



Ref : NEP127-2018

27 November 2018

Subject : Plan and Progress in Solving C Caution NEP Realty and Industry Public Company Limited

To: Director and Managing Director  
The Stock Exchange of Thailand

NEP Realty and Industry Public Company Limited arranged a Public Presentation to provide information to investors and related parties as the company has been remarked as C ( Caution ) Sign due to the company's shareholder's equity is less than 50% of paid-up capital for the financial statement of quarter 3/2018 ended on 30<sup>th</sup> September 2018. The company arranged the meeting on 27<sup>th</sup> November 2018. The summary of the meeting as below:

**Causes :**

1. The company had continued the loss operating result. Until the company canceled the operation line of sack and the real estate business unit, the company had only the operation line of plastic woven bag that is not sufficient to get more revenue.
2. Production Cost efficiency
3. During 2014-2015, the company had the loss recognition from investment in associated company ( Navanakorn Public Company Limited) due to the flood. The accumulated deficit had been increased.

**Solutions :**

The company recognized the company situation and set a recovery plan in order to improve our performance. The solutions as the following:

**To expand the revenue sources:**

1. In 2017, the company had launched the new production line of Flexible Packaging to increase the revenue.
2. In 2018, the company had expanded the production line of Flexible Packaging. As a result of the new product, the operating result has been improved. The revenue from sale increased and the loss of operation result decreased.

3. The company has enhanced the sale and the marketing plan to keep our customers and increase the new customers.
4. The company had the business partner, as Vava pack Co., Ltd. had invested with the company under the private placement scheme at the beginning of the 2018. Vava pack will be our business partner to share the information and technology for production and introduction the new customers.
5. The Associated company ( Navanakorn Public Company Limited) has a better operating result from the power plant project and the utility revenue. So The company received more dividend and more profit recognition.

Cost Reduction:

1. The Company has improved the productive capacity of plastic woven bags and flexible packaging for product quality, reduce the production cost, and waste.
2. The Company has restructured the company organization to reduce management cost and develop working process rapidly.
3. The Company has restructured the Board of Directors as well. And The remuneration has been arranged according to the company's operating result.
4. The Company has controlled all expenses and budget in order to reduce the operating cost.

As performed all plans as mentioned, in Q3/2018 the company increased sale revenue from Q2/2018 around 17.50% and estimated that the sale revenue will be the growth trend.

	million baht		
	Q1/2018	Q2/2018	Q3/2018
<b>Revenue from sale</b>	81.00	93.20	109.52

The company continued to control the production cost of the new production line by improving the production process, developing the employees skill, and reducing the production cost. Not only control the cost, but the company would like to increase the production line efficiency.

Moreover, the administrative expense could be decreased since Q2/2018 due to the company has restructured the company organization as following.

million baht

	Q1/2018	Q2/2018	Q3/2018
Administrative Expenses	22.79	21.07	20.56

**Moving Forward**

The company has followed all plans as mentioned. Our performance has been improved as the operating result in 2017. The company will continue these plans and will be strictly to perform for the better profit and performance in the future.

Yours faithfully,

(Mr. Nipit Arunvongse Na Ayudhya)

Acting Managing Director