



AIT (SVP-SEC) 015E/2016

May 9, 2017

Subject: Management's Discussion and Analysis of Operating Results for Q-2016

To: The President of The Stock Exchange of Thailand

Summary of Operations Q1- 2016

| | Balance by Quarter | | | Change | | | |
|---|--------------------|---------|---------|--------------------|-------|--------------------|--------|
| | Q1-2017 | Q4-2016 | Q1-2016 | Q1-2017 vs Q4-2016 | | Q1-2017 vs Q1-2016 | |
| | (MB) | | | (MB) | % | (MB) | % |
| Total Revenue | 1,139.2 | 939.7 | 1,122.7 | 199.5 | 21.2% | 16.5 | 1.5% |
| Total Operating Expenses | 960.5 | 790.6 | 982.3 | 169.9 | 21.5% | (21.8) | (2.2)% |
| Profit Attribute to Equity Holders of the Company | 133.3 | 110.9 | 108.0 | 22.4 | 20.2% | 25.3 | 23.4% |

In the first quarter of 2017, the Company's total revenue increased from Q4-2016 and Q1- 2016, which was Baht 199.5 million and Baht 16.5 million, respectively, due to the first quarter of 2017. The overall economic expansion has improved direction, with the main driving force from more expansive exports sector. Meanwhile, government investment still played a key role in propelling the economy, although it slowed down somewhat, accelerating in the previous quarter. The company gained more new projects.

In terms of total operating expenses, it usually varies in line with the increase or decrease in revenue as the comparison between Q1- 2017 and Q4-2016, The change in total revenue, which was 21.2% and the total expense of 21.5%, was very similar. However, when comparing the change in total revenue and total expenses between Q1- 2017 and Q1- 2016, there was a difference in the direction. Therefore, total revenue increased by 1.5%, but the change in total expenses decreased by 2.2%, due to the higher gross margin of project delivery Q1-2017 compared to that of Q1-2016.

Net Profit of the company for Q1-2017 increased from that of Q4-2016. The change rate is closed to the change rate of revenue. But when compared the change rate of revenue between Q1-2017 and that of Q1-2016, It is found that the change rate of net profit is higher due that gross profit margin of Q1-2017 is higher than that of Q1-2016.

Operating Results and Capabilities to Make Profit

Performance from revenues, costs and expenses which has significant impact in Q1-2017 can be shown in the following table:-

| | Balance by Quarter | | | Change | | | |
|------------------------------|--------------------|---------|---------|--------------------|-------|--------------------|--------|
| | Q1-2017 | Q4-2016 | Q1-2016 | Q1-2017 vs Q4-2016 | | Q1-2017 vs Q1-2016 | |
| | (MB) | | | (MB) | % | (MB) | % |
| Revenue from Sales & Service | 1,084.1 | 875.0 | 1,073.3 | 209.1 | 23.9% | 10.8 | 1.0% |
| Cost of Sales & Service | 803.3 | 651.7 | 829.8 | 151.6 | 23.3% | (26.5) | (3.2)% |
| Administrative Expenses | 73.5 | 51.4 | 70.8 | 22.1 | 43.0% | 2.7 | 3.8% |

Revenues and Costs of Sales and Services

The results of operations of the Company in Q1-2017, with revenues from sales and installation and maintenance services increased from Q4-2016 and Q1-2016 by 209.1 MB and 10.8 MB respectively due that the period from the end of Q4-2016 to the Q1-2016 there was an investment from government which considered a main drive of the economy continuously. As a result, the Company obtained more projects.

Cost of sales and services for Q1- 2017 is approximately similar to the increase in revenue compared to Q4-2016, but when comparing the cost of sales and services for Q1-2017 with that of Q1-2016, there was a decrease in the balance while the sales of Q1-2017 increased from Q1-2016 due to the gross profit margin of the projects in the Q1-2017 which is 25.9% increase from the Q1-2016, which is equal to 22.7%.

Selling and Administrative Expenses

Administrative expenses for Q1-2017 were approximately the same as Q1'2012, but increased from Q4-2016 at a much higher rate than the change in revenue. The change in revenue from sales and services was 23.9%, while the change in administrative expenses was 43.0%, due that there was a reversal of doubtful accounts for receivables in Q4-2016 and received in late 2019 led to lower expenses of Q4-2016 than those of other quarters in comparison.

