

Ref: PLC 2018/012

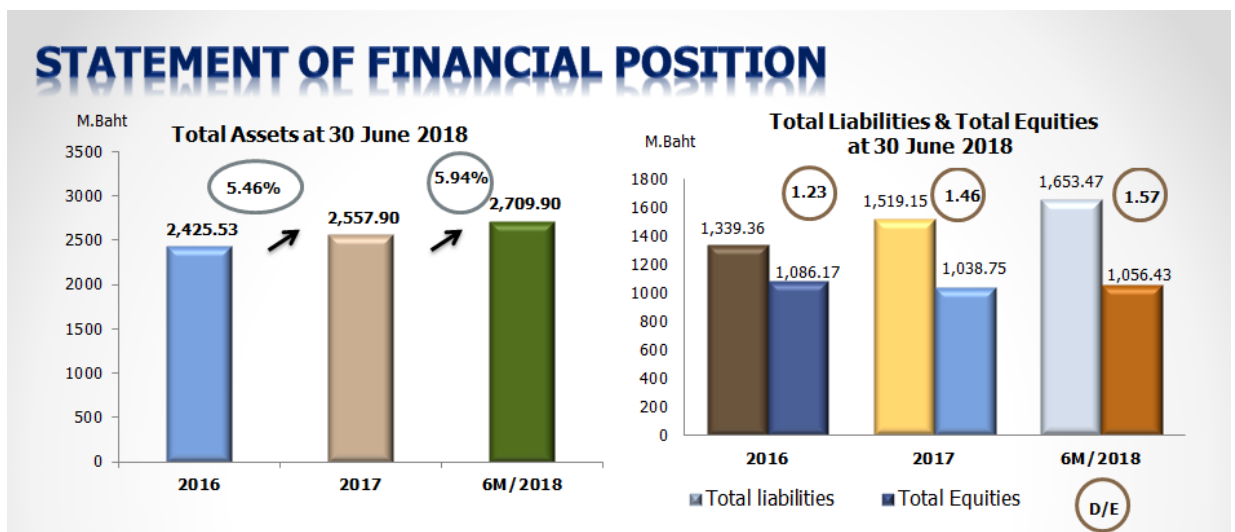
August 13, 2018

Subject: Management Discussion and Analysis Quarter 2 Ended 30-June-2018

To: The President of the Stock Exchange of Thailand

Panjawattana Plastic Public Company Limited and its subsidiaries ("the Company") would like to clarify herewith the operating result for Quarter 2 Ended 30-June-2018 as follows:-

**Financial Position**

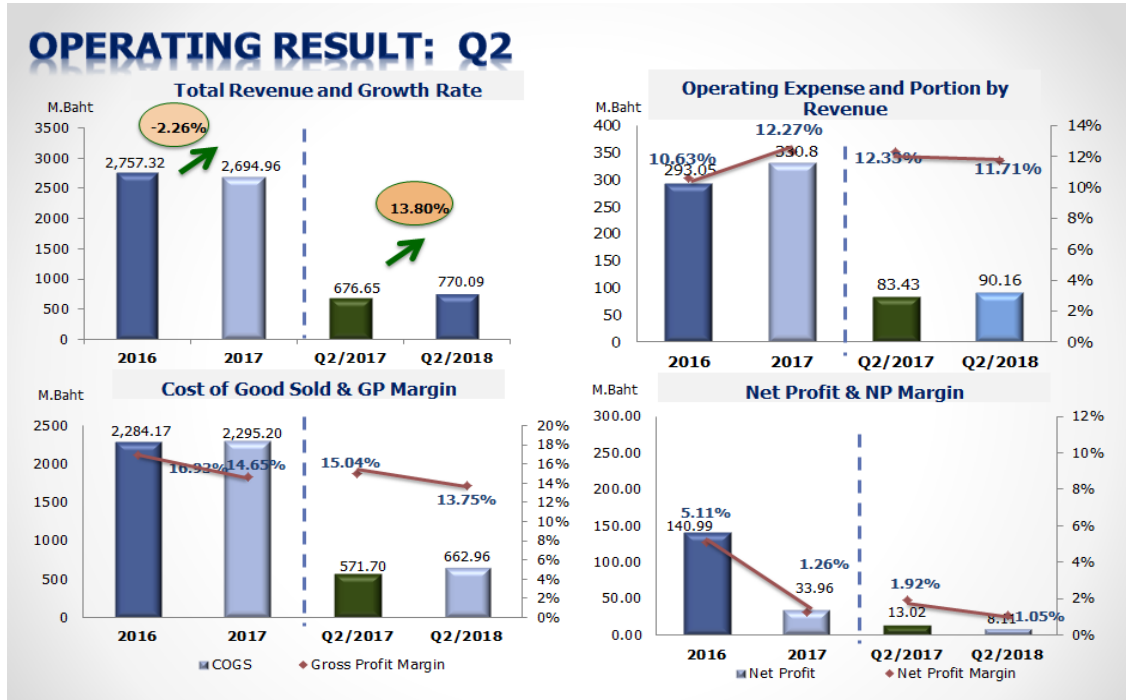


As at 30 June 2018 total assets of consolidated financial statements increased by Baht 152 million or 5.94% compared with last year. An increase mainly caused by trade accounts receivable of Baht 128 million as sales increased at the late of Quarter 2 compared to the last quarter of last year. However, these accounts receivable are not overdue. In addition, total assets increased by Baht 32.6 million from net equipment due to the purchase of machinery and molds for new models and also investment to improve the performance of machinery and equipment.

