

MIRA INFORM REPORT

Report No. :	539360
Report Date :	15.11.2018

IDENTIFICATION DETAILS

Name :	SYSTEM 3 CO., LTD.
Registered Office :	333 Moo 3, T. Buapaktha, A. Banglane, Nakhon Pathom 73130
Country :	Thailand
Financials (as on) :	31.12.2017
Date of Incorporation :	09.08.1994
Com. Reg. No.:	0105537092831
Legal Form :	Private Limited Company
Line of Business :	The subject is engaged in manufacturing, assembling and distributing various kinds of high voltage electrical equipment such as cast resin insulation, protection equipment, transformer, contactors, switch set, circuit breakers supplying to telecommunication, power and industrial plants.
No. of Employees :	120

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
Payment Behaviour :	Slow but Correct
Litigation :	Clear

NOTES :

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ECGC Country Risk Classification List

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
Thailand	A2	A2

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

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THAILAND - ECONOMIC OVERVIEW

With a relatively well-developed infrastructure, a free-enterprise economy, and generally pro-investment policies, Thailand is highly dependent on international trade, with exports accounting for about two-thirds of GDP. Thailand's exports include electronics, agricultural commodities, automobiles and parts, and processed foods. The industry and service sectors produce about 90% of GDP. The agricultural sector, comprised mostly of small-scale farms, contributes only 10% of GDP but employs about one-third of the labor force. Thailand has attracted an estimated 3.0-4.5 million migrant workers, mostly from neighboring countries.

Over the last few decades, Thailand has reduced poverty substantially. In 2013, the Thai Government implemented a nationwide 300 baht (roughly \$10) per day minimum wage policy and deployed new tax reforms designed to lower rates on middle-income earners.

Thailand's economy is recovering from slow growth during the years since the 2014 coup. Thailand's economic fundamentals are sound, with low inflation, low unemployment, and reasonable public and external debt levels. Tourism and government spending - mostly on infrastructure and short-term stimulus measures - have helped to boost the economy, and The Bank of Thailand has been supportive, with several interest rate reductions. Over the longer-term, household debt levels, political uncertainty, and an aging population pose risks to growth.

Source : CIA

COMPANY NAME

SYSTEM 3 CO., LTD.

SUMMARY

BUSINESS ADDRESS : 333 MOO 3, T. BUAPAKTHA, A. BANGLANE,
NAKHON PATHOM 73130, THAILAND
TELEPHONE : [66] 34 991-199, 086 792-2828
FAX : [66] 34 991-188
E-MAIL ADDRESS : system3@live.com
REGISTRATION ADDRESS : SAME AS BUSINESS ADDRESS
ESTABLISHED : 1994
REGISTRATION / TAX ID NO. : 0105537092831
CAPITAL REGISTERED : BHT. 60,000,000
CAPITAL PAID-UP : BHT. 60,000,000
SHARES PROPORTION : THAI : 100%
FISCAL YEAR CLOSING DATE : DECEMBER 31
LEGAL STATUS : PRIVATE LIMITED COMPANY
EXECUTIVE : MR. SUPACHAI JANTAVEEKUL, THAI
MANAGING DIRECTOR
NO. OF STAFF : 120
LINES OF BUSINESS : HIGH VOLTAGE ELECTRICAL EQUIPMENT
MANUFACTURER, ASSEMBLER AND DISTRIBUTOR

CORPORATE PROFILE

OPERATING TREND : STABLE
PRESENT SITUATION : OPERATING NORMALLY
REPUTATION : GOOD WITH NORMAL BUSINESS ENGAGEMENT
MANAGEMENT STANDARD : MANAGEMENT WITH FAIR PERFORMANCE

HISTORY

The subject was established on August 9, 1994 as a private limited company under the registered name SYSTEM 3 CO., LTD., by Thai group, with the business objective to manufacture, assembly and distribute various kinds of high voltage electrical equipment to domestic market. It currently employs approximately 120 staff.

