



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

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FS. 05/2014

November 12, 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 3rd quarter ended September 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 9 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	9M 2013	9M 2014
Total receipt amount through “Boonterm kiosk” (Million Baht)	2,768	4,595	7,289	5,170	7,529
“Boonterm kiosk” as the period ended (Kiosks)	16,518	23,167	32,692	30,072	39,769

Total receipt amount from rendering of top-up service along with the service charge through “Boonterm kiosk” of FSMART is growing steadily, evidenced by the Compound Annual Growth Rate (CAGR) of 62.27% or an average annual growth rate of Baht 2,261 million during the period from 2011 to 2013 and the



increasing of Baht 2,359 million or 46% for the first 9 months of 2014 from the same period of last 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 9,697 kiosks during the period from September 30, 2013 to September 30, 2014.

2) the efficiency of company management such as variety of service applications, which as at September 30, 2014, “Boonterm kiosk” offers applications more than 49 items, the radio and newspaper advertising, road show activities “SMEs Commodities Update” at Chiang-mai and Bangkok, the sale promotions such as “Using Boonterm everyday, get a chance to get motorcycle every month”, “watching football world cup, get lucky from Boonterm”, 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 3rd quarter of 2014, FSMART’s total revenues were Baht 300 million, increasing of Baht 78 million or 35% 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 3rd quarter of 2014

Type of revenue	Q3 / 2014		Q3 / 2013		Increase / (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Income from rendering of services through online top-up machines “Boonterm kiosk” (Service charge)	166	56%	128	58%	38	30%
Income from rendering of top-up service for prepaid phone and other online service (Commission)	112	37%	79	36%	33	42%
Sales of goods	4	1%	3	1%	1	33%
Entrance fee income	2	1%	3	1%	-1	-33%
Total revenue from core business (4 items)	284	95%	213	96%	71	33%
Other income	16	5%	9	4%	7	78%
Total revenues	300	100%	222	100%	78	35%

1) **Income from rendering of services through online top-up machines “Boonterm kiosk” (Service charge)** For the 3rd quarter of 2014, were Baht 166 million, increasing of Baht 38 million or 30% 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 3rd quarter of 2014, were Baht 112 million, increasing of Baht 33 million or 42% 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 3rd quarter of 2014, were Baht 284 million, increasing of Baht 71 million or 33% from the same period in the prior year, 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.

4) **Other income** For the 3rd quarter of 2014, were Baht 16 million, increasing of Baht 7 million or 78% from the same period in the prior year, mainly from 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 the 3rd quarter of 2014

Income statements	3 rd Q / 2014		3 rd Q / 2013		Increases / (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Total revenue from core business (4 items)	284	100.0%	213	100.0%	71	33%
Cost of sales and services	215	75.7%	153	71.8%	62	41%
Gross profit	69	24.3%	60	28.2%	9	15%
Service & Administrative expenses	35	12.3%	23	10.8%	12	52%
Operating profit	34	12.0%	37	17.4%	-3	-8%
Finance costs	6	2.1%	5	2.3%	1	20%
Other income	16	5.6%	9	4.2%	7	78%
Income tax expenses	9	3.2%	8	3.8%	1	13%
Net profit	35	12.3%	33	15.5%	2	6%

1) **Gross profit margin** For the 3rd quarter of 2014 was 24.3%, down from 28.2% from the same period of prior year, which is due to the rebate of communication expense (GPRS fee) in 3rd 2013, which resulted in higher gross profit margin than average gross profit margin.

2) **Net profit margin** For the 3rd quarter of 2014 was 12.3%, down from 15.5% from the same period of prior year, which was primarily due to the lower gross profit margin and the higher administrative expenses from relocating its head quarter and the expense from being a listed company.

2. Financial position

2.1 Total assets

Statement of financial position	September 30, 2014		December 31, 2013		Increase / (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current assets	438	35%	417	37%	21	5%
Non-current assets	826	65%	717	63%	109	15%
Total assets	1,264	100%	1,134	100%	130	11%



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As at 30 September, 2014 FSMART's total assets was Baht 1, 264 million, an increase from as at 31 December, 2013 amounted to Baht 130 million or growing of 11%, mainly due to increasing of online top-up machines or "Boonterm kiosk" which in line with business growth.

2.2 Total liabilities and shareholders' equity

Statement of financial position	September 30, 2014		December 31, 2013		Increase / (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Total liabilities	795	63%	765	67%	30	4%
Total shareholders' equity	469	37%	369	33%	100	27%
Total liabilities and shareholders' equity	1,264	100%	1,134	100%	130	11%

As at 30 September, 2014 FSMART's total liabilities was Baht 795 million, in line with as at 31 December, 2013. Total shareholders' equity increased by Baht 100 million which due to higher retained earning.

Please be informed accordingly.

Yours faithfully,

(Narongsak Lertsuptavee)

Assistant managing director