

Translation

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November 7, 2017

Subject : Explanation and Analysis of Operating Result for the 3rd Quarter of 2017

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

According to the Financial Statement for the 3rd Quarter as at 30th September 2017, the operation of the company had the result differed over 20% compared to the year 2016 which can be explained as follows:-

The net profit of separate financial statements of the Company for three-month period had the amount of 60 million Baht or equivalent to 1.16 Baht per share, which had been decreased from the year 2016 for the amount of 32 million Baht or equivalent to 34.5%. The basic earnings per share had been decreased from the year 2016 for the amount of 0.61 Baht per share and the net profit for nine-month period had the amount of 207 million Baht or equivalent to basic earning per share of 3.99 Baht, which had been decreased from 2016 for the amount of 117 million Baht or decreased by 36.0% and had the basic earnings per share decreased from the year 2016 for the amount of 2.24 Baht per share.

The net profit equity method of the Company for three-month period had the amount of 55 million Baht or equivalent to 1.07 Baht per share, which had been decreased from the year 2016 for the amount of 34 million Baht or equivalent to 38.0%. The basic earnings per share had been decreased from the year 2016 for the amount of 0.65 Baht per share and had the net profit for nine-month period had the amount of 217 million Baht or equivalent to basic earning per share of 4.17 Baht, which had been decreased from 2016 for the amount of 102 million Baht or decreased by 32.1% and had the basic earnings per share decreased from the year 2016 for the amount of 1.97 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 654 million Baht and 2,043 million Baht, which had been decreased from the year 2016 for the amount of 59 million Baht and 195 million Baht or equivalent to 8.3% and 8.7% respectively. It was due to the sluggish economy of the country as well as worldwide and the decrease from sale of the high price product from previous year.
2. The Company had the cost of sales for the three-month period and nine-month period for the amount 566 million Baht and 1,703 million Baht or equivalent of 86.6% and 83.4% of total sales which had been increased from the year 2016 for the 5.9% and 5.1% 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. The increase of preventive maintenance was the postponement from previous year.
3. The Company had the gross profit for the three-month period for the amount of 88 million Baht or equivalent to 13.4% of total sales, which had been decreased from the year 2016 for the amount of 50 million Baht or equivalent to 36.3%, gross profit for the nine-month period for the amount of 339 million Baht or equivalent to 16.6% of total sales, which had been decreased from the year 2016 for the amount of 147 million Baht or equivalent to 30.2%. 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. Associated company had increased capital and the Company had waived the right to purchase new shares. Therefore the Company's shareholding in such company decreased from 25.00% to 12.08%. The Company recorded equity interest in this associated company up to the date of change in status of investment and recognised the change in fair value of investment.

For separate financial statements, the three-month period the Company had reversal loss on diminution in value of investment in associated company for the amount 8 million Baht, for the nine-month period the company had the loss on diminution in value of investment in associated company for the amount of 9 million Baht.

For financial statements by equity method, the Company had share of loss from investment in associated company for the three-month period and nine-month period for the amount of 3 and 6 million Baht, which had been increased from the year 2016 for the amount of 0.7 million Baht and 1 million Baht. In additional, the Company had recognised the change in fair value of investment increase of Baht 6.50 million in the income statement.

Yours faithfully,

(Mr. Panthep Supachaiyakit)

President