

- TRANSLATION -

VS/PC (Q-Con) 004/2018

February 1st , 2018.

Attention Managing Director
 The Stock Exchange of Thailand

Subject : Management Discussion and Analysis for year 2017

Quality Construction Products Public Company Limited (“Q-CON”) would like to clarify the main reason that caused operating result for 2017 changed more than 20 percent that of 2016.

Q – CON and subsidiary have net profit for the year 2017 of 5.46 Million Baht increased 113.20 Million Baht compared with the year 2016, mainly by the increasing of Revenue from sales 16% with the increasing from selling price and expansion oversea market. The cost of sales decreased 5%., while gross margin rate 11% in the year 2017, 4% in the year 2016. As the result of the company’s gross margin increased 7% compared with the last year.

In 2017, the company cost of distribution and operating expense 192 Million Baht and 189 Million Baht in 2016, compared with last year were increased 2%. Because of the company was higher cost of distribution due to the increase of transportation expenses as proportion of sales, Due to the advertising and promotion expenses. As a proportion of the operation expense were decreased from the company no obligation to pay the Royalty Fees. The companies were able to properly control with economic conditions.

The financial cost in the year 2017 decreased amount 0.2 Million Baht from last year as the principal payable under the Loan Agreement caused the company financial cost slightly decreased.

In 2017, the company had tax benefit 3 Million Baht, management considered probable would be available which cumulative tax losses can be used.

In the year 2017 : Asset and liability, there were current asset 445.02 Million Baht increased 141.42 Million Baht from 2016, as the result of cash flow from operation and inventory stock.

There were current liability amount 179.80 Million Baht decreased from the year 2016 amount 23.04 Million Baht. Because of short term loan decreasing 40 Million Baht and increased 16.84 Million Baht from Trade Account Payable.

At the end of December 31, 2017, the company has cash balance amount 123 Million Baht. There are net cash from operation activity amount 178.04 Million Baht, net cash from the investment activities amount (32.57MB.), net cash from Financial activities amount (40.23 MB.), the company has shot term loans from financial institution amount 40 MB, interest 0.23 MB.

Please be informed accordingly

Sincerely yours,

Saowaluck Suwanprateep

(Mrs.Saowaluck Suwanprateep)

Deputy Managing Director