

AJA.015/2019

August 13<sup>th</sup>, 2019

Subject Management Discussion and Analysis of the Consolidated Financial Statements of Quarter 2  
 (2019)

To Committee and Manager  
 The Stock Exchange of Thailand

As the resolution of Board of Director Meeting of AJ Advance Technology Public Co., Ltd. (“Company”) No.12/2019 on August 13<sup>th</sup>, 2019 approved the financial statement of Quarter 2/2019 for period 6 months ended June 30<sup>th</sup>, 2019 which had the net loss attributable to owners of the parent at 164.98 million Baht. If compared with the operation result of same period last year, company had the net profit at 19.90 million Baht which was loss decreased at 184.88 million Baht or 929.05 percent.

Company would like to report the operation result of Quarter 2/2019 for period 6 months ended June 30<sup>th</sup>, 2019 about the change that more than 20 percent when compared with same period last year. The main reasons are as follows.

1. Total income was 251.31 million Baht which decreased at 225.59 million Baht or 47.30 percent when compared with same period of last year at 476.90 million Baht. Total income had changed by income categories as follows.

Unit : million Baht

Total income by category	Quarter 2 2019	Quarter 2 2018	Increase (Decrease)	Change percentage
Revenue from sales of goods				
- Electric appliance including parts	101.78	232.93	(131.15)	(56.30)
- Mobile phone, including parts	95.66	141.10	(45.44)	(32.20)
- Others	38.28	45.90	(7.62)	(16.60)
<b>Total Revenue from sales of goods</b>	<b>235.72</b>	<b>419.93</b>	<b>(184.21)</b>	<b>(43.87)</b>

Total income by category	Quarter 2 2019	Quarter 2 2018	Increase (Decrease)	Change percentage
Revenue from rendering of services	8.59	6.81	1.78	26.14
Net foreign exchange gains	0.84	-	0.84	100.00
Other Income	6.16	50.16	(44.00)	(87.72)
<b>Total Income</b>	<b>251.31</b>	<b>476.90</b>	<b>(225.59)</b>	<b>(47.30)</b>

Nevertheless from the table above Total Revenue from sales of goods revenue decreased was 184.21 million baht or 43.87 percent when compared with same period of last year at 419.93 million baht. The main reason is that the company has sold electrical appliances including parts decreased at 131.15 million baht or 56.30 percent such as DVD players ,Blu-ray are replaced by mobile phones (Smart Phone) due to that the current consumer behavior has changed. For the sold of mobile phones and accessories which the subsidiary (Siam Advance Electronic Co., Ltd.) decreased at 45.44 million baht or 32.30 percent due to the change of distribution channels by distributing to retail customers in order to increase the customer base which will good result in long-term sales. And other income decreased at 44.00 million or 87.72 percent from the previous year. The Company recognized gain on sale of investment in a somewhere a company, which is shown under other income worth 43.02 million baht and this year there is no transaction as above.

2. The cost of sales of goods was 194.77 million Baht or 82.62 percent of the revenue from sales of goods. The ratio of cost of sales of goods per revenue from sales of goods increased at 14.76 percent when compared with same period of last year at 67.86 percent. The main reason is that the company has adjusted the selling price in slow-moving products. To accelerate product drainage, resulting in a higher proportion of product costs. In addition, in the same period of last year, the cost of sales was lower. Because the company sells electrical appliances and digital TV set-top boxes which slow move as a result, the Company has a profit from reversal of allowance for decline in value of goods was 34.01 million baht which is included in cost of sales of goods.

3. Impairment losses on investment was 92.55 million baht, or 36.83 percent of total income, increasing in whole amount. When compared to the same period of the last year. due to at the end of quarter 3rd of year 2018, The company had investments in foreign funds and the Net Asset Value of investments significantly decreased ,therefore setup allowance for impairment of that investment.

Please be informed accordingly.

Sincerely Yours,



(Mrs. Prangthip Chanvisitsak)

Company Secretary