The subject's registered address is 333 Moo 3, T. Buapaktha, A. Banglane, Nakhon Pathom 73130, and this is the subject's current operation address.

THE BOARD OF DIRECTOR

<u>Name</u>	<u>Nationality</u>	<u>Age</u>
Mr. Supachai Jantaveekul	Thai	54
Mrs. Pornkamol Jantaveekul	Thai	57

AUTHORIZED PERSON

One of the above directors can sign on behalf of the subject with company's affixed.

MANAGEMENT

Mr. Supachai Jantaveekul is the Managing Director.
He is Thai nationality with the age of 54 years old.

Mrs. Pornkamol Jantaveekul is the Deputy Managing Director.
She is Thai nationality with the age of 57 years old.

BUSINESS OPERATIONS

The subject is engaged in manufacturing, assembling and distributing various kinds of high voltage electrical equipment such as cast resin insulation, protection equipment, transformer, contactors, switch set, circuit breakers and etc., supplying to telecommunication, power and industrial plants.

PURCHASE

Raw material and components are purchased from suppliers both domestic and overseas in Germany, Italy, Spain, Japan, Turkey, United Kingdom, Spain, Taiwan, Indonesia and Republic of China.

SALES

100% of the products is sold locally to manufacturers, state enterprises and government sector.

MAJOR CUSTOMERS

Electricity Generating Authority of Thailand
Metropolitan Electricity Authority
Provincial Electricity Authority

SUBSIDIARY AND AFFILIATED COMPANY

The subject is not found to have any subsidiary or affiliated company here in Thailand.

LITIGATION

Bankruptcy and Receivership

There are no litigation on bankruptcy and receivership cases filed against the subject found at Legal Execution Department for the past five years.

Others

There are no legal suits filed against the subject according to the past two years.

CREDIT

Sales are by cash or on the credits term of 30-60 days.
Local bills are paid by cash or on the credits term of 30-60 days.
Imports are by T/T.

BANKING

Bangkok Bank Public Company Limited
Kasikornbank Public Company Limited

EMPLOYMENT

The subject currently employs approximately 120 staff.

LOCATION DETAILS

The premise is owned for administrative office, factory and warehouse at the heading address. Premise is located in provincial, on the outskirts of Bangkok.

Branch office is located at 99 Soi Pattanawes 15, Sukhumvit 71 Road, Prakanongnua, Wattana, Bangkok 10110.

COMMENT

The subject was established itself as a prominent manufacturer of high voltage electrical equipment. Its products and services are renowned for reliability and uncompromising standards of international quality supplying the to industrial and power plants.

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Despite a decrease in sales or service income in 2017 comparing to the previous year, it obtained higher net profit mainly due to lower cost of goods sold and lower financial cost which increased the profit margin. Generally, the subject operates a moderate business and remains profitable.

FINANCIAL INFORMATION

The capital was registered at Bht. 1,000,000 divided into 100,000 shares of Bht. 10 each with fully paid.

The capital was increased later as follows:

Bht. 10,000,000 on November 7, 2006
Bht. 30,000,000 on April 1, 2008
Bht. 40,000,000 on April 19, 2010
Bht. 60,000,000 on November 23, 2012

The latest registered capital was increased to Bht. 60,000,000 divided into 6,000,000 shares of Bht. 10 each with fully paid-up.

THE SHAREHOLDERS LISTED WERE : [as at April 30, 2018]

<u>NAME</u>	<u>HOLDING</u>	<u>%</u>
Mr. Supachai Jantaveekul Nationality: Thai Address : 119/35 Moo 5, T. Bangseethong, A. Bangkruay, Nonthaburi	5,300,005	88.33
Mrs. Pornkamol Jantaveekul Nationality: Thai Address : 5/201 Moo 1, Bangbon, Bangkok	699,991	11.67
Ms. Prung Saengthien Nationality: Thai Address : 507 Moo 12, Soi Anyamanee 9/4, Budhamonthon Sai 3 Road, Salathammasop, Taweewattana, Bangkok	2	-
Mr. Kijja Wongsaroj Nationality: Thai Address : 20/21 Moo 6, Bangwa, Pasicharoen, Bangkok	1	-
Mrs. Plang Wongsaroj Nationality: Thai Address : 20/21 Moo 6, Bangwa, Pasicharoen, Bangkok	1	-

