

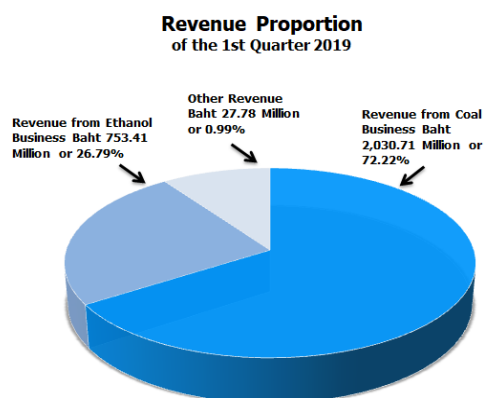
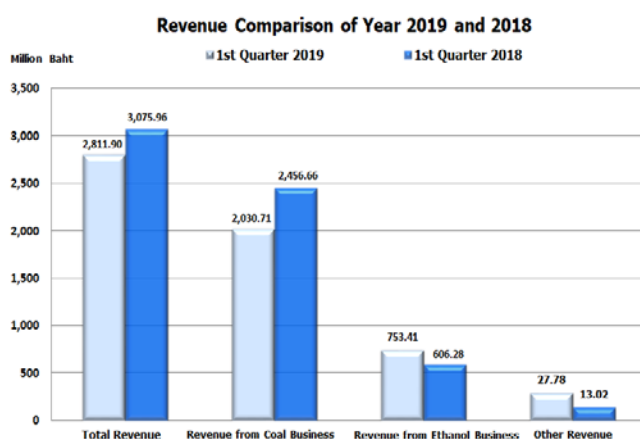
MANAGEMENT DISCUSSION AND ANALYSIS

(For the Consolidated Financial Statements of the 1st Quarter 2019)

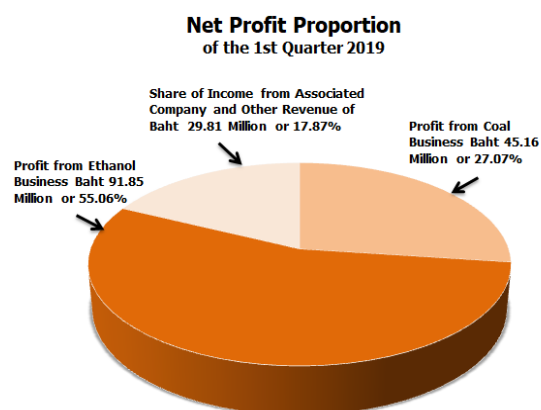
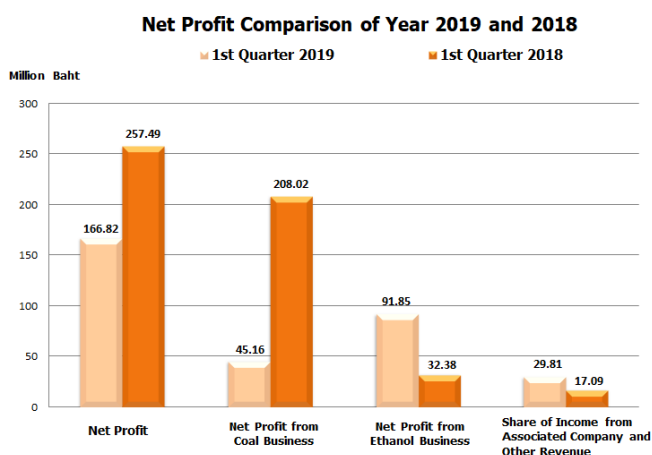
OVERALL OPERATING RESULTS

The overall operating results during the 1st quarter 2019 of the Company and subsidiary companies can still be considered as good and satisfactory in terms of revenue and profit, despite the fact that coal prices had started to decline and the Indonesian Government policy (Domestic Market Obligation) has become more stringent, which stipulates higher portion of coal supply to the domestic consumers with lower selling price than that of export. For the ethanol-for-fuel business, which is the secondary core business, was still profitable due to the decrease in price of molasses, which is the raw material and major cost of ethanol production.

