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13 August 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

	2Q15	2Q14	Increase (decrease)	Variance (%)
Total revenues	1,177	816	361	44%
Net profit	120	22	98	445%

The Group had total revenues of Baht 1,177 million for 2Q15, which increased by Baht 361 million or 44% compared to the total revenues of Baht 816 million for 2Q14. The increase was mainly due to the higher of revenues from related technology business and retail business.

In 2Q15, the Group had net profit of Baht 120 million, which increased by Baht 98 million or 445% compared to the net profit of Baht 22 million for 2Q14. The increase was mainly due to the higher of gross profit margin and the efficient control of SG&A expenses.

Analysis of revenues

**EMS business**

	2Q15		2Q14		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from main business						
EMS business	302	26%	270	33%	32	12%
Telecommunication business	170	14%	129	16%	41	32%
Related technology business	302	26%	33	16%	169	127%
Retail business	377	32%	264	32%	113	43%
Total revenues from main business	1,151	98%	796	98%	355	45%
Other income	26	2%	20	2%	6	30%
Total revenues	1,177	100%	816	100%	361	44%

In 2Q15, the Company generated revenue of Baht 302 million from EMS business, which increased by Baht 32 million or 12% comparing to those of the prior year. It has been resulted from higher orders from a new customer which is a turnkey production of electronic circuit boards.

### Telecommunication business

In 2Q15, the Company generated revenue of Baht 170 million from telecommunication business, which increased by Baht 41 million or 32% comparing to those of the prior year. It has been resulted from revenue recognition from DWDM (Dense Wavelength Division Multiplexing) and IP core network project with the Provincial Electricity Authority, with the project value of Baht 470 million as same as the 2Q14 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 revenue recognition for this project in 2Q14.

### Related technology business

In 2Q15, the Company generated revenue of Baht 302 million from related technology business, which increased by Baht 169 million or 127% 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) and the revenue recognition of the Closed-Circuit Television (CCTV) procurement and installation in communities near floodgate in Bangkok, with the project value of Baht 497 million. which there were no revenue recognition for these 2 projects in 2Q14.

### Retail business

In 2Q15, the Company generated revenue of Baht 377 million from Retail business, which increased by Baht 113 million or 43% comparing to those of the prior year. The top up value via "Boonterm Kiosk" during 2Q15 was Baht 3,657 million, which increased by Baht 1,122 million or 44% comparing to those of the prior year. As of 30 June 2015, the numbers of "Boonterm Kiosk" was 53,840 kiosks.

### Gross Profit and Gross Profit Margin

	2Q15		2Q14		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
EMS business	68	22.5%	56	20.7%	12	21%
Telecommunication business	56	32.9%	49	38.0%	7	14%
Related technology business	131	43.4%	32	24.1%	99	309%
Retail business	126	33.4%	79	29.9%	47	59%
<b>Gross Profit</b>	<b>381</b>	<b>33.1%</b>	<b>216</b>	<b>27.1%</b>	<b>165</b>	<b>76%</b>

#### EMS business

In 2Q15, the Company had gross profit of Baht 68 million from EMS business, which increased by Baht 12 million or 21% comparing to the gross profit of Baht 56 million for 2Q14. In 2Q15, the gross profit margin was 22.5%, slightly increased from 20.7% in 2Q14.

#### Telecommunication business

In 2Q15, the Company had gross profit of Baht 56 million from telecommunication business, which increased by Baht 7 million or 14% comparing to the gross profit of Baht 49 million for 2Q14. In 2Q15, the gross profit margin was 32.9%, decreased from 2Q14, which was 38.0%. It has been resulted from the lower gross profit margin of projects in 2Q15 when comparing to the projects in 2Q14.

#### Related technology business

In 2Q15, the Company had gross profit of Baht 131 million from related technology business, which increased by Baht 99 million or 309% comparing to the gross profit of Baht 32 million for 2Q14. In 2Q15, the gross profit margin was 43.4%, increased from 24.1% in 2Q14. It has been resulted from the higher gross profit margin of projects in 2Q15 when comparing to the projects in 2Q14.