Total Shareholders : 5

SHARE STRUCTURE

[AS AT APRIL 30, 2018]

Nationality	Shareholders	No. of Share	% Shares
Thai	5	6,000,000	100.00
Foreign	-	-	-
Total	5	6,000,000	100.00

NAME OF AUDITOR & CERTIFIED PUBLIC ACCOUNTANT NO.

Mr. Prakob Suravijit No. 9561

FINANCIALS

SYSTEM 3 CO., LTD.

BALANCE SHEET [BAHT]

The latest financial figures published for December 31, 2017, 2016 and 2015 were:

ASSETS

Current Assets	2017	2016	2015
Cash and Cash Equivalents	6,774,687.91	29,063,317.90	4,394,421.63
Trade Accounts and Other Receivable	210,432,025.96	217,268,610.90	307,656,488.99
Short-term Loans	144,644,431.99	138,509,239.79	-
Inventories	208,548,601.95	187,667,078.28	205,561,557.08
Other Current Assets	6,418,423.51	4,338,495.19	10,994,422
Total Current Assets	576,818,171.32	576,846,742.06	528,606,890.63
Long-term Loans	-	-	5,001,962.31
Property, Plant and Equipment	105,540,156.38	98,759,281.18	100,430,899.87
Intangible Assets	189,474.10	210,339.75	244,298.63
Other Non-current Assets	17,707,631.87	17,333,552.13	17,530,873.66
Total Assets	700,255,433.67	693,149,915.12	651,814,925.10

LIABILITIES & SHAREHOLDERS' EQUITY [BAHT]

Current Liabilities	2017	2016	2015
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Bank Overdraft and Short-term Loan from Financial Institutions	75,088,805.95	80,452,576.13	396,095,672.50
Trade Accounts and Other Payable	184,077,417.09	169,727,083.98	111,092,412.50
Current Portion of Long-term Liabilities	1,336,218.39	1,336,218.39	1,336,218.39
Short-term Loans	10,914,233.58	10,914,233.58	-
Accrued Income Tax	101,125.25	200,118.61	-
Other Current Liabilities	988,968.72	2,669,161.18	1,907,641.55
Total Current Liabilities	272,506,768.98	265,299,391.87	510,431,944.94
Long-term Loan	259,045,919.70	268,816,659.84	8,185,741.77
Total Liabilities	531,552,688.68	534,116,051.71	8,185,741.77
Shareholders' Equity			
Share capital : Baht 10 par value authorized, and issued share capital 6,000,000 shares	60,000,000.00	60,000,000.00	60,000,000.00
Capital Paid	60,000,000.00	60,000,000.00	40,000,000.00
Retained Earning -Unappropriated [Deficit]	108,702,744.99	99,033,863.41	93,197,238.39
Total Shareholders' Equity	168,702,744.99	159,033,863.41	133,197,238.39
Total Liabilities and Shareholders' Equity	700,255,433.67	693,149,915.12	651,814,925.10

PROFIT & LOSS ACCOUNT

Revenue	2017	2016	2015
Sales or Services Income	427,052,011.55	435,786,089.33	385,365,721.81
Interest Income	234,922.54	78,472.35	-
Other Income	6,754,641.97	737,673.85	414,217.72
Total Revenues	434,041,576.06	436,602,235.53	385,779,939.53
Expenses			
Cost of Goods Sold or Services	361,316,857.69	373,270,194.93	308,305,380.72
Selling Expenses	877,896.45	204,319.13	17,613,607.76
Administrative Expenses	34,234,936.86	27,801,319.80	38,283,733.39
Total Expenses	396,429,691.00	401,275,833.86	364,202,721.87

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Profit /[Loss] before Financial Cost and Income Tax	37,611,885.06	35,326,401.67	21,577,217.66
Financial Cost	[25,007,875.16]	[27,624,020.11]	[21,130,435.59]
Profit /[Loss] before Income Tax	12,604,009.90	7,702,381.56	446,782.07
Income Tax	[2,935,128.32]	[1,865,756.54]	[897,970.60]
Net Profit / [Loss]	9,668,881.58	5,836,625.02	[451,188.53]

SYSTEM 3 CO., LTD.