The Company and subsidiary companies had total revenue in the 1st quarter 2019 of Baht 2,811.90 million, which decreased from the same period last year by Baht 264.06 million or 8.58 percent. The revenue proportion from coal business, ethanol business and other revenue accounted for 72.22, 26.79 and 0.99 percent, respectively.



The Company and subsidiary companies had total net profit during the 1st quarter 2019 of Baht 166.82 million, which decreased from the same period last year by Baht 90.67 million or 35.21 percent with net earnings per share of Baht 0.32, which decreased from the same period last year by Baht 0.17 per share or 35.21 percent. The net profit proportion from coal business, ethanol business, other revenue including share of income from the associated company accounted for 27.07, 55.06 and 17.87 percent, respectively, with the net profit margin of 10.40 percent, EBITDA margin of 22.13 percent, and return on equity of 3.76 percent.



The overall financial position and liquidity of the Company and subsidiary companies as at March 31, 2019 could be considered as good. The current ratio was as high as 1.83 times but the total debt to total assets ratio was only 34.59 percent with debt to equity ratio of only 52.88 percent.

Operating Results of the Coal Business or the Core Business in the 1st Quarter 2019: The total revenue was Baht 2,030.71 million, which decreased from the same period last year by Baht 425.95 million or 17.34 percent, due to the increase in coal sales volume of 2.76 percent, but the average coal selling price decreased from the same period last year by 19.56 percent. The net profit derived from shareholding proportion of the Company was Baht 45.16 million, which decreased from the same period last year by Baht 162.86 million or 78.29 percent due to the decline in global coal prices since the second half of 2018.

Operating Results of the Ethanol-for-Fuel Business or the Secondary Core Business in the 1st Quarter 2019: The total revenue was Baht 753.41 million, which increased from the same period last year by Baht 147.13 million or 24.27 percent due to the increase in ethanol sales volume from the same period last year of 39.52 percent but the average ethanol selling price decreased from the same period last year by 10.91 percent. The net profit derived from shareholding proportion of the Company was Baht 91.85 million, which increased from the same period last year by Baht 59.47 million or 183.66 percent.

OPERATING RESULTS ANALYSIS

Revenues	1 st Quarter 2019		1 st Quarter 2018		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from Coal Sales	2,030.71	72.22	2,456.66	79.87	(425.95)	(17.34)
Revenue from Ethanol Sales	753.41	26.79	606.28	19.71	147.13	24.27
Other Revenue	27.78	0.99	13.02	0.42	14.76	113.36
Total Revenues	2,811.90	100.00	3,075.96	100.00	(264.06)	(8.58)

REVENUE: The revenue of the Company and subsidiary companies in the 1st quarter 2019 totaled Baht 2,811.90 million, which decreased from the same period last year by Baht 264.06 million or 8.58 percent due to the following reasons:

(1) Revenue from coal business totaled Baht 2,030.71 million, which decreased from the same period last year by Baht 425.95 million or 17.34 percent. This was due to the decrease in coal selling price as described above.

(2) Revenue from ethanol business totaled Baht 753.41 million, which increased from the same period last year by Baht 147.13 million or 24.27 percent. This was due the increase in ethanol sales volume as described above; and

(3) Other revenue totaled Baht 27.78 million, which increased from the same period last year by Baht 14.76 million or 113.36 percent. This was due to the increase in foreign exchange gain.

Expenses	1 st Quarter 2019		1 st Quarter 2018		Increase (Decrease)	
	Million Baht	% Sales	Million Baht	% Sales	Million Baht	% Sales
Coal Business						
Cost of Sales	1,220.56	60.11	1,361.69	55.43	(141.13)	(10.36)
Selling and Administrative Expenses	647.92	31.91	556.65	22.66	91.27	16.40
Financial Expense	27.53	1.36	6.18	0.25	21.35	345.47
Corporate Income Tax	52.98	2.61	174.80	7.12	(121.82)	(69.69)
Ethanol Business						
Cost of Sales	528.53	70.15	509.11	83.97	19.42	3.81
Selling and Administrative Expenses	16.62	2.21	23.71	3.91	(7.09)	(29.90)
Financial Expense	9.55	1.27	8.48	1.40	1.07	12.62
Corporate Income Tax	17.94	2.38	1.00	0.16	16.94	1,694.00

COAL BUSINESS EXPENSES: The coal business expenses of the Company and subsidiary companies in the 1st quarter 2019 totaled Baht 1,948.99 million, which decreased from the same period last year by Baht 150.33 million or 7.16 percent, due to the following reasons:

(1) Cost of coal sales decreased from the same period last year by Baht 141.13 million or 10.36 percent, due to the increase in coal sales volume by 2.76 percent but the average cost of coal sales decreased by 12.77 percent.

