

23 February 2017

To: The President

The Stock Exchange of Thailand

Re: The explanation for the change in operation for the year 2016

The explanation to the results of the financial statements for the year ended December 31, 2016 of Team Precision Public Company Limited and subsidiaries (“the Company”) is as follow:

The Company had total revenue from sales of 1,120 million baht which decreased by 13% from previous year. This was mainly because economic in USA and Europe did not meet customers' expectations resulting in having higher inventory, thereby reducing their orders with the Company.

The Company's gross margin was 3% of sales compared to 8% of previous year, due to the reduction in revenue while some costs were fixed. In 2016 the Company had sold specific goods at the price lower than its cost by 40 million baht. This specific goods were fully reserved as provision for diminution inventory. In the meantime, we had reversed provision of diminution for such specific inventory by 66 million baht.

Administrative expenses decreased from previous year by 21 million baht. It was mainly due to having doubtful debt by 16 million baht in previous year. The decrease was also the consequence of controlling expenditures to be in line with the lower revenues.

The Company had a net loss of (8.7) million baht for the year or (1)% of total revenue compared to the net loss of (109.7) million baht or (9)% of total revenue for the previous year. Even though the Company had loss caused by declining revenues as above mentioned, the Company has liquidity from having net increase in cash and cash equivalents (statement of cash flows) with total amount of 46 million baht and 53 million baht in year 2016 and year 2015, respectively and maintain the debt to equity ratio at the rate of 0.4 times both in year 2016 and year 2015.

Yours sincerely,

Mrs. Suratn Petchmune
Company Secretary