

No. ZIGA 005/2018

14 May 2018

Subject : Management explanation and analysis for three-month period ended 31 March 2018

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 1/2018 ended 31 March 2018 are as follows :

Statement of Income**Total Revenue**

The company earned THB 287.9 MB and 205.0 MB in Q1/2017 and Q1/2018 respectively, A decrease in total revenue 28.8% and can be summarized as following.

Description	Total Revenue (MB)		Q-O-Q Change Increase/(Decrease)	Note
	Q1/2017	Q1/2018		
Sales	274.7	189.1	-31.2%	The sales volume decreases as steel domestic consumption decrease which suffered from slow down economics.
Other income	13.2	15.9	20.5%	A gain and profit in exchange rate comparing to the same period of last year due to efficient exchange rate fluctuations management.
Total Revenue	287.9	205.0	-28.8%	A decrease in total revenue by 28.8%

Cost of sales

Cost of sales in total for Q1/ 2017 and Q1/ 2018 was THB 193.6 MB and THB 160.8 MB respectively, equivalent to 67.3% and 78.4% of total cost of sale 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 13.4 MB and THB 15.9 MB in Q1/2017 and Q1/2018 respectively, equivalent to 4.7% and 7.8% of total revenue, respectively. Summary of selling and administrative expenses are as follows :

Description	Selling and Administrative (THB MB)		Q-O-Q Change Increase/(Decrease)	Note
	Q1/2017	Q1/2018		
Selling expenses	3.7	4.0	8.1%	Mainly caused from the staff costs increase comparing to the same period of time in the year 2017.
Administrative expenses	9.7	11.9	22.7%	Mainly caused from the staff costs and public relation's expense increase comparing to the same period of time in the year 2017.
Total selling and administrative expenses	13.4	15.9	18.7%	

Finance cost

The company incurred finance cost in Q1/2017 and Q1/2018 amounting THB 3.0 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 Q1/2017 and Q1/2018 amounting to THB 62.6 MB and THB 20.6 MB respectively. Net profit of the company equal to 21.7% and 10.1% of total revenue 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 2017 and 31 March 2018 totaled THB 1,281.9 MB and THB 1,217.0 MB respectively. The main assets held by the company is current asset in which accounted for 64.3% of the total assets and non-current asset accounted for 35.7%.

	31 December 2017		31 March 2018	
	THB MB	%	THB MB	%
Current assets	1,026.4	80.1	783.0	64.3
Non-current assets	255.5	19.9	434.0	35.7
Total assets	1,281.9	100.0	1,217.0	100.0

1. Current assets

The company's current assets as of year-end of 2017 and Q1/2018 was THB 1,026.4 MB and THB 783 MB respectively, equivalent to 80.1% and 64.3% of total assets. The company current assets as of year-end of 2017 and Q1/2018 was the finish goods inventory in which accounted to THB 501.8 MB and THB 364.5 MB respectively or equivalent to 39.1% and 30.0% of the total assets. Secondly, cash and cash equivalents as of year-end 2017 and Q1/2018 equal to THB 393.9 MB and THB 290.4 MB respectively or equivalent to 30.7% and 23.9% of the total assets respectively. The main current assets decrease in inventory of THB 137.3 MB and decrease in cash and cash equivalents of THB 103.5 MB from new factory construction paid.

2. Non-current assets

As of year-end 2017 and Q1/2018 the company's non-current assets totaled THB 255.5 MB and THB 434.0 MB and equivalent to 19.9% and 35.7% respectively. The main non-current assets are land and equipment which were 15.7% and 34.4% of the total assets. Which the increase by land and equipment net THB 218.4 MB is from buying and transferring assets THB 226.7 MB and depreciation on useful life of asset in which increase for THB 8.3 MB.

Liabilities

The company's total liabilities as of 31 December 2017 and 31 March 2018 totaled THB 499.7 MB and THB 414.1 MB respectively. The company's current liabilities in which accounted for 92.0% of the total liabilities and non-current liabilities accounted for 8.0% of the total liabilities.

	31 December 2017		31 March 2018	
	THB MB	%	THB MB	%
Current liabilities	460.9	92.2	381.0	92.0
Non-current liabilities	38.8	7.8	33.1	8.0
Total liabilities	499.7	100.0	414.1	100.0

1. Current liabilities

As of the year end 2017 and Q1/2018, the company's current liabilities totaled THB 460.9 MB and THB 381.0 MB respectively, equivalent to 92.2% and 92.0% respectively of the total Liabilities. Current Liabilities as of Q1/2018 decrease by decreasing in trade and other payable.

2. Non-current Liabilities

As of the year end 2017 and Q1/2018, The company 's non-current liabilities THB 38.8 MB and THB 33.1 MB respectively, equivalent to 7.8% and 8.0% respectively of the total liabilities. The main non-current liabilities in long-term debt. The long-term debt due date within one year is THB 24.3 MB and THB 20.2 MB respectively or equivalent to 4.9% and 4.9% respectively of the total liabilities. 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 2017 and Q1/2018 amounted to THB 782.2 MB and THB 802.9 MB respectively. An increase in shareholder's equity which amount to THB 20.6 MB from the net profit on Q1/2018.

Please be informed accordingly,

Yours Sincerely

(Miss Valarlak Ngamchitcharoen)
Managing Director