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15 August 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

	2Q16	2Q15	Increase (decrease)	Variance (%)
Total revenues	1,307	1,177	130	11%
Net profit	89	120	(31)	(26%)

The Group has total revenues of Baht 1,307 million for 2Q16, which is increased by Baht 130 million or 11% compared to the total revenues of Baht 1,177 million for 2Q15. The increase results from higher revenues from EMS business and retail business.

In 2Q16, the Group has net profit of Baht 89 million, which is decreased by Baht 31 million or 26% compared to the net profit of Baht 120 million for 2Q15. 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

	2Q16		2Q15		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from main business						
EMS business	364	28%	302	26%	62	21%
Telecommunication business	85	7%	170	14%	(85)	(50%)
Related technology business	283	22%	302	26%	(19)	(6%)
Retail business	537	41%	377	32%	160	42%
Total revenues from main business	1,269	97%	1,151	98%	118	10%
Other income	38	3%	26	2%	12	46%
Total revenues	1,307	100%	1,177	100%	119	10%

**EMS business**

In 2Q16, the Company generates revenue of Baht 364 million from EMS business, which is increased by Baht 62 million or 21% compared to those of the prior year. The increase is from higher revenue from distribution of electronic components.

#### Telecommunication business

In 2Q16, the Company generates revenue of Baht 85 million from telecommunication business, which is decreased by Baht 85 million or 50% compared to those of the prior year. It results from the decrease of sale of set-top box amounting to Baht 57 million. In addition, no new and large projects during 2Q16.

#### Related technology business

In 2Q16, the Company generates revenues of Baht 283 million from related technology business, which is decreased by Baht 19 million or 6% compared to those of the prior year. No significant change in revenue from this business during 2Q16.

#### Retail business

In 2Q16, the Company generates revenue of Baht 537 million from retail business, which is increased by Baht 160 million or 42% compared to those of the prior year. The Group generates revenue from the top-up value via "Boonterm Kiosk" for 2Q16 of Baht 5,332 million, which is increased by Baht 1,675 million or 46% compared to the top-up value of Baht 3,657 million for 2Q15. As of 30 June 2016, the numbers of "Boonterm Kiosk" is 79,608 kiosks.

#### Gross Profit and Gross Profit Margin

	2Q16		2Q15		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
EMS business	78	21%	68	23%	10	15%
Telecommunication business	11	13%	56	33%	(45)	(80%)
Related technology business	81	29%	131	43%	(50)	(38%)
Retail business	170	32%	126	33%	44	35%
<b>Gross Profit</b>	<b>340</b>	<b>27%</b>	<b>381</b>	<b>33%</b>	<b>(41)</b>	<b>(11%)</b>

#### EMS business

In 2Q16, the Company has gross profit of Baht 78 million, which is increased by Baht 10 million or 15% compared to the gross profit of Baht 68 million for 2Q15. In 2Q16, the gross profit margin is 21%, slightly decreased from 23% in 2Q15.

#### Telecommunication business

In 2Q16, the Company has gross profit of Baht 11 million, which is decreased by Baht 45 million or 80% compared to the gross profit of Baht 56 million for 2Q15. In 2Q16, the gross profit margin is 13%, decreased from 33% in 2Q15. It results from the small projects during 2Q16. In addition, these projects consume finished

goods which has not produced by the Company. As a result, the gross profit margin for 2Q16 is lower than that of 2Q15.

#### Related technology business

In 2Q16, the Company has gross profit of Baht 81 million, which is decreased by Baht 50 million or 38% compared to the gross profit of Baht 131 million for 2Q15. It results from higher gross profit from DR site project. This project was completed in 2Q15.

#### Retail business

In 2Q16, the Company has gross profit of Baht 170 million, which is increased by Baht 44 million or 35% compared to the gross profit of Baht 126 million for 2Q15 because of the continuous growth of "Boonterm Kiosk".

