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13 November 2018

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

	Q3' 2018	Q3' 2017	Increase (decrease)	Variance (%)
Total revenues	1,875	1,853	22	1%
Net profit	137	54	83	154%

The Group's total revenues for the third quarter of 2018 amounted Baht 1,875 million, which was increased by Baht 22 million or an increase of 1% compared to the total revenues for the third quarter of 2017 amounting to Baht 1,853 million. The increase was mainly due to the higher revenue from related technology business and the lower revenue from EMS business.

The Group's profit for the third quarter of 2018 amounted to Baht 137 million, which was increased by Baht 83 million or an increase of 154% compared to the profit for the third quarter of 2017 amounting to Baht 54 million. The increase was mainly due to the higher gross profit from related technology business and the lower administrative expenses. As a result, overall the profit of the Group was increased.

**Analysis of revenues**

	Q3' 2018		Q3' 2017		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from main business						
EMS business	389	21%	651	35%	(262)	(40%)
Telecommunication business	110	6%	116	6%	(6)	(5%)
Related technology business	443	23%	119	11%	244	123%
Retail business	867	46%	828	45%	39	5%
Total revenues from main business	1,809	96%	1,794	97%	15	1%
Other income	66	4%	59	3%	7	12%
Total revenues	1,875	100%	1,853	100%	22	1%

### EMS business

The Company had revenue from EMS business for the third quarter of 2018 amounting to Baht 389 million, a decrease of Baht 262 million or a decrease of 40% compared to that of the previous year amounting to Baht 651 million. It resulted from a decrease in orders from one of the major customers of the manufacture and assembly of electronic circuit boards business unit.

### Telecommunication business

The Company had revenue from telecommunication business for the third quarter of 2018 amounting to Baht 110 million. There was no significant change compared to the same period of last year

### Related technology business

The Company had revenue from related technology business for the third quarter of 2018 amounting to Baht 443 million, an increase of Baht 244 million or an increase of 123%. The increase was mainly due to the revenue from selling smart patrol cars and camcorder cameras installed on the police stations.

### Retail business

The Company had revenue from retail business for the third quarter of 2018 amounting to Baht 867 million, an increase of Baht 39 million or an increase of 5% compared to that of the previous year amounting Baht 828 million. The top-up value via "Boonterm Kiosk" for the third quarter of 2018 amounted to Baht 10,506 million, an increase of Baht 1,195 million or an increase of 13% compared to the top-up value for the third quarter of 2017 amounting to Baht 9,311 million. As at 30 September 2018, the Company had 130,109 top-up kiosks.

### Gross Profit and Gross Profit Margin

	Q3' 2018		Q3' 2017		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
EMS business	72	18%	97	15%	(25)	(26%)
Telecommunication business	(11)	(10%)	67	58%	(78)	(116%)
Related technology business	134	30%	21	11%	113	538%
Retail business	229	26%	231	28%	(2)	(1%)
<b>Gross Profit</b>	<b>424</b>	<b>23%</b>	<b>416</b>	<b>23%</b>	<b>8</b>	<b>2%</b>

#### EMS business

The Company had gross profit for the third quarter of 2018 amounting to Baht 72 million, which was decreased by Baht 25 million or a decrease of 26% compared to the gross profit of Baht 97 million for the third quarter of 2017. Gross profit margin for the third quarter of 2018 was also increased from 15% to 18%. The increase was due to the lower revenue from the major customer of the manufacture and assembly of electronic circuit boards business unit.

#### Telecommunication business

The Company had gross loss for the third quarter of 2018 amounting to Baht 11 million, which was increased by Baht 78 million or an increase of 116% compared to the gross profit of Baht 67 million for the third quarter of 2017. It was due to loss on obsolete and damaged stocks, loss on inventories destruction and price reduction of products sold for one of the projects.

#### Related technology business

The Company had gross profit for the third quarter of 2018 amounting to Baht 134 million, which was increased by Baht 113 million or an increase of 538% compared to the gross profit of Baht 21 million for the third quarter of 2017. The increase was due to the gross profit from selling of camcorder cameras installed on the police stations and smart patrol cars.

Gross profit margin for the third quarter of 2018 was increased from 11% to 30% due to higher gross profit margin from selling camcorder cameras installed on the police stations.

#### Retail business

The Company had gross profit for the third quarter of 2018 amounting to Baht 229 million, which was not significantly changed from the same period of last year.

Gross profit margin for the third quarter of 2018 was decreased from 28% to 26% due to higher depreciation expense of top-up kiosks.

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

	Q3' 2018		Q3' 2017		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Selling expenses	20	1%	21	1%	(1)	(5%)
Administrative expenses	198	11%	275	15%	(77)	(28%)
Finance cost	31	2%	33	2%	(2)	(6%)
Income tax expenses	34	2%	19	1%	15	79%

### Selling expenses

Selling expenses for the third quarter of 2018 amounted to Baht 20 million and selling expenses to revenue from main business accounted for 1%. There was no significant change compared to the same period of last year.

