	2.85	39.71	5.63
Other service revenue	24.27	1.58	293.47	22.27	322.69	45.74
<b>Total installation service revenues</b>	<b>1,168.47</b>	<b>100.00</b>	<b>1,317.98</b>	<b>100.00</b>	<b>705.53</b>	<b>100.00</b>

During the year 2017-2018 the Company's income from installation of communication system amounted of 1,109 Million Baht, and 987 Million Baht and 343 Million Baht respectively, and compared to a percentage of total installation service revenue, accounting for 95%, 75% and 49%, resulting in revenue from telecommunication system installation services. There is a significant decreased trend.

Income from installation of Fire Protection System totaled of 35 Million Baht, 38 Million Baht and 40 Million Baht between years 2017-2019 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 2017-2019 of 24 Million Baht, 293 Million Baht and 323 Million Baht, respectively. The other installation revenue is the revenue that the company seeks to bring experience and expertise that the company has to increase revenue. Most of them are bidding for government projects. Such as Smart Way project about 3 Million Baht invest in the installation and maintenance of energy saving lamps and lamps by the Energy Engineering Institute, Kasetsart University and Electricity Development Division,

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).

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.

In 2019, The Company consists of the installation project of the fusing system of the Provincial Electricity Authority. Subsidiary companies, such as CCTV installation, UMS300 equipment installation, 'Digital network radio installation for forgiveness etc.

- **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 2017-2019 other income of the Company amounted at approximately 24 Million Baht, 36 Million Baht and 49 Million Baht consecutively, representing 1-2 % of total income.



Details of other incomes of the Company during year 2017-2019 are as follows:

Other incomes	2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
income from marketing promotion of manufacturers	8.22	34.96	10.09	28.41	2.60	5.32
interest received	6.72	28.57	9.19	25.88	26.64	54.51
profit from assets disposal and profit from exchange rate	3.51	14.92	4.72	13.29	2.40	4.91
transportation fees	2.63	11.21	2.37	6.68	1.34	2.74
Other*	2.43	10.34	9.15	25.74	1.79	3.68
Service					14.10	28.84
<b>Other income</b>	<b>23.51</b>	<b>100.00</b>	<b>35.52</b>	<b>100.00</b>	<b>48.87</b>	<b>100.00</b>

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

In 2019, the company received interest income of 27 Million Baht, an increase of 17.45 Million Baht from the last year, equivalent to 190% due to the company granting a Joint venture to loan money and charged interest at the rate of 6.75 -7% per year and the company has charged consulting fees to the joint venture company in the amount of 14 Million Baht.

#### 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 2017-2019 cost of sales of the Company were 2,901 Million Baht, 2,930 Million Baht and 2,772 Million Baht, respectively which represented 89-91% comparing to sale income respectively.

In 2017 cost of sale of the Company was 2,901 Million Baht, 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 Baht.

In 2018 cost of sale of the Company was 2,930 Million Baht, 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 Baht. It made the reserves for adjustment of cost of inventory to be net price at 28 Million Baht in the end of 2018.

In 2019 cost of sale of the Company was 2,772 Million Baht, decreased by 5% comparing to the previous year as a result of lower amount of sale income. The ratio of sale cost per sale income stood at 90%, The Company has set reserves for adjustment of cost of inventory to the net realizable value during the year decrease 0.97 Million Bath. Resulting in the reserve set up for adjustment decrease of cost of inventory at the end of year 2019 about 28 Million Baht.



**Cost of installation**

Cost of installation is derived from service provision on installation of communication system, fire protection system etc. During year 2017-2019 cost of installation were approximately 853 Million Baht, 958 Million Baht and 506 Million Baht respectively, representing 73%, 73% and 72% 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. The cost of other installation work depends on the type of work.

**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 10-12% 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 2017-2019, sale expenses amounted of approximately 104 Million Baht, 97 Million Baht and 78 Million Baht respectively or 2% of total income. The sale expense are a result of decrease sale. In the year 2019, sales decreased by 126 Million Baht and selling expenses decreased by 20 Million Baht.

**Administrative expenses**

Administrative expenses during year 2017-2019 were 344 Million Baht and 354 Million Baht and 364 Million Baht respectively, representing 8% in year 2017 and 2018 and 9% in year 2019. Administrative expenses mainly consist of expenses related to employees which accounted 63%, 61%, 58% 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, Insurance premium advisor and doubtful accounts.