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

	2Q16		2Q15		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Selling expenses	20	2%	30	3%	(10)	(33%)
Administrative expenses	177	14%	165	14%	12	7%
Finance cost	23	2%	26	2%	(3)	(12%)
Income tax expenses	19	1%	30	3%	(11)	(37%)

#### Selling expenses

In 2Q16, the Company has the selling expense of Baht 20 million, which is decreased by Baht 10 million or 33% from 2Q15. The decrease is from commission paid to sale agent for selling set-top box.

#### Administrative expenses

In 2Q16, the Company has the administrative expense of Baht 177 million, which is increased by Baht 12 million or 7% from 2Q15 while the administrative expense to revenues from main business is not significant change from 2Q15.

#### Finance cost

In 2Q16, the Company has the finance cost of Baht 23 million, which is decreased by Baht 3 million or 12% from 2Q15. The decrease is due to lower interest expenses of the loans obtained for project work.

#### Income tax expenses

In 2Q16, the Company has the income tax expense of Baht 19 million which is decreased by Baht 11 million or 37% from 2Q15, which is aligned with the decrease of profit.

## Financial position

### Assets

Unit: Million Baht

	30 June 2016	31 December 2015	Increase (decrease)	% Variance
Current assets	3,796	3,811	(15)	(0%)
Non-current assets	2,548	2,163	385	18%
<b>Total assets</b>	<b>6,344</b>	<b>5,974</b>	<b>370</b>	<b>6%</b>

As of 30 June 2016, the Group's total assets are Baht 6,344 million, increased by Baht 370 million compared to total assets as of 31 December 2015. The current assets are decreased by Baht 15 million, mainly from collection of accounts receivable of projects, while the non-current assets are increased by Baht 385 million from the increase of "Boonterm Kiosk".

### The quality of assets

#### Trade account receivables

Unit: Million Baht

	Consolidated financial statements	
	30 June 2016	31 December 2015
Trade account receivables – unrelated parties	1,193	1,348
Less: Allowance for doubtful accounts	(49)	(45)
<b>Trade account receivables - net</b>	<b>1,144</b>	<b>1,303</b>

As of 30 June 2016 and 31 December 2015, the Group has the allowance for doubtful accounts, amounting to Baht 49 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 June 2016	31 December 2015
Inventories	1,268	1,230
Reduce cost to net realisable value	(283)	(262)
<b>Inventories - net</b>	<b>985</b>	<b>968</b>

As of 30 June 2016 and 31 December 2015, the Group has the reduction of cost to net realisable value amounting to Baht 283 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 June 2016	31 December 2015	Increase (decrease)	% Variance
Current liabilities	3,340	3,185	155	5%
Non-current liabilities	432	283	149	53%
<b>Total liabilities</b>	<b>3,772</b>	<b>3,468</b>	<b>304</b>	<b>9%</b>
<b>Total Shareholders' equity</b>	<b>2,572</b>	<b>2,506</b>	<b>66</b>	<b>3%</b>

**Liabilities**

As of 30 June 2016, the Group's liabilities are Baht 3,772 million, increased by Baht 304 million or 9% 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 June 2016, the Group's shareholders' equity is Baht 2,572 million, increased by Baht 66 million or 3% compared to the shareholders' equity as of 31 December 2015. It is mainly due to the increase of retained earnings.

**The appropriate of capital structure**

The Group's debt to equity ratio as of 30 June 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.

**Liquidity**

**Cash flows**

Unit: Million Baht

	2Q16	2Q15
Cash flows from (used in) operating activities	575	63
Cash flows from (used in) investing activities	(494)	-
Cash flows from (used in) financing activities	(46)	148



Cash flows from operating activities for six-month period of 2016 are Baht 575 million, increased by Baht 512 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 six-month period of 2016 are Baht 494 million, increased by Baht 494 million from the acquisition of “Boonterm Kiosk” of one of the subsidiaries.

Cash flows used in financing activities for six-month period of 2016 are Baht 46 million. It is comprised of the repayments of short-term and long-term loans amounting to Baht 181 million and the dividend payment of Baht 163 million. However, the Group obtained the addition long-term loans from financial institutions amounting to Baht 364 million.

#### Liquidity ratios

The ratio of the current assets and current liabilities as of 30 June 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