(2) Selling and administrative expenses increased from the same period last year by Baht 91.27 million or 16.40 percent due to the payment of royalty fee to the Indonesian Government, which is calculated from the coal price according to HPB Index (Harga Patokan Batubara Index), which is higher than the coal selling price using ICI Index (Indonesia Coal Index).

(3) Financial expense increased from the same period last year by Baht 21.35 million or 345.47 percent due to the increase in interest expense; and

(4) Corporate income tax decreased from the same period last year by Baht 121.82 million or 69.69 percent in line with the decrease in profit.

ETHANOL BUSINESS EXPENSES: Ethanol business expenses of the subsidiary company in the 1st quarter 2019 totaled Baht 572.64 million, which increased from the same period last year by Baht 30.34 million or 5.59 percent, due to the following reasons:

(1) Cost of ethanol sales increased from the same period last year by Baht 19.42 million or 3.81 percent. This was due to the increase in ethanol sales volume of 39.52 percent but the average cost of ethanol sales decreased by 25.59 percent due to 27.41 percent decrease in price of molasses, which is the raw material and major cost of ethanol production.

(2) Selling and administrative expenses decreased from the same period last year by Baht 7.09 million or 29.90 percent due to the compensation payment to the affected villagers from the flood incident that caused damage and collapse of the treated wastewater pond in the 1st quarter 2018.

(3) Financial expense increased from the same period last year by Baht 1.07 million or 12.62 percent due to the adjustment of the loan interest rate according to the financial policy of the Bank of Thailand; and

(4) There was no corporate income tax on the earnings from the Ethanol Production Line No. 2, having received the Board of Investment Promotion according to the Investment Promotion Act B.E. 2520. However, the investment promotion certificate for the Ethanol Production Line No. 1 has been expired; therefore, it was subject to corporate income tax of Baht 17.94 million in line with the increase in profit.

Gross Profit	Coal Business		Ethanol Business		Total	
	Million Baht	%	Million Baht	%	Million Baht	%
1st Quarter 2019						
Revenues from Sales	2,030.71	100.00	753.41	100.00	2,784.12	100.00
Less Cost of Sales	1,220.56	60.11	528.53	70.15	1,749.09	62.82
Gross Profit	810.15	39.89	224.88	29.85	1,035.03	37.18
1st Quarter 2018						
Revenues from Sales	2,456.66	100.00	606.28	100.00	3,062.94	100.00
Less Cost of Sales	1,361.69	55.43	509.11	83.97	1,870.80	61.08
Gross Profit	1,094.97	44.57	97.17	16.03	1,192.14	38.92

GROSS PROFIT: The gross profit of the Company and subsidiary companies in the 1st quarter 2019 totaled Baht 1,035.03 million, or 37.18 percent of the sales revenue, which decreased from the same period last year with the gross profit of Baht 1,192.14 million or 38.92 percent of the sales revenue, due to the following reasons:

(1) Gross profit from coal business was 39.89 percent of the sales revenue, which decreased from the same period last year with gross profit of 44.57 percent of the sales revenue. This was due to the decrease in average coal selling price of 19.56 percent, while the cost of coal sales decreased only by 12.77 percent; and

(2) Gross profit from ethanol business was 29.85 percent of the sales revenue, which increased from the same period last year with gross profit of 16.03 percent of the sales revenue. Despite the decrease in average ethanol selling price of 10.91 percent but the cost of ethanol sales decreased by 25.59 percent due to the decrease in price of molasses, which is the raw material and major cost of ethanol production as described above.