#### Retail business

In 2Q15, the Company had gross profit of Baht 126 million from Retail business, which increased by Baht 47 million or 59% comparing to the gross profit of Baht 79 million for 2Q14. In 2Q15, the gross profit margin was 33.4%, increased from 29.9% in 2Q14 because of the higher advertising income via LED screen of “Boonterm Kiosk” and the efficient management of cost of services.

#### Expenses and expenses to revenues from main business

	2Q15		2Q14		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Selling expenses	26	2.3%	20	2.5%	6	30%
Administrative expenses	165	14.3%	143	18.0%	22	15%
Finance cost	26	2.3%	23	2.9%	3	13%
Income tax expenses	30	2.6%	12	1.5%	18	150%

#### Administrative expenses

In 2Q15, the Company had the administrative expenses of Baht 165 million, which increased by Baht 22 million or 15% from the prior year while the administrative expenses to revenues from main business were 14.3%, decreased from 18.0% in 2Q14 from efficient control of expenses.

### Income tax expenses

In 2Q15, the Company had the income tax expenses of Baht 30 million which increased by Baht 18 million or 150% from prior year. It was in line with the increasing profit.

### Financial position

#### Assets

Unit: Million Baht

	30 June 2015	31 December 2014	Increase / (decrease)	% Variance
Current assets	4,423	4,576	(153)	(3%)
Non-current assets	1,909	1,746	163	9%
<b>Total assets</b>	<b>6,332</b>	<b>6,322</b>	<b>10</b>	<b>0%</b>

As of 30 June 2015, the Group's total assets were Baht 6,332 million, decreased by Baht 10 million from 31 December 2014. The current assets decreased by Baht 153 million from the decreasing in current investments from one of subsidiaries while the non-current assets increased by Baht 164 million from the increasing of "Boonterm Kiosk".

### The quality of assets

#### Trade account receivables

Unit: Million Baht

	Consolidated financial statements	
	30 June 2015	31 December 2014
Trade account receivables – unrelated parties	1,238	1,290
Less: Allowance for doubtful accounts	(62)	(63)
<b>Trade account receivables - net</b>	<b>1,176</b>	<b>1,227</b>

As of 30 June 2015 and 31 December 2014, the Group recorded the allowance for doubtful accounts, amounting to Baht 62 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	
	30 June 2015	31 December 2014
Inventories	1,345	1,308
Reduce cost to net realisable value	(202)	(201)
Inventories - net	1,143	1,107

As of 30 June 2015 and 31 December 2014, the Group recorded the reduce cost to net realisable value amounting to Baht 202 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

	30 June 2015	31 December 2014	Increase (decrease)	% Variance
Current liabilities	3,613	3,669	(56)	(2%)
Non-current liabilities	379	358	21	6%
<b>Total liabilities</b>	<b>3,992</b>	<b>4,027</b>	<b>(35)</b>	<b>(1%)</b>
<b>Total Shareholders' equity</b>	<b>2,340</b>	<b>2,295</b>	<b>45</b>	<b>2%</b>

### Liabilities

As of 30 June 2015, the Group's liabilities were Baht 3,992 million, which decreased by Baht 35 million or 1% from as of 31 December 2014. It was mainly due to the decrease of trade account payables and long-term loans. The Group could repay loan in accordance with the repayment schedule stipulated in the loan agreements.

### Shareholders' equity

As of 30 June 2015, the Group's shareholders' equity was Baht 2,340 million, which increased by Baht 45 million or 2% 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 30 June 2015 was 1.7:1 which decreased from the ratio as of 31 December 2014 at rate of 1.8:1. It was mainly due to the decrease of trade accounts payable, long-term loans from the financial institution and the increase of retained earnings.

### Liquidity

### Liquidity ratios

The ratio of the current assets and current liabilities as of 30 June 2015 was 1.2:1 which was the same as 31 December 2014. 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