

Ref: IR59/017

9 November 2017

Subject: Management Discussion and Analysis, 3rd Quarter Ending 30 September 2017
 To : President
 The Stock Exchange of Thailand

Pursuant to JMT Network Services PCL. (“the Company”) No.5/2017 on 9 November 2017, the resolution to certify the financial statements and performance of the Company and the Company’s subsidiaries for the third quarter ending 30 September 2017, which has already been examined by the Company’s auditor, the results can be summarized as follows:

The performance of the Company and the Company’s subsidiaries for the 3rd quarter of 2017, the consolidated financial statement showed a net profit of 98.8 million baht, which was an increase from the 3rd quarter of 2016 at 91.9 percent. The Company’s net profit margin stood at 28.2 percent. An increase of net profit was a result of the Company has higher revenues from collection of purchased accounts receivables which has a good margin. For 9-months period of 2017, the Company’s net profit was 296.8 million baht which increased 315.4 percent from the same period last year. This represents the Company’s net profit margin of 29.6 percent in 9-months period of 2017. Thus, the details of the Company group can be described as follows:

Revenues

	Q3/2560	Q3/2559	Change %	9M/2560	9M/2559	Change %
	MB.	MB.		MB.	MB.	
Services income from debts collection and others	60.5	33.9	78.5%	177.0	86.1	105.6%
Revenues from collection of purchased accounts receivable	288.9	191.6	50.8%	820.8	534.3	53.6%
Interest income and related income	1.0	77.0	-98.7%	3.7	155.5	-97.6%
Total Revenues	350.4	302.5	15.8%	1,001.5	775.9	29.1%

Total Revenues

The Company's total income for the 3rd quarter of 2017 equaled 350.3 million baht, which was an increase from the same period for the previous year by 47.9 million baht or an increase of 15.8 percent due to:

1. Increased income from debt collection services and other income by 26.6 million baht or an increase of 78.5 percent.
2. Increased revenues from collection of purchased accounted receivables increase 97.3 million baht or an increase of 50.8 percent as a result of the Company can achieve a higher cash collection which as a result of distress debt that the Company acquired since late of 2016 until Q3/2017.
3. Interest income and other income decrease by 76.0 million baht due to the Company no longer consolidated interest income revenues from J Fintech Co., Ltd.

For 9-months period of 2017, the Company's total revenue was 1,001.6 million baht which increased 225.6 million baht or 29.1 percent from the same period last year. This was because the Company can collect more from account receivables and increasing of interest income and other revenues.

Cost of Services

The Company incurred service costs for the 3rd quarter of 2017 equal to 152.4 million baht more than the 3rd quarter of 2016 53.7 million baht or increase 54.5 percent as compare to the third quarter last year. For 9-months period of 2017, the Company's service costs were 416.4 million baht which increased 144.7 million baht or 53.2% increase from the same period last year. The primarily reason was an increasing of employee remuneration as a result of debt collection business expansion.

Gross Profit

The Company had a gross profit in consolidated financial statement the 3rd quarter of 2017 equal to 198.0 million baht that was decrease 5.8 million baht or 2.9 percent lower than the 3rd quarter of 2016. For 9-months period of 2017, the gross profit was 585.2 million baht which increase 81.0 million baht or 16.1% increase from the same period last year. An increasing of gross profit mainly came from an increasing of gross profit proportion in revenues increase from collection of purchased accounted receivables which yield higher gross margin.

Administrative Expenses

The Company had administrative expenses for the 3rd quarter of 2017 equal to 57.8 million baht, which was decrease 62.0 million baht or 51.7 percent higher than the same period last year. For 9-months period of 2017, the Company's administrative expense was 161.8 million baht which decline 177.5 million baht or 52.3% decrease from the same period last in 2015 due to the Company did not have allowance for doubtful debt in J Fintech Co., Ltd.

Summary of Financial Statement

	As of 30 Sep 2017		As of 31 Dec 2016		% Change	
	MB.	%	MB.	%	MB.	%
Cash and cash equivalents	89.6	2.1%	111.0	2.7%	-21.4	-19.3%
Current portion of loans receivable from purchase of accounts receivable	489.2	11.6%	427.1	10.3%	62.1	14.5%
Short-term loans to related parties	-	0.0%	219.5	5.3%	-219.5	-100.0%
Refundable value added tax	62.5	1.5%	62.5	1.5%	0.0	0.0%
Total current assets	771.7	18.4%	916.9	22.0%	-145.2	-15.8%
Loans receivable from purchase of accounts receivable - net	3,173.7	75.5%	3,021.1	72.6%	152.6	5.0%
Other long-term investment	104.3	2.5%	104.3	2.5%	0.0	0.0%
Equipment	87.8	2.1%	53.2	1.3%	34.6	65.0%
Total non-current assets	3,429.9	81.6%	3,247.1	78.0%	182.8	5.6%
Total Assets	4,201.5	100.0%	4,164.0	100.0%	37.5	0.9%
Liabilities and Shareholders' Equity						
Short-term loans from financial institutions	232.8	5.5%	-	0.0%	232.8	100%
Trade and other payables	60.6	1.4%	320.7	7.7%	-260.1	-81.1%
Current portion of debentures	209.8	5.0%	609.4	14.6%	-399.6	-65.6%
Short-term loans	547.0	13.0%	592.5	14.2%	-45.5	-7.7%
Total current liabilities	1,164.1	27.7%	1,665.9	40.0%	-501.8	-30.1%
Long-term loans - net of current portion	144.1	3.4%	-	0.0%	144.1	100%
Debentures - net	848.3	20.2%	548.9	13.2%	299.4	54.5%
Total non-current liabilities	1,009.2	24.0%	562.2	13.5%	447.0	79.5%
Total Liabilities	2,173.3	51.7%	2,228.1	53.5%	-54.8	-2.5%
Total Shareholder's Equity	2,028.2	48.3%	1,935.8	46.5%	92.4	4.8%

Assets

As of the period ending 30 September 2017, the Company had total assets equal to 4,201.5 million baht more than as the ending of 2016 equal to 37.6 million baht or 0.9 percent due to an increasing in investment in account receivables. However, loan to related parties was decrease due to the repay loan from related parties.

Liabilities & Shareholder's Equity

As for the period ending 30 September 2017, the Company had total liabilities equal to 2,173.3 million baht more than as ending of 2016 at 54.8 million baht or 2.5 percent due to the Company repay the short-term debt and issue more debentures to replace short-term debt to control finance cost incur in future, while shareholders' equity equal to 2,028.2 million baht which increase 92.4 million baht as a result of share premium increase from JMT-W1 conversion in late of 3rd quarter.

As ending of Q3/2017, the Company's total debt to equity ratio stood at 1.07 times while interest bearing debt to equity ratio was 1.02 times.

Looking forward

The trend of collection of purchased accounted receivables business still performing well in the future. Currently, the Company was studying to acquire more distress debt both secure and non-secure distress debt which will be an asset to grow revenues from debt collection in the future.

Oversea business, JMT Cambodia Co., Ltd, just inaugurate its operation which expect to enhance revenues and return. However, during the begging of its operation JMT Cambodia Co., Ltd incurred a set-up of company and operation. But it will not have a material impact on the overall performance of the Company.

Thus, you have been informed for your acknowledgement

Sincerely Yours,

- *Singed* -

(Mr.Wongsakorn Kittitrakulkarn)
Company Secretary

Investor Relations Department
JMT Network Services PCL.