

Operational Summary in 3Q16

- Total revenue was Bt555mn, an increase of 39.7% YoY
- Gross profit was Bt104mn, an increase of 47.3% YoY
- Number of “Boonterm” was 85,656 kiosks, increased 6,048 kiosks from last period.
- Total receipt amount was Bt5,766mn, increased Bt423mn from last period.
- 20.7mn active subscribers and 1.7mn transactions per day.

Business Overview

	3Q15	4Q15	1Q16	2Q16	3Q16
Total receipt amount through “Boonterm kiosk” (Million Baht)	3,943	4,498	4,909	5,332	5,766
“Boonterm kiosk” as the period ended (Kiosks)	61,076	65,867	72,475	79,608	85,656

In 3Q16, FSMART continued to generate earnings and also held the No. 1 market position in online top-up machines market, in terms of number of kiosks and total receipt amount. In this period, the number of “Boonterm” was 85,656 kiosks increased 24,580 kiosks or 40.2% YoY and 6,048 kiosks or 7.6% QoQ. Total receipt amount still likely to grow in line with the expansion of the “Boonterm kiosk” which was Bt5,766mn increased Bt1,823mn or 46.2% YoY and Bt434mn or 8.1% QoQ. As well as increasing of active subscribers to 20.7mn and number of transaction was 1.7mn transactions per day. As a result, revenues from core business was Bt555mn, an increase of 39.7% YoY and net profit was Bt104mn, an increase of 47.3% YoY.

Competitive environment of online top-up machines market was increased. The competitors focused on number of sales but FSMART continued to expand the kiosks effectively with the selection of a potential location and maintained the average revenues per unit (ARPU) to grow with quality by increasing frequency of usage such as promoting the point collection campaign, top-up Bt100 get free of charge promotion including the money transfer service and weight scale. Moreover, FSMART also got an opportunity of a growing of prepaid mobile market. Due to increasing of competition, the mobile operators focused on the prepaid mobile market. In the past, they had special co-promotions with “Boonterm” such as additional bonus when top-up through “Boonterm kiosk” which effected the total receipt amount to grow steadily.

Financial Summary

Income Statement

Income Statement	3Q15		2Q16		3Q16		%QoQ	%YoY
	Million Baht	%	Million Baht	%	Million Baht	%		
Income from rendering of top-up service for prepaid phone and other online service (Commission)	164	41.2%	222	42.6%	237	42.7%	7.0%	45.0%
Income from rendering of services through online top-up machines "Boonterm kiosk" (Service charge)	231	58.1%	293	56.4%	318	57.2%	8.3%	37.7%
Entrance fee income	0.5	0.1%	0.03	0.0%	0.02	0.0%	-14.8%	-95.1%
Advertising income	2	0.6%	5	1.0%	0.1	0.0%	-98.1%	-95.7%
Total revenue from core business (4 items)	397	100.0%	520	100.0%	555	100.0%	6.7%	39.7%
Cost of services	(289)	-72.9%	(384)	-74.0%	(409)	-73.7%	6.3%	41.2%
Gross profit	108	27.1%	135	26.0%	146	26.3%	7.9%	35.8%
Service & Administrative expenses	(41)	-10.2%	(44)	-8.5%	(47)	-8.4%	6.4%	15.7%
Operating profit	67	16.9%	91	17.6%	99	17.9%	8.7%	48.0%
Other income	24	6.1%	33	6.3%	33	6.0%	2.4%	39.2%
Sales profit	0.4	0.1%	1	0.3%	1	0.2%	-31.9%	178.1%
Finance costs	(3)	-0.8%	(6)	-1.2%	(8)	-1.5%	33.5%	154.3%
Income tax expenses	(18)	-4.4%	(24)	-4.6%	(21)	-3.8%	-11.4%	21.4%
Net profit	71	17.8%	95	18.3%	104	18.8%	9.4%	47.3%

Total revenue

FSMART's total revenues from core business was Bt555mn, an increase of 39.7% YoY, mainly from the continued growth in the number of "Boonterm kiosk" and the total receipt amount through "Boonterm kiosk" driven by the increasing in kiosk usage and including new services such as money transfer service and weight scales, details are as follows:

- 1) Income from rendering of top-up service for prepaid phone and other online service (Commission)** was Bt237mn, an increase of 45.0% YoY, mainly from the prepaid mobile revenues.
- 2) Income from rendering of services through online top-up machines "Boonterm kiosk" (Service charge)** was Bt318mn, an increase of 37.7% YoY, mainly from the increasing in kiosk usage.

3) **Advertising income** was Bt0.1mn, decreased 95.7% YoY, due to the end of old contracts but revenues from new contracts will be recognized in 4Q16.

4) **Other income** was Bt33mn, an increase of 39.2% YoY, mainly from the increasing in the number of “Boonterm kiosk” and the growth of the total receipt amount through “Boonterm kiosk”.

Cost and Expenses

1) **Cost of services** was Bt409mn, represented 73.7% of total revenues from core business, compared to 72.9% in 3Q15, due to a decrease of advertising income and 74.0% in 2Q16, because of no special provision for impairment of certain assets in this quarter.

