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27 February 2017

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

	2016	2015	Increase (decrease)	Variance (%)
Total revenues	5,426	5,127	299	6%
Net profit	366	460	(94)	(20%)

The Group has total revenues of Baht 5,426 million for 2016, which is increased by Baht 299 million or 6% compared to the total revenues of Baht 5,127 million for 2015. The increase results from higher revenues from EMS business and retail business.

In 2016, the Group has net profit of Baht 366 million, which is decreased by Baht 94 million or 20% compared to the net profit of Baht 460 million for 2015. 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

	2016		2015		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from main business						
EMS business	1,657	30%	1,318	26%	339	26%
Telecommunication business	264	5%	727	14%	(463)	(64%)
Related technology business	1,022	19%	1,388	27%	(366)	(26%)
Retail business	2,319	43%	1,588	31%	731	46%
Total revenues from main business	5,262	97%	5,021	98%	241	5%
Other income	164	3%	106	2%	58	55%
Total revenues	5,426	100%	5,127	100%	299	6%

EMS business

In 2016, the Group generates revenue of Baht 1,657 million from EMS business, which is increased by Baht 339 million or 26% compared to the revenue of the prior year. It results from the growth of revenues from electronics manufacturing service and distribution of electronic components.

Telecommunication business

In 2016, the Group generates revenue of Baht 264 million from telecommunication business, which is decreased by Baht 463 million or 64% compared to the revenue of the prior year. It results from the decrease of sale of set-top box and no new and large projects during 2016.

Related technology business

In 2016, the Group generates revenue of Baht 1,022 million from related technology business, which is decreased by Baht 366 million or 26% compared to the revenue of the prior year. It results from the decrease of ERP system development projects and turnkey projects of installation CCTV.

Retail business

In 2016, the Group generates revenue of Baht 2,319 million from retail business, which is increased by Baht 731 million or 46% compared to the revenue of the prior year. The Group generated revenue from the top-up value via “Boonterm Kiosk” for 2016 of Baht 23,383 million, which is increased by Baht 7,997 million or 52% compared to the top-up value of Baht 15,386 million for 2015. As at 31 December 2016, the numbers of “Boonterm Kiosk” is 92,082 kiosks.

Gross Profit and Gross Profit Margin

	2016		2015		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
EMS business	369	22%	277	21%	92	33%
Telecommunication business	101	38%	212	29%	(111)	(52%)
Related technology business	296	29%	514	37%	(218)	(42%)
Retail business	714	31%	516	32%	198	38%
Gross Profit	1,480	28%	1,519	30%	(39)	(3%)

EMS business

In 2016, the Group has gross profit of Baht 369 million, which is increased by Baht 92 million or 33% compared to the gross profit of Baht 277 million for 2015. In 2016, the gross profit margin is at the rate of 22%, which is closed to the gross profit margin at rate of 21% in 2015.

Telecommunication business

In 2016, the Group has gross profit of Baht 101 million, which is decreased by Baht 111 million or 52% compared to the gross profit of Baht 212 million for 2015. In 2016, the gross profit margin is at the rate of 38%, increased from the gross profit margin at rate of 29% in 2015. 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 2016, the Group has gross profit of Baht 296 million, which is decreased by Baht 218 million or 42% compared to the gross profit of Baht 514 million for 2015. It results from higher gross profit and gross profit margin derived from DR site project and turnkey projects of installation CCTV in 2015.

Retail business

In 2016, the Company has gross profit of Baht 714 million, which is increased by Baht 198 million or 38% compared to the gross profit of Baht 516 million for 2015 because of the continuous growth of "Boonterm Kiosk" business.

Expenses and expenses to revenues from main business

	2016		2015		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Selling expenses	109	2%	122	2%	(13)	(11%)
Administrative expenses	794	15%	695	14%	99	14%
Finance cost	92	2%	101	2%	(9)	(9%)
Income tax expenses	59	1%	101	2%	(42)	(42%)

Selling expenses

In 2016, the Company has the selling expense of Baht 109 million and the selling expense to revenue from main business ratio is 2%. There is no significant change of selling expense and the selling expense to revenue from main business ratio from those of the prior year.

