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14 May 2015

Subject: Management discussion and analysis of financial position and operating results

To: President

The Stock Exchange of Thailand

**Overall operating performance of the Group**

Unit: Million Baht

	1Q15	1Q14	Increase (decrease)	Variance (%)
Total revenues	1,174	872	302	35%
Net profit	89	29	60	207%

The Group had total revenues of Baht 1,174 million for 1Q15, which increased by Baht 302 million or 35% compared to the total revenues of Baht 872 million for 1Q14. The increasing was mainly due to the higher revenues from Related technology business and Retail business.

In 1Q15, the Group had net profit of Baht 89 million, which increased by Baht 60 million or 207% compared to the net profit of Baht 29 million for 1Q14. The increase was mainly due to the increasing of gross profit.

**Analysis of revenues**

	1Q15		1Q14		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Revenues from main business</b>						
Electronics manufacturing services business	354	30%	294	34%	60	20%
Telecommunication business	234	20%	189	22%	45	24%
Related technology business	213	18%	131	15%	82	63%
Retail business	339	29%	244	28%	95	39%
<b>Total revenues from main business</b>	<b>1,140</b>	<b>97%</b>	<b>858</b>	<b>98%</b>	<b>282</b>	<b>33%</b>
Other income	34	3%	14	2%	20	143%
<b>Total revenues</b>	<b>1,174</b>	<b>100%</b>	<b>872</b>	<b>100%</b>	<b>302</b>	<b>35%</b>

#### **EMS business**

In 1Q15, the Company generated revenue of Baht 354 million from EMS business, which increased by Baht 60 million or 20% comparing to those of the prior year. It has been resulted from the higher revenue from factory and the electronic sourcing business.

#### **Telecommunication business**

In 1Q15, the Company generated revenue of Baht 234 million from Telecommunication business, which increased by Baht 45 million or 24% comparing to those of the prior year. It has been resulted from revenue recognition from DWDM (Dense Wavelength Division Multiplexing) project and IP Core Network with the Provincial Electricity Authority, with the project value of Baht 470 million as same as the 1Q14 and the revenue recognition from purchasing of Automatic Meter Reading system (AMR) including installation project with the Metropolitan Electricity Authority, with the project value of Baht 189 million , which there was no recognition for this project in 1Q14.

#### **Related technology business**

In 1Q15, the Company generated revenues of Baht 213 million from Related technology business, which increased by Baht 82 million or 63% comparing to those of the prior year. The increase was caused by the revenue recognition of the purchase agreement of information technology system and network for computer center including a disaster recovery site with the Metropolitan Electricity Authority, with the project value of Baht 169 million (the Company's portion), which there was no recognition for this project in 1Q14.

#### **Retail business**

In 1Q15, the Company generated revenue of Baht 339 million from Retail business, which increased by Baht 95 million or 39% comparing to those of the prior year. The top up value through "Boonterm Kiosk" during 1Q15 was Baht 3,288 million, which increased by Baht 978 million or 42% comparing to those of the prior year. As of 31 March 2015, the numbers of "Boonterm Kiosk" was 47,392 kiosks.

**Gross Profit and Gross Profit Margin**

	1Q15		1Q14		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Electronics manufacturing services business	91	25.7%	63	21.4%	28	44%
Telecommunication business	38	16.2%	32	16.9%	6	19%
Related technology business	79	37.1%	37	28.2%	42	114%
Retail business	106	31.3%	78	32.0%	28	36%
<b>Gross Profit</b>	<b>314</b>	<b>27.5%</b>	<b>210</b>	<b>24.5%</b>	<b>104</b>	<b>50%</b>

**EMS business**

In 1Q15, the Company had gross profit of Baht 91 million from EMS business, which increased by Baht 28 million or 44% comparing to the gross profit of Baht 63 million for 1Q14. In 1Q15, the gross profit margin was 25.7%, increased from 21.4% in 1Q14. It has been resulted from the higher gross profit margin of sales order from factory.

**Telecommunication business**

In 1Q15, the Company had gross profit of Baht 38 million from Telecommunication business, which increased by Baht 6 million or 19% comparing to the gross profit of Baht 32 million for 1Q14. In 1Q15, the gross profit margin was 16.2%, slightly decreased from 1Q14, which was 16.9%.

**Related technology business**

In 1Q15, the Company had gross profit of Baht 79 million from Related technology business, which increased by Baht 42 million or 114% comparing to the gross profit of Baht 37 million for 1Q14. In 1Q15, the gross profit margin was 37.1%, increased from 28.2% in 1Q14. It has been resulted from the higher gross profit margin of projects in 1Q15 when comparing to the projects in 1Q14.

**Retail business**

In 1Q15, the Company had gross profit of Baht 106 million from Retail business, which increased by Baht 28 million or 36% comparing to the gross profit of Baht 78 million for 1Q14. In 1Q15, the gross profit margin was 31.3%, slightly decreased from 1Q14, which was 32.0%.

