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August 14, 2018

Subject Interim Management's Discussion and Analysis for the six months ended June 30, 2018

 To The President
The Stock Exchange of Thailand

Management Discussion and Analysis
Consolidated Financial Statements
For the six-month period ended June 30, 2018

Operating performance

Revenues

Type of Revenue	Jan-June 2018		Jan-June 2017	
	THB (m)	%	THB (m)	%
1. HR Solutions				
1.1 Human Resources and Payroll Outsourcing-services	119.48	46.98	109.78	46.89
1.2 Income from software and Human Resources System	81.48	32.03	64.91	27.73
Revenues from HR Solutions	200.96	79.01	174.69	74.62
2. Financial Solutions				
2.1 Enterprise Resource Planning	41.12	16.17	41.32	17.65
2.2 Accounting and Finance Outsourcing	7.97	3.13	14.03	5.99
Revenues from Financial Solutions	49.09	19.30	55.35	23.64
Sales and service income	250.05	98.31	230.04	98.26
3. Other income (*)	4.29	1.69	4.07	1.74
Total Revenues	254.34	100.00	234.11	100.00

Remark: (*) Other income consist of supporting money from software developers, gain from exchange rate, interest income, gain from sale of fixed assets and gain on investment

Sales and service income for the six-month period ended June 30, 2018 amounting to THB 250.05 million improved by THB 20.01 million or 8.70% (2017: THB 230.04 million) resulting from higher revenues from HR solutions. HR solutions grew by THB 26.27 million or 15.04% from the recognition of license income and implementation fee from projects in Thailand and Malaysia, as well as, moderate growth in recurring outsourcing income. Revenues from financial solutions decreased by THB 6.26 million or 11.31% to THB 49.09 million (2017: THB 55.35 million) due to loss of accounting services contracts with high revenue but low margin in mid-2017.

Cost and Gross margin

Cost of sales and services	Jan-June 2018		Jan-June 2017	
	THB (m)	Gross margin (%)	THB (m)	Gross margin (%)
Cost of sales and services-HR Solutions	110.62	44.95	112.43	35.64
Cost of sales and services-Financial Solutions	33.79	31.16	38.94	29.65
Total cost of sales and services	144.41	42.25	151.37	34.20

Gross margin increased by 805 basis point from 34.20% to 42.25%. Gross margin in HR solution improved significantly by 931 basis point from 35.64% to 44.95% attributing to higher productivity and recognition of license fee for implementation jobs in HR solution. In financial solution, despite a lower revenue of THB 6.26 million, we have managed to keep costs in check and raised gross margin by 151 basis point from 29.65% to 31.16%.

Administrative expenses

Administrative expenses for the six-month ended June 30, 2018 decreased by THB 5.17 million or 13.28% from THB 38.94 million to THB 33.77 million mainly due to the reversal of provision for doubtful debt THB 4.71 million after collection made in quarter 1.

Profit and net profit margin

Profit for the six-month period ended June 30, 2018 increased significantly by THB 28.78 million or 77.64% from THB 37.07 million to THB 65.85 million. The organic growth of HR solution and the push for greater productivity across all segments of our operation, as well as, the wrote back of bad debt provision of THB 4.71 million have resulted in an increase in net profit margin from 15.83% in 2017 to 25.89% in 2018.

Please be informed accordingly,

Yours Sincerely,



Mr. Soontorn Dentham

Chief Executive Officer