

February 25, 2019

Subject: Explanation of operating results for the year ended December 31, 2018

To: The President  
 The Stock Exchange of Thailand

The explanation to the consolidated financial performance for the year ended December 31, 2018 (“Y2018”) of Asia Biomass Public Company Limited and subsidiaries (“the Company”) is as follows:

#### Summary of Operating Results

	Unit: Thousand Baht			
	Consolidated			
	Year 2018		Year 2017	
Revenues from sales	1,285,323	99.0%	1,239,551	99.5%
Revenues from services	3,508	0.3%	1,348	0.1%
Other income	9,378	0.7%	5,159	0.4%
<b>Total Revenues</b>	<b>1,298,209</b>	<b>100.0%</b>	<b>1,246,058</b>	<b>100.0%</b>
Cost of sales	1,078,133	83.0%	945,171	75.9%
Cost of services	3,090	0.2%	1,046	0.1%
Distribution costs	165,160	12.7%	172,797	13.9%
Administrative expenses	80,702	6.2%	87,365	7.0%
Loss on exchange rate	-	0.0%	6,672	0.5%
Directors' remuneration	2,960	0.2%	2,870	0.2%
Finance costs	11,417	0.9%	13,109	1.1%
<b>Total Expenses</b>	<b>1,341,462</b>	<b>103.3%</b>	<b>1,229,030</b>	<b>98.6%</b>
Profit (loss) before income tax expenses	(43,253)	(3.3%)	17,028	1.4%
Income tax expenses (revenues)	(7,292)	(0.6%)	1,606	0.1%
<b>Profit (loss) for the periods</b>	<b>(35,961)</b>	<b>(2.8%)</b>	<b>15,422</b>	<b>1.2%</b>
Profit (loss) attributable to equity holders of the parent	(31,150)	(2.4%)	17,331	1.4%

The Company's total revenues in Y2018 amounted to Baht 1,298.21 million increased from those of the same previous year by Baht 52.15 million or 4.19 %. The major portion or 99% of total revenues came from sales of goods. The Company's revenues from sales of goods in Y2018 amounted to Baht 1,285.32 million increased from those of the same previous year by Baht 45.77 million or 3.69 %. Those revenues from sales of goods is the oversea sale in Y2018 amounted to Baht 349.18 million which significantly increased from those of the same previous year by Baht 242 million or 226% because of the increasing in demand of both Palm kernel Shell and Wood Pellet. Meanwhile, revenues from services, i.e. transport services for related and other companies, in Y2018 amounted of Baht 3.51 million increased by Baht 2.16 million from the same previous year. Other income of the Company in Y2018 amounted to Baht 9.38 million increased from those of



## Asia Biomass Public Company Limited

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### Asia Biomass Public Company Limited

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the same previous year by Baht 4.22 million mainly resulted from the compensation received at subsidiary from the fire incident occurred in 2018.

The Company's cost of sales of goods in Y2018 amounted to Baht 1,078.13 million increased by Baht 132.96 million or 14.07% from those of the same previous year. In this respect, the gross profit margin in Y2018 was at 16.1 % decreased from the same previous year which the gross profit margin was at 26.7 % due to a decrease in average market price, especially palm kernel shell.

The Company's distribution costs and administrative expenses in Y2018 amounted to Baht 245.86 million decreased by Baht 14.3 million or 5.5 % from those of the same previous year due mainly to better cost management especially in logistic cost. The Company had finance cost of Baht 2.96 million and income tax revenue of Baht 7.29 million. As a result, the net loss attributable to equity holders of the Company for the period of Y2018 was Baht 31.15 million while those of the same previous year had net profit by Baht 17.33 million.

The Company's total assets as at December 31, 2018 and December 31, 2017 amounted to Baht 647.64 million and Baht 808.20 million, The Company recorded total liabilities of Baht 408.2 million and Baht 655.28 million and total shareholders' equity of Baht 239.44 million and Baht 152.92 million, respectively. The increasing in total shareholders' equity was due to its initial public offering of ordinary share.

The statement of cash flows for the year ended December 31, 2018 present the Company's cash inflow from operating activities is at Baht 133.18 million mainly from an improve in inventory management. Cash outflow in investing activities is at Baht 21.48 million due to purchase land and machine for expanding business and cash outflow in financing activities is at Baht 121.4 million from the repayment short-term loans from financial institution amount Baht 209.3 million and dividend paid, even though the company received cash from initial public offering of ordinary share amount Baht 125.94 million.

This is submitted for your information.

Sincerely yours,

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(Pongtham Danwungderm)

Deputy Managing Director