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25 February 2016

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

	2015	2014	Increase (decrease)	Variance (%)
Total revenues	5,128	4,373	755	17%
Net profit	460	338	122	36%

The Group had total revenues of Baht 5,128 million for 2015, which increased by Baht 755 million or 17% compared to the total revenues of Baht 4,373 million for 2014. The increasing was mainly due to the higher revenues from Related technology business and Retail business.

In 2015, the Group had net profit of Baht 460 million, which increased by Baht 122 million or 36% compared to the net profit of Baht 338 million for 2014. 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

	2015		2014		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from main business						
EMS business	1,318	26%	1,266	29%	52	4%
Telecommunication business	727	14%	918	21%	(191)	(21%)
Related technology business	1,388	27%	990	23%	398	40%
Retail business	1,588	31%	1,104	25%	484	44%
Total revenues from main business	5,021	98%	4,278	98%	743	17%
Other income	107	2%	95	2%	12	13%
Total revenues	5,128	100%	4,373	100%	755	17%

EMS business

In 2015, the Company generated revenue of Baht 1,318 million from EMS business, which increased by Baht 52 million or 4% comparing to those of the prior year. It has been resulted from the higher revenue from electronic sourcing business.

Telecommunication business

In 2015, the Company generated revenue of Baht 727 million from Telecommunication business, which decreased by Baht 191 million or 21% comparing to the prior year. The decrease was mainly due to no new project is worth over Baht 100 million in 2015.

Related technology business

In 2015, the Company generated revenues of Baht 1,388 million from Related technology business, which increased by Baht 398 million or 40% comparing to those of the prior year. The increase was caused by 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.

Retail business

In 2015, the Company generated revenue of Baht 1,588 million from Retail business, which increased by Baht 484 million or 44% comparing to those of the prior year. The top-up value via “Boonterm Kiosk” during 2015 was Baht 15,386 million, which increased by Baht 4,836 million or 46% comparing to the top-up value of Baht 10,550 million for 2014. As of 31 December 2015, the numbers of “Boonterm Kiosk” was 65,867 kiosks.

Gross Profit and Gross Profit Margin

	2015		2014		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
EMS business	277	21%	279	22%	(2)	(1%)
Telecommunication business	212	29%	212	23%	-	-
Related technology business	514	37%	368	37%	146	40%
Retail business	516	32%	343	31%	173	50%
Gross Profit	1,519	30%	1,202	28%	317	26%

EMS business

Gross profit and gross profit margin have not changed substantially compared to those of the previous year.

Telecommunication business

Gross profit has not significantly changed compared to gross profit of the prior year. However, gross profit margin increased by 6% from prior year because actual gross profit margin of DWDM (Dense Wavelength Division Multiplexing) project was higher than the estimate.

Related technology business

In 2015, the Company had gross profit of Baht 514 million, which increased by Baht 146 million or 40% comparing to the gross profit of Baht 368 million for 2014 due to the profit from DR site and CCTV projects.

Retail business

In 2015, the Company had gross profit of Baht 516 million, which increased by Baht 173 million or 50% comparing to the gross profit of Baht 343 million for 2014. The increase was caused by the advertising revenue and the efficient management of cost of services.

Expenses and expenses to revenues from main business

	2015		2014		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Selling expenses	122	2%	101	2%	21	21%
Administrative expenses	694	14%	657	15%	37	6%
Finance cost	101	2%	92	2%	9	10%
Income tax expenses	101	2%	46	1%	55	120%

Selling expenses

In 2015, the Company had the selling expense of Baht 122 million, which increased by Baht 21 million or 21% from 2014. 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 2015, the Company had the administrative expense of Baht 694 million, which increased by Baht 37 million or 6% from the prior year while the administrative expense to revenues from main business were 14%, decreased from 15% in 2014 due to efficient control of expenses.

Finance cost

In 2015, the Company had the finance cost of Baht 101 million, which increased by Baht 9 million or 10% 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 2015, the Company had the income tax expenses of Baht 101 million which increased by Baht 55 million or 120% from prior year. It was in line with the increasing profit.

Financial position

Assets

Unit: Million Baht

	31 December 2015	31 December 2014	Increase (decrease)	% Variance
Current assets	3,811	4,577	(766)	(17%)
Non-current assets	2,163	1,746	417	24%
Total assets	5,974	6,323	(349)	(6%)

As of 31 December 2015, the Group's total assets were Baht 5,974 million, decreased by Baht 349 million comparing to total assets as of 31 December 2014. The current assets decreased by Baht 766 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 417 million from the increasing of "Boonterm Kiosk".

The quality of assets

Trade account receivables

Unit: Million Baht

	Consolidated financial statements	
	31 December 2015	31 December 2014
Trade account receivables – unrelated parties	1,348	1,290
Less: Allowance for doubtful accounts	(45)	(63)
Trade account receivables - net	1,303	1,227

As of 31 December 2015 and 2014, the Group recorded the allowance for doubtful accounts, amounting to Baht 45 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 December 2015	31 December 2014
Inventories	1,230	1,308
Reduce cost to net realisable value	(262)	(201)
Inventories - net	968	1,107

As of 31 December 2015 and 2014, the Group recorded the reduce cost to net realisable value amounting to Baht 262 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 December 2015	31 December 2014	Increase (decrease)	% Variance
Current liabilities	3,184	3,669	(485)	(13%)
Non-current liabilities	283	359	(76)	(21%)
Total liabilities	3,467	4,028	(561)	(14%)
Total Shareholders' equity	2,506	2,295	211	9%

Liabilities

As of 31 December 2015, the Group's liabilities were Baht 3,467 million, which decreased by Baht 561 million or 14% 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 31 December 2015, the Group's shareholders' equity was Baht 2,506 million, which increased by Baht 211 million or 9% 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 31 December 2015 was 1.4:1 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.

LiquidityCash flows

Unit: Million Baht

	2015	2014
Cash flows from (used in) operating activities	1,229	366
Cash flows from (used in) investing activities	(367)	(892)
Cash flows from (used in) financing activities	(690)	518

Cash flows from operating activities for 2015 were Baht 1,229 million, which increased by Baht 863 million. It was resulted from the increase of profit and the decrease of unbilled receivables.

Cash flows used in investing activities for 2015 were Baht 367 million, which decreased by Baht 525 million while the purchase of "Boonterm Kiosk" of one of subsidiaries increased by Baht 117 million because cash flows from fixed deposits withdrawal of its subsidiary by Baht 385 million for expanding business.

Cash flows used in financing activities for 2015 were Baht 690 million. It was mainly comprised of the repayments of short-term and long-term loans by Baht 294 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 31 December 2015 and 2014 were 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