### Expenses

Unit: Million Baht

	1Q15	1Q14	Increase (decrease)	% Variance
Selling expenses	23	23	0	0%
Administrative expenses	168	135	33	24%
Finance cost	27	21	6	29%
Income tax expenses	13	8	5	63%

#### **Selling expenses**

In 1Q15, the Company had the selling expense of Baht 23 million same as the prior year.

#### **Administrative expenses**

In 1Q15, the Company had the administrative expense of Baht 168 million which increased by Baht 33 million or 24% from the prior year. It has been resulted from operating expenses for the projects.

#### **Income tax expenses**

In 1Q15, the Company had the income tax expenses of Baht 13 million which increased by Baht 5 million or 63% from prior year. It was in line with the increasing profit.

### Financial position

#### Assets

Unit: Million Baht

	31 March 2015	31 December 2014	Increase / (decrease)	% Variance
Current assets	4,390	4,576	(186)	(4%)
Non-current assets	1,822	1,746	76	4%
<b>Total assets</b>	<b>6,212</b>	<b>6,322</b>	<b>(110)</b>	<b>(2%)</b>

As of 31 March 2015, the Group's total assets was Baht 6,212 million, decreased by Baht 110 million, or 2% from 31 December 2014. It has been resulted from the decreasing of trade and other receivables from more collection. The higher of non-current assets was mainly due to the increasing of "Boonterm Kiosk".

**The quality of assets**
**Trade account receivables**

Unit: Million Baht

	Consolidated financial statements	
	31 March 2015	31 December 2014
Trade account receivables – unrelated parties	1,064	1,290
Less: Allowance for doubtful accounts	(64)	(63)
Trade account receivables - net	1,000	1,227

As of 31 March 2015 and 31 December 2014, the Group recorded the allowance for doubtful accounts, amounting to Baht 64 million and Baht 63 million, respectively. The Group's policy on allowance for doubtful accounts is based on past collection history, aging profile of outstanding debts and the prevailing economic condition. The management believed that allowance for doubtful accounts was adequate in the current circumstances.

**Inventories**

Unit: Million Baht

	Consolidated financial statements	
	31 March 2015	31 December 2014
Inventories	1,385	1,308
Reduce cost to net realisable value	(196)	(201)
Inventories - net	1,189	1,107

As of 31 March 2015 and 31 December 2014, the Group recorded the reduce cost to net realisable value amounting to Baht 196 million and Baht 201 million, respectively. The Group estimated net realisable value of inventories taking into the account fluctuations of price or cost directly related to events occurring after the end of the period and movements of inventories and the prevailing economic condition. The management believed that the reduce cost to net realisable value was adequate in the current circumstances.

**Source of fund**

Unit: Million Baht

	31 March 2015	31 December 2014	Increase (decrease)	% Variance
Current liabilities	3,487	3,669	(182)	(5%)
Non-current liabilities	310	358	(48)	(13%)
<b>Total liabilities</b>	<b>3,797</b>	<b>4,027</b>	<b>(230)</b>	<b>(6%)</b>
<b>Total Shareholders' equity</b>	<b>2,415</b>	<b>2,295</b>	<b>120</b>	<b>5%</b>

### **Liabilities**

As of 31 March 2015, the Group's liabilities were Baht 3,797 million, which decreased by Baht 230 million or 6% from as of 31 December 2014. It was mainly due to the decrease of account payable and long-term loans. The Group could repay loan in accordance with the repayment schedule stipulated in the loan agreements.

### **Shareholders' equity**

As of 31 March 2015, the Group's shareholders' equity was Baht 2,415 million, which increased by Baht 120 million or 5% from as of 31 December 2014. It was mainly due to the increase of retained earnings.

### **The appropriate of capital structure**

The Group's debt to equity ratio as of 31 March 2015 was 1.6:1 which decreased from the ratio as of 31 December 2014 at rate of 1.8:1. It was mainly due to the decrease of account payable, long-term loans from the financial institution and the increase of retained earnings.

### **Liquidity**

### **Cash flows**

Unit: Million Baht

	1Q15	1Q14
Cash flows from (used in) operating activities	95	116
Cash flows from (used in) investing activities	174	(79)
Cash flows from (used in) financing activities	4	(62)

Cash flows from operating activities for 1Q15 were Baht 95 million which decreased by Baht 21 million. It was resulted from the decrease of account payable.

Cash flows from investing activities for 1Q15 were Baht 174 million which was resulted to the decrease of current investments of Subsidiary by Baht 174 million.

Cash flows from financing activities for 1Q15 were Baht 4 million. It was mainly comprised of the cash received from the higher in bank overdraft and short-term loans by Baht 132 million and cash used in repayment of long-term loans from the financial institution by Baht 128 million.



**Liquidity ratios**

The ratio of the current assets and current liabilities as of 31 March 2015 was 1.3:1 which was slightly increased from 31 December 2014, which was 1.2:1. This was the result of the changing rate in current assets to current liabilities related in the same direction and proportion.

Please be informed accordingly.

Yours sincerely,

(Mr. Arin Jamnaree)

Financial Controller