

No. VP160610

30 June 2016

Subject: Explanation of operating result for the first quarter of 2016

To: President of the Stock Exchange of Thailand

ALT Telecom Public Company Limited (the "Company") would like provide explanation of operating result for the 3-month period ended 31 March 2016, detail as follows;

Million Baht

Income statement	Q1-2016		Q1-2015		Increase (Decrease)	
Revenues from sales and services	575.34	100.00%	887.21	100.00%	(311.87)	-35.15%
Cost of goods sold and services	(441.78)	-76.78%	(725.09)	-81.73%	(283.32)	-39.07%
Gross profit	133.57	23.22%	162.12	18.27%	(28.55)	-17.61%
Other income	5.62	0.98%	7.81	0.88%	(2.19)	-28.06%
Selling & admin expenses	-	0.00%	-	0.00%	-	0.00%
(Loss) Gain from exchange rate	4.45	0.77%	-	0.00%	4.45	0.00%
Share of loss of investments in associate and joint venture	-	0.00%	-	0.00%	-	0.00%
Finance cost	(11.28)	-1.96%	(5.93)	-0.67%	5.35	90.30%
Profit before income tax	132.36	23.00%	164.00	18.49%	(31.65)	-19.30%
Income tax (expense) revenue	(17.57)	-3.05%	(14.78)	-1.67%	2.79	18.86%
Profit for the year	114.79	19.95%	149.22	16.82%	(34.43)	-23.07%

1) Revenues and gross profit

As reference to the license auction of the 900 MHz in December 2015, there is an auction winner, who cannot complete the condition of payment for the license by 21 March 2016 as the condition set forth by the National Broadcasting and Telecommunications Commission (NBTC). As a consequence, the first quarter of 2016, all telecom operators have prolonged their investments. Eventually, NBTC has arranged and achieved the license auction for such 900 MHz in May 2016. Therefore all telecom operators have resumed their investment in the second half of this year. That is the key factor of the Company to maintain the revenue growth of service for new base stations. Furthermore, there are the unceasing opportunity for the Company to provide the network maintenance services and also the long term opportunity to provide the service of modification, improvement or relocation of the base stations for those telecom operators to ensure

their better services for their clients continuously, whether to provide the services for business or personal communication.

As a result of investment suspending of telecom operator in first half of the year 2016, the revenues of the Company in Q1/2016 decreased from the same period of last year by 33.15% or from 887.22 million Baht in Q1/2015 to 575.34 million Baht in Q1/2016. Therefore gross margin decreased 17.61% from 162.11 million Baht to 133.57 million Baht and resulted in the changes of revenues contribution between Services to Sales of 69.20%: 30.80% in Q1/2015 to be 60.17%: 39.83% in Q1/2016.

However, the ratio of gross profit margin still keep increasing from 18.27% in Q1/2015 to be 23.22% in Q1/2016 due to the decreasing of cost of sales and services were greater than the decreasing rate of revenue. The main factors of changes by business are as follows;

Services Business

Services revenue was comprised of construction service for base stations construction, fiber optic network installation and repair of telecommunication equipment

As a result of investment suspending of telecom operators, revenues from service business in Q1/2016 decreased by 267.77 million Baht or 43.61% from the same period of previous year and gross profit decreased by 30.78 million Baht or 22.77%

Sales Business

Sales revenue was comprised of the sale of telecom product such as fiber optic cable, telecom shelter and Rapid Deployment Unit (RDU), antenna, and other telecommunication equipment. Local sales are major portion income.

For Q1/2016, had sale revenues about 229.17 million Baht, it decreased by 16.14% compared to the same period of last year at 273.27 million Baht. The main reason of sales decreasing caused by the lower export portion of RDU, due to the prolong purchase order from the customer. Anyhow, the Company achieved to make more sales for other telecom equipment such as Wi-Fi and other equipments which had higher gross margin.

Infrastructure Leasing Business

For Q1/2016, the Companies have 5 projects of investments in telecom infrastructure, 2 projects operated and owned by ALT another 3 projected operated and owned by a joint venture company (IH), which started to realize income since Q4/2015. The Company realized gain (loss) from investment as 71% of shareholding in consolidated income statement in the line of “Share of gain (loss) of investment in joint venture”. While, the 2-project, which operated by ALT expected to start realize income within this year.

2) Selling and admin expenses

Selling and admin expenses for the Q1/2015 and Q1/2016 were 59.76 million Baht and 59.19 million Baht or 6.74% and 10.29% on sale and service revenues respectively.

3) Finance Cost

Finance cost of Q1/2016 was 11.28 million Baht, which increased from same period of last year by 5.35 million Baht according to the greater outstanding balance of bank debt for financing the fiber optic infrastructure projects.

4) Net profit

According to the change factors of revenues and expenses described above, the Company had net profit for the first quarter of 2016 amounting to 64.73 million Baht, decreased by 24.74 million Baht or 27.65% from the same period of previous year. However, net profit margin of the Company increased from 10.08% to 11.25%

For your information.

Respectfully Yours,

Mr. Pyut Bhuwakulwong

Vice President Corporate Administration Division