

May 8, 2017

Subject : Interim Management Discussion and Analysis of Q1/2017
Attention : President of The Stock Exchange of Thailand

We attach herewith the financial statements of Global Connections Public Co., Ltd. (GC) for the three-month period ended 31 March 2017 which had been reviewed by the Independent Auditor and would like to clarify more details on the Interim Management Discussion and Analysis as follows :

FINANCIAL SUMMARY

	31.12.15	31.12.16	31.03.17
FINANCIAL POSITION (MILLION BAHT)			
Current Assets	1,246	1,228	1,490
Total Assets	1,378	1,361	1,618
Current Liabilities	936	914	1,145
Total Liabilities	956	930	1,158
Shareholder's Equity	422	431	461
OPERATING RESULT (MILLION BAHT)			
Sales Revenue	3,646	3,979	1,072
Gross Profit	229	258	71
Operating Profit	113	131	40
Profit for the period	79	93	29
Other comprehensive income	0	0.5	0
Total comprehensive income for the period	79	93	29
FINANCIAL RATIOS			
Return on Assets (%)	6.22	6.79	7.89
Return on Equity (%)	19.56	21.81	26.36
Net Profit Margin (%)	2.17	2.34	2.74
Current Ratio (Times)	1.33	1.34	1.30
Debt to Equity Ratio (Times)	2.27	2.16	2.51
Book Value per Share (Baht)	2.11	2.16	2.30
Net Profit per Share (Baht)	0.40	0.46	0.15

Interim Management Discussion and Analysis

Analysis of Overall Performance

The distribution business of the plastic resins, plastic, and petrochemical related products needs relatively high working capital. The key success factors of this business depend on the inventory management, the logistic systems that meet the clients' needs in time, cost of capital, receivables management and sales revenue. Due to this business has low gross profit margin, to build up more sales revenue will result in good net profit.

Sales revenue

The Company had total sales revenue of Baht 1,072.0 million in Q1/2017, increased Baht 17.8 million from Q1/2016 or equivalent to 1.69%. The sales value of Commodity Polymer business unit was reduced by 1.76%. The sales value of Specialty and Engineering Polymer business unit was risen by 6.88%. And the sales value of Specialty Chemicals business unit was decreased by 10.49%. The 1.69% increase in total sales revenue was derived from the increase in sales value of Specialty and Engineering Polymer business unit as a result of improving in Thai economy.

Financial Operating Results

In Q1/2017, total cost of sales and operating expenses were Baht 1,035.2 million, increased by Baht 15.9 million from Baht 1,019.3 million of Q1/2016 or equivalent to 1.56%. Our major expense was costs of goods sold, an increase of Baht 13.7 million from Baht 987.3 million of Q1/2016 to be Baht 1,001.1 million in Q1/2017 or 1.39% increased from last year's which was in line with sales growth.

The gross profit in Q1/2017 was increased from Baht 66.9 million to be Baht 71.0 million or equivalent to 6.06%. Therefore, the gross profit margin in Q1/2017 was risen from 6.76% in Q1/2016 to be 6.99%. This was due to the increase in selling price led by higher oil price.

Total selling and administrative expenses increased from Baht 31.9 million in Q1/2016 to be Baht 34.1 million in Q1/2017, or 6.77% increased. This was due to the increase in warehouse rental amounting Baht 0.5 million resulting from higher inventory level. In addition, there was a reversal of reduction of inventory to net realizable value amounting of Baht 1.5 million in Q1/2016, whereas there was no such transaction in 2017.

The interest expenses in Q1/2017 was Baht 3.8 million, or 9.76% increased from Baht 3.4 million of Q1/2016. This was due to the increase in short term loan requirement during the quarter resulting from both higher trade accounts receivable and inventory.

As a result of the discussed factors, our profit for three-month period of 2017 was Baht 29.4 million versus Baht 26.2 million in Q1/2016 or equivalent to 12.28% increased.

Comparison of Financial Position (FY 31.03.2017 VS 31.12.2016)

Assets: As of 31 March 2017, GC recorded total assets of Baht 1,618 million, representing an increase of Baht 257 million from Baht 1,361 million of 31 December 2016 or equivalent of 18.89% increased. The assets with major changed were as follows :

As of 31 March 2017 total current assets showed Baht 1,490 million, an increase of Baht 262 million or 21.34% increased from year-end 2016. This was mainly due to the increase in both trade accounts receivable and inventory. The trade accounts receivable was increased by Baht 129 million from Baht 701 million in year-end 2016 to be Baht 830 million in Q1/2017, or 18.46% increased resulting from the higher collection period. While inventory showed Baht 627 million as of 31 March 2017, an increase of Baht 149 million or 31.05% from last year-end as a result of higher inventory purchased volume.

Liabilities : As of 31 March 2017, GC recorded total liabilities of Baht 1,158 million, an increase of Baht 228 million or 24.48% increased from the previous year-end. The major liabilities were short-term loans from financial institutions and trade accounts payable. The ending 2016 balance of short-term loan was Baht 662 million versus 786 million as of Q1/2017 or equivalent to 18.73% increased resulting from the rise in both trade accounts receivable and inventory. The trade accounts payable as of Q1/2017 was Baht 329 million, an increase of Baht 106 million from Baht 223 million of ending 2016 or 47.49% increased. As a result, the Debts to Equity Ratio as of Q1/2017 was 2.51 times compared to 2.16 times of ending 2016.

Sources of Funds : The structure of GC's funds in 2017 was not much different from those of 2016 as they were in term of short-term liabilities. The major liabilities were short-term loans from financial institutions, bank overdrafts, and trade accounts payable.

Shareholders' Equity: As of 31 March 2017, the portion of shareholders' equity amounted to Baht 461 million, an increase of Baht 29 million, or 6.82% from the previous year-end, derived from profit for the period of Q1/2017.

Liquidity: In 2017 GC had better liquidity. Since after listed, GC had good fund from the IPO proceeds at the end of 2005 and the working capital from deposits redemption at the beginning of 2006. This caused a better working capital management to reduce the cost of fund.

In Q1/2017 GC had a current ratio at 1.33 times compared to 1.34 times in ending 2016, a little bit decrease resulting from the rise in short-term loan from financial institutions and trade accounts payable.

Yours truly,

(Somchai Kulimakin)

Chairman of The Executive Committee