Net Profit	1 st Quarter 2019		1 st Quarter 2018		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Profit from Coal Business	45.16	27.07	208.02	80.79	(162.86)	(78.29)
Profit form Ethanol Business	91.85	55.06	32.38	12.58	59.47	183.66
Other Revenue and Share of Income from Associated Company	29.81	17.87	17.09	6.63	12.72	74.43
Net Profit	166.82	100.00	257.49	100.00	(90.67)	(35.21)
Net Earnings per share (Baht per share)	0.32		0.49		(0.17)	(35.21)

NET PROFIT: The net profit of the Company and subsidiary companies in the 1st quarter 2019 totaled Baht 166.82 million, or net earnings per share of Baht 0.32, which decreased from the same period last year by Baht 90.67 million or net earnings per share of Baht 0.32, which decreased from the same period last year by Baht 0.17 per share or 35.21 percent, due to the following reasons:

(1) Net profit from coal business derived from shareholding proportion of the Company was Baht 45.16 million or 27.07 percent of the total net profit, which decreased from the same period last year by Baht 162.86 million or 78.29 percent. This was due to the decrease in coal selling price and the increase in selling and administrative expenses as described above.

(2) Net profit from ethanol business derived from shareholding proportion of the Company was Baht 91.85 million or 55.06 percent of the total net profit, which increased from the same period last year by Baht 59.47 million or 183.66 percent due to the decrease in price of molasses, which is the raw material and major cost of ethanol production as described above;

(3) Other revenue and share of income from associated company were Baht 29.81 million or 17.87 percent of the total net profit, which increased from the same period last year by Baht 12.72 million or 74.43 percent due to the increase in foreign exchange gain.

EARNINGS EFFICIENCY

(1) EBITDA (Earnings before financial expenses, corporate income tax, depreciation and amortization) of the Company and subsidiary companies in the 1st quarter 2019 was Baht 622.14 million, which decreased from the same period last year by Baht 148.45 million or 19.26 percent and EBITDA margin was at 22.13 percent, which decreased from the same period last year by 11.68 percent.

(2) Net profit margin of the Company and subsidiary companies in the 1st quarter 2019 was at 10.40 percent, which decreased from the same period last year by 27.07 percent.

(3) Return on equity of the Company and subsidiary companies in the 1st quarter 2019 was at 3.76 percent, which decreased from the same period last year by 36.46 percent.

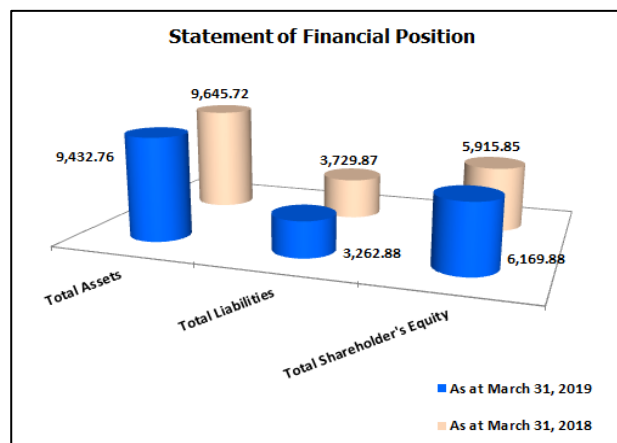
(4) Return on total assets of the Company and subsidiary companies in the 1st quarter 2019 was at 3.06 percent, which decreased from the same period last year by 36.36 percent. The return on fixed assets in the 1st quarter 2019 was at 12.26 percent, which decreased from the same period last year by 24.00 percent.

STATEMENTS OF FINANCIAL POSITION

Description	Unit: Million Baht		Increase (Decrease)	
	As at March 31, 2019	As at December 31, 2018	Million Baht	%
Total Assets	9,432.76	9,645.72	(212.96)	(2.21)
Total Liabilities	3,262.88	3,729.87	(466.99)	(12.52)
Total Shareholders' Equity	6,169.88	5,915.85	254.03	4.29
Book Value-Baht per Share	8.58	8.31	0.27	3.25
Remark: Registered par value of Baht 1 per share				

ASSETS: The total assets of the Company and subsidiary companies as at March 31, 2019 decreased from the same period last year by Baht 212.96 million or 2.21 percent, due to (1) current assets decreased by Baht 239.86 million or 5.55 percent, consisting of: (A) cash and cash equivalent decreased by Baht 119.39 million or 9.54 percent; (B) trade accounts receivable and other accounts receivable increased by Baht 59.98 million or 5.50 percent; (C) inventories increased by Baht 127.94 million or 34.61 percent; and (D) other current assets, most of which were prepaid corporate income tax, prepaid expenses, etc., decreased by Baht 308.39 million or 19.17 percent; and (2) non-current assets, most of which were properties, buildings and equipment and the deferred transferred service fees according to contract increased by Baht 26.90 million or 0.51 percent.

