

7. Management Discussion and Analysis

Fiscal Year 2008 – 2010 Operational Results

Revenue

The company revenue in fiscal year 2008, 2009 and 2010 were equal to 360.12 millions, 293.12 millions and 311.44 millions baht respectively, represent decreasing to 18.60 comparing to year 2008 and increasing to 6.25% comparing to year 2009 respectively. The revenue of company in year 2010, grew up from year 2009 because of gross profit margin increment, caused by Thai baht currency strong rapidly, resulting public sector has started investing in fixed assets

The revenue structure in fiscal year 2008, 2009 and 2010 are classified as follow:

Revenue Structure	Financial Statement					
	Year 2008		Year 2009		Year 2010	
	Valued (Thousand Baht)	%	Valued (Thousand Baht)	%	Valued (Thousand Baht)	%
1. Revenue from sales	223,173.80	61.42	148,316.25	50.14	145,105.14	45.88
2. Sales and Installation	136,947.42	37.69	144,810.43	48.96	166,330.22	52.60
3. Installation Services	-	-	-	-	-	-
4. Other Revenues	3,253.32	0.90	2,649.22	0.90	4,819.07	1.52
Total Revenues	363,374.54	100.00	295,775.90	100.00	316,254.44	100.00

Other revenues derived from selling of metal scraps, transportation and others.

Cost of Selling and Administration Expenses

Cost of Goods Sold and Gross Profit Margin

Our cost of goods sold in fiscal year 2008, 2009 and 2010 were equal to 295.12 millions, 248.77 millions and 255.24 million baht respectively, which are 81.22%, 84.11% and 80.71% respectively in comparison with the total revenue. The major cost came from raw materials form BlueScope Steel, which are 86.01%, 86.33% and 89.27% of total cost in fiscal year 2008, 2009 and 2010 respectively.

Cost Structure and Gross Profit Margin are divided into 3 categories as follow:

(1) Cost of goods sold: In fiscal year 2008, 2009 and 2010 were equal to 181.08 millions, 127.42 millions and 123.24 million baht respectively. The figures represented annual gross profit margin of 18.86%, 14.09% and 15.07%

respectively. In year 2008, the gross profit margin grown up because of fluctuation of raw material price, resulting the customer made a quick decision on purchasing during the middle of fiscal year. After that, in Q4 of year 2009, the gross profit went down because of the rapidly decreasing price of raw material that made company had to reduce the selling price to meet the customer needs. In year 2010, the gross profit margin grew up resulting from the rapid strong baht that public sector start investing in fixed assets.

(2) Cost of goods sold and installation: In fiscal year 2008, 2009 and 2010 were equal to 114.04 millions, 121.35 millions and 132.01 million baht respectively. The figures represent annual gross profit margin of 16.72%, 16.20% and 20.64 % respectively. The instability of gross profit margin from cost of goods sold and installation, caused by direct sales to contractors and owners through project bidding, making the profit vary from project to project.

Cost of Sales and Administration Expenses

In 2008, Cost of Sales and Administration Expenses was 40.11 millions, which is 11.04% to total revenue or 15.93 % increase from 2007. Part of the expenses was from the increase in doubtful debt reserved fund, which increase to 3.17 million baht.

In 2009, Cost of Sales and Administration Expenses was 39.99 millions, which is 13.52% to total revenue or 0.31 % decrease from 2008. Part of the expenses was from increase in fund reserved to doubtful debt to be 1.49 million baht.

In 2010, Cost of Sales and Administration Expenses was 47.02 millions, which is 14.87% to total revenue or 14.95 % increase from 2009. Part of the expenses was from increase in fund reserved to doubtful debt to be 1.59 million baht.

Net Profit

In fiscal year 2008, 2009 and 2010, the company had the net profit of 20.17 millions, 3.70 millions and 8.97 million baht, represented decreasing to 81.64% and increasing to 142.28%. In 2008, the net profit grew up due to the customer had its more projects. In addition, due to the fluctuation of raw material price that made the most customer accepted to buy higher price. However, the customer slows down on purchasing due to the prices adjusted down in the end of year 2008. In year 2009, net profit sharply went down due to the subprime mortgage segment of the United States in the end of year 2008 impacted to overall market has decelerated, together with a high fluctuation steel price on the beginning of year 2009. In year 2010, the net profit grew up due to domestic economic recovery in according to the world economy in additional resulting from Strong Thai project.

Financial Status**Financial Structure Table**

Items	2008		2009		2010	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Current Assets	112,636.67	55.36	107,415.46	55.93	76,902.95	47.14
Non-Current Assets	90,818.75	44.64	84,626.59	44.07	86,237.39	52.86
Total Assets	203,455.42	100.00	192,042.05	100.00	163,140.34	100.00
Current Liabilities	84,482.85	41.52	92,938.15	48.39	60,371.66	37.01
Non-Current Liabilities	17,510.59	8.61	12,435.95	6.48	9,627.32	5.90
Total Liabilities	101,993.44	50.13	105,374.10	54.87	69,998.98	42.91
Shareholder's Equity	101,461.98	49.87	86,667.95	45.13	93,141.36	57.09
Total Liabilities and Shareholder's Equity	203,455.42	100.00	192,042.05	100.00	163,140.34	100.00
Debt to Equity Ratio (Times)	1.01		1.22		0.75	

Assets

Our total assets at the end of fiscal 2008, 2009 and 2010 were reported at 203.45 millions, 192.04 millions and 163.14 million baht respectively, which represented annual decreasing rates to 5.61% and 15.05% respectively. There were changes in major current assets, which were trade account receivables in fiscal 2008, 2009 and 2010 amounted to 40.71 millions, 37.68 millions and 31.80 million baht respectively, which represented annual decrease of 7.44% and 15.60% respectively. In addition, the decreasing of inventory in year 2008, 2009 and 2010 were 47.35 millions, 41.04 millions and 20.27 million baht respectively, represented decreasing to 13.33% and 50.61% respectively.

