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14 November 2014

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 2014	Q3 2013	Increase (decrease)	Variance (%)
Total revenues	1,193	1,012	181	18%
Net profit	115	81	34	42%

The Group had total revenues of Baht 1,193 million for Q3 2014, which increased by Baht 181 million or 18% compared to the total revenues of Baht 1,012 million for Q3 2013. The increasing was mainly due to the higher revenues from telecommunication business.

In Q3 2014, the Group had net profit of Baht 115 million, which increased by Baht 34 million or 42% compared to the net profit of Baht 81 million for Q3 2013. The increasing was mainly due to the increasing of gross profit in accordance with the revenues.

Analysis of revenues

	Q3 2014		Q3 2013		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from main business						
Electronics manufacturing services business	354	30%	311	31%	43	14%
Telecommunication business	309	26%	95	9%	214	225%
Related technology business	223	19%	376	37%	(153)	(41%)
Retail business	283	24%	214	21%	69	32%
Total revenues from main business	1,169	98%	996	98%	173	17%
Other income	24	2%	16	2%	8	50%
Total revenues	1,193	100%	1,012	100%	181	18%

EMS business

In Q3 2014, the Company generated revenue of Baht 354 million from EMS business, which increased by Baht 43 million comparing to those of the prior year. It has been resulted from the order to produce card reader equipments from a new customer.

Telecommunication business

In Q3 2014, the Company generated revenue of Baht 309 million from telecommunication business, which increased by Baht 214 million 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 contract value of Baht 470 million and the procurement project of Wireless High Speed Internet of CAT Telecom Public Company Limited, with the contract value of Baht 50 million. There was a new project occurred during the quarter which was a purchasing of Automatic Meter Reading system (AMR) including installation with Metropolitan Electricity Authority with the contract value of Baht 189 million.

Related technology business

From related technology business, the Company generated revenues of Baht 223 million for Q3 2014, which decreased by Baht 153 million comparing to those of the prior year. The decrease was caused by the revenue recognition from the equipment and system installation projects for closed circuit television to support the Traffic and Transportation Department in Q3 2013.

Retail business

In Q3 2014, the Company generated revenue of Baht 283 million from online top-up service, which increased by Baht 69 million comparing to those of the prior year. The total transaction value through "Boonterm Kiosk" during Q3 2014 was Baht 2,708 million, which increased by Baht 864 million or 47% comparing to those of the prior year. As at 30 September 2014, the numbers of "Boonterm Kiosk" were 39,769 kiosks.

Gross Profit Margin

	Q3 2014		Q3 2013		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Electronics manufacturing services business	75	21%	85	27%	(10)	(12%)
Telecommunication business	91	29%	45	47%	46	102%
Related technology business	74	33%	66	18%	8	12%
Retail business	88	31%	73	34%	15	21%
Gross Profit	328	28%	269	27%	59	22%

In Q3 2014, the Company had gross profit margin of Baht 328 million which increased by Baht 59 million or 22% comparing to the gross profit margin of Baht 269 million for Q3 2013. The increase was caused by telecommunication business and retail business as discussed in “Revenue” section above. The gross profit margin was slightly increased from 27% in Q3 2013 to 28% in Q3 2014.

Expenses

Unit: Million Baht

	Q3 2014	Q3 2013	Increase (decrease)	% Variance
Selling expenses	19	19	-	-
Administrative expenses	162	134	28	21%
Finance cost	24	24	-	-
Income tax expenses	19	16	3	19%

Administrative expenses

In Q3 2014, the Company had the administrative expense of Baht 162 million which increased by Baht 28 million or 21% from the same period of last year. This was primarily due to the expenses incurred from being a listed company of one of the subsidiaries and the operating expenses from projects.

Income tax expenses

In Q3 2014, the Company had the income tax expenses of Baht 19 million which increased by Baht 3 million or 19% from the same period of last year. This was in line with the higher profit before tax.

Financial position

Assets

Unit: Million Baht

	30 September 2014	31 December 2013	Increase (decrease)	% Variance
Current assets	3,661	3,377	284	8%
Non-current assets	1,404	1,259	145	12%
Total assets	5,065	4,636	429	9%

As at 30 September 2014, the Group's assets was Baht 5,065 million which increased by Baht 429 million. The increasing was primarily due to the higher of accounts receivable and inventories from more projects. 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	
	30 September 2014	31 December 2013
Trade account receivables – unrelated parties	1,135	1,030
Less: Allowance for doubtful accounts	(48)	(42)
Trade account receivables - net	1,087	988

As at 30 September 2014 and 31 December 2013, the Group recorded the allowance of doubtful accounts, amounting to Baht 48 million and Baht 42 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 September 2014	31 December 2013
Inventories	1,080	843
Reduce cost to net realisable value	(183)	(165)
Inventories - net	897	678

As at 30 September 2014 and 31 December 2013, the Group recorded the reduce cost to net realisable value amounting to Baht 183 million and Baht 165 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

Liabilities

Unit: Million Baht

	30 September 2014	31 December 2013	Increase (decrease)	% Variance
Current liabilities	2,967	2,677	290	11%
Non-current liabilities	336	255	81	32%
Total liabilities	3,303	2,932	371	13%

As at 30 September 2014, the Group's liabilities were Baht 3,303 million, which increased by Baht 371 million. It was mainly due to the increase of bank overdrafts, accounts payable and long-term loans. The Group could repay loan in accordance with the repayment schedule stipulated in the loan agreements.

Shareholders' equity

As at 30 September 2014, the Group's shareholders' equity was Baht 1,762 million, which increased by Baht 58 million. The increased amount was resulted from the net profit of Baht 204 million and the dividend paid to the shareholders of Baht 144 million.

The appropriate of capital structure

The Group's debt to equity ratio as at 30 September 2014 was 1.9:1 which increased from the ratio as at 31 December 2013 at rate of 1.7:1 as the result of the increase of bank overdrafts, account payable and long-term loans.

Liquidity**Cash flows**

Unit: Million Baht

	Q3 2014 (9 months)	Q3 2013 (9 months)
Cash flows from (used in) operating activities	294	338
Cash flows from (used in) investing activities	(232)	(219)
Cash flows from (used in) financing activities	(26)	(205)

Cash flows from operating activities for the nine months of 2014 were Baht 294 million which decreased by Baht 44 million. It was resulted from the declining of collection of outstanding debts from the projects.

Cash flows used in investing activities for the nine months of 2014 were Baht 232 million. The majority of cash flows used in investing activities were the acquisition of assets i.e. top-up kiosk of a subsidiary.

Cash flows used in financing activities for the nine months of 2014 were Baht 26 million. It was mainly comprised of the dividend payment of Baht 144 million, the repayment of long-term loans of Baht 186 million and cash received from bank overdrafts, short-term loans and long-term loans of Baht 304 million.

Liquidity ratios

The ratio of the current assets and current liabilities as at 30 September 2014 was 1.2:1 which was close to the ratio as at 31 December 2013, which was 1.3:1. This was the result of the changing rate in current assets to current liabilities related in the same direction and also similar proportion.

Please be informed accordingly.

Yours sincerely,

(Mr. Arin Jamnaree)

Financial Controller