Financial Analysis of the company

As of March 31, 2017, the Company has financial position that changed from its financial status as of December 31, 2016. The changes are described as follows:

| Assets Items that has significant changes | Balance by Quarter | | Changes | |
|--|--------------------|---------|--------------------|----------|
| | Q1-2017 | Q4-2016 | Q1-2017 vs Q4-2016 | |
| | (MB) | | (MB) | % |
| Cash and cash equivalent | 1,721.0 | 1,873.9 | (152.9) | (8.2)% |
| Current Investment – Trading Securities | - | 25.2 | (25.2) | (100.0)% |
| Trade and Other receivables | 1,720.2 | 1,330.5 | 389.7 | 29.3% |

| | | | | |
|------------------------------|---------|---------|---------|---------|
| Unbilled Receivables | 318.0 | 432.7 | (114.7) | (26.5)% |
| Inventories | 450.0 | 268.8 | 181.2 | 67.4% |
| Other Current Assets | 120.3 | 94.5 | 25.8 | 27.3% |
| Investment in Joint Ventures | 92.5 | 75.5 | 17.0 | 22.5% |
| Total Assets | 4,826.8 | 4,511.8 | 315.0 | 7.0% |

Assets

As of March 31, 2017, the Company's total assets increased 315.0 MB, which is an increase of 7.0% from 31 December 2016. The increase/decrease in total Assets is from the following major changes:

Cash and Bank deposits in Q1-2017 decreased 152.9 MB, or 8.2 percent, because in Q1- 2016 the Company has not received payment from customer which is on the stage of invoicing. Therefore, cash and cash equivalent decreased. Current Investment – Trading Securities decrease in Q1-2016 amounting 25.2 MB or 100% due to all securities the Company invested have repayment period within 3 months and there is no limitation of reimbursement. So this item is shown as Cash and cash equivalent.

Trade and other receivables increased by 389.7 MB, representing an increase of 29.3% since during Q1-2017 the company's account receivables increased resulted from long payment process of customer which are state enterprises that usually take longer time for payment.

Unbilled Receivables decreased 114.7 MB, representing a decrease of 26.5% since Q1-2017 the company has issued invoices to customers previously recognized as unbilled receivables in previous quarters. Therefore unbilled receivables decreased.

Inventories increased by 181.2 MB, representing a decrease of 67.4% due in Q1-2016 the company obtain new projects which were is still work in progress and not yet completed for delivery.

Other current assets decreased by 25.8 MB or 27.3%, due to an increase in advanced payment of the project in Q1-2017.

| Liabilities Items that has significant changes | Balance by Quarter | | Changes | |
|---|--------------------|---------|--------------------|---------|
| | Q1-2017 | Q4-2016 | Q1-2017 vs Q4-2016 | |
| | (MB) | | (MB) | % |
| Trade and Other Payables | 892.3 | 630.2 | 262.1 | 41.6% |
| Unbilled Payables | 502.9 | 569.8 | (66.9) | (11.7)% |
| Corporate income tax payable | 57.6 | 32.3 | 25.3 | 78.3% |
| Others current Liabilities | 50.5 | 71.5 | (21.0) | (29.4)% |
| Long term loan-net from portion due repayment within 1 year | 16.1 | 29.0 | (12.9) | (44.5) |
| Total Liabilities | 1,809.5 | 1,627.8 | 181.7 | 11.2% |



Liabilities

As of March 31, 2017, the Company's total liabilities increases of 181.7 MB or 11.2% increase from December 31, 2016, The reasons for major changes are as follows:

Trade accounts payable and other Payables increased by 262.1 MB, representing an increase of 41.6% from Q4-2016 due in Q1-2017, the company has invested in products and services in the projects but not yet due delivery. As a result, accounts payable increased as well as work in progress which was reflected in the inventories.

Unbilled payables decreased 66.9 MB or 11.7% from that of Q4-2016 because gross profit margin of the projects delivered in Q1-2017 are higher than those of Q4-2016. Therefore, unbilled payables decreased as well.

Income tax payable increased by 25.3 MB or representing an increase of 78.3% compared to the balances as at December 31, 2016 due to income tax from earnings with net profit in Q1-2017.

Others current liabilities decreased 21.0 MB or 29.4% from that of Q4-2016 due to the decrease of withholding tax waiting for delivery in December 2016 and delivered in January 2017.

Long term loans-net from portions that due within 1 year decreased 12.9 MB or 44.5% when compared to that of Q4-2016 because during Q1-2017 the Company repaid long term loan according to due date.

Shareholders' Equity

As of March 31, 2017, the Company had total equity equal to 3,017.3 MB, or an increase of 133.3 MB from that as at December 31, 2016, which equaled 2,884.0 MB, or a 4.6%, increase from profit from operations in Q1-2017.

Sincerely yours,

(Mr. Voravit Wattanakuljarus)

Company Secretary

Authorized signature on behalf of the Company