FINANCIAL ANALYSIS

ITEM	UNIT	2017	2016	2015
LIQUIDITY RATIO				
CURRENT RATIO	TIMES	2.12	2.17	1.04
QUICK RATIO	TIMES	1.33	1.45	0.61
ACTIVITY RATIO				
FIXED ASSETS TURNOVER	TIMES	4.05	4.41	3.84
TOTAL ASSETS TURNOVER	TIMES	0.61	0.63	0.59
INVENTORY CONVERSION PERIOD	DAYS	210.67	183.51	243.36
INVENTORY TURNOVER	TIMES	1.73	1.99	1.50
RECEIVABLES CONVERSION PERIOD	DAYS	179.86	181.98	291.40
RECEIVABLES TURNOVER	TIMES	2.03	2.01	1.25
PAYABLES CONVERSION PERIOD	DAYS	185.95	165.97	131.52
CASH CONVERSION CYCLE	DAYS	204.58	199.52	403.24
PROFITABILITY RATIO				
COST OF GOODS SOLD	%	84.61	85.65	80.00
SELLING & ADMINISTRATION	%	8.22	6.43	14.51
INTEREST	%	5.86	6.34	5.48
GROSS PROFIT MARGIN	%	17.03	14.53	20.10
NET PROFIT MARGIN BEFORE EX. ITEM	%	8.81	8.11	5.60
NET PROFIT MARGIN	%	2.26	1.34	(0.12)
RETURN ON EQUITY	%	5.73	3.67	(0.34)
RETURN ON ASSET	%	1.38	0.84	(0.07)
EARNING PER SHARE	BAHT	1.61	0.97	(0.11)
LEVERAGE RATIO				
DEBT RATIO	TIMES	0.76	0.77	0.80
DEBT TO EQUITY RATIO	TIMES	3.15	3.36	3.89
TIME INTEREST EARNED	TIMES	1.50	1.28	1.02
ANNUAL GROWTH				
SALES GROWTH	%	(2.00)	13.08	
OPERATING PROFIT	%	6.47	63.72	

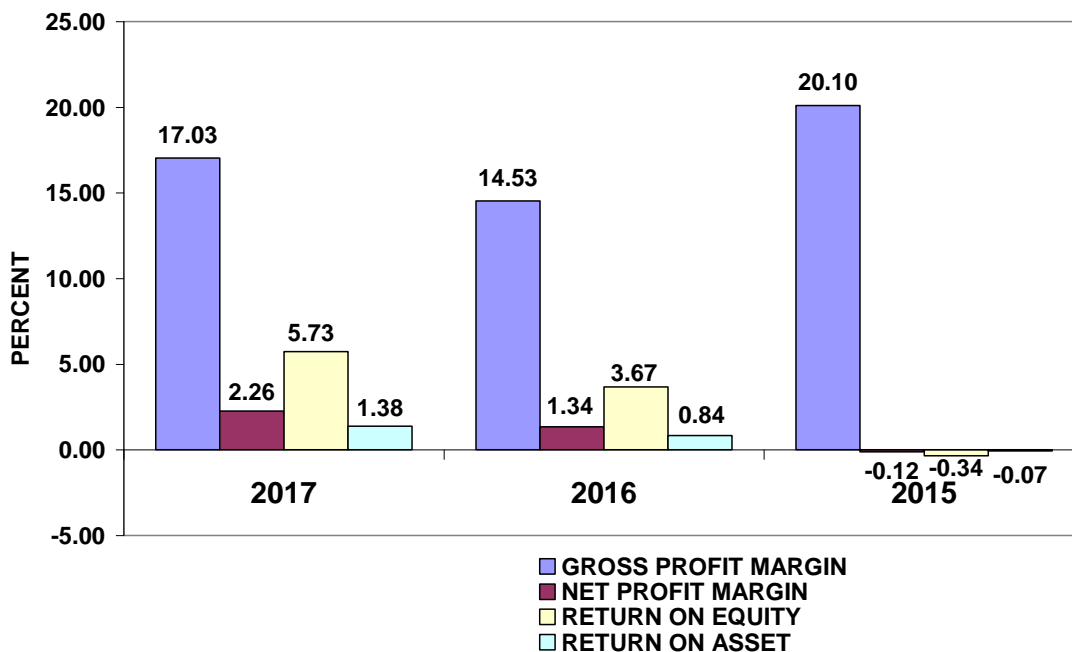
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NET PROFIT	%	65.66	1,393.61
FIXED ASSETS	%	6.87	(1.66)
TOTAL ASSETS	%	1.03	6.34