Administrative expenses during year 2017 were 344 Million Baht, decreased by 11 Million Baht 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 Baht, increased by 10 Million Baht or 3% comparing to year 2017 as a result due to an increase in allowance for doubtful accounts.

Administrative expenses during year 2019 were 364 Million Baht, increased by 10 Million Baht or 3% comparing to year 2018 as a result due to unrealized exchange rate losses, employee benefit expenses relating to severance pay from termination under the new law, section 118 in the case of 20 years of age or more, pay compensation in the event of termination from 300 days to 400 days an increase in allowance for doubtful accounts. The decrease in administrative expenses of the Company consists of amortization of intangible assets which have expired in the year. 2018 and staff expenses in relation to salary and employee compensation

- **Financial expenses**

Financial expenses of the Company were from interest incurred from loan from financial institutions. Overdraft limit promissory note Liabilities under financial lease agreements and long-term loans. In 2017-2019 the financial expenses of the Company were 10 Million Baht, 8 Million Baht and 16 Million Baht respectively. Average interest rate was between 2-9% per annum.



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

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

In 2019 the Company and subsidiaries has short-term loan 15 Million Baht include the interest incurred from long-term loan applied from the New Office building and New Warehouse 1 Million Baht.

#### **Share of profit (loss) from investments in Joint Venture Company**

The company records the share of profits (losses) from joint ventures. According to the ratio that the company holds by holding shares in the company Namsor Hydro Power Company Limited holds 38% of the investment and holds 25% of the shares in PhuKhan Solar Power Joint Stock Company Limited.

In the year 2018, the company has a share of losses from investments in Hydro Power Company Limited, amount 6 Million Baht

In 2019, the company has a share of losses from investments in Namsor Hydro Power Company Limited in the amount of 9 Million Baht and the profit sharing from the investment in Phukhan Solar Power Joint Stock Company Limited in the amount of 15 Million Baht, including the share of profits from investment in the joint venture 6 Million Baht.

#### **Profits**

During 2017-2019 the Company's gross profit from sale( electrical wires, electrical equipment, electronic equipment and various communication devices) and installation service (telecommunications, installation of fire protection system and others) were 685 Million Baht and 642 Million Baht and 514 Million Baht respectively, presenting 15%, 14% and 13% 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 370 Million Baht, 282 Million Baht and 314 Million Baht in year 2017-2019 respectively. Gross profit margin was 9% in 2017-2018 and 10% in 2019. Gross profit of trading business was decreased because sale of electrical wires, which is the main product of the company by increasing at the rate of 1% compared to the last year and electrical equipment which have special product groups with high gross margin

- **Gross Profit - Installation Service** (telecommunications, installation of fire protection system and others)

The Company's gross profit from installation service were approximately 315 Million Baht, 360 Million Baht and 200 Million Baht in year 2017-2019. Gross profit margin decreased 46% due to reduced revenue from installation of telecommunication services but the gross margin of the installation service business approximately 27-28 similar the last year.

- **Net profit**

Net profits of the Company in year 2017-2019 were 200 Million Baht, 169 Million Baht and 86 Million Baht, representing net profit margin of 4% of total revenue for the year 2017-2018 and 2% of total revenue for the year 2019 Divided to shareholders' equity in 2017 – 2019 about 204 Million Baht, 170 Million Baht and 80 Million Baht respectively.



In 2017 profit before tax of the Company was 250 Million Baht, and corporate income tax expense was approximately 50 Million Baht, divided into interim corporate income tax approximately 59 Million Baht; deferred income tax incurred from temporary differences and reverse of temporary differences was approximately 9 Million Baht, 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 Baht, and corporate income tax expense was approximately 44 Million Baht, divided into interim corporate income tax approximately 51 Million Baht; deferred income tax incurred from temporary differences and reverse of temporary differences was approximately 7 Million Baht, tax expenses paid accounted 21% of profit before tax which such rate is higher than the rate stipulated due to adjustment on tax items.

In 2019 profit before tax of the Company was 110 Million Baht, and corporate income tax expense was approximately 25 Million Baht, divided into interim corporate income tax approximately 35 Million Baht; deferred income tax incurred from temporary differences and reverse of temporary differences was approximately 10 Million Baht, tax expenses paid accounted 23% of profit before tax which such rate is higher than the rate stipulated due to adjustment on tax items.