Administrative expenses

In 2016, the Company has the administrative expense of Baht 794 million and the administrative expense to revenue from main business ratio is 15%. The increase results from the growth of retail business.

Finance cost

In 2016, the Company has the finance cost of Baht 92 million, which is decreased by Baht 9 million or 9% from 2015. 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 2016, the Company has the income tax expense of Baht 59 million which is decreased by Baht 42 million or 42% from 2015, which is aligned with the decrease of profit.

Financial position

Assets

Unit: Million Baht

	31 December 2016	31 December 2015	Increase (decrease)	% Variance
Current assets	3,932	3,811	121	3%
Non-current assets	2,937	2,163	774	36%
Total assets	6,869	5,974	895	15%

As at 31 December 2016, the Group's total assets are Baht 6,869 million, increased by Baht 895 million or 15% compared to the total assets as at 31 December 2015 of Baht 5,127 million. It is mainly due to the acquisition of property and plants used for office building, production line and warehouse as well as the production of top-up kiosks.

The quality of assets

Trade account receivables

Unit: Million Baht

	Consolidated financial statements	
	31 December 2016	31 December 2015
Trade account receivables – unrelated parties	1,408	1,348
Less: Allowance for doubtful accounts	(42)	(45)
Trade account receivables - net	1,366	1,303

As at 31 December 2016 and 2015, the Group has the allowance for doubtful accounts, amounting to Baht 42 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	
	31 December 2016	31 December 2015
Inventories	1,443	1,230
Reduce cost to net realisable value	(278)	(262)
Inventories - net	1,165	968

As at 31 December 2016 and 2015, the Group has the reduction of cost to net realisable value amounting to Baht 278 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

	31 December 2016	31 December 2015	Increase (decrease)	% Variance
Current liabilities	3,673	3,185	488	15%
Non-current liabilities	567	283	284	100%
Total liabilities	4,240	3,468	772	22%
Total Shareholders' equity	2,629	2,506	123	5%

Liabilities

As at 31 December 2016, the Group's total liabilities are Baht 4,240 million, increased by Baht 772 million or 22% compared to the total liabilities as at 31 December 2015 of Baht 3,468 million. It is mainly due to the increase of the Group's loans from financial institutions for the purpose of acquisition of property and plants used for office building, production line and warehouse as well as the production of top-up kiosks. The Group has an ability to repay loans in accordance with the repayment schedules stipulated in the loan agreements.

Shareholders' equity

As of 31 December 2016, the Group's shareholders' equity is Baht 2,629 million, increased by Baht 123 million or 5% compared to the total shareholders' equity as at 31 December 2015 of Baht 2,506 million. It results from the net profit of Baht 509 million and the dividend payment of Baht 465 million.

The appropriate of capital structure

The Group's debt to equity ratio as at 31 December 2016 is 1.6:1, slightly increased from the ratio as at 31 December 2015 at rate of 1.4:1. It results from the increase of the Group's loans from financial institutions.

Liquidity**Cash flows**

Unit: Million Baht

	2016	2015
Cash flows from (used in) operating activities	1,176	1,229
Cash flows from (used in) investing activities	(977)	(367)
Cash flows from (used in) financing activities	(139)	(690)

Cash flows from operating activities for 2016 are Baht 1,176 million, slightly decreased by Baht 53 million compared to the cash flows from operating activities of Baht 1,229 million for 2015.

Cash flows used in investing activities for 2016 are Baht 977 million, increased by Baht 610 million. It results from the acquisition of property and plants used for office building, production line and warehouse as well as the production of top-up kiosks.

Cash flows used in financing activities for 2016 are Baht 139 million. It is comprised of the repayments of short-term and long-term loans amounting to Baht 411 million and the dividend payment of Baht 326 million. However, the Group obtained the addition long-term loans from financial institutions amounting to Baht 737 million.

Liquidity ratios

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

Please be informed accordingly.

Yours sincerely,

(Mr. Arin Jamnaree)

Financial Controller