ANNUAL GROWTH : IMPRESSIVE

An annual sales growth is -2%. Sales Income has decreased from THB 435,786,089.33 in 2016 to THB 427,052,011.55 in 2017. While net profit has increased from THB 5,836,625.02 in 2016 to THB 9,668,881.58 in 2017. And total assets has increased from THB 693,149,915.12 in 2016 to THB 700,255,433.67 in 2017.

PROFITABILITY : SATISFACTORY



PROFITABILITY RATIO

Gross Profit Margin	17.03	Acceptable	Industrial Average	46.29
Net Profit Margin	2.26	Satisfactory	Industrial Average	4.26
Return on Assets	1.38	Acceptable	Industrial Average	4.01
Return on Equity	5.73	Satisfactory	Industrial Average	8.06

Gross Profit Margin used to assess a firm's financial health by revealing the proportion of money left over from revenues after accounting for the cost of goods sold. Gross profit margin serves as the source for paying additional expenses and future savings. The company's figure is 17.03%. When compared with the industry average, the ratio of the company was lower. This indicated that company may have problems with control over its costs.

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Net Profit Margin is the indicator of the company's efficiency in that net profit takes into consideration all expenses of the company. A low profit margin indicates a low margin of safety, higher risk that a decline in sales will erase profits and result in a net loss. The company's figure is 2.26%. When compared with the industry average, the ratio of the company was lower.

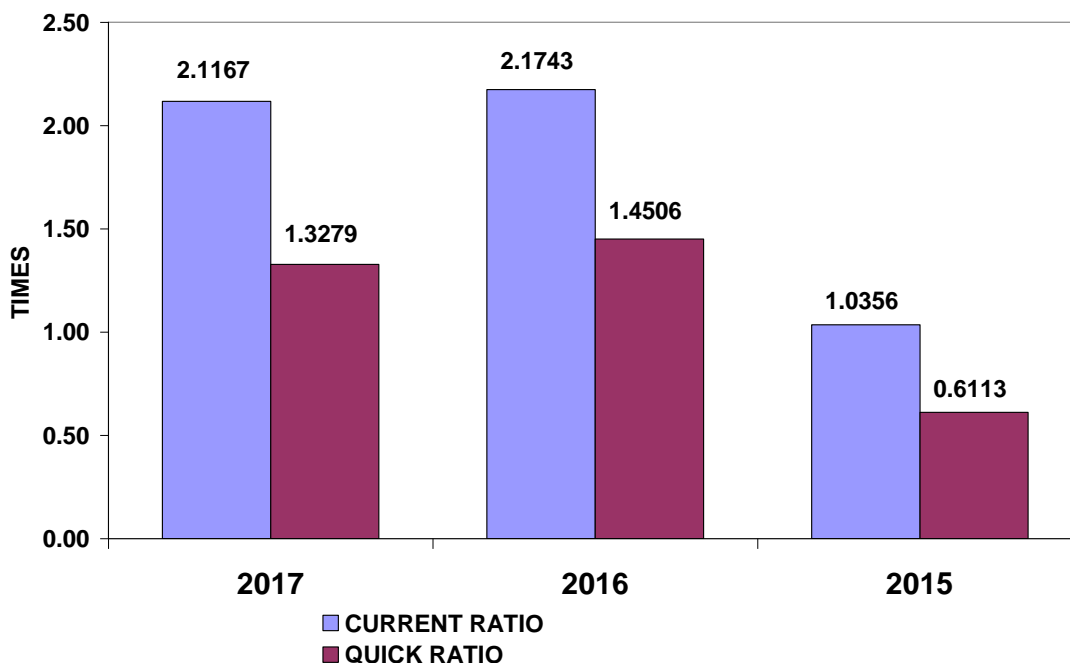
Return on Assets measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. When compared with the industry average, it was lower, the company's figure is 1.38%.