### Return on equity

During year 2017-2019, the Company's returns on equity were 12%, 10% and 5% 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 2017-2019 the Company's consolidated net income accounted 256 Million Baht, 171 Million Baht and 35 Million Baht respectively. Dividend from such profit was paid to shareholders at the amount of 212 Million Baht, 141 Million Baht, and 36 Million Baht respectively, which represented 83%, 82% and 101% of consolidated net income respectively. Details are summarized as follows:

Dividend	Dividend per share (THB)	Total dividend paid (Million Baht)
<b>Dividend of year 2017 comprises:</b>		
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
<b>Totals dividend of the year 2017</b>	<b>0.18</b>	<b>212</b>
<b>Dividend of year 2018 comprises:</b>		
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
<b>Totals dividend of the year 2018</b>	<b>0.12</b>	<b>141</b>



Dividend	Dividend per share (THB)	Total dividend paid (Million Baht)
Dividend of year 2019 comprises:		
Interim dividend paid in cash to shareholders totaling 1,175 million shares.	0.02	24
Dividend for operation result during year 2019 - net after deduction of 1st interim dividend, paid in cash to shareholders*	0.01	12
Totals dividend of the year 2019	0.03	36

Remark: The payment of dividend for the year 2019, it must be approved by the Annual General Meeting of the Shareholders for the year 2020

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 2017-2019 amounted of and 3,606 Million Baht and approximately 3,442 Million Baht and 3,631 Million Baht respectively. Most of the assets are trade receivables and other receivables which portioned 28-35% of total assets. Other assets are inventory which portioned 13-17% and property, building and equipment about 10%. In the year 2019, There is an increase of the investment in associated company about 367 Million Baht or 10% of total assets.

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

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

Total assets as of ending year 2019 increased 189 Million Baht or 5% comparing to year 2018. Assets which increased were Short-term loans to a joint venture 298 Million Baht, inventory which increased 198 Million Baht, Cash and Cash equivalents were increased 126 Million Baht. Investment in joint venture increased 100 Million Baht. Assets which decreased were Trade receivables and other receivables and Contract assets decreased 422 Million Baht, Property, plant and equipment decreased 20 Million Baht.

- **Trade receivables and other receivables**

As of 31 December 2017-2019 the Company's trade receivables, other and Contract asset receivables were approximately at 1,838 Million Baht and 1,620 Million Baht and 1,198 Million Baht respectively, which represented 51%, 47% and 33% of total assets. Details of the Company's assets are as follows:

- **Trade receivables**

As of 31 December 2017-2019, the Company's trade receivables-net were approximately at 1,220 Million Baht, 1,155 Million Baht and 989 Million Baht respectively, represented 34%, 34% and 27% 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 2017-2019 are summarized as follows:-



Table showing age of trade receivables

(Unit: Million Baht)

Items	2017		2018		2019	
	Value	Proportions	Value	Proportions	Value	Proportions
Not yet Due	622.00	48.56%	574.00	47.01%	477.00	44.63%
Trade Receivables past due						
Up to 3 Months	530.00	41.37%	448.00	36.70%	350.00	32.77%
3 - 6 Months	30.00	2.34%	60.00	4.91%	55.00	5.12%
6 - 12 Months	26.00	2.03%	49.00	4.01%	49.00	4.56%
Over 12 Months	73.00	5.70%	90.00	7.37%	138.00	12.93%
Total Trade Receivables	1,281.00	100.00%	1,221.0	100.00%	1,069.00	100.00%
Less: Allowance for doubtful debts	(61.00)	(4.76) %	(66.00)	(5.41)%	(80.00)	(7.45%)
Total Trade Receivables Net	1,220.00	95.24%	1,155.0	94.59%	989.00	92.55%

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 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 Baht or 5% of total trade receivables. As a result, the Company's net-trade receivables stood at approximately 1,220 Million Baht.

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 Baht or 5% of total trade receivables. As a result, the Company's net-trade receivables stood at approximately 1,155 Million Baht.

As of 31 December 2019, the ratio of receivables which are not yet due and receivables which have outstanding payment less than 6 months amounted of 82 % of total trade receivables while the ratio between outstanding payment between 6-12 months and up to 12 months accounted 13% of total trade receivables respectively. In addition, the Company has set allowance for doubtful account at the amount of 80 Million Baht or 7% of total trade receivables. As a result, the Company's net-trade receivables stood at approximately 989 Million Baht.



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 2017-2019 the Company's financial ration on collection period of sales were approximately 117 days, 98 days and 106 days respectively. Such duration was similar to credit loan policy for trade receivables of the Company.

- **Other receivables**

Others receivables consists of consists of other receivables, other accrued income, Upfront cost, advance costs and accrued interest which totaled of approximately 26 Million Baht and 32 Million Baht and 35 Million Baht, as of 31 December 2017-2019 respectively.

