

February 28, 2019

Subject: **Managing Discussion and Analysis for Year 2018**
To: **Managing Director**
The Stock Exchange of Thailand

The company would like to report to operation results for the company and subsidiary for the year 2018 ended 31 December 2018. The company net profit of Baht 74.17 million when compared with the same period of year 2017 posted net profit of Baht 52.83 million due to the following reasons.

1. The company and its subsidiaries had revenue from sales and services amounted of Baht 1,947.14 million compared with the year 2017 revenues from sales and services amounted of Baht 1,910.09 million. The revenue from sales and services increased in the amount of Baht 29.05 million or 1.52 percent income increased due

1.1 The company has revenue from sales and services from the leather business for the year 2018 in the amount of Baht 1,678.82 million, net profit of Baht 95.43 million, decreased compared with the same period of year 2017, the company had revenue from sales and services of Baht 1,809.44 million, a net profit of Baht 135.29 million due to the revenue from the sale of leather products for car seats decreased from the number of production cars according to the model received. 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 for the year 2018 in the amount of Baht 247.43 million, increased from the year 2017 the company's income from energy business was Baht 88.65 million. As the company started to generate revenue from commercial biomass fuel sales in Q2/2018.

1.3 The company's income from design and distribution of boat and minibus made by aluminium for the year 2018, which is the first year of investment in the amount of Baht 20.89 million.

2. The company's cost of sales and services for the year 2018 in the amount of Baht 1,586.36 million or 81.47 percent of its revenue from sales and services. The percentage of cost of sales and service income decreased compared to the year 2017 which presented in the amount of Baht 1,591.27 million or 83.31 percent. Due to the leather business group has continuously improved the production process to reduce production costs and the energy business group has improved the work processes 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 the year 2018 in the amount of Baht 236.50 million or 12.15 percent of its revenue from sales and services. Decreased compared to same period which selling and administrative expenses of Baht 238.61 million or 12.49 percent. For the year 2017, the company has education expenses for investment in renewable energy projects. Including investment in design and distribution of boats and minibus made by aluminum business. For the year 2018, the company has selling and administrative expenses focus on marketing and sales promotion for the business of distribution of boats and minibus made by aluminum.

4. The financial position of the Company and its subsidiaries as at 31 December 2018 total assets of Baht 3,958.13 million, divided into total current assets of Baht 1,169.54 million, non-current assets of Baht 2,788.60 million, which increased assets by Baht 405.60 million from the year 2017, which the company and its subsidiaries with total assets of 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, with additional assets is an assets in the category of machinery and buildings for power plants.

For the year 2018, the company and its subsidiaries had total liabilities of Baht 2,471.86 million, divided in to total current liabilities of Baht 994.44 million and non-current liabilities of Baht 1,477.42 million and total shareholders' equity totaled Baht 1,486.27 million, increased from the year 2017, the Company and its subsidiaries had 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 increased liabilities were due to long-term loans to support the finance project and the issuance of debentures for working capital in the business, including the improvement of machinery and factory buildings.

Please be informed accordingly.

Your Sincerely,

(Mr. Weerapon Chaiteerath)
Managing Director