

Ref: PLC 2017/012

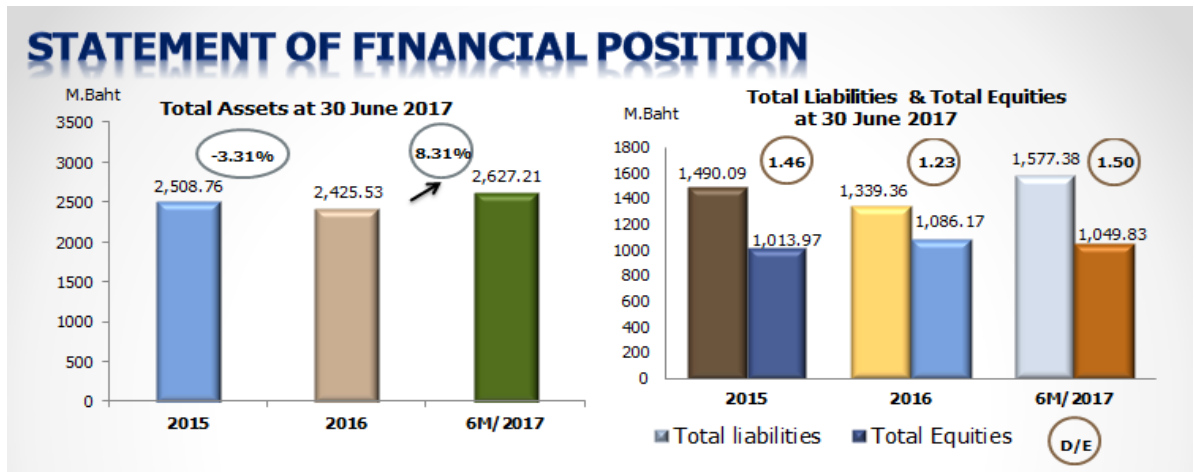
August 14, 2017

Subject: Management Discussion and Analysis Quarter 2 Ended 30-June-2017

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-2017 as follows:-

Financial Position

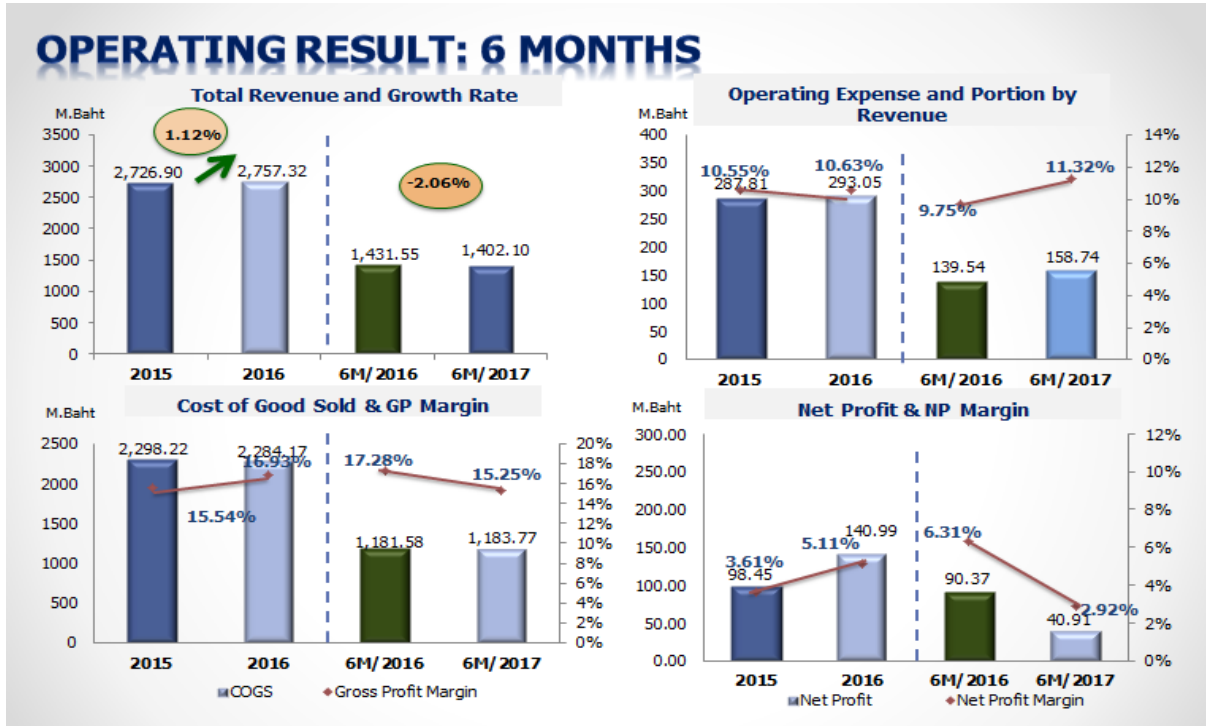


As at 30 June 2017, total assets of consolidated financial statements of the Company increased by Baht 201.68 million or 8.31% compared with last year. An increase mainly due to higher net accounts receivable of Baht 103.75 million since some customers had a temporary delay of payment. However, the said customers still have the active status and can make the payment to the Company continuous increasing after ended of quarter 2. In addition, property, plant and equipment increased by Baht 76.42 million which was new machines that ordered since last year but the shipment delayed until the early of this year and there was some capital expenditure for machine and equipment improvement.

As of 30 June 2017 the Company had consolidated liabilities that increased from last year by Baht 238.02 million compared with last year mainly from short term loan to support working capital, especially in additional accounts receivable, including imported raw material, and increase in long term loan for fixed assets acquisition. Since there was dividend payment in May, as a result, the Debt to Equity ratio increased from 1.23 times to 1.50 times.



Operating result



For period 6 months ended 30 June 2017, the consolidated net profit of the Company was Baht 40.91 million decreased by Baht 49.46 million or 54.73% from the same period of last year. The main reasons were as follows:-

1. The consolidated sales decreased by Baht 29.45 million or 2.06% because sales of customer in packaging for milk and yogurt segment dropped due to the contraction of export. Moreover, sales of plastic automotive parts customers dropped from slacked market both domestic and export that some are in the end of the model life and are going to have some minor changes.
2. The consolidated gross profit margin was 15.25%, decreased from the same period of last year at 17.28% due to the declining in sales of packaging for milk and yogurt and plastic automotive parts whereas depreciation was higher from machine acquisition and plant and equipment improvement.
3. The consolidated net profit margin was 2.92%, decreased from the same period of last year at 6.31%, mainly caused by reduction in gross profit margin while selling and administrative expenses in proportional to sale increase, even packaging and automotive market deem to be dropped in quarter 2, but the Company still have fixed expenses, especially in order to prepare resource for new model of painting segment.

Please be informed accordingly

Sincerely yours

(Mrs. Prim Chaiyawat)

Company's Secretary