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26 February 2018

Subject: Management discussion and analysis of financial position and operating results

To: President and Manager

The Stock Exchange of Thailand

Overall operating performance of the Group

Unit: Million Baht

| | 2017 | 2016 | Increase (decrease) | Variance (%) |
|----------------|-------|-------|---------------------|--------------|
| Total revenues | 7,165 | 5,426 | 1,739 | 32% |
| Net profit | 272 | 366 | (94) | (26%) |

The Group has total revenues of Baht 7,165 million for 2017, which is increased by Baht 1,739 million or 32% compared to the total revenues of Baht 5,426 million for 2016. The increase results from higher revenues from EMS business and retail business.

In 2017, the Group has net profit of Baht 272 million, which is decreased by Baht 94 million or 26% compared to the net profit of Baht 366 million for 2016. The decrease is mainly due to the lower gross profit from related technology business, the higher administrative expenses i.e. doubtful accounts - trade and other receivables, impairment loss on assets and the higher finance cost. As a result, overall net profit of the Group declined.

Analysis of revenues

| | 2017 | | 2016 | | Increase (decrease) | |
|-----------------------------------|--------------|------|--------------|------|---------------------|-------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Revenues from main business | | | | | | |
| EMS business | 2,300 | 32% | 1,657 | 30% | 643 | 39% |
| Telecommunication business | 483 | 7% | 264 | 5% | 219 | 83% |
| Related technology business | 913 | 13% | 1,022 | 19% | (109) | (11%) |
| Retail business | 3,254 | 45% | 2,319 | 43% | 935 | 40% |
| Total revenues from main business | 6,950 | 97% | 5,262 | 97% | 1,688 | 32% |
| Other income | 215 | 3% | 164 | 3% | 51 | 31% |
| Total revenues | 7,165 | 100% | 5,426 | 100% | 1,739 | 32% |

EMS business

In 2017, the Group generates revenue of Baht 2,300 million from EMS business, which is increased by Baht 643 million or 39% compared to the revenue of Baht 1,657 million for 2016. It results from the increase in orders from a major customer of the manufacture and assembly of electronic circuit boards business unit.

Telecommunication business

In 2017, the Group generates revenue of Baht 483 million from telecommunication business, which is increased by Baht 219 million or 83% compared to the revenue of Baht 264 million for 2016. It results from the increase in sale of set-top box and telecommunication equipment and installation of indoor WIFI antenna projects.

Related technology business

In 2017, the Group generates revenue of Baht 913 million from related technology business, which is decreased by Baht 109 million or 11% compared to the revenue of Baht 1,022 million for 2016. It results from the decrease of ERP system development projects and the installation of LED electricity system in the buildings of government agencies of the Ministry of Justice was completed in 2016.

Retail business

In 2017, the Group generates revenue of Baht 3,254 million from retail business, which is increased by Baht 935 million or 40% compared to the revenue of Baht 2,319 million for 2016. The Group has the top-up value via “Boonterm Kiosk” for 2017 of Baht 36,174 million, which is increased by Baht 12,791 million or 55% compared to the top-up value of Baht 23,383 million for 2016. As at 31 December 2017, the Group has 124,653 top-up kiosks across Thailand.

Gross Profit and Gross Profit Margin

| | 2017 | | 2016 | | Increase (decrease) | |
|-----------------------------|--------------|------------|--------------|------------|---------------------|------------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| EMS business | 446 | 19% | 354 | 21% | 92 | 26% |
| Telecommunication business | 133 | 28% | 101 | 38% | 32 | 32% |
| Related technology business | 145 | 16% | 296 | 29% | (151) | (51%) |
| Retail business | 923 | 28% | 715 | 31% | 208 | 29% |
| Gross Profit | 1,647 | 24% | 1,466 | 28% | 181 | 12% |

EMS business

In 2017, the Group has gross profit of Baht 446 million, which is increased by Baht 92 million or 26% compared to the gross profit of Baht 354 million for 2016. It results from the higher gross profit of a major customer of the manufacture and assembly of electronic circuit boards business unit. In 2017, the gross profit margin is at the rate of 19%, which is closed to the gross profit margin at rate of 21% in 2016.

Telecommunication business

In 2017, the Group has gross profit of Baht 133 million, which is increased by Baht 32 million or 32% compared to the gross profit of Baht 101 million for 2016. However, the gross profit margin is at the rate of 28% in 2017, decreased from the gross profit margin at rate of 38% in 2016. It results from the lower gross profit margin of set-top box, the lower proportion of sale of telecommunication equipment under the Company's brand which has higher gross profit margin and the reduction of installation price of indoor WIFI antenna projects.

Related technology business

In 2017, the Group has gross profit of Baht 145 million, which is decreased by Baht 151 million or 51% compared to the gross profit of Baht 296 million for 2016. It results from the decrease of ERP system development projects and the lower gross profit margin of turnkey installation of CCTV in 2017. In addition, the installation of LED electricity system in the buildings of government agencies of the Ministry of Justice, which had high gross profit margin, was completed in 2016.

Retail business

In 2017, the Company has gross profit of Baht 923 million, which is increased by Baht 208 million or 29% compared to the gross profit of Baht 715 million for 2016 because of the growth of "Boonterm Kiosk" business.

Expenses and expenses to revenues from main business

| | 2017 | | 2016 | | Increase (decrease) | |
|-------------------------|--------------|-----|--------------|-----|---------------------|-----|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Selling expenses | 132 | 2% | 109 | 2% | 23 | 21% |
| Administrative expenses | 951 | 14% | 774 | 15% | 177 | 23% |
| Finance cost | 124 | 2% | 92 | 2% | 32 | 35% |
| Income tax expenses | 61 | 1% | 58 | 1% | 3 | 5% |

Selling expenses

In 2017, the Group has the selling expenses of Baht 132 million, which is increased by Baht 23 million or 21% compared to those of prior year. The increase is due to commission paid to sale agent for selling set-top box.