Operation cash flow fiscal year 2008, 2009 and 2010 has been positive with the amount of 10.93 millions, 4.60 million and 40.03 million baht respectively. The changes in cash flow came from (1) decrease in trade account receivable from purchasing of raw material in fiscal year 2009 and 2010, with the amount of 3.93 millions and 13.05 million baht respectively, (2) increase pre-income in fiscal year 2009 and 2010 amounted to 12.85 millions and 8.46 million baht respectively from early completing jobs, (3) cash and deposit at Financial institutions in total are 13.27 millions, 4.80 millions and 10.87 million baht in fiscal year 2008, 2009 and 2010 respectively. In 2008, the dividend was 15.0 million baht. In 2009, although the overall market was decelerated, the dividend was 18.49 million baht. In 2010, the economic was recovery in the end of year, the dividend was 12.49 million baht.

Asset Quality**Trade Account Receivable**

Our net trade account and net receivables at the end of fiscal year 2008, 2009 and 2010, equal to 40.71 millions, 37.68 millions and 31.80 million baht respectively.

We set a reversed provision for doubtful debts based on estimated default value, especially from those trade account receivables with average age longer than 6 months to 12 months and over. The amount of reserve for doubtful debts is estimated through previous transaction records of each trade account receivable. At the end of fiscal year 2008, 2009 and 2010, our allowance for doubtful debts were 11.62 millions, 13.11 millions and 15.70 million baht respectively, which represented annual increases of 12.82% and 19.76% respectively.

Based on our corporate policy, we provide our trade account receivable with 30-45 days for settlement. As for trade account receivable incurred from sales and installation package, we have a policy to demand immediate settlement because of as usual nature of longer settlement period for this sale category. In the past, sales and installation package required settlement period of between 45- 60 days.

The company's average ability to correct debt in fiscal year 2008, 2009 and 2010, equal to 60 days, 80 days and 74 days respectively. In 2008, the company began more stricter with credit, resulting to be in average standard. In 2009, due to the tight of financial market, the average ability was over standard between 30-60 days. In 2010, due to economic was recovery, the company again more strict with credit.

Liquidity

Net cash flow from operation in fiscal year 2008, 2009 and 2010 have been in positive with the amount of 10.93 millions, 4.60 millions, and 40.03 million baht respectively, caused from (1) decrease in commercial creditor in fiscal year 2009 in comparison with year 2008, decreasing to 3.93 million baht and in year 2010 comparing to year 2009, decreasing to 13.05 million baht. (2) increase in advance revenue in fiscal year 2009, equal to 12.85 million baht due to the early completion of the projected and in 2010 there were incomplete project value 8.45 million baht.

Net cash spent on financing activities fiscal year 2008, 2009 and 2010 equal to 10.80 millions, 0.79 millions and 0.43 million baht respectively

In year 2008, dividend of operation in fiscal year 2007 was 7.50 million baht and the interim dividend in fiscal year 2008 equal to 7.50 million baht. In year 2009, the company has paid dividend of operation in fiscal year 2008 amounted 6.0 million baht and the interim dividend twice times equal to 2.50 millions and 9.99 million baht respectively. In 2010, the company has paid the interim dividend from earning was 2.50 million baht.

Source of Fund**Shareholder's Equity**

Shareholder's Equity at the end of fiscal 2009 and 2010 equal to 86.67 millions and 93.14 million baht respectively, which accounted for an annual increase of 7.47%. In 2009, the company had its operation with the net profit of 3.70 millions and dividend was 18.49 million baht. In 2010, the net profit was 8.98 million baht and dividend was 2.5 million baht.

Liabilities

Our total liabilities at the end of fiscal year 2008, 2009 and 2010 were 101.99 millions, 105.37 millions and 69.99 million baht respectively, represented an annual increase of 3.31% and decreasing to 33.58% respectively. Major contributing factors for such changes were (1) changes in current liabilities at the end of fiscal year 2008, 2009 and 2010, were 84.48 millions, 92.93 millions and 60.37 million baht respectively, represented an annual increase of 10.00% and decrease of 35.04% respectively. In year 2008, the accountable payable decreased from 61.92 million baht in fiscal year 2007 to 54.63 million baht. In year 2009, the debt decreased by 4.14 million baht to 50.48 million bath and year 2010, the debt still decreased by 13.05 million baht to 37.43 million baht.

We have warranty commitment for product and service delivered to our customers under the condition of the damages and faults caused by products only, not other damages and faults as results of external factors. Warranty period lasts approximately between 1-30 years. The management, however, is convinced that no significant liabilities are incurred due to the warranty commitment because our authorized dealers also offer warranty under the same conditions with warranty period between 5-30 years, thereby enabling us to demand indemnification from dealers throughout warranty period. Therefore, we do not realize expenses and liabilities in connection with the warranty commitment. However, we still have liability commitment due to bank guarantee at the amount of 1.15 million baht at the end of fiscal 2010.