

AJA.011/2019

May 14th, 2019

Subject Management Discussion and Analysis of the Consolidated Financial Statements of Quarter1/2019

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.9/2019 on May 13th, 2019 approved the financial statement of Quarter 1/2019 ended March 31st, 2019 which had the net loss attributable to owners of the parent at 125.95 million Baht. If compared with the operation result of same period last year, company had the net profit at 11.94 million Baht which was loss decreased at 137.89 million Baht or 1,155.03 percent.

Company would like to report the operation result of Quarter 1/2019 for period 3 months ended March 31st, 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 132.65 million Baht which decreased at 172.87 million Baht or 56.58 percent when compared with same period of last year at 305.52 million Baht. Total income had changed by income categories as follows.

Unit : million Baht

Total income by category	Quarter 1 2019	Quarter 1 2018	Increase (Decrease)	Change percentage
Revenue from sales of goods				
- Electric appliance including parts	49.15	147.88	(98.73)	(66.76)
- Mobile phone, including parts	56.62	122.42	(65.80)	(53.75)
- Others	19.07	29.38	(10.31)	(35.09)
Total Revenue from sales of goods	124.84	299.68	(174.84)	(58.34)

Total income by category	Quarter 1 2019	Quarter 1 2018	Increase (Decrease)	Change percentage
Revenue from rendering of services	4.84	3.03	1.81	59.74
Net foreign exchange gains	0.23	0.27	(0.04)	(14.81)
Other Income	2.74	2.54	0.20	7.87
Total Income	132.65	305.52	(172.87)	(56.58)

Nevertheless from the table above Total Revenue from sales of goods revenue decreased was 174.84 million baht or 58.34 percent when compared with same period of last year at 299.68 million baht. The main reason is that the company has sold electrical appliances including parts decreased such as DVD players ,Blu-ray due to that the current consumer behavior has changed. Including the sold of mobile phones and accessories which the subsidiary (Siam Advance Electronic Co., Ltd.) decreased 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.

2. The cost of sales of goods was 104.97 million Baht or 84.08 percent of the revenue from sales of goods. The ratio of cost of sales of goods per revenue from sales of goods increased at 17.33 percent when compared with same period of last year at 66.75 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 21.77 million baht which is included in cost of sales of goods.

3. Impairment losses on investment was 92.55 million baht, or 69.77 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