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70 หมู่ 2 ต.ช้างใหญ่ อ.บางไทร จ.พระนครศรีอยุธยา ประเทศไทย 13290
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(Translation)

Ref. No. MCS 004/2019
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Subject : Management Discussion and Analysis Yearly Ending 31 Dec 2018.

To : Director and Manager The Stock Exchange of Thailand

M.C.S. Steel Public Company Limited would like to clarify the operating result for the consolidate financial statements of company and subsidiary of 2018 periods ended 31 December 2018 that audited by the Independent Auditor , details are as followings ;

1. In Year 2018, the company's Profit (separate financial statements) ended 31 December 2018 was 451.12 Million Baht ,decreased of 88.31 Million Baht or 16.37% from Year 2017 which combined with subsidiary companies , the company's Profit in the owners was 416.93 Million Baht ,decreased of 57.72 Million Baht or 12.16% from Year 2017.

The operation of subsidiary companies were as ;

- 1) M.C.S. Steel Xiamen Co., Ltd.'s operation had profit as 1.35 Million Yuan (CNY) or 5.15 Million Baht ,deducted of depreciation of assets appraised increased 14.23 Million Baht and the company has booked an allowance for doubtful accounts of trade which more than 1 year was 18.06 Million Baht so M.C.S. Steel Xiamen Co., Ltd.'s loss was 27.14 Million Baht.
- 2) M.C.S.- Japan Co., Ltd. 's profit was 11.86 Million Yen (JPY) or 3.68 Million Baht.
- 3) Tanaka Welding Center Co., Ltd. 's loss was 0.78 Million Baht.

In addition , the company deducted the profit with related transaction of 6.38 Million Baht so the company's profit ended 31 December 2018 of consolidated financial statements decreased of 30.62 Million Baht from separate financial statements.

2. In Year 2018, the company's gross profit ended was 1,083.88 Million Baht, decreased of 260.82 Million Baht or 19.40% from year 2017.
3. In Year 2018, the company's sale revenue was 3,248.26 Million Baht, increased of 144.42 Million Baht or 4.65% from year 2017.

Management Discussion and Analysis of previous year

1. In Year 2018, the total of delivered work was 51,625 tons which included the export work was 43,894 tons (included the company ' s export work from the subsidiary company in aboard), that increased around 7,727 tons or 17.60% compared of last year and the domestic work was 7,732 tons. As a result, the sales revenue increased 144.42 Million Baht or 4.65%.
2. In Year 2018, Cost for sales of goods increased 405.23 Million Baht due to export work increased.



M.C.S. STEEL PUBLIC COMPANY LIMITED

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3. In Year 2018, the Selling expenses decreased 105.39 Million Baht due to cost of transportation decreased from domestic project and the company not pay the transportation of export work from the subsidiary company in aboard of 8,527 tons .
4. The Administrative expenses increased 19.95 Million Baht due to
 - 4.1 The company has booked an allowance for doubtful accounts of trade which more than 1 year was 18.06 Million Baht for M.C.S. Steel Xiamen Co., Ltd.
 - 4.2 Administrative expenses of the subsidiary company (M.C.S. Steel Xiamen Co.,Ltd.) increased 1.89 Million Baht.
5. At 31 December 2018, Inventories was 1,114.41 Million Baht ,increased 198.61 Million Baht compared with 31 December 2017.
6. At 31 December 2018, Property ,plant and equipment increased 240.82 Million Baht compared with 31 December 2017 including the land of subsidiary company in japan was bought.

As the main reasons as above No.1-4 on, In Year 2018, the company's Profit in the owners ended 31 December 2018 was decreased of 57.72 Million Baht or 12.16% from Year 2017.

Yours Sincerely

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(Dr.Naiyuan Chi)
Chief Executive Officer