

27 May 2019

Subject: Explanation of operating result in the financial statement ended 31 March 2019

To: President of the Stock Exchange of Thailand

With reference to the financial statement of FY 2018/2019 period ended 31 March 2019 submitted by Eastern Polymer Group Public Company Limited (the "Company"), please be informed that:

Million Baht				
	FY 2018/19	FY 2017/18	Increase (Decrease)	
	Apr 18 - Mar 19	Apr 17 - Mar 18		
Revenue from sale of goods	10,579.2	9,607.1	972.1	10.1%
Revenue from service	7.6	7.2	0.4	5.7%
Total revenue	10,586.8	9,614.3	972.5	10.1%
Cost of Good sold	7,687.7	6,892.5	795.3	11.5%
Cost of service	5.7	5.1	0.6	11.8%
Total cost	7,693.4	6,897.6	795.8	11.5%
Selling and administrative expense	2,104.9	1,876.7	228.2	12.2%
Finance costs	40.0	-12.0	52.0	434.3%
Share of profit from investment in associates	174.8	245.1	-70.3	-28.7%
Net Profit	903.2	993.2	-90.0	-9.1%

The operating result of the Company for FY 2018/2019 (1 April 2018 to 31 March 2019), the Company earned net profit of 903.2 million Baht which was 90.0 million Baht decreased or 9.1% decrease from net profit of 993.2 million Baht in FY 2017/2018 (1 April 2017 to 31 March 2018), all due to the significant changes as follows:

1. Total revenue from sale of goods in the number of 10,579.2 million Baht was increased by 972.1 million Baht or 10.1% from the previous fiscal year. The sale growth rates compared to the previous fiscal year are from our 3 business categories as follows:
 - Aeroflex increased 1.2%
 - Aeroklas increased 18.2%
 - Eastern Polypack increased 5.4%

Aeroflex's revenue from sale increases from both domestic and international market especially from USA and Japan that require premium products.

Aeroklas's revenue from sale expands from domestic and international market due to marketing of core products and new product launch in addition to expansion of Australia distribution channel.

Eastern Polypack's revenue from sale increase from the marketing of both food and beverage plastic packaging in addition to the expansion in industrial made to order sector.

2. Total cost of goods sold amounting to 7,687.7 million Baht was increased by 795.3 million Baht from the previous fiscal year or 11.5 %. The cost of goods sold increase due to the fluctuation of raw material price that remain high during our financial year. The direction of raw material price started to decline at the end of financial year and expects to benefit the company starting in the next financial year. In addition, The company also partially books the increase in provision of employee benefit in accordance the new Labor Protection Act within the cost of goods sold where the rest is booked under the Selling and administrative expenses
3. Selling and administrative expenses was increased by 222.8 million Baht or 12.2 % mainly cause by additional expenses of shop expansion, marketing and development of the new international business of automotive part and accessories and increasing of both domestic and international sales promotion and marketing. Furthermore the company also books the increase in provision of employee benefit in accordance to the new Labor protection Act.
4. Financial cost was increased by 52.0 million Baht or 434.3 %, impacted by the exchange gain/loss on loans in foreign currency.
5. Share of profit from investment in associates decrease by 70.3 million Baht or 28.7 %, due to following reason
 - 5.1 The JV experience higher cost of raw material while, at the same time, have to book the increase in provision of employee benefit in accordance to the new Labor protection Act.
 - 5.2 Inclusion of the new Joint Venture in South Africa which just started the operation during Company's Q4 2018/19

Remark: The Company books the increase in provision from employee obligation at the value of 48.4 million Baht

For your information.

Respectfully Yours,

Mr. Pawat Vitoorapakorn

Chief Executive Officer

Eastern Polymer Group Public Company Limited