LIABILITIES: The total liabilities of the Company and subsidiary companies as at March 31, 2019 decreased from the same period last year by Baht 466.99 million or 12.52 percent, due to (1) trade accounts payable and other accounts payable decreased by Baht 50.38 million or 8.17 percent (2) short-term and long-term loan of the subsidiary company as working capital for the procurement of raw material for ethanol production and as investment capital for construction of spent wash evaporation plant decreased by Baht 246.01 million or 12.31 percent (3) accrued expenses, most of which were overburden removal expenses and freight cost, etc., decreased by Baht 109.40 million or 18.73 percent; and (4) other liabilities, most of which were the lease agreement on coal transport jetty investment of the subsidiary company and provision for mine rehabilitation and allowance for long-term benefits of employees, etc., decreased by Baht 61.20 million or 11.54 percent.



TOTAL SHAREHOLDERS' EQUITY: The total shareholders' equity of the Company and subsidiary companies as at March 31, 2019 increased from the same period last year by Baht 254.03 million or 4.29 percent, resulting in an increase of the share's book value from Baht 8.31 per share to Baht 8.58 per share, an increase of Baht 0.27 per share or 3.28 percent. This was due to: (1) an increase in retained earnings of Baht 166.82 million or 5.35 percent due to an increase in net profit (2) a net decrease in translation adjustment in financial of Baht 25.56 million or 59.99 percent; and (3) an increase in minority shareholders' equity of Baht 112.77 million or 7.27 percent.

CASH FLOWS

Description	Unit: Million Baht	
	1 st Quarter 2019	1 st Quarter 2018
Cash Flows from (used in) Operating Activities	520.01	(113.13)
Cash Flows from (used in) Investing Activities	(457.28)	(448.09)
Cash Flows from (used in) Financing Activities	(357.13)	393.67
Increase (Decrease) in Translation Adjustments in Financial Statements	9.96	(15.52)
Net Increase (Decrease) in Cash	(284.44)	(183.07)
Cash at the beginning of the period	605.36	1,128.07
Cash at the end of the period	320.92	945.00

(1) The net cash from operating activities of the Company and subsidiary companies in the 1st quarter 2019 totaled Baht 520.01 million, consisting of: (A) income before corporate income tax and interest expense of Baht 363.23 million; (B) transactions that did not affect the cash such as depreciation and amortization of assets, most of which were mostly transactions concerning coal mining operations of the subsidiary companies in Indonesia of Baht 252.25 million; (C) a decrease in operating assets of Baht 188.71 million; (D) a decrease in operating liabilities of Baht 164.97 million (E) an increase in interest received of Baht 3.08 million; and (F) interest expense and taxes increased by Baht 122.29 million.

(2) The net cash used in investing activities of the Company and subsidiary companies in the 1st quarter 2019 totaled Baht 457.28 million, consisting of: (A) properties, buildings and equipment, most of which were the coal transport jetty construction of the Company and wastewater treatment system construction of the subsidiary company increased by Baht 132.60 million; (B) an increase in expenses of coal mine projects of subsidiary companies in Indonesia of Baht 129.93 million; and (C) short-term capital investment and other items increased by Baht 194.75 million.

(3) The net cash used in financing activities of the Company and subsidiary companies in the 1st quarter 2019 totaled Baht 357.13 million, consisting of: (A) a decrease in loan of Baht 242.95 million, (B) cash payment under investment lease agreement of Baht 101.48 million and (C) a decrease in minority shareholders' equity of Baht 12.70 million.

ASSET MANAGEMENT CAPABILITY

(1) The trade accounts receivable and other accounts receivable of the Company and subsidiary companies as at March 31, 2019 were 12.19 percent of total assets. The provisions of doubtful debts are considered based on review of receivable period and assessment of past debt collection experience. Accordingly, there was no provision of doubtful debt in the 1st quarter 2019.

