

Operating Result

Revenues

The Company's total revenues in 2016 and 2017 amounted to 1,294.83 million baht and 1,246.06 million baht, respectively. The revenues in 2017 decreased from those in 2016 by 48.77 million baht or 3.77%. The major portion or 98-99% of total revenues came from sales of goods, 0-1% from rendering of transport services for related and other companies, and the remaining of around 1% from other revenues comprising revenues from disposition of assets, gains from foreign exchange, and others.

The Company's total revenues in 2016 and 2017 were as tabulated below:

Revenue structure	For the years ended December 31,			
	2016 (Restated)		2017	
	Million baht	%	Million baht	%
Revenues from sales of goods and rendering of services				
1. Revenues from sales of goods	1,276.11	98.55	1,239.55	99.48
2. Revenues from transport services	2.17	0.17	1.35	0.11
Total revenues from sales of goods and rendering of services	1,278.28	98.72	1,240.90	99.59
Other revenues ^{1/}	16.55	1.28	5.16	0.41
Total revenues	1,294.83	100.0	1,246.06	100.00

Note: ^{1/} Other revenues comprised gains from disposition of assets, gains from foreign exchange and derivatives, and revenues from asset insurance claims, etc.

The Company's revenues from sales of goods in 2016 and 2017 were recorded at 1,276.11 million baht and 1,239.55 million baht, respectively. The revenues from sales of goods in 2017 declined from those in the previous year by 36.56 million baht or 2.86% mainly due to a 6.7% decrease in average unit selling price to 2,113 baht per ton from 2,265 baht per ton a year earlier. Meanwhile, revenues from rendering of services, i.e. transport services for related and other companies, went down from 2.17 million baht in 2016 to 1.35 million baht in 2017, or a 0.82 million baht decrease, as resulted from the disposition of trucks that had long been in use and incurred high repair and maintenance expenses. This aimed to maximize management efficiency and

focus mainly on providing services to the Company and subsidiaries. The Company's revenues from sales of goods and rendering of services classified in geographical terms were as tabulated below:

Revenue structure from sales of goods and rendering of services classified in geographical terms ^{1/}	For the years ended December 31,			
	2016		2017	
	Million baht	%	Million baht	%
Thailand	1,217.93	95.28	1,183.75	95.39
Overseas				
— Countries in Asia	60.35	4.72	57.15	4.61
Total revenues from sales of goods and rendering of services	1,278.28	100.00	1,240.90	100.00

Note: ^{1/} Revenues from sales of goods and rendering of services classified in geographical terms are defined based on the customers' locations as presented in the Notes to Financial Statements duly audited by the certified public accountant.

Other revenues of the Company amounted to 16.55 million baht in 2016 and 5.16 million baht in 2017. The revenues in 2017 dropped by 11.39 million baht or 68.82% year-on-year, mainly attributable to 1) in 2016, the Company recorded gains from foreign exchange and derivatives of 6.75 million baht, while in 2017, it recorded losses from foreign exchange and derivatives of 6.67 million baht as presented in the administrative expenses, and 2) the Company recorded a 5.86 million baht drop in the gains from disposition of trucks to 2.69 million baht in 2017 from 8.55 million baht in the previous year.

Costs of Sales of Goods and Rendering of Services and Gross Profit

The Company's cost of sales of goods and rendering of services amounted to 1,006.75 million baht in 2016 and 946.22 million baht in 2017. Costs of sales of goods and rendering of services in 2017 dropped by 60.53 million baht or 6.01% year-on-year. The drop in costs of sales of goods was in line with the decline in revenues from sales of goods. Gross profit margin in 2016 and 2017 was 21.24% and 23.75%, respectively. The Company was able to grow its gross profit margin in 2017 by 2.51% year-on-year attributable to its higher efficiency in inventories management and management of procurement cost of palm kernel shells, its major product, while in 2016, the impact of El Nino phenomenon erupted since 2015 resulted in small volume of palm output, hence higher cost of procurement, but product selling prices could not be raised in tandem with the higher cost.

Costs of Distribution and Administrative Expenses

The Company's costs of distribution accounted for 158.38 million baht in 2016 and 172.80 million baht in 2017. The costs of distribution in 2017 increased by 14.42 million baht or 9.10% year-on-year due principally to the fact that the Company had to bear expenses in export of biomass pellets in bulk for the first time under the CFR trade condition (obligating the Company to be responsible for cost of sea transportation to the port of destination), thus pushing up the Company's handling cost of export.

Its administrative expenses in 2016 and 2017 amounted to 85.29 million baht and 96.91 million baht, respectively. The higher expenses in 2017 by 11.62 million baht or 13.62% year-on-year were mainly caused by losses from foreign exchange and derivatives and higher personnel expenses.

Finance Cost

Finance cost of the Company was 12.74 million baht in 2016 and 13.11 million baht in 2017. The year-on-year increase in the finance cost by 0.37 million baht or 2.90% in 2017 was due to higher short-term loans from financial institutions in 2017, compared with those a year earlier, for use in business operation.

Net Profit

Net profit attributable to equity holders of the Company was 26.18 million baht in 2016 and 15.63 million baht in 2017. The drop in net profit attributable to equity holders of the Company in 2017 by 10.55 million baht or 40.30% from the foregoing year mainly stemmed from costs of distribution and administrative expenses in 2017 moved up by 10.68% to 269.70 million baht from 243.67 million baht in 2016 as a result of the increase in lease and service fees and personnel expenses as well as losses from foreign exchange and derivatives of 6.67 million baht in 2017 compared with gains from foreign exchange and derivatives of 6.75 million baht in 2016. This was coupled with the drop in gains from disposition of trucks to 2.69 million baht in 2017 from 8.55 million baht in the previous year.

Financial Position

Total Assets

The Company's total assets as at December 31, 2016 and 2017 amounted to 761.98 million baht and 808.45 million baht, respectively. Major asset items comprised trade and other receivables, inventories, and property, plant and equipment. Its total assets as at December 31, 2017 grew by 46.47 million baht or 6.10% year-on-year mainly attributable to the increase in inventories to accommodate sales operation in the following year. Inventories as at December 31, 2016 and 2017 were recorded at 214.11 million baht and 337.44 million baht, respectively, surging by 123.33 million baht or 57.60% year-on-year. Meanwhile, trade and other receivables as at December 31, 2016 and 2017 amounted to 136.60 million baht and 91.66 million baht, respectively, dropping by 44.94 million baht or 32.90% year-on-year, mainly as a result of higher efficiency in managing trade receivables. Average debt collection period was 37.84 days in 2016 and 32.79 days in 2017, which was in line with credit term of around 30-60 days for the customers. Debt collection period tended to be shorter thanks to the Company's more efficient implementation of debt management policy.

Total Liabilities

As at December 31, 2016 and 2017, the Company recorded total liabilities of 628.71 million baht and 655.53 million baht, respectively. Major items of liabilities included short-term loans from financial institutions, trade and other payables, and dividend payable. Total liabilities in 2017 moved up by 26.82 million baht or 4.27% year-on-year mainly caused by the increase in short-term loans from financial institutions for use in business operation.

Equity attributable to equity holders of the Company

The equity attributable to equity holders of the Company as at December 31, 2016 and 2017 amounted to 128.77 million baht and 148.85 million baht, respectively. The increase in equity attributable to equity holders of the Company in 2017 was mainly due to the capital increase carried out during the year in an amount of 36.50 million baht.