Items	2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
Accrued installation service income	5,074	0.86%	4,502	1.04%	13,085	7.56%
Unbilled revenue	586,398	99.14%	428,376	98.89%	159,885	92.44%
Assets resulting from the contract	591,472	100.00%	432,878	100.00%	172,970	100.00%

- **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 2017-2019 the Company's inventory valued of approximately 662 Million Baht, 582 Million Baht, and 772 Million Baht respectively, which represented 18%, 17% and 21% of total assets respectively. Details of inventory of the Company as of 31 December 2017-2019 are concluded as follows:

Table showing details of inventory

(Unit : Million Baht)

Items	2017		2018		2019	
	Value	Proportions	Value	Proportions	Value	Proportions
Finished Goods	461.00	69.64%	459.00	78.78%	658.00	85.23%
Less: Reduce cost to net realizable value	(31.00)	(4.68%)	(28.00)	(4.81%)	(28.00)	(3.63%)
Finished goods - Net	430.00	64.96%	431.00	74.06%	630.00	81.60%
Installation in Progress - Telecommunication Project	92.00	13.90%	49.00	8.42%	32.00	4.15%
Installation in Progress - passive fire protection equipment and other	140.00	21.14%	102.00	17.52%	110.00	14.22%
Inventories - Net	662.00	100.00%	582.00	100%	772.00	100.00%



Inventory of the Company is mainly in form of finished goods-net value portioned 70%, 79% and 85% of total inventory in 2017-2019. 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 92 Million Baht, 49 Million Baht and 32 Million Baht in 2017-2019 respectively, or represented 14% and 9% and 4% of net-inventory value during the same period respectively.

During year 2017 - 2019 the sale duration in average were 58 days, 57 days and 72 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 2018-2019, the allowance for value reduction remained in amount at 28 Million Baht and 28 Million Baht. Between the year 2019, the Company set allowance for price reduction of finished goods amount 28 Million Baht. At the end of year 2019, the allowance for value reduction remained in amount at 28 Million Baht.

#### **Investments in joint venture companies**

The company has investments in 2 associated companies, Namsor Hydro Power Company Limited , which engages in the business of production and distribution of electric power plus hydro power. Which is located in Laos With investment ratio of 38%. PhuKhan Solar Power Joint Stock Company Limited., Which operates in the production and distribution of electric power from solar energy Which is located in the Socialist Republic of Vietnam investment ratio of 25%. Investments in joint venture are stated under equity method.

- **Property, plant and equipment**

As of 31 December 2017-2019 the Company's property, building and equipment valued of approximately 410 Million Baht, 387 Million Baht and 367 Million Baht respectively, mainly are building and vehicles which represented 86%, 89% and 90% of property, building and equipment consecutively. Other assets are vehicles, supporting devices for work contract represented 5%, 5% and 5% of property, building and equipment and net equipment respectively.

As of 2017 the Company's property, building and equipment decreased to 409 Million Baht or by 30 Million Baht 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 Baht. During the year, the company has purchased Office equipment and vehicles in the amount of 13 Million Baht and sold and written off in the amount of 11 Million Baht. Depreciation for the year 36 Million Baht.

As of 2019 the Company's property, building and equipment decreased to 367 Million Baht. During the year, the company has purchased Office equipment and vehicles in the amount of 15 Million Baht and sold and written off in the amount of 11 Million Baht. Depreciation for the year 35 Million Baht.



**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 2017 – 2019 were 21 Million Baht, 24 Million Baht and 30 Million Baht respectively.

	2017	2018	2019
Return On Fixed Assets (%)*	56%	43%	23%
Return On Assets (%)	5%	5%	2%
Total assets turnover (times)	1.20	1.30	1.09

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

During year 2017-2019 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 56%, 43% and 23% respectively. Rate of return from asset were 2% while the asset turnover were 1.20 times, 1.30 times and 1.09 times respectively.

