

Ocean Glass Public Company Limited

Management Discussion and Analysis

Consolidated Financial Results
For the period ended September 30, 2015

Business Overview

In the third quarter of 2015, Ocean Glass Public Company Limited and Subsidiaries (“the Company”) reported consolidated revenue of Baht 509.4 million increased by 1.2% compared with 3Q14 under high competition of table glassware business both domestic and export market. The Company’s gross profit demonstrated at 44.1% to sales value due to decrement of energy cost and efficiency improvement in the production, while during 3Q14 the Company’s gross profit demonstrated at 36.3% to sales value. The Company reported total expenses of Baht 450.4 million, decreased by 2.1%. As a result, the Company had net profit of Baht 42.7 million, increased by 25.3 compared with 3Q14. Earnings per share presented at Baht 2.01.

For the nine-month period of 2015, the Company reported consolidated revenue of Baht 1,331.9 million, decreased by 7.0% compared with 9M14. The Company’s gross profit demonstrated at 42.3% to sales value, while during 9M14 the Company’s gross profit demonstrated at 34.0% to sales value. The Company reported total expenses of Baht 1,269.5 million, decreased by 13.5%. As a result, the Company had net profit of Baht 44.0 million while during 9M14 the Company had net loss of Baht 29.4 million. Earnings per share presented at Baht 2.06.

Statement of Comprehensive Income

▪ **Total Revenue (Million Baht)**

	Quaterly		Change	For the nine-month period ended 30 September		Change
	3/2015	3/2014	%	2015	2014	%
Sales						
Domestic sales	115.7	114.6	1.0	335.9	346.6	(3.1)
Export sales	400.0	386.0	3.6	1,001.2	1,073.2	(6.7)
Total Sales	515.6	500.6	3.0	1,337.1	1,419.8	(5.8)
Foreign exchange gain (loss)	(7.1)	1.4	(616.5)	(7.7)	4.7	(264.8)
Other income	0.9	1.2	(27.1)	2.5	8.1	(69.8)
Total revenues	509.4	503.1	1.2	1,331.9	1,432.6	(7.0)

In the third quarter of 2015, the Company reported total sales revenues of Baht 515.6 million, increased by 3% compared with 3Q14. Proportion of domestic sales was 22.4% and export sales was 77.6%. Domestic sales increased by 1.0% mainly from B2B customers who buy glassware products for promotional campaign while export sales increased by 3.6%, primary contributed from ASEAN and South Asia market. The Company reported loss from foreign exchange of Baht 7.1 million due to the fluctuations in foreign exchange rate.

However, financial results for the nine-month period reported total sales revenues of Baht 1,337.1 million, decreased by 5.8% compared with 9M14 primarily due to economic crisis in Greater China and Euro Zone along with high competition in the market. Domestic sales declined by 3.1% and export sales declined by 6.7%. In addition, the Company reported loss from foreign exchange of Baht 7.7 million due to the fluctuations in foreign exchange rate.

▪ **Total Expenses (Million Baht)**

	Quaterly		Change	For the nine-month period ended 30 September		Change
	3/2015	3/2014	%	2015	2014	%
Cost of sales	290.4	320.5	(9.4)	778.0	942.5	(17.5)
Selling expenses	85.0	84.0	1.2	243.4	255.3	(4.7)
Administrative expenses	33.6	18.3	83.9	83.8	65.2	28.5
Shutdown expenses	31.1	24.9	25.0	132.0	165.8	(20.4)
Finance costs	10.3	12.4	(17.3)	32.3	38.4	(16.0)
Total expenses	450.4	460.1	(2.1)	1,269.5	1,467.3	(13.5)

In the third quarter of 2015, total cost of goods sold reported at the amount of Baht 290.4 million decreased by 9.4% compared with 3Q14, primarily due to the decrement in cost of energy and the improvement of production efficiency. Selling expenses presented at the amount of Baht 85.0 million increased by 1.2%, mainly from promotion expenses. Administrative expenses presented at Baht 33.6 million increased by 83.9% compared with 3Q14 mainly due to loss from cullet. In order to manage inventory against sales volume during the period, shutdown expenses in this quarter reported at the amount of Baht 31.1 million increased by 25.0% compared with 3Q14.

Total cost of goods sold for the nine-month period reported at the amount of Baht 778.0 million, decreased by 17.5 compared to 9M19, primarily due to the decrement in cost of energy and the improvement of production efficiency. Selling expenses presented at the amount of Baht 243.4 million decreased by 4.7%, while administrative expenses presented at Baht 83.8 million increased by 28.5%. Shutdown expenses

reported at the amount of Baht 132.0 million decreased by 20.4% compared with 9M14.

Statements of Financial Position as at September 30, 2015

	September 30, 2015 (Million Baht)	December 31, 2014 (Million Baht)	Change (%)
Current assets	1,398.1	1,387.1	0.8
Non-current assets	1,750.4	1,769.5	(1.1)
Total assets	3,148.5	3,156.5	(0.3)
Current liabilities	745.6	678.6	9.9
Non-current liabilities	832.9	928.2	(10.3)
Total liabilities	1,578.5	1,606.8	(1.8)
Total shareholders' equity	1,570.0	1,549.7	1.3
Current Ratio (times)	1.88	2.04	
Debt to Equity Ratio (times)	1.01	1.04	

As of September 30, 2015, total assets presented at Baht 3,148.5 million, decreased by 0.3%. There was comprised of current assets of Baht 1,398.1 million, increased by 0.8% due to the increment of inventory, while non-current assets of Baht 1,750.4 million, decreased by 1.1% due to depreciation. Total liabilities presented to Baht 1,578.5 million, decreased by 1.8% mainly due to repayments of long-term loan during the period. Total shareholders' equity presented at Baht 1,570.0 million, increased by 1.3% due to recognition in net profit during the period.