

No.AKP-MD014/2562

August 8 , 2019

Re: Discussion and Analysis of Financial Position and Results of Operations

To: President

Stock Exchange of Thailand

AkkhiePrakarn Public Company Limited (the "Company") hereby clarifies the operating performance of the 2nd quarter and the accumulated balance for the six-month period ended June 30, 2019 as detailed below:

Performance Analysis

Overall operating results for the second quarter ended June 30, 2019

Unit :Thousand Baht

Statements of Income	Quarter 2/19	percent	Quarter 2/18	percent	crease (decrease)	percent
Services revenue	94,264	96.62%	137,846	99.16%	(43,582)	-31.62%
Other income	3,293	3.38%	1,169	0.84%	2,124	181.69%
Total income	97,557	100.00%	139,015	100.00%	(41,458)	-29.82%
Cost of service	(78,589)	-83.37%	(102,720)	-74.52%	24,131	-23.49%
Gross Margin	15,675	16.63%	35,126	25.48%	(19,451)	-55.37%
Cost of service	(3,838)	-3.93%	(3,533)	-2.54%	(305)	8.63%
Administrative expenses	(8,667)	-8.88%	(10,525)	-7.57%	1,858	-17.65%
Executive Compensation	(5,627)	-5.77%	(5,801)	-4.17%	174	-3.00%
Total expenses	(18,132)	-18.59%	(19,859)	-14.29%	1,727	-8.70%
Profit before finance costs and income taxes	836	0.86%	16,436	11.82%	(15,600)	-94.91%
Finance costs	(130)	-0.13%	(125)	-0.09%	(5)	4.00%
Profit before tax	706	0.72%	16,311	11.73%	(15,605)	-95.67%
Income tax expense	(650)	-0.67%	(3,587)	-2.58%	2,937	-81.88%
Profit for the period	56	0.06%	12,724	9.15%	(12,668)	-99.56%

The ratio in the income statement is as a percentage of total revenue, except for the cost of services and gross profit that expressed as a percentage of revenues from services.

Performance Analysis

Overall operating results for the Six-Month ended June 30, 2019

Unit :Thousand Baht

Statements of Income	Jan-Jun 2019	percent	Jan-Jun 2018	percent	crease (decrease)	percent
Services revenue	198,584	97.30%	277,680	99.36%	(79,096)	-28.48%
Other income	5,512	2.70%	1,777	0.64%	3,735	210.19%
Total income	204,096	100.00%	279,457	100.00%	(75,361)	-26.97%
Cost of service	(156,180)	-78.65%	(212,223)	-76.43%	56,043	-26.41%
Gross Margin	42,404	21.35%	65,457	23.57%	(23,053)	-35.22%
Cost of service	(8,005)	-3.92%	(6,324)	-2.26%	(1,681)	26.58%
Administrative expenses	(17,836)	-8.74%	(21,580)	-7.72%	3,744	-17.35%
Executive Compensation	(10,186)	-4.99%	(10,596)	-3.79%	410	-3.87%
Total expenses	(36,027)	-17.65%	(38,500)	-13.78%	2,473	-6.42%
Profit before finance costs and income tax	11,889	5.83%	28,734	10.28%	(16,845)	-58.62%
Finance costs	(246)	-0.12%	(250)	-0.09%	4	-1.60%
Profit before tax	11,643	5.70%	28,484	10.19%	(16,841)	-59.12%
Income tax expense	(3,021)	-1.48%	(6,394)	-2.29%	3,373	-52.75%
Profit for the period	8,622	4.22%	22,090	7.90%	(13,468)	-60.97%

The ratio in the income statement is as a percentage of total revenue, except for the cost of services and gross profit that expressed as a percentage of revenues from services.

Service revenue:

Revenue from industry waste disposal services for Q2 and the accumulated balance for the six-month period decreased for 43.582 million Baht and 79.096 million Baht or 31.62 and 28.48 percent compared to the same period in the previous year. The revenue decreased from decreasing in volume of industrial waste for 15.50 and 21.10 percent respectively while average service fee per ton decreased for 20.97 and 10.16 percent respectively when compared to the same period in the previous year caused by external factors affecting the amount of industrial waste which the company is adjusting the strategy to suit the situation.

Cost of Service :

Cost of industry waste disposal services for Q2 and the accumulated balance for the six-month period depended on the variable costs which are the cost of fuel used in combusting ,the cost of transportation and equipment and DIW benefits. And there are some fixed costs of operation, which are Salaries and employee benefits, Depreciation of machinery and equipment.

Other income:

Other incomes were from other services, transportation, and interest income.

Administrative expenses, Executive Compensation and Financial costs:

Most of these expenses are the Sales Support Expenses, Salaries and employee benefits, executive compensation, and office expenses .The company has adjusted some fixed cost strategies in marketing to be variable costs according to the company's revenue.

Profit for the period:

From aforementioned causes resulting in decreasing in the net profit margin for Q2 and the accumulated balance for the six-month period amounting 12.67 and 13.47 million Baht or 99.56 and 60.97 percent respectively compared to the same period of the previous year.

Analysis

Overall financial position as at 30June 2019

In Thousand Baht

Statement of financial position	30-Jun-19	percent	31-Dec-18	percent	increase(decrease)	percent
total asset	606,428	100.00%	639,141	100.00%	(32,713)	-5.12%
Total Liabilities	98,292	16.21%	110,540	17.30%	(12,248)	-11.08%
Total equity attributable to shareholders	508,136	83.79%	528,601	82.70%	(20,465)	-3.87%

Analysis of Assets

The total assets as at 30 June 2019 decreased by 32.713 million Baht or 5.12 percent. In this quarter, the Company invested in ordinary shares of EARTH TECH ENVIRONMENT COMPANY LIMITED (“ETC”) amounting 193.713 million Baht which is a business of waste to energy in Quarter 1.

Analysis of liabilities

The total liabilities as at 30 June 2019 decreased by 12.248 million Baht or 11.08 percent which is the payment of normal trade creditors.

Analysis of shareholders

The equity shares as at 30 June 2019 amounting 508.136 million Baht, decreased from the beginning of the year for 20.465 million Baht caused by the total operating profit.

Please be informed accordingly.

Sincerely yours,

(Mr.Vanchai Luengviriya)
President & CEO