



บริษัท ไทยแลนด์ไอออนเวิร์กส์ จำกัด (มหาชน)

THAILAND IRON WORKS PUBLIC COMPANY LIMITED

86 หมู่ 1 ถนนสุขสวัสดิ์-ป้อมพระจุล  
ตำบลแหลมฟ้าผ่า อำเภอพระสมุทรเจดีย์  
จังหวัดสมุทรปราการ 10290

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February 28, 2019

Subject Management Discussion and Analysis for fiscal year ended December 31, 2018  
Attention to Managing Director  
The Stock Exchange of Thailand  
Attachment Financial Statement for fiscal year ended 31 December 2018 (Audited)  
(1 original in Thai and 1 original in English)

Refer to the yearly general shareholder meeting on July 26, 2018, Thailand Iron Works Public Company Limited (The company) has announced the change of the fiscal year from starting April 1 to March 31 of each year to starting January 1 to December 31 of each year. For the fiscal year end at December 31, 2018, it will be started from April 1, 2018 to December 31, 2018.

The company would like to submit the Financial Statement for fiscal year ended 31 December 2018, of which had been audited by the external auditor of the company, to The Stock Exchange of Thailand (SET) for your acknowledgement.

The Management Discussion and Analysis is made in comparison of the Statement of Financial Position ended on 31 December 2018 and ended on 31 March 2018 and the Statement of Comprehensive Income between the period which was ended on 31 December 2018 and ended on 31 December 2017.



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The Management Discussion and Analysis

Statement of Financial Position of the fiscal year ended 31 December 2018 and ended 31 December 2017

| Summarized of the achievement<br><br>(Unit : Baht)           | CONSOLIDATE             |                         | SEPARATE                |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | For the period          | For the period          | For the period          | For the period          |
|  | from April 1, 2018      | from April 1, 2017      | from April 1, 2018      | from April 1, 2017      |
|  | to December 31,<br>2018 | to December 31,<br>2017 | to December 31,<br>2018 | to December 31,<br>2017 |
| Revenues from sales, net                                     | 359,737,287             | 338,089,055             | 356,693,259             | 338,089,055             |
| Revenues from services                                       | 14,620,074              | 12,463,420              | 14,614,510              | 12,463,420              |
| Total revenues from sales and services                       | 374,357,361             | 350,552,475             | 371,307,769             | 350,552,475             |
| Costs of sales   | 289,663,597             | 256,015,753             | 289,663,597             | 256,015,753             |
| Costs of services  | 14,329,038              | 7,068,519               | 14,329,038              | 7,068,519               |
| Gross profit   | 70,364,726              | 87,468,203              | 67,315,134              | 87,468,203              |
| Other income   | 3,789,207               | 4,477,067               | 3,684,714               | 4,477,067               |
| Selling expenses   | 8,124,217               | 6,581,024               | 7,849,279               | 6,581,024               |
| Administrative expenses                                      | 34,423,564              | 19,459,669              | 24,407,497              | 19,459,669              |
| Management benefit expenses                                  | 7,520,105               | 7,727,175               | 7,520,105               | 7,727,175               |
| Net loss on exchange rate                                    | (1,050,875)             | 656,940                 | (1,050,875)             | 656,940                 |
| Profit (Loss) before income tax expense<br>and finance costs | 25,136,922              | 57,520,462              | 32,273,842              | 57,520,462              |
| Finance costs  | 1,598,949               | 363,995                 | 1,322,379               | 363,995                 |
| Profit (Loss) before income tax expense                      | 23,537,973              | 57,156,467              | 30,951,463              | 57,156,467              |
| Income tax expense   | 468,343                 | -                       | -                       | -                       |
| Net Profit (Loss) for the year                               | 23,069,630              | 57,156,467              | 30,951,463              | 57,156,467              |



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| Summarized of the achievement<br><br>(Unit : Baht) | CONSOLIDATE             |                         | SEPARATE                |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | For the period          | For the period          | For the period          | For the period          |
|  | from April 1, 2018      | from April 1, 2017      | from April 1, 2018      | from April 1, 2017      |
|  | to December 31,<br>2018 | to December 31,<br>2017 | to December 31,<br>2018 | to December 31,<br>2017 |
| Actuarial loss                                     | (1,931,166)             | -                       | (1,931,166)             | -                       |
| TOTAL COMPREHENSIVE INCOME<br>FOR THE YEAR         | 25,000,796              | 57,156,467              | 32,882,629              | 57,156,467              |
| BASIC PROFIT (LOSS) PER SHARE                      | 3.84                    | 9.53                    | 5.16                    | 9.53                    |

1. Total revenues from sales and services for consolidated the Financial Statement of the fiscal year ended 31 December 2018 was Baht 374.36 million, increased by Baht 23.80 million or increased by 7% when compared to the same period of last year. It was the increasing from sales, Baht 21.65 million or increased by 6%. Mostly caused by coil products increased by Baht 20.40 million or increased by 21%, metal sheet products (Tri-Star) increased by Baht 1.39 million or increased by 230% and the portion of service revenue increased by Baht 2.16 million or increased by 17% due to the increasing of projects.

