



บริษัท ฟอर्थ สมาร์ท เซอร์วิส จำกัด(มหาชน)
FORTH SMART SERVICE PUBLIC COMPANY LIMITED

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FS. 09/2015

May 8, 2015

Subject: Management Discussion and Analysis of Financial Positions and operating results
 To: Director and Manager
 The Stock Exchange of Thailand

Forth Smart Service Public Company Limited (“FSMART”) would like to report on Management Discussion and Analysis of Financial Positions and operating results for the 1st quarter ended March 31, 2015. The details are as follows:

1. Analysis of operating performance

1.1 Overview of business operations

FSMART operates principally engaged in rendering of top-up service for prepaid phone (Pre-paid) and other online services through online top-up machines under the trademark of “Boonterm”. The process of doing transactions at FSMART began of the customers to pay for rendering of top-up service for prepaid phone and other online services along with the fee (Service Charge) through online top-up machines or “Boonterm kiosk” at the same time. The Company’s agents, which have been appointed by FSMART will collect money from “Boonterm kiosk” and transfer all money to FSMART. For the 1st quarter, FSMART’s total receipt amount from rendering of top-up service along with the service charge through “Boonterm kiosk” increased steadily. The details are shown as table below;

	1 st Q	4 th Q		%	1 st Q		%
	2015	2014	QoQ	QoQ	2014	YoY	YoY
Total receipt amount through “Boonterm kiosk” (Million Baht)	3,288	2,982	306	10%	2,310	978	42%

In 1Q15, total receipt amount from rendering of top-up service along with the service charge through “Boonterm kiosk” of FSMART was Baht 3,288 million, increasing 10% QOQ and increasing 42% YoY. As the growth of 1Q15 ,the management has revised FY15 target growth of total receipt amount through “Boonterm kiosk” to Baht 15,000 million, up from Baht 14,000 million and revised number of “Boonterm kiosk” to 60,000 kiosks as the year ended, up from 57,000 kiosks. The details are shown as table below;

	2014	2015 (Old target)	2015 (Revised target)
Total receipt amount through “Boonterm kiosk” (Million Baht)	10,550	14,000	15,000
Number of “Boonterm kiosk” as the period ended (Kiosks)	42,859	57,000	60,000

The reasons of 1st quarter operating result are as follows;

1) An increasing number of “Boonterm kiosk” FSMART continue to expand our “Boonterm kiosk” to all regions of the country, the details are shown as below.

	1 st Q 2014	2 nd Q 2014	3 rd Q 2014	4 th Q 2014	1 st Q 2015
Number of “Boonterm kiosk” as the period ended (Kiosks)	34,996	37,311	39,769	42,859	47,392

2) the efficiency of company management such as

2.1 Variety of service applications, which as of March 31, 2015, “Boonterm kiosk” offers services through 57 applications, increasing from 50 applications as of December 31, 2014

2.2 The radio, newspaper and television advertising as well as roadshow activities such as Thairath newspaper, 18 community radio stations, TV sponsorship “Thai Boxing” etc. The road show activities such as “Rally roadshow Boonterm family” at Rayong province “Boonterm rich roadshow” at Nakhonratchasima and Mahasarakram province etc.

2.3 The sales promotions such as “Boonterm...Top-up and get a prize 2nd year”

2.4 The effectiveness for rendering of the online service system “Boonterm kiosk” which is quick, accuracy and reliability, Customer service (Call Center) that can solve problems for customers in the short time for 24 hours a day as well as the active call center, which monitoring and solving problem of customer without waiting the incoming call.

3) The payment through “Boonterm kiosk” has been becoming increasingly popular from customers. Caused by installation of “Boonterm kiosk” for a period of time until customers have learned how to make payment through “Boonterm kiosk” includes customer awareness the location of “Boonterm kiosk”, to cause a repeat continuously.

The Company is rendering of top-up service through online top-up machines of “Boonterm kiosk” which is not operators directly. Therefore, the company's revenue is recognized in the income from rendering of top-up service for prepaid phone and other online service (Commission) which has been provided by the operators and income from rendering of services through “Boonterm kiosk” (Service charge) which has been provided by customers, which is analyzed in the next section.

1.2 Operating performance and profitability

Total revenue

For 1Q15, FSMART’s total revenues were Baht 361 million, increasing of Baht 107 million or 39% YoY, increased in line with the growing of total receipt amount through “Boonterm kiosk”. Total revenue can be separated as below;

The table is shown the type of revenue for the 1Q15

Type of revenue	1Q15		1Q14		Increase / (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Income from rendering of services through online top-up machines “Boonterm kiosk” (Service charge)	136	38%	95	37%	41	43%
Income from rendering of top-up service for prepaid phone and other online service (Commission)	194	54%	143	56%	51	36%
Entrance fee income	1	0%	2	1%	(1)	(50%)



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Advertising income	1	0%	-	-	1	-
Total revenue from core business (4 items)	332	92%	240	94%	92	38%
Sales of goods	7	2%	4	2%	3	75%
Other income	22	6%	10	4%	12	120%
Total revenues	361	100%	254	100%	107	42%

1) Income from rendering of services through online top-up machines “Boonterm kiosk” (Service charge) For 1Q15, were Baht 136 million, increasing of Baht 41 million or 43% YoY, , increased in line with the growth of total receipt amount through “Boonterm kiosk”.

