

August 14, 2020

Re: Description and Analysis of Financial Position and Overall Operation

To: Director and Manager of the Stock Exchange of Thailand

Akkhie Prakarn Public Company Limited (the "Company") would like to clarify the operating performance for the Second Quarter and six months, ended June 30, 2020, as detailed below:

Operating Performance Analysis

Overall operating results for the Second Quarter, ended June 30, 2020

(Unit: Thousand Baht)

Income Statement	30-Jun-20	percent	30-Jun-19	percent	Increase(Decrease)	percent
Services income	67,179	98.60%	94,264	96.62%	(27,085)	-28.73%
Other income	955	1.40%	3,293	3.38%	(2,338)	-71.00%
Total income	68,134	100.00%	97,557	100.00%	(29,423)	-30.16%
Cost of services	(56,241)	-83.72%	(78,589)	-83.37%	22,348	-28.44%
Gross Margin	10,938	16.28%	15,675	16.63%	(4,737)	-30.22%
Services expenses	(807)	-1.18%	(3,838)	-3.93%	3,031	-78.97%
Administrative expenses	(7,732)	-11.35%	(8,667)	-8.88%	935	-10.79%
Executive compensation expenses	(4,060)	-5.96%	(5,627)	-5.77%	1,567	-27.85%
Total Expenses	(12,599)	-18.49%	(18,132)	-18.59%	5,533	-30.52%
EBIT	(706)	-1.04%	836	0.86%	(1,542)	-184.45%
Finance costs	(1,352)	-1.98%	(130)	-0.13%	(1,222)	940.00%
Profit before share investment in associates	(2,058)	-3.02%	706	0.72%	(2,764)	-391.50%
Share of profit from investment in associates	5,811	8.53%	2,137	0.00%	3,674	100.00%
Profit (loss) before income tax expense	3,753	5.51%	2,843	2.91%	910	32.01%
Inome tax expense	569	0.84%	(650)	-0.67%	1,219	-187.54%
Net profit (loss) for the period	4,322	6.34%	2,193	2.25%	2,129	97.08%

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

Overall operating results for six months, ended June 30, 2020

(Unit: Thousand Baht)

Income Statement	30-Jun-20	percent	30-Jun-19	percent	Increase(Decrease)	percent
Services income	155,109	98.96%	198,584	97.30%	(43,475)	-21.89%
Other income	1,628	1.04%	5,512	2.70%	(3,884)	-70.46%
Total income	156,737	100.00%	204,096	100.00%	(47,359)	-23.20%
Cost of services	(136,369)	-87.92%	(156,180)	-78.65%	19,811	-12.68%
Gross Margin	18,740	12.08%	42,404	21.35%	(23,664)	-55.81%
Services expenses	(4,783)	-3.05%	(8,005)	-3.92%	3,222	-40.25%
Administrative expenses	(14,929)	-9.52%	(17,836)	-8.74%	2,907	-16.30%
Management compensation	(8,120)	-5.18%	(10,186)	-4.99%	2,066	-20.28%
Total Expenses	(27,832)	-17.76%	(36,027)	-17.65%	8,195	-22.75%
EBIT	(7,464)	-4.76%	11,889	5.83%	(19,353)	-162.78%
Finance costs	(2,573)	-1.64%	(246)	-0.12%	(2,327)	945.93%
Profit before share investment in associates	(10,037)	-6.40%	11,643	5.70%	(21,680)	-186.21%
Share of profit from investment in associates	8,044	5.13%	2,324	0.00%	5,720	100.00%
Profit (loss) before income tax expense	(1,993)	-1.27%	13,967	6.84%	(15,960)	-114.27%
Income tax expense	(759)	-0.48%	(3,021)	-1.48%	2,262	-74.88%
Net profit (loss) for the period	(2,752)	-1.76%	10,946	5.36%	(13,698)	-125.14%

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

Services revenue:

Revenue from industrial waste disposal services for the Second Quarter decreased by 27.08 Million Baht or 28.73 percent compared to the same period of the previous year. The decrease in revenue was due to the reduction of industrial waste disposal of 25.06 percent. For the cumulative period for six months, the revenue decreased by 43.47 Million Baht or 21.89 percent compared to the same period of the previous year. A decrease in quantity of industrial waste is due to external factors; however, the company is adjusting the strategy to suit the situation.

Cost of Services:

Cost of industrial waste disposal services consists of variable costs including cost of fuels used in combusting, cost of transportation, cost of fuels used in transportation, and compensation expenses for the Factory Department. It also consists of fixed costs which are mostly salaries expenses, employee compensation, depreciation of machinery, and depreciation of vehicles for transportation. The company is currently developing the machine operation technique to be able to save more costs.

Other income:

Other incomes derived from other services and interest income.

Administrative expenses, Executive Compensation, and Financial costs:

Most of major expenses are salaries expenses, employee compensation, and office management expenses. The company has adjusted some fixed cost strategies in marketing into variable costs according to the company's revenue.

Share of profit from investment in associates:

This is an investment in a small power plant business. The company recognizes profit(loss) under the equity method. For the Second Quarter, the company realized additional profit of 3.67 Million Baht and for six months, the additional profit is 5.72 Million Baht.

Profit (loss) for the quarter:

According to the previous causes, the company's net profit for the Second Quarter was 4.32 Million Baht and the company's net loss for six months was 2.75 Million Baht.

Analysis

Overall financial position as at 30 June 2020

(Unit: Thousand Baht)

Statement of Financial Position	30 Jun 20	percent	31 Dec 19	percent	Increase(decrease)	percent
Total assets	641,192	100.00%	631,253	100.00%	9,939	1.57%
Total liabilities	123,378	19.24%	97,759	15.49%	25,619	26.21%
Total shareholders equity	517,814	80.76%	533,494	84.51%	(15,680)	-2.94%

Analysis of Assets

The total assets as at June 30, 2020 increased by 9.94 Million Baht or 1.57 percent since this year, the company has recognized the right-of-use assets according to TFRS 16 and adopted it for the first time as detailed in Note 3, 9, 10 to the interim financial statements.

Analysis of liabilities

The total liabilities as at June 30, 2020 increased by 25.62 Million Baht or 26.21 percent since this year, the company has recognized lease liabilities according to TFRS 16 and adopted it for the first time as detailed in Note 3, 9, 10 to the interim financial statements.

Analysis of shareholders

From the reason mentioned above, Shareholders' equity as of June 30, 2020 decreased by 15.68 Million Baht

Please be informed accordingly.

Yours Sincerely,

(Mr.Vanchai Luengviriya)

President & CEO

