

(Translation)

Re: BOD.SET 003/2562

February 26, 2019

Subject: Clarification on the Change in operating results for the twelve month ended December 31, 2018 over 20% compared with the same period of the previous year

To: The President
The Stock Exchange of Thailand

As a result of the global economic contraction and the economy of Thailand in 2018, there is a slowdown to wait for clarity from the election. Resulting in investment from the private sector Government slowdown high competition Customers postpone the plan and delay investment. Resulting in the results of operations for the twelve-month period ending 31 December 2018 are as follows:

- Sales decreased from Baht 357.72 million in the year of 2017 to Baht 346.16 million in the year of 2018, or 3.23%, due the site of the client, not ready to install and some customers postpone the plan or delay the investment
- Cost of goods sold decreased from Baht 324.85 million in the year of 2017 to Baht 319.67 million in the year of 2018, or 1.59% due to decrease on sales, High price competition. As a result, the gross profit margin decreased from 9.19% for the year 2017 to 7.65% for the year 2018 due to the company has received more automated system work, thus unable to control the installation time as projected in some projects.
- Other income decreased 88.05% from the same period of last year due to in 2017, the Company had a gain on sold of investment assets of Baht 24.96 million.
- The company still maintains cost control measures and voluntary resignation programs. As a result, selling expenses was decreased 16.49% from the same period of last year.
- Admin expenses in 2018 was increased 12.82% from the same period of last year due to the Company reclassified the property for sales to operating assets due to the VAT limitation. As a result, the depreciation of such assets amounted to Baht 12.85 million.
- Financial expenses decreased from Baht 18.07 million in the year of 2017 to Baht 9.47 million in the year of 2018, or 47.62%, due to settle loans from outsiders at the rate of 9.00% per annum and Short term bill of exchange at the rate of 7.00% per annum at the end of 2017 and no additional loan in 2018.
- At the end of year 2018, the Company had total assets of Baht 842.28 million, decreasing of 10.54% from the same period of last year due to the inventories was decreased. Total liabilities was decreased of 8.33% from the same period of last year due to controlling the purchase resulted in a decrease in accounts payable of Baht 19.00

million and settle loans from third parties and long term loan. The shareholder's equities was decreased to 11.99% due to operation loss for year 2018 of Baht 68.15 million.

- As of December 27, 2018, the Company signed a contract to establish a production line and test the production line with a private company to hire mechanical installation. For the extrusion of the workpiece and the extrusion of the workpiece head to support the production of artillery shells according to the project to increase the production of the ammunition production line of the weapon building center The National Defense Industrial and Military Energy Center, contract value of Baht 255 million, the project period ending October 19, 2020, resulting in the outstanding of backlog up to Baht 400 million

Please be informed accordingly.

Sincerely yours,

-Mr. Surachet Kamolmongkolsuk-

(Mr. Surachet Kamolmongkolsuk)

Managing Director