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14 November 2016

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

	3Q16	3Q15	Increase (decrease)	Variance (%)
Total revenues	1,361	1,337	24	2%
Net profit	95	127	(32)	(25%)

The Group has total revenues of Baht 1,361 million for 3Q16, which is increased by Baht 24 million or 2% compared to the total revenues of Baht 1,337 million for 3Q15. The increase results from higher revenues from EMS business and retail business.

In 3Q16, the Group has net profit of Baht 95 million, which is decreased by Baht 32 million or 25% compared to the net profit of Baht 127 million for 3Q15. The decrease is from the lower gross profit from telecommunication business and related technology business, resulting in lower net profit of the Group.

**Analysis of revenues**

	3Q16		3Q15		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Revenues from main business</b>						
EMS business	410	30%	298	22%	112	38%
Telecommunication business	57	4%	191	14%	(134)	(70%)
Related technology business	282	21%	415	31%	(133)	(32%)
Retail business	573	42%	409	31%	164	40%
<b>Total revenues from main business</b>	<b>1,322</b>	<b>97%</b>	<b>1,313</b>	<b>98%</b>	<b>9</b>	<b>1%</b>
Other income	39	3%	24	2%	15	63%
<b>Total revenues</b>	<b>1,361</b>	<b>100%</b>	<b>1,337</b>	<b>100%</b>	<b>24</b>	<b>2%</b>

**EMS business**

In 3Q16, the Company generates revenue of Baht 410 million from EMS business, which is increased by Baht 112 million or 38% compared to those of Baht 298 million for 3Q15. The increase is from higher revenue from electronics manufacturing service and distribution of electronic components because of the increase of

purchase orders from existing customers. While those of the prior year, customers had pending orders due to exchange rate fluctuation.

#### Telecommunication business

In 3Q16, the Company generates revenue of Baht 57 million from telecommunication business, which is decreased by Baht 134 million or 70% compared to those of the prior year. It results from the decrease of sale of set-top box amounting to Baht 39 million. In addition, no new and large projects during 3Q16.

#### Related technology business

In 3Q16, the Company generates revenues of Baht 282 million from related technology business, which is decreased by Baht 133 million or 32% compared to those of the prior year. It results from the decrease of ERP system development projects and turnkey projects of installation CCTV.

#### Retail business

In 3Q16, the Company generates revenue of Baht 573 million from retail business, which is increased by Baht 164 million or 40% compared to those of the prior year. The Group generates revenue from the top-up value via “Boonterm Kiosk” for 3Q16 of Baht 5,766 million, which is increased by Baht 1,823 million or 46% compared to the top-up value of Baht 3,943 million for 3Q15. As of 30 September 2016, the numbers of “Boonterm Kiosk” is 85,656 kiosks.

#### Gross Profit and Gross Profit Margin

	3Q16		3Q15		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
EMS business	94	23%	70	23%	24	34%
Telecommunication business	21	37%	37	19%	(16)	(43%)
Related technology business	65	23%	157	38%	(92)	(59%)
Retail business	180	31%	135	33%	45	33%
<b>Gross Profit</b>	<b>360</b>	<b>27%</b>	<b>399</b>	<b>30%</b>	<b>(39)</b>	<b>(10%)</b>

#### EMS business

In 3Q16, the Company has gross profit of Baht 94 million, which is increased by Baht 24 million or 34% compared to the gross profit of Baht 70 million for 3Q15. It is in line with the increase of revenue of EMS business. In 3Q16, the Company maintains gross profit margin at the rate of 23% as same as that of the prior year.

#### Telecommunication business

In 3Q16, the Company has gross profit of Baht 21 million, which is decreased by Baht 16 million or 43% compared to the gross profit of Baht 37 million for 3Q15. In 3Q16, the gross profit margin is 37%, increased from 19% in 3Q15. It results from the sale of telecommunication products and installation of indoor WIFI antenna which are small-sized projects. These small-sized projects will generate higher margin than the large-sized projects. While those of the prior year, DWDM project and AMR project had generated lower gross profit and gross profit margin.

#### Related technology business

In 3Q16, the Company has gross profit of Baht 65 million, which is decreased by Baht 92 million or 59% compared to the gross profit of Baht 157 million for 3Q15. It results from higher gross profit and gross profit margin derived from DR site project and turnkey projects of installation CCTV in Q315.

#### Retail business

In 3Q16, the Company has gross profit of Baht 180 million, which is increased by Baht 45 million or 33% compared to the gross profit of Baht 135 million for 3Q15 because of the continuous growth of "Boonterm Kiosk".

#### Expenses and expenses to revenues from main business ratios

	3Q16		3Q15		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Selling expenses	25	2%	24	2%	1	4%
Administrative expenses	173	13%	180	14%	(7)	(4%)
Finance cost	24	2%	27	2%	(3)	(11%)
Income tax expenses	24	2%	27	2%	(3)	(11%)

#### Selling expenses

In 3Q16, the Company has the selling expense of Baht 25 million and the selling expense to revenue from main business ratio is 2%. There is no significant change of selling expense from those of the prior year.