Return on Equity indicates how profitable a company is by comparing its net income to its average shareholders' equity, ROE measures how much the shareholders earned for their investment in the company. When compared with the industry average, it was lower, the company's figure is 5.73%.

Trend of the average competitors in the same industry for last 5 years

Return on Assets Downtrend
 Return on Equity Downtrend

LIQUIDITY : ACCEPTABLE



LIQUIDITY RATIO

Current Ratio	2.12	Impressive	Industrial Average	1.76
Quick Ratio	1.33			
Cash Conversion Cycle	204.58			

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The Current Ratio is to ascertain whether a company's short-term assets are readily available to pay off its short-term liabilities. The company's figure is 2.12 times in 2017, decrease from 2.17 times, then it is generally considered to have good short-term financial strength. When compared with the industry average, the ratio of the company was higher, indicated that company was an efficient operator in a dominant position within its industry.

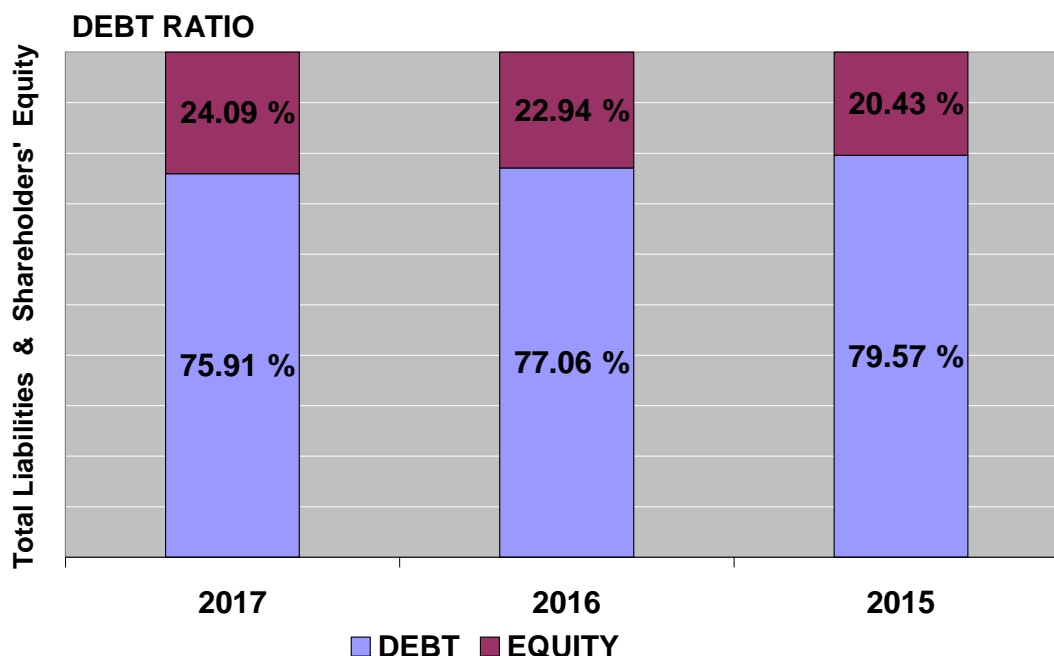
The Quick Ratio is a liquidity indicator that further refines the current ratio by measuring the amount of the most liquid current assets there are to cover current liabilities. The company's figure is 1.33 times in 2017, decrease from 1.45 times, although excluding inventory so the company still have good short-term financial strength.

