

February 28, 2020

Subject: **Managing Discussion and Analysis for Year2019**
To: **Managing Director**
The Stock Exchange of Thailand

The company would like to report to operation results for the company and subsidiary for the year2019 ended 31 December 2019. The company net profit of Baht 105.26 million when compared with the same period of year 2018 posted net profit of Baht 74.16 million due to the following reasons.

1. The company and its subsidiaries had revenue from sales and services amounted of Baht 2,009.38 million compared with the year 2018 revenues from sales and services amounted of Baht 1,955.69 million. The revenue from sales and services increased in the amount of Baht 53.69 million or 2.75 percent income increased due

1.1 The company has revenue from sales and services from the leather business for the year2019 in the amount of Baht 1,514.55 million, net profit of Baht 116.62 million, decreased compared with the same period of year2018, the company had revenue from sales and services of Baht 1,666.22 million, a net profit of Baht 95.43 million. Net profit increased due to gain from exchange rate and reversal of loss from impairment of investment in subsidiaries.

1.2 The company's income from energy business for the year2019 in the amount of Baht 343.70 million, increased from the year2018 the company's income from energy business was Baht 247.43 million. Since the company started to have 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 year2019 in the amount of Baht 119.22 million increased from the year 2018 the company income from this business was Baht 20.89 million. The year 2018 is the first year of investment.

2. The company's cost of sales and services for the year2019 in the amount of Baht 1,567.59 million or 78.01 percent of its revenue from sales and services. The percentage of cost of sales and service income decreased compared to the year2018 which presented in the amount of Baht 1,607.51 million or 82.20 percent. Cost of sales and services decreased due to the appreciation of the exchange rate and increasing production efficiency for both the leather and energy business.

3. The company's selling and administrative expense for the year2019 in the amount of Baht 263.91 million or 13.31 percent of its revenue from sales and services. The expenses in 2019 increased compared to the same year which selling

and administrative expenses of Baht 247.07 million or 12.63 percent. Since the year 2019, the company still has selling and administrative expenses from 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 2019 total assets of Baht 3,837.93 million, divided into total current assets of Baht 982.82 million, non-current assets of Baht 2,855.11 million. Total liabilities of Baht 2,206.57 million, divided into total current liabilities of Baht 1,466.03 million and non-current liabilities of Baht 740.54 million and total shareholders' equity of Baht 1,631.36 million.

For the year 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. 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. The current ratio as at December, 2019 is 0.67 times. The ratio decreased compared to December 31, 2018 at 1.18 times due to the classification of debentures. Non-current assets of land Property and equipment as at 31 December 2019 were Baht 2,582.75 million, compared with Baht 2,510.53 million as at December 31, 2018. Assets increased in the amount of Baht 72.22 million due to investment of subsidiary company for more molds for producing minibus.

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Please be informed accordingly.

Your Sincerely,

(Mr. Weerapon Chaiteerath)
Managing Director