

**บริษัท โกลบอล เซอร์วิส เซ็นเตอร์ จำกัด (มหาชน)**

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**GLOBAL  
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PUBLIC COMPANY LIMITED****GLOBAL SERVICE CENTER PUBLIC COMPANY LIMITED**

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Date : 12 March 2019

Subject : Management Discussion and Analysis for the operating results for the year ended 31 December 2018

To : President

The Stock Exchange of Thailand

Global Service Center Public Company Limited ("the Company") would like to clarify the operating results for the year ended December 31, 2018 as follows:

Operating Results

Details	Financial Statements for the year ended					
	31 December 2017		31 December 2018		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Service income	151.53	99.79%	153.89	99.10%	2.36	1.56%
Other income	0.32	0.21%	1.39	0.90%	1.07	335.59%
<b>Total revenue</b>	<b>151.85</b>	<b>100.00%</b>	<b>155.28</b>	<b>100.00%</b>	<b>3.43</b>	<b>2.26%</b>
Cost of services	97.96	64.51%	103.25	66.49%	5.29	5.40%
<b>Gross profit</b>	<b>53.89</b>	<b>35.49%</b>	<b>52.03</b>	<b>33.51%</b>	<b>(1.86)</b>	<b>(3.45%)</b>
Selling and administrative expenses	21.30	14.02%	33.21	21.38%	11.91	55.92%
<b>Profit before finance cost and income tax</b>	<b>32.60</b>	<b>21.47%</b>	<b>18.83</b>	<b>12.12%</b>	<b>(13.77)</b>	<b>(42.24%)</b>
Finance cost	0.08	0.05%	0.04	0.03%	(0.03)	(42.12%)
<b>Profit before income tax</b>	<b>32.52</b>	<b>21.42%</b>	<b>18.78</b>	<b>12.10%</b>	<b>(13.74)</b>	<b>(42.24%)</b>
Income tax	6.36	4.19%	4.85	3.13%	(1.51)	(23.72%)
<b>Net profit</b>	<b>26.16</b>	<b>17.23%</b>	<b>13.93</b>	<b>8.97%</b>	<b>(12.23)</b>	<b>(46.75%)</b>

## Service income

The majority income of the Company derived from service income which accounted for 99.10% to 99.79% of total revenue. At the end of December 31, 2017 and December 31, 2018, the Company had income from services equal to 151.53 million baht and 153.89 million baht respectively. The details of service income are provided as follows:

	Separate Financial Statements for the year ended					
	31 December 2016		31 December 2017		31 December 2018	
	Million Baht	% <sup>(1)</sup>	Million Baht	% <sup>(1)</sup>	Million Baht	% <sup>(1)</sup>
Call center	104.69	77.33	108.25	71.44	102.34	66.50
Collection	30.69	22.67	43.28	28.56	51.55	33.50
<b>Service income</b>	<b>135.38</b>	<b>100.00</b>	<b>151.53</b>	<b>100.00</b>	<b>153.89</b>	<b>100.00</b>

**Note :** (1) % compared to service income.

Income from call center service was at 108.25 million baht and 102.34 million baht in 2017 and 2018, decreased 5.46% from the year 2017 due to some customers did not renew the contract and the volume of existing work was declined. Income from debt collection service was 43.28 million baht and 51.55 million baht in 2017 and 2018. In 2018, revenue from debt collection service increased at 19.11% compared to the year 2017 because the employees has more experience in debt collection business which resulting in the improvement of the revenue as well as the Company has new customers signed contract in 2018.

#### **Cost of services**

The Company's cost of services consists of employees' expenses, utilities, rental, depreciation and other costs directly related to service income. Most costs of the Company vary from the volume of work assigned by the company. The cost of services in 2018 was 103.25 million baht increased from 97.96 million baht in 2017 since in 2018, the company booked additional accrued bonuses while in the past the company paid compensation to employees only in the form of incentives. Therefore, there were both incentives and accrued bonuses recorded in 2018 while in 2017, there was only expenses for incentives.

#### **Selling and administrative expenses**

Selling and administrative expenses of the company consist of employees' expenses, rental, consulting expenses and other utilities, etc. Selling and administrative expenses in 2017 and 2018 equal to 21.30 million baht and 33.21 million baht, accounted to 14.05% and 21.58% of total service income, respectively. Most of the selling and administrative expenses are employees' expenses which accounted for approximately 6.60% to 13.21% of service income. The proportion of selling and administrative expenses in 2018 increased when compared to 2017 because there was accrued bonuses in 2018 while there was only incentives booked in the last year. Therefore, in 2018, there were both accrued bonus and incentives recorded as expenses. Moreover, employees' expenses increased from the transfer of employees from Asia Capital Group Public Company Limited and extra expenses related to preparation to be listed in the Market for Alternative Investment (MAI) of the Company such as audit fees and financial advisor, etc.