#### Administrative expenses

In 3Q16, the Company has the administrative expense of Baht 173 million and the administrative expense to revenue from main business ratio is 13%. There is no significant change of administrative expense from those of the prior year.

#### Finance cost

In 3Q16, the Company has the finance cost of Baht 24 million, which is decreased by Baht 3 million or 11% from 3Q15. It results from the lower interest expenses of the loans obtained for projects which is aligned with the decrease of projects.

#### Income tax expenses

In 3Q16, the Company has the income tax expense of Baht 24 million which is decreased by Baht 3 million or 11% from 3Q15, which is aligned with the decrease of profit.

#### Financial position

##### Assets

Unit:Million Baht

	30 September 2016	31 December 2015	Increase (decrease)	% Variance
Current assets	3,607	3,811	(204)	(5%)
Non-current assets	2,698	2,163	535	25%
<b>Total assets</b>	<b>6,305</b>	<b>5,974</b>	<b>331</b>	<b>6%</b>

As of 30 September 2016, the Group's total assets are Baht 6,305 million, increased by Baht 331 million compared to total assets as of 31 December 2015. The current assets are decreased by Baht 204 million, mainly from collection of accounts receivable of projects, while the non-current assets are increased by Baht 535 million from the increase of "Boonterm Kiosk".

#### The quality of assets

##### Trade account receivables

Unit:Million Baht

	Consolidated financial statements	
	30 September 2016	31 December 2015
Trade account receivables – unrelated parties	1,095	1,348
Less: Allowance for doubtful accounts	(40)	(45)
<b>Trade account receivables - net</b>	<b>1,055</b>	<b>1,303</b>

As of 30 September 2016 and 31 December 2015, the Group has the allowance for doubtful accounts, amounting to Baht 40 million and Baht 45 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	
	30 September 2016	31 December 2015
Inventories	1,344	1,230
Reduce cost to net realisable value	(292)	(262)
Inventories - net	1,052	968

As of 30 September 2016 and 31 December 2015, the Group has the reduction of cost to net realisable value amounting to Baht 292 million and Baht 262 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

	30 September 2016	31 December 2015	Increase (decrease)	% Variance
Current liabilities	3,373	3,185	188	6%
Non-current liabilities	445	283	162	57%
<b>Total liabilities</b>	<b>3,818</b>	<b>3,468</b>	<b>350</b>	<b>10%</b>
<b>Total Shareholders' equity</b>	<b>2,487</b>	<b>2,506</b>	<b>(19)</b>	<b>(1%)</b>

### Liabilities

As of 30 September 2016, the Group's liabilities are Baht 3,818 million, increased by Baht 350 million or 10% compared to the liabilities as of 31 December 2015. It is mainly due to the increase of long-term loans from financial institutions used for the expansion of "Boonterm Kiosk" of one of the subsidiaries. The Group has an ability to repay loans in accordance with the repayment schedules stipulated in the loan agreements.

### Shareholders' equity

As of 30 September 2016, the Group's shareholders' equity is Baht 2,487 million, decreased by Baht 19 million or 1% compared to the shareholders' equity as of 31 December 2015. It is comprised of the profit for the period of Baht 291 million and the dividend payment of Baht 326 million.

The appropriate of capital structure

The Group's debt to equity ratio as of 30 September 2016 is 1.5:1 which is slightly increased from the ratio as of 31 December 2015 at rate of 1.4:1. It is mainly due to the increase of long-term loans from the financial institutions of one of the subsidiaries.

Liquidity

Cash flows

Unit: Million Baht

	3Q16	3Q15
Cash flows from (used in) operating activities	1,244	1,209
Cash flows from (used in) investing activities	(669)	(191)
Cash flows from (used in) financing activities	(318)	(568)

Cash flows from operating activities for nine-month period of 2016 are Baht 1,244 million, increased by Baht 35 million. It results from the increase of cash profit, collection of accounts receivable of projects and cash receipt from withholding tax deducted at source.

Cash flows used in investing activities for nine-month period of 2016 are Baht 669 million, increased by Baht 478 million from the acquisition of "Boonterm Kiosk" of one of the subsidiaries.

Cash flows used in financing activities for nine-month period of 2016 are Baht 318 million. It is comprised of the repayments of short-term and long-term loans amounting to Baht 323 million and the dividend payment of Baht 326 million. However, the Group obtained the addition long-term loans from financial institutions amounting to Baht 471 million.

Liquidity ratios

The ratio of the current assets and current liabilities as of 30 September 2016 is 1.1:1 which is closed to the ratio as of 31 December 2015 at rate of 1.2:1.

Please be informed accordingly.

Yours sincerely,

(Mr. Arin Jamnaree)

Financial Controller