

Ref. IR61/12

10 August 2018

Subject: Management Discussion and Analysis, 2nd Quarter Ending 30 June 2018
 To : President
 Stock Exchange of Thailand

Pursuant to JMT Network Services PCL. (“the Company”) No. 4/2018 on 10 August 2018, the resolution to certify the financial statements and performance of the Company and the Company’s subsidiaries for the second quarter ending 30 June 2018, which has already been examined by the Company’s auditor, the results can be summarized as follows:

Overview of Performance

The performance of the Company and the Company’s subsidiaries for the second quarter of 2018, the consolidated financial statement showed a net profit of 119.9 million baht, which was a lower from the second quarter of 2017 3.9 percent. This represent net profit margin 26.7%. The Company’s the 6-months end of 2018 net profit was 236.0 million Baht, which was higher than the same period last year 19.2%. The Company’s 6-month end net profit margin stood at 27.8%. An increase of net profit was a result of the Company has higher revenues from collection of purchased accounts receivables. Thus, the details of the Company group can be described as follows:

Summary of Income Statement

Unit: Million

	Q2/2017	Q2/2018	% Change	6M/2017	6M/2018	% Change
Services income from debts collection and others	55.4	65.4	18.1%	116.5	124.1	6.5%
Revenues from collection of purchased accounts receivables	322.7	350.7	8.7%	532.0	691.7	30.0%
Revenues from Insurance	-	32.6		-	32.6	
Total Revenues	379.3	449.0	18.4%	651.2	849.1	30.4%
Cost of services	(144.4)	(155.9)	8.0%	(264.0)	(307.5)	16.5%
Insurance Expenses	-	(22.2)	100.0%	-	(22.2)	100.0%
Gross Profit	235.0	270.9	15.3%	387.2	519.3	34.1%
Administrative Expenses	(57.3)	(83.9)	46.4%	(103.9)	(146.1)	40.6%

	Q2/2017	Q2/2018	% Change	6M/2017	6M/2018	% Change
Operating Profit	178.9	190.4	6.4%	286.8	377.5	31.6%
Finance Cost	(18.2)	(30.6)	68.1%	(34.5)	(58.3)	69.0%
Tax Expenses	(35.9)	(39.3)	9.6%	(54.2)	(82.5)	52.2%
Net Profit attribute to Equity Holder of the Company	124.8	119.9	-3.9%	198.0	236.0	19.2%

Total Revenues

The Company's total income for the second quarter of 2018 equaled 449.0 million baht, which was an increase from the same period for the previous year by 69.7 million baht or an increase of 18.4 percent. While the Company's total income for the 6-month end was 849.1 million baht which increase from the same period last year 197.9 million baht or 30.4% increase due to:

1. Income from debt collection services and other income for Q2/2018 was 65.4 million baht increase by 10 million baht or an increase of 18.1 percent. For 6 month-end of 2018 was 124.1 million baht increase by 7.6 million baht or an increase 6.5% from the same period last year.
2. Revenues from collection of purchased accounts receivables equal to 350.7 million baht increase by 28 million baht or an increase of 8.7 percent. For the 6 month-end of 2018, the Company' revenues from collection of purchased accounts receivables was 691.7 million baht or an increase 159.7 million baht or an increase 30.0% from the same period last year. This was as a result of the Company collection efficiency increase. The revenues from collection of purchase accounts receivables accounted for 81.5 of total revenues.
3. Insurance income was 32.6 million baht which was the Insurance Company business consolidated revenues since second quarter of 2018.

An increase of total revenues in 6 months in 2018 is in line with the Company's of the total revenues growth target.

Cost of Services

The Company incurred service costs for the second quarter of 2018 equal to 155.9 million baht more than the second quarter of 2017 11.5 million baht or increase 8.0 percent as compare to the second quarter last year. For the 6 month period of 2018, the Company' cost of services was 307.5 million baht increase 43.5 million baht or 16.5%. Cost of services increase was primarily from employee remuneration cost due to its business expansion. The company also incurred cost

from insurance business amount 22.2 million baht which consolidate from insurance business acquire recently.

Gross Profit

The Company had a gross profit in consolidate financial statement for the second quarter of 2018 equal to 270.9 million baht that was increase 35.9 million baht or 15.3 percent higher than the second quarter of 2017. While the 6 month period of 2018, the Company's gross profit showed 519.3 million baht. This represents the Gross Profit margin of 61.2%. An increase of the Company's gross profit was as a result of the proportion of high margin revenues increase such as revenues from collection of purchased accounts receivables.

Administrative Expenses

The Company had administrative expenses for the second quarter of 2018 equal to 83.9 million baht, which was increase 26.6 million baht or 46.4 percent lower than the same period last year. For the 6 month period of 2018, the Company's administrative expenses was 146.1 million baht an increasing of 42.2 million baht or 40.6% due to cost of employee from business expansion and one time financial advisor expenses from insurance business acquisition.

Assets

As of the period ending 30 June 2018, the Company had total assets equal to 7,613.7 million baht higher than 2017 equal to 2,365.8 million baht or 45.1 percent due to the Company increased investment in account receivables and the excess of acquisition cost over estimated value of interest acquired in net assets of a subsidiary.

Liabilities & Shareholder's Equity

As for the period ending 30 June 2018, the Company had total liabilities equal to 4,173.8 million baht more than 2017 at 1,251.1 million baht or 42.8 percent due to the Company has more short-term loan from financial institutions, account receivables and other receivables and liabilities from insurance increase. Whereas, the Company's shareholder 'equity was 3,439.9 million baht, an increase by 1,114.7 million baht from the end of 2017 which mainly came form share premium increased from the last exercise of JMT warrant during the late of second quarter of 2018. The Company's Debt to Equity Ratio is 1.21 times and the Interest Bearing Debt to Equity Ratio is 1.03 times.

Thus, you have been informed for your acknowledgement

Sincerely Yours,

- *Singed* -

(Mr.Wongsakorn Kittitrakulkan)

Company Secretary

Investor Relations Department

JMT Network Services PCL.