**Liquidity**

(Unit: MillionTHB)

	2017	2018	2019
Net cash from operating activities	(111.39)	462.51	204.13
Net cash in investing activities	(27.60)	(244.93)	(341.03)
Net cash in financing activities	(56.40)	(274.26)	262.99
<b>Net increase (decrease) in cash</b>	<b>(195.39)</b>	<b>(56.68)</b>	<b>126.08</b>

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 2017, the Company used 111 Million Baht of cash flow from operating activities, profit before tax was 250 Million Baht, were decreased of Trade and other payables at 440 Million Baht, inventory increased to 13 Million Baht. Cash flow spent in investing activities at 28 million which divided in purchase of other assets totaling 11 Million Baht. Pay for investment in Nam Sor Hydro Power Co.,Ltd totaling 28 Million Baht. The Company spent on funding activities at 56 Million Baht, loan of short-term 194 Million Baht, long-term repayment amount of approximately 28 Million Baht. And repayment of long-term loan and liabilities under the financial leasing contract at the amount of approximately 11 Million Baht. Nonetheless in 2017 the Company paid dividend in cash to shareholders at the amount of 212 Million Baht. Therefore, the net cash flow in 2017 decreased to 195 Million Baht while cash and cash equivalent as of year-end 2017 was at 263 Million Baht.



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

In 2019, the Company used 204 Million Baht of cash flow from operating activities, profit before tax was 110 Million Baht while trade and other receivables decreased to 159 Million Baht, Contract asset decreased to 260 Million Baht. Inventory increased to 206 Million Baht. Trade and other payables increased to 149 Million Baht. Resulting in the company having cash flow from operating activities in the amount of 242 Million Baht and net cash from operating activities at 204 Million Baht. The company having Cash flow spent in investing activities at 341 Million Baht. Lending the joint venture about 316 Million Baht. Purchase of other assets totaling 6 Million Baht. Pay for investment in Nam Sor Hydro Power Co.,Ltd totaling 16 Million Baht. And pay for investment in Phu Khanh Solar Power about 96 Million Baht. The Company spent on funding activities at 263 Million Baht, loan of short-term increased to 398 Million Baht, long-term repayment amount of approximately 28 Million Baht. And repayment of long-term loan and liabilities under the financial leasing contract at the amount of approximately 12 Million Baht. Nonetheless in 2019 the Company paid dividend in cash to shareholders at the amount of 94 Million Baht. Therefore, the net cash flow in 2019 decreased to 126 Million Baht while cash and cash equivalent as of year-end 2019 was at 332 Million Baht.

The Company's liquidity ratio during year 2017-2019 were at 1.56 times, 1.45 times and 1.37 times consecutively while the quick liquidity ratio accounted at 1.18 times, 1.09 times and 0.80 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 2017-2019 was at 1.10 times, 1.03 time and 1.03 times, respectively.

**Liabilities**

Total liabilities of the Company as of 31 December 2017-2019 were 1,890 Million Baht, 1,745 Million Baht and 1,988 Million Baht, respectively. Main liabilities were trade and other payables, short-term loans which represented 88% of total liabilities in the year 2019.

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

Total liabilities of the Company as of 31 December 2018 were 1,745 Million Baht, which consist of current liabilities at the amount of 1,671 Million Baht, representing 96% of total liabilities. Main current liabilities are trade and other payables at approximately 1,242 Million Baht, unbilled cost accounted at 77 Million Baht. Liabilities arising from the contract of 56 Million Baht and long-term loan which repayment due within 1 year at the amount of 28 Million Baht. The Company's non-current assets was 74 Million Baht, 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 Baht, reserves for employees' benefit at 44 Million Baht and liabilities under hire-purchase contract-net from payment due within 1 year at the amount of 13 Million Baht.

Total liabilities of the Company as of 31 December 2019 were 1,988 Million Baht, which consist of current liabilities at the amount of 1,907 Million Baht, representing 96% of total liabilities. Main current liabilities are trade and other payables at approximately 1,117 Million Baht, Liabilities arising from the contract of 56 Million Baht and long-term loan which repayment due within 1 year at the amount of 15 Million Baht. The Company's non-current assets was 81 Million Baht, representing 4% of total liabilities. Main non-current liabilities consist of reserves for employees' benefit at 67 Million Baht and liabilities under hire-purchase contract-net from payment due within 1 year at the amount of 11 Million Baht.

- **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 2019 are as follow:-

- **Short-term loan: total of 2,852 Million Baht divided into**

- Bank overdraft at financial amount of 121 Million Baht.
- 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 2,731 Million Baht.

As 31 December 2019, the subsidiaries have short-term from financial institution amount 530 Million Baht.

- **Long-term loan: total of 198.10 Million Baht 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 Baht, which divided into purchase of land amount 120 Million Baht. And amount for construction of new office building and warehouse at 60 Million Baht. 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 Baht. The first payment was in July 2015. As 31 December 2017 the outstanding balance approximately 73 Million Baht. 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 Baht. By repayment at the end of the month about 38 times. At the period 1-20 pay amount 2.4 Million Baht each time and at the period 21-38 pay amount 0.83 Million Baht each time. Started on August 2018. At 31 December 2019, there are balance about 17 Million Baht.