2) **Service & Administrative expenses** was Bt47mn, represented 8.4% of total revenues from core business, compared to 10.2% in 3Q15 and 8.5% in 2Q16, due to effective cost control.

Profit

1) **Gross profit** was Bt146mn, increased 35.8% YoY and represented 26.3% of total revenues from core business, compared to 27.1% in 3Q15, due to a decrease of advertising income and 26.0% in 2Q16, because of no special provision in this quarter as described above.

2) **Sales profit** was Bt1mn increased 178.1% YoY, mainly from sales of goods which are other parts of kiosks which in line with the increasing in the number of “Boonterm kiosk”.

3) **Net profit** was Bt104mn, an increase of 47.3% YoY, represented 18.8% of total revenues from core business, compared to 17.8% in 2Q15 and 18.3% in 1Q16, due to effective cost management and most of expenses were fixed cost which had growth rate less than revenues growth.

Financial Position

Statement of Financial position	2Q16		3Q16		QoQ	
	Million	%	Million	%	Million	%
	Baht		Baht		Baht	
Current assets	868	31.7%	762	27.7%	-106	-12.2%
Non-current assets	1,871	68.3%	1,991	72.3%	120	6.4%
Total assets	2,739	100.0%	2,753	100.0%	14	0.5%
Current liabilities	1,487	54.3%	1,491	54.1%	4	0.3%
Non-current liabilities	172	6.3%	213	7.8%	41	23.8%
Total liabilities	1,659	60.6%	1,704	61.9%	45	2.7%
Total shareholders' equity	1,081	39.4%	1,049	38.1%	-32	-3.0%
Total liabilities and shareholders' equity	2,739	100.0%	2,753	100.0%	14	0.5%

As of September 30, 2016. FSMART had total assets of Bt2,753mn, increasing 0.5% QoQ, due to investment in "Boonterm kiosk".

Total liabilities of Bt1,704mn, increasing 2.7%, mainly from loans and retention received from service representatives.

Total shareholders' equity was Bt1,049mn, decreasing 3.0% QoQ, mainly from the interim dividend payment for 2016 in September 2016.

Key Financial Ratio

Financial ratio	ไตรมาส 3/2558	ไตรมาส 2/2559	ไตรมาส 3/2559
Current ratio	0.64	0.58	0.51
Debt to Equity ratio	1.11	1.53	1.63
Interest Bearing Debt to Equity ratio	0.06	0.40	0.48
Return on Asset	19.4%	19.3%	19.5%
Return on Equity	29.5%	34.8%	39.1%

As of September 30, 2016. FSMART had a decrease of Current ratio at 0.51 times, mainly from decreasing of cash and cash equivalents but increasing of current liabilities such as short-term loans, current portion of long-term loans and retention received from service representatives.

Debt to Equity ratio increased to 1.63 times, mainly from loans and retention received from service representatives. However, almost 80% of total debt were trade payable and retention received which had no interest-bearing liabilities.

Interest-bearing debt to Equity ratio increased to 0.48 times, mainly from loans for investment and working capital.

Return on Asset stood at 19.5% similar to the same period last year because of effective management.

Return on Equity stood at 39.1% and it tends to grow because of consistently paying dividend and FSMART's profitability.

2016 Management Outlook

- Number of “Boonterm kiosk” 90,000 kiosks covering nationwide
- Total receipt amount through “Boonterm kiosk” Bt21,000mn
- New services such as ticketing service, e-money and weight scale

FSMART forecasted that the total receipt amount through “Boonterm kiosk” would grow at a CAGR of 29% per year (2016-2018) and FSMART will continue to increase the number of kiosks not less than 24,000 kiosks per year. In 2016, FSMART continues to target the total receipt amount through “Boonterm kiosk” at Bt21,000mn from 90,000 kiosks nationwide together with the development of new products and service quality improvement strategies.

FSMART aims to be the leader of payment channel with the most comprehensive network in Thailand. FSMART focuses on generating revenues growth from 5 digital retail channels consisting of top-up service for prepaid mobile phone business, other online services business, bill payment service, E-Commerce business and advertising business. Moreover, in 2016, FSMART has been developed several services, contributing to a more sustainable revenues growth, such as money transfer service, ticketing service, e-money, weight scale, etc.

In the first half of 2016, FSMART has been granted to be a money transfer service agent of the Krungthai Bank. At present, FSMART is in approval process by the Bank of Thailand to be an agent of another bank and expected to launch the service in this year. Moreover, FSMART planned to deal with other banks as their agent to increase number of services and customers’ convenience.

In this year, FSMART targeted to install 20,000 units of weight scale nationwide, which is an add-on service to generate higher revenues.

FSMART established Forth Smart Trading Company Limited, the subsidiary, to operate other businesses apart from the “Boonterm” kiosks which generates revenues from other sources such as ticketing service through the House of Ticket website.

In the near future, FSMART strives to develop e-wallet mobile application to make payments and transactions due to the increasing of smartphones usage.