

AC2802/2017

February 28, 2017

Subject: Management Discussion and Analysis for Year 2016

To: **Managing Director**

The Stock Exchange of Thailand

The company would like to report the operation results for the company and subsidiary for the year 2016 ended 31 December 2016. The company net profit of Baht 43.60 million when compared with the same period of year 2015 posted net profit of Baht 43.31 million due to the following reasons.

1. The Company and its subsidiaries had revenue from sales and services amounted of Baht 1,599.04 million compared with the same period of year 2015 Revenue from sales and services amounted of Baht 1,347.51 million in revenue from sales and services increased by Baht 251.53 million baht income increase due

1.1 The Company has investments in subsidiaries engaged respondents exporting wood chips from eucalyptus abroad. The company invested 80 percent in the company and started to export in this year in the amount of Baht 159.09 million.

1.2 Revenue increased from leather and leather parts for the car seat, with orders from existing customers increased.

2. The Company's cost of sales and services in the amount of Baht 1,347.50 million representing 84.27 percent of its revenue from sales and services. As a percentage of cost of sales and services decreased compared to last year which cost of sales and services amount of Baht 1,172.04 million or 86.98 percent of its revenue from sales and services due to lower raw material costs movies from the purchase of raw materials from suppliers directly. In addition, the Company has reviewed the accounting for allowance for devaluation of inventories. As a result, the Company recorded the reversal of loss from stock devaluation of Baht 4.18 million.

3. The Company's selling and administrative expenses of year 2016 in the amount of Baht 206.65 million or 12.92 percent of its revenue from sales and services. Increased compared to last year which sales and administrative expenses of Baht 133.12million. Selling and administrative expenses increased due to increased sales from leather and leather parts for the car seat and the cost of continuing to invest in renewable energy projects.

Please be informed accordingly.

Your Sincerely,

(Mr. Weerapon Chaiteerath)

Managing Director