Administrative expenses

In 2017, the Group has the administrative expense of Baht 951 million, which is increased by Baht 177 million or 23% compared to those of prior year. It results from the increase of allowance for doubtful accounts of trade and other receivables and is in line with the growth of revenue of the Group.

Finance cost

In 2017, the Group has the finance cost of Baht 124 million, which is increased by Baht 32 million or 35% compared to that of the prior year. It results from the increase of short-term loans used as working capital and long-term loans used for the acquisition of property, plant and equipment.

Income tax expenses

In 2017, the Group has the income tax expenses of Baht 61 million and the income tax expenses to revenue from main business ratio is 1%. There is no significant change in income tax expenses and income tax expenses to revenue from main business ratio from those of the prior year and it is in line with the reduction of profit.

Financial position

Assets

Unit: Million Baht

| | 31 December 2017 | 31 December 2016 | Increase (decrease) | % Variance |
|---------------------|------------------|------------------|------------------------|------------|
| Current assets | 4,491 | 3,932 | 559 | 14% |
| Non-current assets | 3,658 | 2,937 | 721 | 25% |
| Total assets | 8,149 | 6,869 | 1,280 | 19% |

As at 31 December 2017, the Group's total assets are Baht 8,149 million, increased by Baht 1,280 million or 19% compared to the total assets as at 31 December 2016 of Baht 6,869 million. It results from the increase of cash and cash equivalents and property, plant and equipment.

The quality of assets

Trade account receivables

Unit: Million Baht

| | Consolidated financial statements | |
|---|-----------------------------------|------------------|
| | 31 December 2017 | 31 December 2016 |
| Trade account receivables - unrelated parties | 1,352 | 1,408 |
| Less: Allowance for doubtful accounts | (51) | (42) |
| Trade account receivables - net | 1,301 | 1,366 |

As at 31 December 2017 and 2016, the Group has the allowance for doubtful accounts, amounting to Baht 51 million and Baht 42 million, respectively. The Group's policy on allowance for doubtful accounts is based on past collection history, aging profile of outstanding debts and the prevailing economic condition. The management believes that allowance for doubtful accounts is adequate in the current circumstances.

Inventories

Unit: Million Baht

| | Consolidated financial statements | |
|-------------------------------------|-----------------------------------|------------------|
| | 31 December 2017 | 31 December 2016 |
| Inventories | 1,413 | 1,443 |
| Reduce cost to net realisable value | (309) | (278) |
| Inventories - net | 1,104 | 1,165 |

As at 31 December 2017 and 2016, the Group has the reduction of cost to net realisable value amounting to Baht 309 million and Baht 278 million, respectively. The Group estimates net realisable value of inventories taking into the account fluctuations of price or cost directly related to events occurring after the end of the period and movements of inventories and the prevailing economic condition. The management believes that the reduce cost to net realisable value is adequate in the current circumstances.

Source of fund

Unit: Million Baht

| | 31 December 2017 | 31 December 2016 | Increase (decrease) | % Variance |
|----------------------------|------------------|------------------|------------------------|------------|
| Current liabilities | 4,810 | 3,673 | 1,137 | 32% |
| Non-current liabilities | 619 | 567 | 52 | 9% |
| Total liabilities | 5,429 | 4,240 | 1,189 | 28% |
| Total Shareholders' equity | 2,720 | 2,629 | 91 | 3% |

Liabilities

As at 31 December 2017, the Group's total liabilities are Baht 5,429 million, increased by Baht 1,189 million or 28% compared to the total liabilities as at 31 December 2016 of Baht 4,240 million. It results from the increase of short-term loans used as working capital and long-term loans used for acquisition of property, plant and equipment.

Shareholders' equity

As of 31 December 2017, the Group's shareholders' equity is Baht 2,720 million, increased by Baht 91 million or 3% compared to the total shareholders' equity as at 31 December 2016 of Baht 2,629 million. The increase is due to the net profit and proceeds from non-controlling interests of the subsidiaries from the increase capital of subsidiaries. It also decreases from dividend paid by the Company to the Company's shareholders and dividend paid by the subsidiary to the non-controlling interests of the subsidiary.

The appropriate of capital structure

The Group's debt to equity ratio as at 31 December 2017 is 2.0:1, which is increased from the ratio as at 31 December 2016 at rate of 1.6:1. It results from the increase of short-term loans and long-term loans.

Liquidity

Cash flows

Unit: Million Baht

| | 2017 | 2016 |
|--|---------|-------|
| Cash flows from (used in) operating activities | 1,201 | 1,176 |
| Cash flows from (used in) investing activities | (1,120) | (977) |
| Cash flows from (used in) financing activities | 492 | (139) |

Cash flows from operating activities for 2017 are Baht 1,201 million, slightly decreased by Baht 25 million compared to the cash flows from operating activities of Baht 1,176 million for 2016.

Cash flows used in investing activities for 2017 are Baht 1,120 million, increased by Baht 143 million. It results from the acquisition of property, plant and equipment and computer software.

Cash flows from financing activities for 2017 are Baht 492 million, increased by Baht 631 million. It results from the increase of short-term loans used as working capital.

Liquidity ratios

The ratio of the current assets and current liabilities as at 31 December 2017 is 0.9:1 which is closed to the ratio as at 31 December 2016 at rate of 1.1:1.

Please be informed accordingly.

Yours sincerely,

(Mr. Arin Jamnaree)

Financial Controller