



August 9, 2019

Subject: Management discussion and analysis for second quarter ended June 30, 2019
Attention: The President,
The Stock Exchange of Thailand

Vintcom Technology Public Company Limited (the "Company") would like to submit the management discussion and analysis for the Company results of operations for second quarter ended June 30, 2019 and clarify for the Company results of operations, more than 20% from the same period of last year, as follows:

Operating Performance
Revenues

Type of Revenue	Consolidated financial statements			
	Second quarter, 2019		Second quarter, 2018	
	THB Million	%	THB Million	%
Revenue from sale	351.47	66.14	300.69	72.15
Revenue from rendering of services	178.80	33.64	111.31	26.71
Other income	1.16	0.22	4.74	1.14
Total revenue	531.43	100.00	416.74	100.00

1. Revenue from sale

For second quarter of 2019, the Company and its subsidiaries earned revenue from sale of goods THB 351.47 million, an increase from the same period in 2018 THB 50.78 million, or 16.89% resulting from increase in revenue from project sales to CLM countries THB 26.73 million and also included revenue of I-Secure THB 45.14 million.

2. Revenue from rendering of services

For second quarter of 2019, the Company and its subsidiaries earned revenue from rendering of services THB 178.80 million, an increase from the same period of last year THB 67.49 million, or 60.63%, resulting from increase in revenue from services provided in Thailand and also included revenue of I-Secure THB 26.57 million.

3. Other income

In second quarter of 2019, the Company and its subsidiaries had other income THB 1.16 million, a decrease from the same period of last year THB 3.58 million. The decrease mainly resulted from the decrease in gain on exchange rate.



Cost of sale of goods and rendering of services, and gross profit

	Consolidated financial statements			
	Second quarter, 2019		Second quarter, 2018	
	THB Million	%	THB Million	%
Revenue from sale of goods and rendering of services	530.27	100.00	412.00	100.00
Cost of sale of goods and rendering of services	422.81	79.73	352.00	85.44
Gross profit	107.46	20.27	60.00	14.56
Gross profit margin (%)		20.27		14.56

For second quarter of 2019, the Company and its subsidiaries' cost of sale of goods and rendering of services was THB 422.81 million. Compared to THB 352.00 million in the same period in 2018, there was an increase THB 70.81 million, or 20.12% less than increasing rate 28.71% of revenue from sale of goods and rendering of services. In addition, cost of sale of goods and rendering of services was 79.73% of revenue from sales of goods and rendering of services, decrease when compared to 85.44% in 2018. In sum, the gross profit was 20.27%, higher than 14.56% gross profit of the same period in 2018. The reason there was high profit margin from revenue of I-Secure which was included in this period.

Expenses

Distribution costs

For second quarter of 2019, the Company and its subsidiaries' distribution costs was THB 13.67 million, an increase from the same period in 2018 THB 4.32 million, or 46.21%, resulting from compensation for sales, the increasing in team members of sales department and rising of marketing expense to increase sales figures and the high percentage of distribution costs to total revenue of I-Secure which was included in this period. Distribution costs was 2.57% of total revenue, slightly higher than that in the same period of 2018 which was 2.24%.

Administrative expenses

For second quarter of 2019, the administrative expense was THB 55.96 million, increase from the same period in 2018 THB 18.97 million, or 51.30%. The administrative expense was 10.53% of total revenue, higher than that in the same period of last year (Second quarter in 2018: 8.88%). Mostly from the percentage of administrative expense to total revenue of I-Secure which was included in this period was high when compared to total revenue and result of past service cost from the provision for retirement benefits recognised during the three-month increased by an amount of THB 3.35 million.

Net Profit and Net Margin

For the operating results of second quarter of 2019, the Company's net profit THB 30.73 million, led to an increase of THB 18.36 million from the same period in 2018, or 148.41%. The net margin was 5.78%, increase from second quarter of 2018 which was 2.97%.



Financial Position

Assets

Majority of the Company and its subsidiaries' total assets composed of account receivables, other current receivables, cash and cash equivalent. The Company and its subsidiaries' total assets as at June 30, 2019 and December 31, 2018 were THB 1,016.05 million and THB 1,229.30 million, respectively. In sum, decrease in total assets was THB 213.25 million or 17.35%.

Cash and cash equivalent as at June 30, 2019 and December 31, 2018 was THB 213.92 million and THB 186.63 million, respectively. The THB 27.29 million increase was attributable to cash received from account receivables.

Account receivables and other current receivables as at June 30, 2019 and December 31, 2018 was THB 495.82 million and THB 747.87 million, respectively. The THB 252.05 million decrease was attributable to decreasing in account receivables amounting to THB 258.95 million.

Inventories as at June 30, 2019 and December 31, 2018 was THB 36.46 million and THB 36.21 million, respectively, increased THB 0.25 million.

Liabilities

Majority, or 82.03% of the Group's total liabilities was current liabilities consisting of trade and other current payables. Significant amount of non-current liabilities composed of other payable deriving from business combination and non-current provisions for employee benefit. The company's total liabilities as at June 30, 2019 and December 31, 2018 was THB 545.35 million and THB 767.36 million, respectively. The THB 222.01 million decrease in total liabilities, or 28.93% was mainly due to the payment of short-term borrowings from financial institution and account payable arising at the end of 2018.

Shareholders' Equity

Total shareholders' equities of the Company as at June 30, 2019 and December 31, 2018 was THB 412.60 million and THB 409.86 million, respectively. The increasing mainly due to net profit THB 39.19 million and dividend paid THB 36.000 million.

Please be informed accordingly.

Yours Sincerely,

(Mrs. Songsri Srirungrojitt)
Managing Director
Vintcom Technology Public Company Limited