



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

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FS. 01/2014

October 13, 2014

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 2nd quarter ended June 30, 2014. 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. In the 3 years ago (Year 2011 – 2013) and for the first 6 months of 2014, 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;

	2011	2012	2013	1H 2013	1H 2014
Total receipt amount through “Boonterm kiosk” (Million Baht)	2,768	4,595	7,289	3,351	4,820
“Boonterm kiosk” as the period ended (Kiosks)	16,518	23,167	32,692	27,845	37,311

Total receipt amount from rendering of top-up service along with the service charge through “Boonterm kiosk” of FSMART is growing steadily. Determined for the 3 years ago (Year 2011 – 2013), the total value of service growth is the Compound Annual Growth Rate of average per year (CAGR) of 62.27% or



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average increase of Baht 2,261 million per year and for the first 6 months of 2014, increasing of 44% or Baht 1,469 million from the same period in the prior year. The reasons are as follows;

1) An increasing number of “Boonterm kiosk” FSMART continue to expand our service location “Boonterm kiosk” to all regions of the country, average increase of 8,087 kiosks per year for the 3 years ago (Year 2011 – 2013) and increasing 9,466 kiosk during the period from June 30, 2013 to June 30, 2014.

2) the efficiency of company management such as variety of service applications, which as at June 30, 2014, “Boonterm kiosk” offers applications more than 42 items, the advertising and the sale promotions of FSMART such as “SMEs Commodities Update” “Using Boonterm everyday, get a chance to get motorcycle every month” the effectiveness for rendering of the online service system “Boonterm kiosk” that is quick, accuracy and reliability. Customer service (Call Center) that can solve problems for customers in the short time for 24 hours a day.

3) The payment through “Boonterm kiosk” has been becoming increasingly popular from customers. Caused by installation of “Boonterm kiosk” is 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 the 2nd quarter of 2014, FSMART's total revenues were Baht 276 million, increasing of Baht 82.5 million or growing of 43% from the same period in the prior year, 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 2nd quarter of 2014

Type of revenue	Q2 / 2014		Q2 / 2013		Increase / (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Income from rendering of services through online top-up machines “Boonterm kiosk” (Service charge)	153	55%	111	58%	42	38%
Income from rendering of top-up service for prepaid phone and other online service (Commission)	105	38%	70	36%	35	50%
Sales of goods	4	1%	2	1%	2	100%
Entrance fee income	2	1%	2	1%	-	-
Total revenue from core business (4 items)	264	95%	185	96%	79	43%
Other income	12	5%	9	4%	3	33%
Total revenues	276	100%	194	100%	82	43%

1) **Income from rendering of services through online top-up machines “Boonterm kiosk” (Service charge)** For the 2nd quarter of 2014, were Baht 153 million, increasing of Baht 42 million or growing of 38% from the same period in the prior year, 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 the 2nd quarter of 2014, were Baht 105 million, increasing of Baht 35 million or growing of 50% from the same period in the prior year, increased in line with the growth of total receipt amount through “Boonterm kiosk”.

3) **Total revenue from core business (4 items)** For the 2nd quarter of 2014, were Baht 264 million, increasing of Baht 79 million or growing of 43% from the same period in the prior year, increased in line with the growing 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.

4) **Other income** For the 2nd quarter of 2014, were Baht 12 million, increasing of Baht 3 million or growth of 33% from the same period in the prior year, a significant portion of income increases caused by the increase in the number of “Boonterm kiosk”, resulting in an increase in other income as well.

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 the 2nd quarter of 2014

Income statements	Q2 / 2014		2Q / 2013		Increases / (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Total revenue from core business (4 items)	264	100.0%	185	100.0%	79	43%
Cost of sales and services	199	75.4%	139	75.1%	60	43%
Gross profit	65	24.6%	46	24.9%	19	41%
Service & Administrative expenses	30	11.3%	21	11.4%	9	43%
Operating profit	35	13.3%	25	13.5%	10	40%
Finance costs	5	1.9%	4	2.7%	1	25%
Other income	12	4.9%	8	4.9%	4	50%
Income tax expenses	8	3.4%	6	3.3%	2	33%
Net profit	34	12.9%	23	12.4%	11	48%

1) **Gross profit margin** For the 2nd quarter of 2014 was 24.6%, down slightly of 24.9% from the prior year, which is due to the increased sales of “Boonterm kiosk” on the special discount to service representatives.

2) **Net profit margin** For the 2nd quarter of 2014 was 12.9% in the same prior year at 12.4% which was primarily due to the efficient control of service and administrative expenses include financial cost.

2. Financial position

2.1 Total assets

Statement of financial position	June 30, 2014		December 31, 2013		Increase / (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current assets	408	34%	417	37%	(9)	(2%)
Non-current assets	784	66%	717	63%	67	9%
Total assets	1,192	100%	1,134	100%	58	5%

As at 30 June, 2014 FSMART’s total assets was Baht 1,192 million, an increase from as at 31 December, 2013 amounted to Baht 58 million or growing of 5%, mainly due to increasing of online top-up machines or “Boonterm kiosk” which in line with business grows.



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2.2 Total liabilities and shareholders' equity

Statement of financial position	June 30, 2014		December 31, 2013		Increase / (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Total liabilities	758	64%	765	67%	(7)	(1%)
Total shareholders' equity	434	36%	369	33%	65	18%
Total liabilities and shareholders' equity	1,192	100%	1,134	100%	58	5%

As at 30 June, 2014 FSMART's total liabilities was Baht 758 million, in line with as at 31 December, 2013. Total shareholders' equity increased by Baht 65 million which due to higher retained earning.

Please be informed accordingly.

Yours faithfully,

(Narongsak Lertsuptavee)

Assistant managing director