

Translation

Sor.Lor.Nor. 244/2018

November 6, 2018

Subject : Explanation and Analysis of Operating Result for the 3rd Quarter of 2018

**To: Director and Manager
Stock Exchange of Thailand**

According to the Financial Statement for the 3rd Quarter as at 30th September 2018, the operation of the company had the result differed over 20% compared to the year 2017 which can be explained as follows:-

The net profit of separate financial statements of the Company for three-month period had the amount of 40 million Baht or equivalent to 0.77 Baht per share, which had been decreased from the year 2017 for the amount of 20 million Baht or equivalent to 33.2%. The basic earnings per share had been decreased from the year 2017 for the amount of 0.39 Baht per share and the net profit for nine-month period had the amount of 174 million Baht or equivalent to basic earning per share of 3.34 Baht, which had been decreased from 2017 for the amount of 33 million Baht or decreased by 16.0% and had the basic earnings per share decreased from the year 2017 for the amount of 0.65 Baht per share.

The main reasons for the different of the net profit are as follows:-

1. The Sales and Service Income of the Company for the three-month period and nine-month period for the total amount of 705 million Baht and 2,114 million Baht, which had been increased from the year 2017 for the amount of 51 million Baht and 71 million Baht or equivalent to 7.7% and 3.5% respectively. It was due to the recovery economy of the country as well as worldwide.

2. The Company had the cost of sales for the three-month period and nine-month period for the amount 629 million Baht and 1,815 million Baht or equivalent of 89.2% and 85.9% of total sales which had been increased from the year 2017 for the 2.6% and 2.5% respectively. It was due to the increase from the raw material price, which effected by global situation. Moreover, the manufacturing overhead expenses had increased from previous year as well as the cost of the preventive maintenance and labor cost.
3. The Company had the gross profit for the three-month period for the amount of 76 million Baht or equivalent to 10.8% of total sales, which had been decreased from the year 2017 for the amount of 12 million Baht or equivalent to 13.5%, gross profit for the nine-month period for the amount of 299 million Baht or equivalent to 14.1% of total sales, which had been decreased from the year 2017 for the amount of 40 million Baht or equivalent to 11.9%. It was due to the decrease of total sales and increase of cost of goods sold from previous year and the decrease of proportion of high profit product.
4. The Company had the selling expenses for the three-month period for the amount of 21 million Baht or equivalent to 2.99% of total sales, which had been increased from the year 2017 for the amount of 6 million Baht or equivalent to 43.7%, It was due to increase of claim expenses for product with under standard quality that sold to customer.

Yours faithfully,

(Mr. Panthep Supachaiyakit)

President