

24 February 2017

Subject : Management's Discussion and Analyst of Operating Results of the Year 2016

Attn : Director and Manager
The Stock Exchange of Thailand

From the results of the year ending as at 31 December 2016, the Company's net profit was 175 million baht - an increase of 65 million baht or 58.6% due to

1. Gross profit of 2016 increased 67.9 million baht, a 16% compared with 2015 due to an increasing of demand of air conditioner and refrigerator, consequently sales quantity was increased 4.25% whereas LME price was lower than 2015. Hence sale amount was shown less than 2015.

<u>Unit : Million baht</u>	<u>2016</u>	<u>2015</u>	<u>Increase/(Decrease)</u>
Sale amount	5,608	5,979	(371) Demand of air conditioner and refrigerator increased but LME price is lower than 2015, including price competition.
Cost of goods sold	5,115	5,554	(439) Reduce at higher ration than sale. Due to good control of material and production cost reduction policy including a decreasing of depreciation.

2. A decreasing of exchange gain 8 million baht or 55.9% compared with the previous year as the result of weakness of Thai baht.

3. Operating expenses of 2016 decreased 16 million baht, a 5.6% compared with 2015 due to

<u>Unit : Million baht</u>	<u>2016</u>	<u>2015</u>	<u>Increase/(Decrease)</u>
Operating expenses	234	225	9 --- Sale quantity was increased.
(Gain)/Loss on Hedging cost of material	35	60	(25) --- Customer absorbs in delivery Month.

Selling and administrative expense was increased 9 million baht from 2015 due to an increasing of sale quantity, but in 2016 loss on hedging cost of material was decreased 25 million baht from 2015. Consequently operating expense in 2016 was decreased 16 million baht.

4. Interest paid in 2016 reduced 6 million baht from 2015 due to entering into a cash management agreement with Furukawa group. The rate of interest is maintained more favorable for the Company than its bank rate.

For your information.

Sincerely yours,

(Mr. Takashi Yamamoto and Mr. Makoto Kasuga)
Director