As at 30 June 2018, the Company had consolidated liabilities increased from last year by Baht 134.3 million mostly from trade payables and short-term loans of Baht 224.6 million to support higher production. Meanwhile, long-term liabilities decreased by Baht 97 million for the repayment. As a result, the Company's debt to equity ratio increased from 1.46 times to 1.57. The company is considering extending its debt-to-equity ratio to the commercial banks. For the purpose of considering compliance with the conditions as specified in the loan agreements, the commercial banks shall refer to the audited separate financial statement.



**Operating result 3 months**

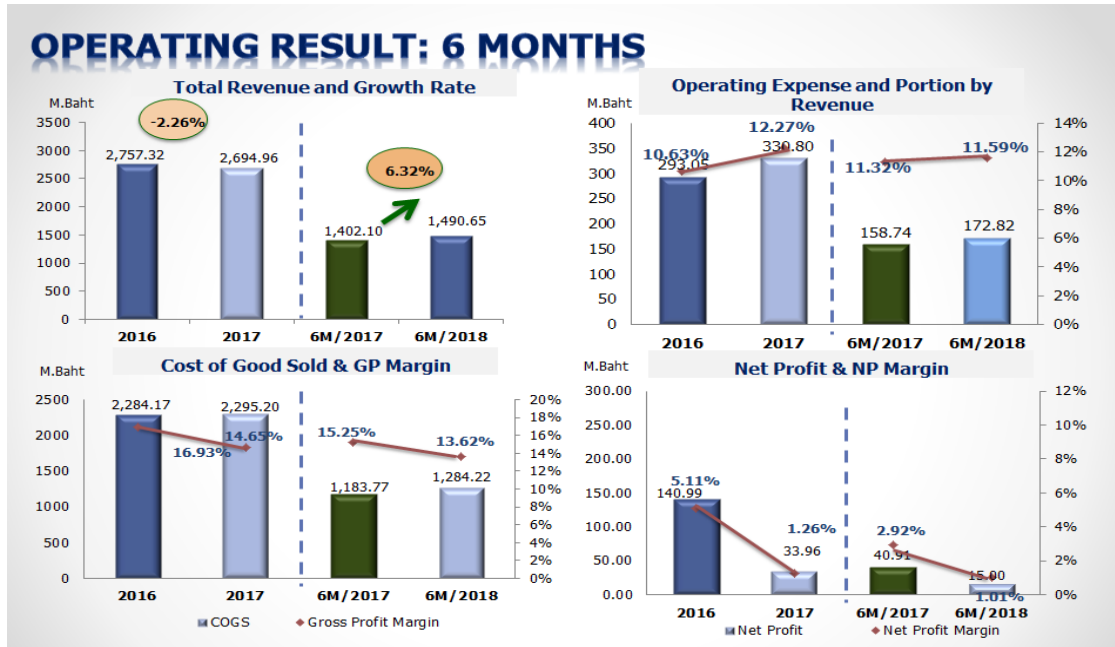


For Quarter 2 ended 30 June 2018, the consolidated net profit of the Company was Baht 8.11 million decreased by Baht 4.91 million or 37.7% from the same period of last year. The main reasons were as follows:-

1. The consolidated sales increased by Baht 93.44 million or 13.80% due to the sales of customers in the lubricant packaging and automotive parts as well as painting increased from the previous quarter owing to many new products have started commercial sales.
2. The consolidated gross profit margin was 13.75%, decreased from the same period of last year at 15.04% due to the price of plastic resin, which is the main raw material, was higher than the same quarter of last year, but the price adjustment was not immediately possible. Labor costs have increased due to the minimum wage adjustment in April. In addition, the cost of depreciation increased from the purchase of machinery at the end of last year however production yield of new products in the early stage may not be as targeted but it is likely to improve.
3. The consolidated net profit was 1.05%, decreased from the same period of last year at net profit 1.92%, mainly caused by reduction in gross profit margin while selling and administrative expenses in proportional to sale decrease owing to the increase in the overall sales.



**Operating result 6 months**



For the 6 month period ended 30 June 2018, the consolidated net profit of the Company was Baht 15.00 million decreased by Baht 25.91 million or 63.33% from the same period of last year. The main reasons were as follows:-

1. The consolidated sales increased by Baht 88.54 million or 6.31% due to the sales of customers in the lubricant packaging and automotive parts as well as painting increased from the previous quarter owing to many new products have started commercial sales.
2. The consolidated gross profit margin was 13.62%, decreased from the same period of last year at 15.25% due to the price of plastic resin, which is the main raw material, was higher than the same quarter of last year, but the price adjustment was not immediately possible. Labor costs have increased due to the minimum wage adjustment in April. In addition, the company had more expense in relation to new product development and testing, which will result in new sales in the second half. In addition, the cost of depreciation increased from the purchase of machinery at the end of last year however production yield of new products in the early stage may not be as targeted but it is likely to improve.
3. The consolidated net profit was 1.01%, decreased from the same period of last year at net profit 2.92%, mainly caused by reduction in gross profit margin while selling and administrative expenses in proportional to sale still stable.

Please be informed accordingly

Sincerely yours

(Mrs. Prim Chaiyawat)

Company's Secretary