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12 November 2015

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

To: President and Manager

The Stock Exchange of Thailand

Overall operating performance of the Group

Unit: Million Baht

	3Q15	3Q14	Increase (decrease)	Variance (%)
Total revenues	1,337	1,193	144	12%
Net profit	127	115	12	10%

The Group had total revenues of Baht 1,337 million for 3Q15, which increased by Baht 144 million or 12% compared to the total revenues of Baht 1,193 million for 3Q14. The increasing was mainly due to the higher revenues from Related technology business and Retail business.

In 3Q15, the Group had net profit of Baht 127 million, which increased by Baht 12 million or 10% compared to the net profit of Baht 115 million for 3Q14. The increase was mainly due to the higher of gross profit margin in Related technology business and Retail business, resulting in higher net profit margin of the Group.

Analysis of revenues

	3Q15		3Q14		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Revenues from main business</b>						
EMS business	298	22%	354	30%	(56)	(16%)
Telecommunication business	191	14%	309	26%	(118)	(38%)
Related technology business	415	31%	223	19%	192	86%
Retail business	409	31%	283	24%	126	45%
<b>Total revenues from main business</b>	<b>1,313</b>	<b>98%</b>	<b>1,169</b>	<b>98%</b>	<b>144</b>	<b>12%</b>
Other income	24	2%	24	2%	-	-
<b>Total revenues</b>	<b>1,337</b>	<b>100%</b>	<b>1,193</b>	<b>100%</b>	<b>144</b>	<b>12%</b>

**EMS business**

In 3Q15, the Company generated revenue of Baht 298 million from EMS business, which decreased by Baht 56 million or 16% comparing to those of the prior year. It has been resulted from the lower revenue from factory and electronic sourcing business.

#### Telecommunication business

In 3Q15, the Company generated revenue of Baht 191 million from Telecommunication business, which decreased by Baht 118 million or 38% comparing to those of the prior year. It has been resulted from revenue recognition in 3Q14 from DWDM (Dense Wavelength Division Multiplexing) project and IP Core Network with the Provincial Electricity Authority, with the project value of Baht 470 million 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, while the projects have nearly been completed in 3Q15.

#### Related technology business

In 3Q15, the Company generated revenues of Baht 415 million from Related technology business, which increased by Baht 192 million or 86% 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, pump station and risk area near communities in Bangkok, with the project value of Baht 497 million.

#### Retail business

In 3Q15, the Company generated revenue of Baht 409 million from Retail business, which increased by Baht 126 million or 45% comparing to those of the prior year. The top up value via "Boonterm Kiosk" during 3Q15 was Baht 3,943 million, which increased by Baht 1,221 million or 45% comparing to the top-up value of Baht 2,722 million for 3Q14. As of 30 September 2015, the numbers of "Boonterm Kiosk" was 61,076 kiosks.

#### Gross Profit and Gross Profit Margin

	3Q15		3Q14		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
EMS business	70	23.5%	75	21.2%	(5)	(7%)
Telecommunication business	37	19.4%	91	29.4%	(54)	(59%)
Related technology business	157	37.8%	74	33.2%	83	112%
Retail business	135	33.0%	88	31.1%	47	53%
<b>Gross Profit</b>	<b>399</b>	<b>30.4%</b>	<b>328</b>	<b>28.1%</b>	<b>71</b>	<b>22%</b>

#### EMS business

In 3Q15, the Company had gross profit of Baht 70 million, which decreased by Baht 5 million or 7% comparing to the gross profit of Baht 75 million for 3Q14. In 3Q15, the gross profit margin was 23.5%, increased from 21.2% in 3Q14. It has been resulted from the higher gross profit margin of sales order from factory.

#### Telecommunication business

In 3Q15, the Company had gross profit of Baht 37 million, which decreased by Baht 54 million or 59% comparing to the gross profit of Baht 91 million for 3Q14. In 3Q15, the gross profit margin was 19.4%, decreased from 3Q14, which was 29.4%. It has been resulted from the lower gross profit margin of projects in 3Q15 when comparing to the projects in 3Q14.

#### Related technology business

In 3Q15, the Company had gross profit of Baht 157 million, which increased by Baht 83 million or 112% comparing to the gross profit of Baht 74 million for 3Q14. In 3Q15, the gross profit margin was 37.8%, increased from 33.2% in 3Q14. It has been resulted from the higher gross profit margin of projects in 3Q15 when comparing to the projects in 3Q14.

#### Retail business

In 3Q15, the Company had gross profit of Baht 135 million, which increased by Baht 47 million or 53% comparing to the gross profit of Baht 88 million for 3Q14. In 3Q15, the gross profit margin was 33.0%, increased from 31.1% in 3Q14 because of advertising revenue and the efficient management of cost of services.

