

No. ZIGA 004/2017

November 13, 2017

Subject : Management explanation and analysis for three-month period ended September 30, 2017

Attention : The President of, The Stock Exchange of Thailand

ZIGA Innovation Public Company Limited ("the Company") would like to clarify operating performance of the Company three-month for the Quarter 3/2017 ended September 30, 2017 are as follows :

**Statement of Income****Total Revenue**

The company earned THB 258.0 MB in Q3/2017 and Q3/2016 in which generate constant growth of revenue and can be summarized as following table.

Description	Total Revenue (MB)		Y-O-Y Change Increase/(Decrease)	Note
	Q3/2016	Q3/2017		
Sales	248.3	255.2	2.8%	The mainly factor of the increase in sales revenue of the product category DAIWA which was an increase in sales due to price reduction promotion campaign for the dealer group.
Other income	9.7	2.8	-71.1%	Less defect on production due to effective control and successful training program. Consequently, the other revenue for the scrap and under quality control grade of finished product decrease. The profit from the income earning from the foreign exchange decrease comparing to the same period of time.
Total Revenue	258.0	258.0	0.0%	constant

**Cost of sales**

Cost of sales in total for Q3/2016 and Q3/2017 was THB 161.2 MB and THB 196.1 MB respectively, equivalent to 62.5% and 76.0% of total revenue in Q3/2016 and Q3/2017 respectively. An increasing in cost-of-sale was derived from the rise of average steel-coil price, which the average steel-coil price is in the upward trend since 2016.

**Selling and Administrative Expenses**

The company's selling and administrative expenses amounted to THB 14.8 MB and THB 16.3 MB in Q3/2016 and Q3/2017 respectively, equivalent to 5.7% and 6.3% of total revenue, respectively. Summary of selling and administrative expenses are as follows:

Description	Selling and Administrative expenses ( THB MB )		Y-O-Y Change Increase/(Decrease)	Note
	Q3/2016	Q3/2017		
Selling expenses	5.8	3.9	-31.9%	This is because the sale promotion expenses decrease comparing to the same period of time in the year 2016.
Administrative expenses	9.0	12.3	36.3%	According to the public relation and road show activities expense for initial public offering in the stock exchange market.
Total selling and administrative expenses	14.8	16.2	9.5%	

**Finance cost**

The company incurred finance cost in Q3/2016 and Q3/2017 amounting THB 2.8 MB and THB 2.9 MB respectively. The company has increased a little of finance cost from liabilities under trust receipts for purchase of raw material.

**Net Profit**

The Company incurred net profit in Q3/2016 and Q3/2017 amounting to THB 63.9 MB and THB 38.4 MB respectively. Net profit of the company equal to 24.8% and 14.9% of total revenue in Q3/2016 and Q3/2017 respectively. The reason for this decrease in net profit is due to the lower gross profit as the cost of raw material increases.

## **Statement of Financial Position**

### **Assets**

The company's total assets as of 31 December 2016 and 30 September 2017 totaled THB 626.4 MB and THB 1,115.5 MB respectively. The main assets held by the company is current asset in which accounted for 80% of the total assets and non-current asset accounted for 20% respectively.

	31 December 2016		30 September 2017	
	THB MB	%	THB MB	%
Current assets	402.3	64.2	892.8	80.0
Non-current assets	224.1	35.8	222.7	20.0
Total assets	626.4	100.0	1115.5	100.0

### **1. Current assets**

The company's current assets as of year-end of 2016 and Q3/2017 was THB 402.3 MB and THB 892.8 MB respectively in which the main current assets held by the company accounted for 64.2% and 80.0% respectively of the total assets. The company current assets as of year-end of 2016 and Q3/2017 was cash and cash equivalents in which accounted to THB 109.4 MB and THB 376.6 MB respectively or equivalent to 17.5% and 33.8% of the total assets. Secondly, the finish goods inventory as of year-end 2016 and Q3/2017 equal to THB 216.6 MB and THB 271.7 MB respectively or equivalent to 34.6% and 24.4% of the total assets respectively. The main current assets increase in cash and cash equivalents of THB 267.2 MB from received initial public offering in the stock exchange market and Inventories increase amount THB 55.1 MB

### **2. Non-current assets**

As of the year end 2016 and Q3/2017 the company's non-current assets totaled THB 224.1 MB and THB 222.7 MB respectively and equivalent to 35.8% and 20.0% respectively. The main non-current assets are land and equipments which were 33.9% and 18.8% of the total assets. Land and equipments decrease net THB 2.4 MB from buying and transferring assets THB 26.6 MB and depreciation on useful life of asset in which decline for THB 29.1 MB.

**Liabilities**

	31 December 2016		30 September 2017	
	THB MB	%	THB MB	%
Current liabilities	248.1	79.7	298.8	86.7
Non-current liabilities	63.0	20.3	45.7	13.3
Total liabilities	311.1	100.0	344.5	100.0

**1. Current Liabilities**

As of the year end 2016 and Q3/2017, the company's current liabilities totaled THB 248.1 MB and THB 298.8 MB respectively and equivalent to 79.7% and 86.7% of the total Liabilities respectively. Current Liabilities as of Q3/2017 increase by Trust receipts facility. Secondly is the increase in Account Payable due to an increase in purchasing raw material.

**2. Non-current Liabilities**

As of the year end 2016 and Q3/2017, The company 's non-current liabilities was THB 63.0 MB and THB 45.7 MB respectively and equivalent to 20.3% and 13.3% of the total Liabilities respectively. The main non-current liabilities is long-term debt and liability under finance lease net from the long term debt due date within one year is THB 43.2 MB and THB 29.0 MB respectively or equivalent to 13.9% and 8.4% of the total liabilities respectively. The decrease for long term loan due to gradually paying off some balance of debt from the finance institution.

**Shareholder's equity**

The company's shareholder's equity as of the year end 2016 and Q3/2017 amount to THB 315.3 MB and THB 771.0 MB respectively. An increase in shareholder's equity which amount to THB 455.7 MB from the THB 40 MB, paid up capital and the share premium account-ordinary share which amount to THB 415.2 MB.

Please be informed accordingly,

Yours Sincerely

(Miss Valarlak Ngamchitcharoen)  
Managing Director