● **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 2017-2019.

As of 31 December, 2017-2019 the Company had obligation to pay the minimum rent as per financial lease contract and hire-purchase contract at the amount of 22 Million Baht, 21 Million Baht and 19 Million Baht consecutively. The details of payment are as follows:

(Unit: Million Baht)

	31 December 2017			31 December 2018			31 December 2019		
	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	7.47	14.06	21.53	7.44	13.64	21.08	6.70	12.36	19.06
Deferred interest expenses	(1.01)	(1.25)	(2.26)	(1.05)	(1.01)	(2.06)	(0.82)	(1.28)	(2.10)
Present value of future minimum lease payments	6.46	12.81	19.27	6.39	12.63	19.02	5.88	11.08	16.96



- Unbilled costs

In 2017, the Company's cost of service for communication recognized at the amount of 853 Million Baht. It was installation of telecommunication about 805 Million Baht and other installation 48 million and in 2018, the Company's cost of service for communication recognized at the amount of 958 Million Baht. It was installation of telecommunication about 674 Million Baht and other installation 284 Million Baht. In 2019, the Company's cost of service for communication recognized at the amount of 506 Million Baht. It was installation of telecommunication about 187 Million Baht and other installation 319 Million Baht. In 2017, received invoices for cost of service at the amount of 887 Million Baht, it was installation of telecommunication about 720 Million Baht and others installation 167 Million Baht. In 2018, received invoices for cost of service at the amount of 750 Million Baht, it was installation of telecommunication about 688 Million Baht and others installation 62 Million Baht. In 2019, received invoices for cost of service at the amount of 554 Million Baht it was installation of telecommunication about 284 Million Baht and others installation 270 Million Baht. In 2017, Ongoing project totaled of 232 Million Baht with telecommunication service about 92 Million Baht and others installation 140 Million Baht. In 2018, Ongoing project totaled of 151 Million Baht with telecommunication service about 49 Million Baht and others installation 102 Million Baht. In 2019, Ongoing project totaled of 142 Million Baht with telecommunication service about 32 Million Baht and others installation 110 Million Baht. 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 197 Million Baht in 2017 and 142 Million Baht in the year 2018 and 63 Million Baht in the year 2019 The details are as follows,

Unit : Million Baht	31 Dec 2017	31 Dec 2018	31 Dec 2019
Costs of installation recognized as at the beginning period	852.66	958.40	505.95
The actual costs of installation	(886.84)	(967.93)	(585.87)
Add Work in process - Telecommunication	91.94	49.05	32.17
Add Work in process	139.73	102.24	110.65
Unbilled costs	197.49	141.76	62.90

In 2019, unbilled costs are included in trade and other payables.

### Reserve for long-term employee benefits

The company has reserved money to compensate employees when leaving work according to the Labor Protection Act. The compensation rate in the case of termination of employment is 44 Million Baht and 67 Million Baht in 2018-2019.

### Shareholders' equity

Shareholder's equity as of 31 December 2017-2019 were 1,717 Million Baht, 1,697 Million Baht, and 1,643 Million Baht respectively. The increase was in consistent with the net profit at 200 Million Baht, 169 Million Baht and 86 Million Baht respectively.



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

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

As of 31 December 2019 the Company's shareholder's equity was 1,643 Million Baht, consist of shareholder's equity 1,578 Million Baht and Non-controlling subsidiaries interests amount 65 Million Baht, decreased of 55 Million Baht from the previous year. Net profit of 85 Million Baht. During the year the Company paid dividend at the amount of 23 Million Baht.

#### **Auditors' remuneration**

Details of audit fee are summarized as follows:

- In 2017, the Company paid audit fee to the Company's auditor at the amount of 1.77 Million Baht, including the audit fee for its subsidiaries at 0.96 Million Baht. 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 Baht, including the audit fee for its subsidiaries at 0.96 Million Baht. The Company invested in new subsidiary. The Company and its subsidiaries did not use other additional service from auditors.
- In 2019 the Company paid audit fee to the Company's auditor at the amount of 1.95 Million Baht, including the audit fee for its subsidiaries at 0.96 Million Baht. 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 2017 were 1.56 times and 1.18 times respectively while liquidity ratio and quick liquidity ratio in year 2018 were 1.45 times and 1.09 times respectively. In 2019 were 1.37 times and 0.80 times respectively,