The Cash Conversion Cycle measures the number of days a company's cash is tied up in the production and sales process of its operations and the benefit from payment terms from its creditors. It meant the company could survive when no cash inflow was received from sale for 205 days.

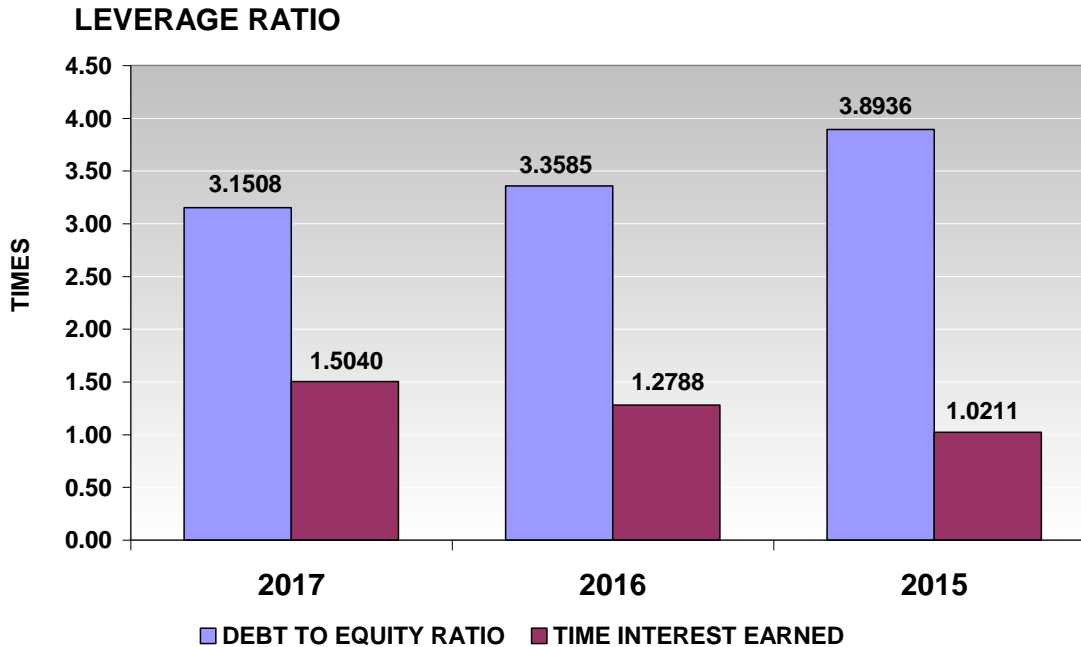
Trend of the average competitors in the same industry for last 5 years

Current Ratio Uptrend

LEVERAGE : ACCEPTABLE



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LEVERAGE RATIO

Debt Ratio	0.76	Acceptable	Industrial Average	0.45
Debt to Equity Ratio	3.15	Risky	Industrial Average	0.83
Times Interest Earned	1.50	Impressive	Industrial Average	-

Debt to Equity Ratio a measurement of how much suppliers, lenders, creditors and obligors have committed to the company versus what the shareholders have committed. A higher the percentage means that the company is using less equity and has stronger leverage position.

Times Interest Earned measuring a company's ability to meet its debt obligations. Ratio is 1.51 higher than 1, so the company can pay interest expenses on outstanding debt.