2. Cost of sales and services for consolidated the Financial Statement of the fiscal year ended 31 December 2018 was Baht 303.99 million which was 81% of revenue and for year of 2017 was Baht 263.08 million which was 75% of revenue. The cost of sale of year 2018 was Baht 289.66 million which was 81% of revenue sales. Increased by Baht 33.65 million or increased by 13% when compared to the same period of last year. The reasons of increasing cost of sales are the variations in sales volume and the allowance for obsolete inventories, increased by 6.95 million baht. Comparing to the previous year, the provision for obsolete inventories has been reduced to 18.71 million baht, resulting in lower cost of sales in previous years. The portion of the cost of services for the consolidated financial statements is equal to 14.33 million baht or equal to 98% of revenue from services. The cost has increased by 7.26 million Baht from the same period of last year or equal



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to 103% due to revenue recognition based on the success of the work, but the actual cost is recognized in the same period.

3. Selling expenses of consolidated the Financial Statement was Baht 8.12million, or equal to 2% of total revenue, increased from the same period of last year. The value was 1.54 million baht or 23% due to the increasing of salary and employee benefits 1.22 million baht.

4. Administrative expenses of the consolidated financial statements was Baht 34.42 million or equal to 9% of revenue, increased from the same period of last year. The value was 14.96 million baht or equal to 77% due to the increasing of salaries and consultant. Compared to the previous period, the salary has increased to 5.28 million baht. The legal advisor fee has increased by 6.78 million baht. The employee benefit has increased by 2.90 million baht.

#### Statement of Financial Position

##### Asset

Total assets as at 31 December 2018 was Baht 1,002.79 million, increased by Baht 81.26 million or increased by 9% when compared to the same period of last year.

It was comprised of Cash and cash equivalent of 10%, Trade and other current receivables of 4%, Inventories of 51% and Property, plant and equipment of 19% of Total assets.

Cash and cash equivalent of consolidate financial statement was Baht 103.05 million or equal to 10% of total assets. Decreased from the previous year, the value was 38.43 million baht or equal to 27% due to the temporary investment increased by 81.47 million baht (deposit over 3 months but not more than 1 year, interest rate 1.625% per year)

Trade and other current receivables of consolidate financial statement was Baht 41.20 million or equal to 4% of total assets. Decreased from the previous year, the amount was 63.77 million baht or 61% due to increasing of payment received from trade accounts receivable.



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Inventories-net amounting was Baht 515.06 million which was 51% of total assets, increased by Baht 101.06 million or increased by 24%. The company has invested more on raw materials for supporting of the increasing offutures sales.

Property, plant and equipment – net of consolidate financial statement was Baht 188.58 which was 19% of total assets. Compared with the same period of last year, it was decreased by Baht 0.22 million due to the increasing of accumulated depreciation.

#### Liabilities

The total liabilities as at 31 December 2018 of consolidate financial statement was Baht 154.74 million which was 15% of liabilities and shareholders' equity, increased from the previous year by 56.25 million baht or 57%.

Short-term loans from financial institutions of the consolidated financial statements have the value of 63.59 million baht or equal to 41% of total liabilities, borrowing from financial institutions in term of a trust receipt loan for the purchase of raw materials with interest rate of 2.40% per year

Trade and other current payables of the consolidated financial statements was 55.79 million baht or equal to 36% of total liabilities, decreased from the previous year by 17.46 million baht or equal to 24% which was caused by increasing of payment to suppliers. The company has opened L/C for imported raw materials and then payment with trust receipts instead.

Short-term borrowing of the consolidated financial statements has the value of 13.06 million baht. The subsidiary company has opened P/N for 12 million baht and the accrued interest is 1.06 million baht by borrowing from personal with an interest rate of 15% per year.



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Executive Summary

The company's performance has slightly dropped from the same period of last year. However, the company has significantly increased revenue from sales due to aggressive marketing planning and development of diversity products. Furthermore, the company has a management and investment plan to expand to the other markets.

Please kindly acknowledge.

Yours faithfully,

(Mr. Prasit Kanchannasakdichai)

Chief Executive Officer