### Administrative expenses

Administrative expenses for the third quarter of 2018 amounted to Baht 198 million, a decrease of Baht 77 million, or a decrease of 28% compared to those of the previous year. The administrative expenses to revenue from main business accounted for 11%, a decrease of 4%. In the third quarter of 2017, a subsidiary in the Philippines ceased its operation. The subsidiary therefore recorded loss on impairment of assets of Baht 41 million.

### Finance cost

The financial cost for the third quarter of 2018 amounted to Baht 31 million and the financial cost to revenue from main business was 2%, which was not significantly changed from the same period of last year.

### Income tax expenses

Income tax expenses for the third quarter of 2018 amounted to Baht 34 million, an increase of Baht 15 million or an increase of 79% compared to those of last year. This is consistent with the increased profit.

### Financial position

#### Assets

Unit: Million Baht

	30 September 2018	31 December 2017	Increase (decrease)	% Variance
Current assets	4,803	4,491	312	7%
Non-current assets	3,631	3,658	(27)	(1%)
<b>Total assets</b>	<b>8,434</b>	<b>8,149</b>	<b>285</b>	<b>4%</b>

Total assets as at 30 September 2018 amounted to Baht 8,434 million, an increase of Baht 285 million or an increase of 4% compared to the total assets as at 31 December 2017, amounting to Baht 8,149 million. It was mainly due to the higher trade accounts receivable.

### The quality of assets

#### Trade account receivables

Unit: Million Baht

	Consolidated financial statements	
	30 September 2018	31 December 2017
Trade account receivables - unrelated parties	1,937	1,352
Less: Allowance for doubtful accounts	(42)	(51)
Trade account receivables - net	1,895	1,301

As at 30 September 2018 and 31 December 2017, the Group had the allowance for doubtful accounts, amounting to Baht 42 million and Baht 51 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. Management believed that allowance for doubtful accounts is adequate in the current circumstances.

#### Inventories

Unit: Million Baht

	Consolidated financial statements	
	30 September 2018	31 December 2017
Inventories	1,562	1,413
Reduce cost to net realisable value	(345)	(309)
Inventories - net	1,217	1,104

As at 30 September 2018 and 31 December 2017, the Group had the reduction of cost to net realisable value amounting to Baht 345 million and Baht 309 million, respectively. The Group estimates 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. Management believed that the reduce cost to net realisable value is adequate in the current circumstances.

#### Source of fund

Unit: Million Baht

	30 September 2018	31 December 2017	Increase (decrease)	% Variance
Current liabilities	5,519	4,755	764	16%
Non-current liabilities	533	674	(141)	(21%)
Total liabilities	6,052	5,429	623	11%
Total shareholders' equity	2,382	2,720	(338)	(12%)

### Liabilities

Total liabilities as at 30 September 2018 were Baht 6,052 million, an increase of Baht 623 million or an increase of 11% compared to the total liabilities as at 31 December 2017, which was Baht 5,429 million. The increase was mainly due to the increase of short-term loans from banks used for working capital of the projects.

### Shareholders' equity

Total shareholders' equity as at 30 September 2018 were Baht 2,382 million, a decrease of Baht 338 million, or a decrease of 12% compared to the total shareholders' equity as at 31 December 2017, which was Baht 2,720 million. The change was due to the net profit for the period, the dividend payment to the shareholders and the share repurchase of the subsidiary.

### The appropriate of capital structure

The debt to equity ratio as at 30 September 2018 was 2.5:1, increased from the debt-to-equity ratio as at 31 December 2017, which was 2.0: 1. The increase was due to the increase of current liabilities, the dividend payment to the shareholders and the share repurchase of the subsidiary.

### Liquidity

#### Cash flows

Unit: Million Baht

	Q3' 2018	Q3' 2017
Cash flows from (used in) operating activities	289	742
Cash flows from (used in) investing activities	(420)	(745)
Cash flows from (used in) financing activities	(370)	585

Cash flows from operating activities for the third quarter of 2018 were Baht 289 million, decreased by Baht 453 million compared to that of the previous year amounting to Baht 742 million. It resulted from the increase of working capital i.e. trade receivables, unbilled receivables, trade payables etc.

Cash flows used in investing activities for the third quarter of 2018 were Baht 420 million, decreased by Baht 325 million compared to that of the prior year amounting to Baht 745 million. It was due to the decrease of capital expenditures for purchase of top-up kiosk of one of the subsidiaries.

Cash flows used in financing activities for the third quarter of 2018 were Baht 370 million. The increase was due to drawdown of short-term loans of Baht 640 million and drawdown of long-term loans of Baht 318 million. The decrease was due to repayment of long-term loans of Baht 418 million, dividend payment to the shareholders of Baht 732 million, and share repurchase of the subsidiary of Baht 187 million.

Liquidity ratio

Current ratio as at 30 September 2018 was 0.87:1 which was closed to the current ratio as at 31 December 2017, which was 0.94:1.

Please be informed accordingly.

Yours sincerely,

(Mr. Arin Jamnaree)

Financial Controller