#### **Net profit**

Net profit was 26.16 million baht in 2017 and 13.93 million baht in 2018, or equivalent to net profit margin of 17.23% and 8.97% respectively. Net profit margin decreased mainly from accrued bonuses in 2018 and extra expenses related to preparation to be listed on the Market for Alternative Investment (MAI) as mentioned above.

Statement of Financial Position

Details	Financial Statements for the year ended			
	31 December 2017	31 December 2018	Change	%
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	5.36	2.60	(2.77)	(51.57%)
Short-term investments	43.28	52.29	9.01	20.81%
Accounts receivable-related companies, net	2.19	0.44	(1.74)	(79.70%)
Accounts receivable, net	30.75	32.51	1.76	5.72%
Other current assets	9.97	4.79	(5.18)	(51.98%)
<b>Total current assets</b>	<b>91.56</b>	<b>92.63</b>	<b>1.07</b>	<b>1.17%</b>
<b>Non-current assets</b>				
Leasehold improvements and equipment, net	9.34	7.15	(2.19)	(23.46%)
Intangible assets, net	1.22	0.73	(0.49)	(40.03%)
Restricted cash	0.39	0.29	(0.10)	(25.48%)
Deferred tax asset	0.78	0.88	0.10	12.37%
Other non-current assets	0.14	0.44	0.30	208.98%
<b>Total non-current assets</b>	<b>11.87</b>	<b>9.49</b>	<b>(2.38)</b>	<b>(20.06%)</b>
<b>Total assets</b>	<b>103.43</b>	<b>102.12</b>	<b>(1.31)</b>	<b>(1.27%)</b>
<b>Liabilities and equity</b>				
<b>Current liabilities</b>				
Amount due to related companies	0.34	0.01	(0.33)	(97.56%)
Current portion of financial lease liabilities	0.60	0.47	(0.13)	(21.26%)
Accrued expenses	3.47	8.24	4.76	137.20%
Other current liabilities	4.76	4.99	0.23	4.84%
<b>Total current liabilities</b>	<b>9.17</b>	<b>13.71</b>	<b>4.54</b>	<b>49.45%</b>
<b>Non-current liabilities</b>				
Financial lease liabilities, net	0.47	-	(0.47)	(100.00%)
Employee benefit obligations	2.29	2.99	0.70	30.44%
<b>Total non-current liabilities</b>	<b>2.76</b>	<b>2.99</b>	<b>0.23</b>	<b>8.18%</b>
<b>Total liabilities</b>	<b>11.93</b>	<b>16.69</b>	<b>4.76</b>	<b>39.90%</b>
<b>Equity</b>				
Share capital	80.00	125.00	45.00	56.25%
Issued and paid-up share capital	80.00	80.00	-	-
Retain earnings				
Appropriated-legal reserve	0.10	0.80	0.70	696.44%

Details	Financial Statements for the year ended			
	31 December 2017	31 December 2018	Change	%
Unappropriated-retain earnings	11.39	4.63	(6.77)	(59.40%)
<b>Total equity</b>	<b>91.49</b>	<b>85.42</b>	<b>(6.07)</b>	<b>(6.64%)</b>
<b>Total liabilities and equity</b>	<b>103.43</b>	<b>102.12</b>	<b>(1.31)</b>	<b>(1.27%)</b>

Total assets as of December 31, 2017 and 2018 was at 103.43 million baht and 102.12 million baht, respectively. Total assets comprised of current assets which mainly included short-term investment and trade accounts receivable. While non-current assets included leasehold improvements and equipment. At the end of 2018, total assets declined slightly from the end of 2017 mainly from interim dividend payment of 20.00 million baht paid in 2018.

Total liabilities as of December 31, 2017 and 2018 was at 11.93 million baht and 16.69 million baht, respectively. Total liabilities comprised of current liabilities which mainly included accrued expenses and payable to the Revenue Department, etc. At the end of December 31, 2018, total liabilities increased from the end of 2017 due to accrued bonus in 2018.

Total shareholders' equity as of December 31, 2017 and 2018, equal to 91.49 million baht and 85.42 million baht respectively. Total shareholders' equity comprised of paid up capital and retained earnings. Shareholders' equity as of December 31, 2018 decreased because in 2018, the Company paid an interim dividend of 20.00 million baht while the Company's net profit was at 13.93 million baht.

Please be informed accordingly.

Yours Sincerely,

Global Service Center Public Company Limited

(Miss Sirinee Chimbantong)

Executive Vice President Accounting and Finance

Authorized Persons to Disclose Information