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

	3Q15		3Q14		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Selling expenses	24	1.8%	19	1.6%	5	26%
Administrative expenses	180	13.7%	162	13.9%	18	11%
Finance cost	27	2.1%	24	2.1%	3	13%
Income tax expenses	27	2.1%	19	1.6%	8	42%

#### Selling expenses

In 3Q15, the Company had the selling expense of Baht 24 million, which increased by Baht 5 million or 26% comparing to the selling expense of Baht 19 million for 3Q14. It was mainly resulted from the marketing expenses of Forth Smart Service Public Co. Ltd (“FSMART”) and commission fees for set top box project which starting in 4Q14.

#### Administrative expenses

In 3Q15, the Company had the administrative expense of Baht 180 million, which increased by Baht 18 million or 11% from the prior year while the administrative expense to revenues from main business were 13.7%, decreased from 13.9% in 3Q14 from efficient control of expenses.

#### Finance cost

In 3Q15, the Company had the finance cost of Baht 27 million, which increased by Baht 3 million or 13% from the prior year. The increase was due to interest paid for loans used for project works and purchase of land and office building.

#### Income tax expenses

In 3Q15, the Company had the income tax expenses of Baht 27 million which increased by Baht 8 million or 42% from prior year. It was in line with the increasing profit.

#### Financial position

##### Assets

Unit: Million Baht

	30 September 2015	31 December 2014	Increase (decrease)	% Variance
Current assets	3,832	4,577	(745)	(16%)
Non-current assets	2,061	1,746	315	18%
<b>Total assets</b>	<b>5,893</b>	<b>6,323</b>	<b>(430)</b>	<b>(7%)</b>

As of 30 September 2015, the Group’s total assets were Baht 5,893 million, decreased by Baht 430 million comparing to total assets as of 31 December 2014. The current assets decreased by Baht 745 million from the decreasing in current investments from one of subsidiaries and the decreasing in unbilled receivables while the non-current assets increased by Baht 315 million from the increasing of “Boonterm Kiosk”.

The quality of assets

Trade account receivables

Unit: Million Baht

	Consolidated financial statements	
	30 September 2015	31 December 2014
Trade account receivables – unrelated parties	1,213	1,290
Less: Allowance for doubtful accounts	(63)	(63)
Trade account receivables - net	1,150	1,227

As of 30 September 2015 and 31 December 2014, the Group recorded the allowance for doubtful accounts, amounting to Baht 63 million. 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 September 2015	31 December 2014
Inventories	1,295	1,308
Reduce cost to net realisable value	(231)	(201)
Inventories - net	1,064	1,107

As of 30 September 2015 and 31 December 2014, the Group recorded the reduce cost to net realisable value amounting to Baht 231 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 September 2015	31 December 2014	Increase (decrease)	% Variance
Current liabilities	3,257	3,669	(412)	(11%)
Non-current liabilities	330	359	(29)	(8%)
<b>Total liabilities</b>	<b>3,587</b>	<b>4,028</b>	<b>(441)</b>	<b>(11%)</b>
<b>Total Shareholders' equity</b>	<b>2,306</b>	<b>2,295</b>	<b>11</b>	<b>0.5%</b>

### Liabilities

As of 30 September 2015, the Group's liabilities were Baht 3,587 million, which decreased by Baht 441 million or 11% comparing to the liabilities as of 31 December 2014. It was mainly due to the decrease of trade account payables and long-term loans from financial institutions. The Group could repay loan in accordance with the repayment schedule stipulated in the loan agreements.

### Shareholders' equity

As of 30 September 2015, the Group's shareholders' equity was Baht 2,306 million, which increased by Baht 11 million or 0.5% comparing to the shareholders' equity 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 September 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 trade account payables, long-term loans from the financial institutions and the increase of retained earnings.

### Liquidity

#### Cash flows

Unit: Million Baht

	9M15	9M14
Cash flows from (used in) operating activities	1,209	295
Cash flows from (used in) investing activities	(191)	(232)
Cash flows from (used in) financing activities	(568)	(26)

Cash flows from operating activities for 9M15 were Baht 1,209 million, which increased by Baht 914 million. It was resulted from the increase of profit and the decrease of unbilled receivables.

Cash flows used in investing activities for 9M15 were Baht 191 million, which was resulted to the purchase of "Boonterm Kiosk" of one of subsidiaries. In addition, the current investment of one of subsidiaries was decreased by Baht 385 million due to the subsidiary used it for expanding business.

Cash flows used in financing activities for 9M15 were Baht 568 million. It was mainly comprised of the repayments of short-term and long-term loans by Baht 256 million and dividend paid to the Company's shareholders of Baht 288 million as well as dividend paid to non-controlling interests of the subsidiary of Baht 143 million.



Liquidity ratios

The ratio of the current assets and current liabilities as of 30 September 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