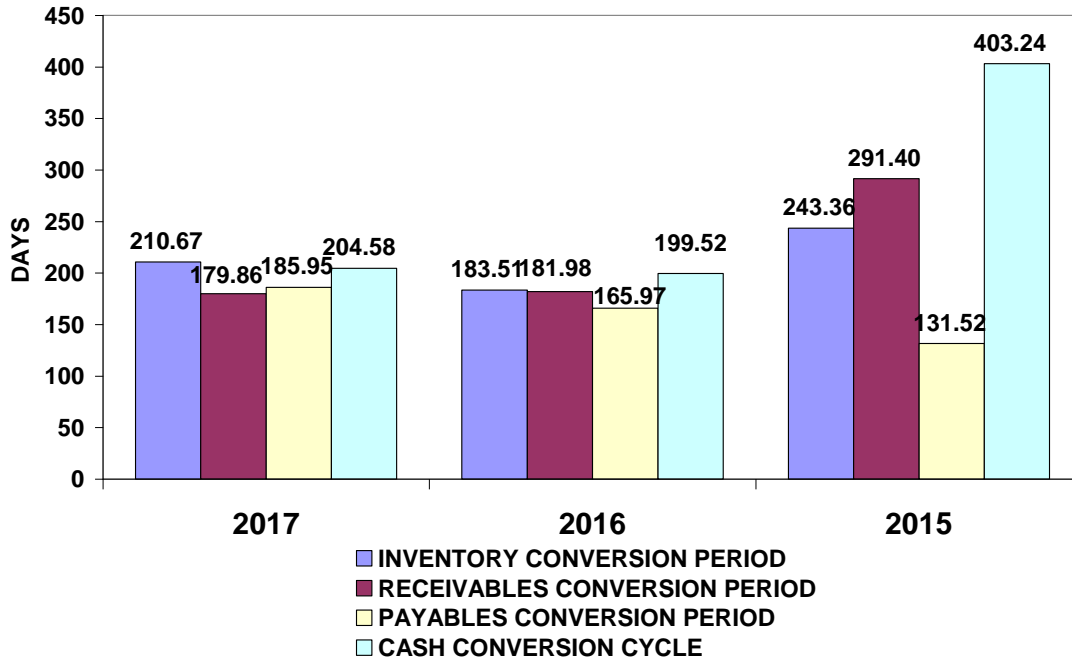
Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.76 greater than 0.5, most of the company's assets are financed through debt.

Trend of the average competitors in the same industry for last 5 years

Debt Ratio	Downtrend
Times Interest Earned	Stable

ACTIVITY : SATISFACTORY

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ACTIVITY RATIO

Fixed Assets Turnover	4.05	Impressive	Industrial Average	-
Total Assets Turnover	0.61	Satisfactory	Industrial Average	0.94
Inventory Conversion Period	210.67			
Inventory Turnover	1.73	Acceptable	Industrial Average	3.47
Receivables Conversion Period	179.86			
Receivables Turnover	2.03	Satisfactory	Industrial Average	3.28
Payables Conversion Period	185.95			

The company's Account Receivable Ratio is calculated as 2.03 and 2.01 in 2017 and 2016 respectively. This ratio measures the efficiency of the company in managing its trade debtors to generate revenue. A lower ratio may indicate over extension and collection problems. Conversely, a higher ratio may indicate an overly stringent policy. In this case, the company's A/R ratio in 2017 increased from 2016. This would suggest the company had good performance in the management of its debt collections.

Inventory Turnover in Days Ratio indicates the liquidity of inventory. It estimates the number of days that it will take to sell the current inventory. Inventory is particularly sensitive to change in business activities. The inventory turnover in days has increased from 184 days at the end of 2016 to 211 days at the end of 2017. This represents a negative trend. And Inventory turnover has decreased from 1.99 times in year 2016 to 1.73 times in year 2017.

The company's Total Asset Turnover is calculated as 0.61 times and 0.63 times in 2017 and 2016 respectively. This ratio is determined by dividing total assets into total sales turnover. The ratio measures the activity of the assets and the ability of the firm to generate sales through the use of the assets.

Trend of the average competitors in the same industry for last 5 years

Fixed Assets Turnover	Stable
Total Assets Turnover	Uptrend
Inventory Turnover	Uptrend
Receivables Turnover	Uptrend

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.10
UK Pound	1	INR 93.70
Euro	1	INR 81.44
Baht	1	INR 2.18

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	PRI
Report Prepared by :	SYL

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)

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