2) Income from rendering of top-up service for prepaid phone and other online service (Commission) For 1Q15, were Baht 194 million, increasing of Baht 51 million or 36% YoY, increased in line with the growth of total receipt amount through “Boonterm kiosk”.

3) Advertising revenue For 1Q15, The advertising revenue was recognized Baht 1 million, from the cooperation with strategic partner to expand the advertising business.

4) Total revenue from core business (4 items) For 1Q15, were Baht 332 million, increasing of Baht 92 million or 38% YoY, increased in line with the growth of total receipt amount through “Boonterm kiosk”, increasing the number of “Boonterm kiosk”, the efficiency of company management and the popular of using “Boonterm kiosk” with described above.

5) Other income For 1Q15, were Baht 22 million, increasing of Baht 12 million or 120% YoY, mainly from interests ,the growth of total receipt amount through “Boonterm kiosk” and the increasing in the number of “Boonterm kiosk”.

Gross profit margin and net profit margin

The table is shown the proportion of gross profit and net profit to total revenue from core business (4 items) for 1Q15

Income statements	1Q15		1Q14		Increases / (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Total revenue from core business (4 items)	332	100.0%	240	100.0%	92	38%
Cost of services	242	72.9%	175	72.9%	67	38%
Gross profit	90	27.1%	65	27.1%	25	38%
Service & Administrative expenses	36	10.8%	31	12.9%	5	16%
Operating profit	54	16.3%	34	14.2%	20	59%
Finance costs	4	1.2%	5	2.1%	(1)	(20%)
Other income	23	6.9%	10	4.2%	13	130%
Income tax expenses	15	4.5%	9	3.8%	6	67%
Net profit	57	17.2%	31	12.9%	26	84%

1) **Gross profit margin** For 1Q15 was 27.1%, the same with 1Q14 from the efficiency of cost of service management.

2) **Net profit margin** For 1Q15 was 17.2%, up from 12.9% in 1Q14, which was primarily due to the same gross profit margin from cost of services management, the efficient control of service & administrative expenses, which some expenses were fixed cost and the employees expenses, which were the major expenses, increasing in the lower rate when comparing with revenue growth and the higher of other income which described above.

2. Financial position

2.1 Total assets

Statement of financial position	March 31, 2015		December 31, 2014		Increase / (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current assets	809	46%	901	50%	(92)	(10%)
Non-current assets	968	54%	884	50%	84	10%
Total assets	1,777	100%	1,785	100%	(8)	(0%)

As of March 31, 2015, FSMART's total assets were Baht 1,777 million, decreasing Baht 8 million from as of December 31, 2014, mainly due to the decreasing of current assets as lower Prepaid telephone charges and the increasing of non-current assets as the increasing of "Boonterm kiosk" which in line with business growth.

2.2 Total liabilities and shareholders' equity

Statement of financial position	Marach 31, 2015		December 31, 2014		Increase / (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current liabilities	679	38%	702	39%	(23)	(3%)
Non-current liabilities	31	2%	73	4%	(42)	(58%)
Total liabilities	710	40%	775	43%	(65)	(8%)
Total shareholders' equity	1,067	60%	1,010	57%	57	6%
Total liabilities and shareholders' equity	1,777	100%	1,785	100%	(8)	(0%)

As of March 31, 2015, FSMART's total liabilities were Baht 710 million, decreasing of Baht 65 million from as of December 31, 2014, mainly from repayment of loans.

As of March 31, 2015, FSMART's total shareholders' equity were Baht 1,067 million, increased by Baht 57 million which mainly due to higher retained earnings amount to Baht 57 million from business operation.

2.3 Current ratio and capital structure

Financial ratio	March 31, 2015	December 31, 2014
Current ratio (times)	1.19	1.28
Interest-bearing debt to equity ratio (times)	0.07	0.17
Debt to equity ratio (times)	0.67	0.77



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As of March 31, 2015, FSMART's current ratio decreased from 1.28 times to 1.19 times, mainly from the lower of current assets as described above.

FSMART has the strong of financial position, evidenced by as of March 31, 2015, FSMART's interest-bearing debt to equity ratio decreased from 0.17 times to 0.07 times, mainly from repayment of loans and the higher of shareholders' equity as an increasing of retained earnings. Debt to equity ratio was 0.67 times, down from 0.77 times.

Please be informed accordingly.

Yours faithfully,

Forth Smart Service Public Company Limited.

(Narongsak Lertsuptavee)

Assistant managing director