

May 7, 2018

Subject : Interim Management Discussion and Analysis of Q1/2018
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 2018 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

	31.12.16	31.12.17	31.03.18
FINANCIAL POSITION (MILLION BAHT)			
Current Assets	1,228	1,119	1,202
Total Assets	1,361	1,242	1,322
Current Liabilities	914	784	839
Total Liabilities	930	797	853
Shareholder's Equity	431	445	469
OPERATING RESULT (MILLION BAHT)			
Sales Revenue	3,979	3,727	969
Gross Profit	258	247	75
Operating Profit	131	126	35
Profit for the period	93	90	24
Other comprehensive income	0.5	0	0
Total comprehensive income for the period	93	90	24
FINANCIAL RATIOS			
Return on Assets (%)	6.76	6.88	7.56
Return on Equity (%)	21.69	20.44	21.21
Net Profit Margin (%)	2.33	2.40	2.50
Current Ratio (Times)	1.34	1.43	1.43
Debt to Equity Ratio (Times)	2.16	1.79	1.82
Book Value per Share (Baht)	2.16	2.22	2.34
Net Profit per Share (Baht)	0.46	0.45	0.12

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 969.4 million in Q1/2018, decreased Baht 102.6 million from Q1/2017 or equivalent to 9.58%. The sales value of Commodity Polymer business unit was reduced by 18.73%. The sales value of Specialty and Engineering Polymer business unit was risen by 0.89%. And the sales value of Specialty Chemicals business unit was increased by 107.04%. The 9.58% decrease in total sales revenue was mainly due to the decline in sales value of Commodity Polymer business unit as a result of soften private consumption.

Financial Operating Results

In Q1/2018, total cost of sales and operating expenses were Baht 938.3 million, decreased by Baht 96.9 million from Baht 1,035.2 million of Q1/2017 or equivalent to 9.36%. Our major expense was costs of goods sold, a decrease of Baht 107.1 million from Baht 1,001.1 million of Q1/2017 to be Baht 893.9 million in Q1/2018 or 10.70% decreased from last year's which was in line with sales dropping rate.

The gross profit in Q1/2018 was increased from Baht 71.0 million to be Baht 75.4 million or equivalent to 6.28% which was lower than sales declining rate resulting from the risen in gross profit margin from 6.99% in Q1/2017 to be 8.22%. This was due to the tight supply in some products of Specialty and Engineering Polymer business unit caused preordering from most customers.

Total selling and administrative expenses increased from Baht 34.1 million in Q1/2017 to be Baht 44.3 million in Q1/2018, or 29.92% increased. This was due to an increase in Allowance for doubtful accounts of Baht 10.0 million resulting from liquidity problem of one major accounts receivable, whereas there was no such transaction in 2017.

The interest expenses in Q1/2018 was Baht 2.7 million, or 28.27% decreased from Baht 3.8 million of Q1/2017. This was due to lower short term loan requirement during the quarter resulting from the lower of both average trade accounts receivable and inventory.

As a result of the discussed factors, our profit for three-month period of 2018 was Baht 24.2 million versus Baht 29.4 million in Q1/2017 or equivalent to 17.57% decreased.

Comparison of Financial Position (FY31.03.2018 VS 31.12.2017)

Assets: As of 31 March 2018, GC recorded total assets of Baht 1,322 million, representing an increase of Baht 80 million from Baht 1,242 million of 31 December 2017 or equivalent of 6.43% increased. The assets with major changed were as follows :

As of 31 March 2018 total current assets showed Baht 1,202 million, an increase of Baht 82 million or 7.34% increased from year-end 2017. This was mainly due to the increase in both trade accounts receivable and inventory. The trade accounts receivable was increased by Baht 92 million from Baht 612 million in year-end 2017 to be Baht 704 million in Q1/2018, or 14.99% increased resulting from the higher Q1/2018 sales value than those of Q4/2017. While inventory showed Baht 471 million as of 31 March 2018, an increase of Baht 3 million or 0.70% from last year-end as a result of higher goods in transit.

Liabilities : As of 31 March 2018, GC recorded total liabilities of Baht 853 million, an increase of Baht 56 million or 6.99% increased from the previous year-end. The major liabilities were short-term loans from financial institutions and trade accounts payable. The ending 2017 balance of short-term loan was Baht 575 million versus 556 million as of Q1/2018 or equivalent to 3.28% decreased resulting from the lower level in both average trade accounts receivable and inventory. The trade accounts payable as of Q1/2018 was Baht 250 million, an increase of Baht 70 million from Baht 179 million of ending 2017 or 39.11% increased. As a result, the Debts to Equity Ratio as of Q1/2018 was 1.82 times compared to 1.79 times of ending 2017.

Sources of Funds : The structure of GC's funds in 2018 was not much different from those of 2017 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 2018, the portion of shareholders' equity amounted to Baht 469 million, an increase of Baht 24 million, or 5.45% from the previous year-end, derived from profit for the period of Q1/2018.

Liquidity: In 2018 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 Q1/2018 GC had a current ratio at 1.43 times, same figures as ending 2017 due to the risen of both current assets and current liabilities at the same proportion.

Yours truly,

(Somchai Kulimakin)

Chairman of The Executive Committee