(2) Inventory of the Company and subsidiary companies as at March 31, 2019 was 5.28 percent of total assets without deterioration of the products. Therefore, there was no allowance for impairment loss of inventory in the 1st quarter 2019.

(3) The Company's goodwill incurred from investment in the subsidiary company in Indonesia as at March 31, 2019 was accounted for 1.97 percent of total assets, of which the Company considered financial projection and impact in various aspects and found that it was not yet necessary for establishment of allowance for goodwill impairment from investment in the 1st quarter 2019.

LIQUIDITY AND SUFFICIENCY OF CAPITAL

(1) The total debt to equity ratio of the Company and subsidiary companies as at March 31, 2019 was as low as 0.53:1 with appropriate capital structure. The Company has cash generation and credit facilities sufficient for future investment projects.

(2) The current ratio of the Company and subsidiary companies as at March 31, 2019 was as high as 1.83 times despite the quick ratio was only at 1.02 times but there was no financial liquidity problem. Nonetheless, the Company and subsidiary companies still have sufficient credit facilities for working capital in the future.

(3) The cash cycle of the Company and subsidiary companies in the 1st quarter 2019 was only 33 days, a decrease from the same period last year by 11 days. The average debt collection period was at 36 days, an increase from the same period last year by 1 day. The average inventory turnover was at 22 days, a decrease from the same period last year by 8 days, but the average debt repayment period was at 25 days, an increase from the same period last year by 4 days.

DEBT OBLIGATION

The subsidiary company in a business of ethanol production and distribution for fuel purpose has obligation according to the terms and conditions of the loan agreement with a local commercial bank as follows:

(1) The subsidiary company must maintain its debt to equity ratio (D/E ratio) not exceeding 2.5 times and debt service coverage ratio (DSCR) of no less than 1.10 times until the expiration of the loan agreement. The subsidiary company is able to maintain the D/E ratio and DSCR as required by the contractual obligation of the loan without any default.

(2) The lending bank has stipulated that the Company must maintain its shareholding proportion in the subsidiary company of no less than 50 percent of the total number of shares during the whole duration of the loan agreement. Accordingly, the Company has no plan to sell or decrease its shareholding proportion in the subsidiary company to below 50 percent of the total number of shares.

(3) The lending bank has stipulated that the subsidiary company cannot pay dividend to its shareholders, including the Company, if the subsidiary company cannot comply with the conditions as stipulated within the loan agreement, such as the maintenance of D/E ratio, DSCR, and shareholding proportion of the Company in the subsidiary company, etc. Accordingly, the subsidiary company has never breached the conditions of loan agreements and has been provided with good financial support from lending banks.

FUTURE TREND

Coal Business: It is expected that the operating results of the coal business, which is a core business, will continue to be profitable in year 2019, despite the fact that coal prices had been declining since the second half of 2018 as global economy began to slow down and the Indonesian Government policy became more stringent. Nevertheless, the Company will endeavour to manage and resolve problems with prudence in order to reduce costs and various expenses to be as low as possible to maintain good operating results.

Ethanol Business: It is expected that the operating results of the ethanol business, which is a secondary core business, will continue to be profitable in year 2019 as well, due to the decrease in price of molasses, which is the raw material and major cost of ethanol production. Moreover, the wastewater evaporation plant construction with capacity of 3,000 cubic meters per day (Evaporator System for Bio Methanated) is expected to be completed within the 2nd quarter of 2019, which is deemed an effective and sustainable solution for treatment of wastewater from the ethanol production process, in which investment promotion privilege for the Ethanol Production Line No. 1 has been granted for three more years starting from March 18, 2019 onwards. In addition, water resource consumption can be significantly reduced by over 90 percent as water condensation from the spent wash evaporation process can be reused for ethanol production process. Furthermore, a potassium humate will be derived as a by-product from this wastewater evaporation process at approximately 50,000 metric tons per year, which can be sold for additional revenue and profit.

Overall Business: The overall operating results of the coal business, which is a core business, and the ethanol business, regarded as a secondary core business, are expected to continue to be profitable in year 2019 and enable the Company to proceed with regular dividend payments to shareholders according to the established policy.