

Translation

DIMET AC 2011/001

November 13, 2020

Subject: Management's Discussion and Analysis of Business Operations of Q1 of 2020.
(July 1, 2020 – September 30, 2020)

To : The Manager and President
The Stock Exchange of Thailand

Dimet (Siam) Public Company Limited, the “company”, would like to clarify the criteria for conditional opinions of the auditor which shows the auditor's comment due to some of the advisory and attorney expenses. The company has withheld the payment and prosecuted the counterparties and related parties in court because they did not receive adequate documents evidence of performance under the contract. As a result, the auditor could not conclude that it was necessary to adjust the amount or not.

On October 14, 2020, the company certified the Directors of Asian Correction Control Technology Co., Ltd from the Ministry of Commerce and certified the bank balance confirmation for the auditor's review.

From July 1 2020, the company and affiliated companies has complied with the Financial Reporting Standards No. 9 subjected to Financial Instruments. It provides accounting practices for the classification and measurement of financial assets and financial liabilities, accounting for expected credit losses and hedge accounting by revising the list of impacts arising from the first application of this standard as an adjustment to retained earnings. (or other elements of shareholders' equity, as appropriate). This changing has affected to increase the accumulated loss in the consolidated financial statements of 22.29 million baht.

The operating results for the first quarter ended on September 30, 2020, Dimet (Siam) Public Company Limited, the “Company” and its subsidiaries had an operating loss of 18.37 million baht, an increased loss of 17.24 million baht when compared to the same period of the previous year, which had a loss of 1.12 million baht.

1. Income

REVENUE For the period ended Sep 30,2020 (MB)	FOR THE THREE-MONTH PERIOD				Increase (Decrease)	%
	2020	%	2019	%		
Revenue for sale and services	28.00	98.04%	71.39	99.24%	(43.39)	-60.78%
Other income	0.56	1.96%	0.55	0.76%	0.01	0.02%
Total Revenues	28.56	100%	71.94	100%	(43.37)	-60.30%
Cost of goods sold	22.68	79.41%	49.45	68.73%	(26.76)	-54.13%
Cost of distribution	4.34	15.20%	10.34	14.37%	(6.00)	-58.00%
Total Expenses	27.02	94.61%	59.78	83.10%	(32.76)	-54.80%
Gross Profit&Loss	1.54	5.39%	12.16	16.90%	(10.62)	-87.34%

For 3-month periods from July 1, 2020 - September 30, 2020, the Company and its subsidiaries had total income of 28.56 million baht, a decrease of 43.37 million baht or a 60.30 percent decrease when compared to the same period of the previous year. The total income of 71.94 million baht has details as follows:

- Revenue from sales and services of 28 million baht, a decrease of 43.39 million baht or 60.78 percent compared to the same period of the previous year that the income was 71.39 million baht.

- Other income amounted to 0.56 million baht, an increase of 0.01 million baht or an increase of 0.02 percent compared to the same period of the previous year that has other income of 0.55 million baht due to income from interest received from loan to related company.

2. Gross profit

For the three-month period ended on September 30, 2020, the Company and its subsidiaries had a gross profit of 1.54 million baht or 5.39 percent of total income, decrease when compared to the same period of the previous year that had a gross profit of 12.16 million baht. Because of the impact of the coronavirus disease epidemic in 2019, it resulted to the lower sales quantity.

3. Expenses

EXPENSES For the period ended Sep 30,2020 (MB)	FOR THE THREE-MONTH PERIOD				Increase (Decrease)	%
	2020	% Per Revenue	2020	% Per Revenue		
Cost of goods sold	22.68	79.41%	49.45	68.73%	(26.76)	-54.13%
Cost of distribution	4.34	15.20%	10.34	14.37%	(6.00)	-58.00%
Administrative expenses	12.06	42.21%	12.60	17.51%	(0.54)	-4.30%
Loss for impairment of assets	3.64	12.73%	0.65	0.90%	2.99	463.18%
Finance cost	2.60	9.12%	0.04	0.05%	2.57	6928.92%
Total Expenses	45.32	158.66%	73.06	102%	(27.74)	-37.97%

For the three-month period ended on September 30, 2020, the company and its subsidiaries had total expenses of 45.32 million baht, a decrease of 27.74 million baht from the same period last year. The total expenses of 73.06 million baht or 37.97 percent decrease was caused from the following reasons:

- Cost of sales and services (cost of goods sold) was decreased 26.76 million baht or decreased 54.13 percent when compared to the same period of the previous year that was 49.45 million baht due to the reduction in revenue from construction services.

- The cost of distribution decreased 6.00 million baht or decreased 58.00 percent compared to the same period of the previous year. The cost of distribution was 10.34 million baht due to the decrement in sales and service income.

- The administrative expenses was 12.06 million baht, a decrease of 0.54 million baht or a 4.30 percent decrease, compared to the same period of the previous year amounted to 12.60 million baht. It was from the restructuring of management structure and cost reduction program.

- Loss from impairment of assets of 3.64 million baht was increase of 2.99 million baht or 463.18 percent when compared to the same period last year, according to the recognition of impairment of foreclosed assets of 1.64 million baht and impairment of finished goods

- Financial costs of 2.60 million baht was increase of 2.57 million baht or an increase of 6,928.92 percent when compared to the same period of the previous year, which was 0.15 million baht due to the increased debt.

Financial position

1. Assets

As of September 30, 2020, the company and its subsidiaries had total assets of 309.87 million baht, a decrease of 26.42 million baht when compared to June 30 2020, which had total assets of 336.29 million baht as from the following reasons:

- Current assets of 189.50 million baht, an increase of 30.31 million baht when compared with as of June 30, 2020, which is 159.19 million baht. Most of the current assets increased from the adjustment of non-current assets to foreclosed assets in the amount of 27.83 million baht. There were cash and cash equivalents increased by 14.95 million baht while other accounts receivable decreased 13.62 million baht and inventories decreased 5.80 million baht according to lower sales revenue and set up the impairment.

- Non-current assets was 120.37 million baht, a decrease of 56.73 million baht when compared to as of June 30 2020, which is 177.10 million baht. Most of the non-current assets decreased from the recognition of foreclosed assets and impairment.

2. Liabilities

As of September 30, 2020, the company had total liabilities of 201.12 million baht, an increase of 14.24 million baht when compared to as of June 30, 2020, which was 186.88 million baht. Asian Corrosion Control Technology Co., Ltd. had loans from other companies as amount of 45.00 million baht by taking land and buildings for mortgage as the collateral. IGEN Energy Co., Ltd. has foreclosed liabilities in the assets held for sale, which are funded by financial institutions amounting to 24.65 million baht for the Solar Rooftop Project and also recognize the provision for compensation for lay-off employees including interest as the amount of 14.31 million baht.

3. Equity

As of September 30, 2020, the company has shareholders' equity of 149.41 million baht, a decrease of 40.66 million baht when compared to as of June 30, 2020, which is 108.75 million baht. The reason was from the operating losses and the impact of the adjustment to apply the financial reporting standard.

Please be informed accordingly.

Kind regards,

(Monthon Chatuwallopkul)

Managing Director