

August 14, 2018

Subject: Managing Discussion and Analysis for Q2/2018

To: **Managing Director**

The Stock Exchange of Thailand

The company would like to report to operation results for the company and subsidiary for 2<sup>nd</sup> quarter of 2018 ended 30 June 2018. The company net loss of Baht 10.49 million when compared with the same period of year 2017 posted net profit of Baht 37.94 million due to the following reasons.

1. The company and its subsidiaries had revenue from sales and services amounted of Baht 435.90 million compared with the same period of year 2017 revenues from sales and services amounted of Baht 475.68 million. The revenue from sales and services decreased in the amount of Baht 39.78 million or 8.37 percent income decreased due

1.1 The revenue from sales and services decreased in 2<sup>nd</sup> quarter of 2018, resulting in the company's operation results in Q2/2018 sales and services totaled Baht 380.02 million and net profit was Baht 12.94 million decreased compared to Q2/2017, the company had revenue from sales and services of Baht 461.37 million, a net profit of Baht 31.98 million. The revenue from tanning service decreased. In addition, the Dog chews business has been affected by competition in price and substitution of other raw materials.

1.2 The company's income from energy business in Q2/2018 was Baht 55.88 million, increased from Q2/2017 the company's income from energy business was Baht 11.76 million. As the company started to generate revenue from commercial biomass fuel sales in Q2/2018.

2. The company's cost of sales and services in the amount of Baht 354.49 million or 81.32 percent of its revenue from sales and services. The percentage of cost of sales and service income increased compared to the same quarter of last year which presented in the amount of Baht 379.95 million or 79.88 percent. Due to subsidiary company is in the process of setting up machinery to find the parameters. In the production of electricity to be able to sell electricity up to 8 MW of the contact with the PEA. In addition the lowest fuel consumption. This will result in more efficient production and sales of electricity in the long run.

3. The company's selling and administrative expense for this quarter in the amount of Baht 57.87 million or 13.28 percent of its revenue from sales and services. Increased compared to same period which selling and administrative expenses of Baht 50.59 million or 10.64 percent. As the company invest in design and distribution of boats and minibus made by aluminum business.

4. The financial position of the Company and its subsidiaries as at 30 June 2018 total assets were Baht 3,789.55 million, divided into total current assets of Baht 1,129.15 million, non-current assets of Baht 2,660.40 million, total liabilities of Baht 2,395.56 million, divided in to total current liabilities of Baht 1,636.69 million and non-current liabilities of Baht 758.87 million and total shareholders' equity totaled Baht 1,393.99 million. As at December 31, 2017, the Company and its subsidiaries had total assets were Baht 3,552.53 million, divided into total current assets of Baht 1,256.64 million, non – current assets of Baht 2,295.89 million baht, total liabilities of 2,185.15 million baht, divided into total current liabilities of 1,638.73 million baht and non-current liabilities of 546.41 million baht and total shareholders' equity was 1,367.38 million baht. The current ratio as at June 30, 2018 is 0.69 times. Compared to December 31, 2017, the rate was 0.77 times. This is because the Company has reserved the fuel for the business from the sale of biomass to ensure sufficient production. Non-current assets of land Property and equipment as at 30 June 2018 were Baht 2,380.94 million, compared with Baht 2,002.73 million as at December 31, 2017. Increased by Baht 378.21 million as a result of subsidiaries recording additional assets from the sale of biomass power plants on April 24, 2018.

Please be informed accordingly.

Your Sincerely,

**(Mr. Weerapon Chaiteerath)**

Managing Director