

Ref. IR60/009

11 August 2017

Subject: Management Discussion and Analysis, 2<sup>nd</sup> Quarter Ending 30 June 2017  
 To : President  
 Stock Exchange of Thailand

Pursuant to JMT Network Services PCL. (“the Company”) No. 4/2017 on 11 August 2017, the resolution to certify the financial statements and performance of the Company and the Company’s subsidiaries for the second quarter ending 30 June 2017, 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 2017, the consolidated financial statement showed a net profit of 124.8 million baht, which was an increase from the second quarter of 2016 254.6 percent. This represent net profit margin of 32.9%. An increasing of net profit was primarily from higher in revenues from collection of purchase accounts receivables. While, the Company’s the 6-months end of 2017 net profit was 198.0 million Baht, which was higher than the same period last year 892.1%. The Company’s 6-month end net profit margin stood at 30.4%. 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:

### Revenues

|  | Q2/2017      | Q2/2016      | %Change      | 6M/2017      | 6M/2016      | %Change      |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Services income from debts collection and others           | 55.4         | 29.2         | 89.5%        | 116.5        | 52.2         | 123.2%       |
| Revenues from collection of purchased accounts receivables | 322.7        | 173.1        | 86.4%        | 532.0        | 342.7        | 55.2%        |
| Interest income and related income                         | 1.2          | 44.6         | -97.4%       | 2.7          | 78.6         | -96.6%       |
| <b>Total Revenues</b>                                      | <b>379.3</b> | <b>247.0</b> | <b>53.6%</b> | <b>651.2</b> | <b>473.5</b> | <b>37.5%</b> |
| Cost of services   | 144.4        | 84.2         | 71.4%        | 264.0        | 173.1        | 52.5%        |
| Gross Profit   | 235.0        | 162.8        | 44.4%        | 387.2        | 300.4        | 28.9%        |

|                         | Q2/2017      | Q2/2016     | %Change       | 6M/2017      | 6M/2016     | %Change       |
|-------------------------|--------------|-------------|---------------|--------------|-------------|---------------|
| Other Income            | 1.2          | 0.2         | 548.1%        | 3.5          | 0.8         | 344.1%        |
| Administrative expenses | 57.3         | 98.0        | -41.5%        | 103.9        | 219.4       | -52.6%        |
| Finance Cost            | 18.2         | 20.8        | -12.4%        | 34.5         | 39.1        | -11.7%        |
| Income Tax Expenses     | 35.9         | 9.0         | 298.2%        | 54.2         | 22.7        | 138.8%        |
| <b>Net Profit</b>       | <b>124.8</b> | <b>35.2</b> | <b>254.6%</b> | <b>198.0</b> | <b>20.0</b> | <b>892.1%</b> |

### Total Revenues

The Company's total income for the second quarter of 2017 equaled 379.3 million baht, which was an increase from the same period for the previous year by 132.3 million baht or an increase of 53.6 percent. While the Company's total income for the 6-month end was 651.2 million baht which increase from the same period last year 132.3 million baht or 48.9% increase due to:

1. Income from debt collection services and other income for Q2/2017 was 55.4 million baht increase by 26.2 million baht or an increase of 89.5 percent. For 6 month-end of 2017 was 116.5 million baht increase by 64.3 million baht or an increase 123.2% from the same period last year. This was due to a higher income from debt collection services from the companies under Jaymart Group and outside.
2. Revenues from collection of purchased accounts receivables equal to 322.7 million baht or an increase of 86.4 percent. For the 6 month-end of 2017, the Company' revenues from collection of purchased accounts receivables was 532.0 million baht or an increase 189.3 million baht or an increase 55.2% from the same period last year. This was as a result of the Company can collect more from account receivable from the distress debt acquired since quarter 3 in 2016. The revenues from collection of purchase accounts receivables accounted for 70 of total revenues.
3. Interest income and other income was 1.2 million baht or an decrease by 96.6% due to the Company did not longer consolidated the financial statement of J Fintech.

An increase of total revenues in 6 months in 2017 is in line with the Company's of the total revenues growth target. And the Company acquired distress debt in the 6 months of 2017 was 690 million baht.

### Cost of Services

The Company incurred service costs for the second quarter of 2017 equal to 144.4 million baht more than the second quarter of 2016 60.1 million baht or increase 71.4 percent as compare to

the second quarter last year. For the 6 month period of 2017, the Company' cost of services was 264.0 million baht increase 90.9 million baht or 52.5%.

### Gross Profit

The Company had a gross profit in consolidate financial statement for the second quarter of 2017 equal to 235.0 million baht that was increase 72.2 million baht or 44.4 percent higher than the second quarter of 2016. While the 6 month period of 2017, the Company's gross profit showed 387.2 million baht. This represents the Gross Profit margin of 59.5%. An increase of the Company's gross profit was as a result of a decreasing in revenues from interest and related revenues which has a higher margin. Due to the Company did not longer to consolidate the financial statement from J Fintech Co., Ltd as compare to the same period last year.

### Administrative Expenses

The Company had administrative expenses for the second quarter of 2017 equal to 57.3 million baht, which was decrease 40.7 million baht or 41.5 percent lower than the same period last year. For the 6 month period of 2017, the Company 's administrative expenses was 103.9 million baht or 52.6% due to a decreasing of the allowance for doubtful account from subsidiary, J Fintech Co., Ltd.

### Summary of Statement of Financial Positions

|   | 30-Jun-17 |       | 31-Dec-16 |       | Change<br>(MB) | %<br>Change |
|---|-----------|-------|-----------|-------|----------------|-------------|
|   | MB        | %     | MB        | %     |                |             |
| <b>Assets</b>   |           |       |           |       |                |             |
| Cash and cash equivalents   | 79.5      | 1.9%  | 111.0     | 2.7%  | -31.6          | -28.4%      |
| Trade and Other receivables   | 35.0      | 0.8%  | 23.5      | 0.6%  | 11.5           | 48.9%       |
| Current Portion of loans receivables from purchase of account receivables | 467.1     | 10.9% | 427.1     | 10.3% | 40.0           | 9.4%        |
| Short-term loans to related parties                                       | 0.0       | 0.0%  | 219.5     | 5.3%  | -219.5         | -<br>100.0% |
| Other Current Assets  | 160.1     | 3.7%  | 135.8     | 3.3%  | 24.3           | 17.9%       |
| Loans receivables from purchase of accounts receivable - net              | 3,299.4   | 77.1% | 3,021.1   | 72.6% | 278.3          | 9.2%        |
| Other Long-term investment  | 104.3     | 2.4%  | 104.3     | 2.5%  | 0.0            | 0.0%        |

|  | 30-Jun-17      |               | 31-Dec-16      |               | Change       | %            |
|--|----------------|---------------|----------------|---------------|--------------|--------------|
| Other Non-Current Assets                     | 132.8          | 3.1%          | 121.4          | 2.9%          | 11.5         | 9.4%         |
| <b>Total Assets</b>                          | <b>4,278.2</b> | <b>100.0%</b> | <b>4,164.0</b> | <b>100.0%</b> | <b>114.3</b> | <b>2.7%</b>  |
| <b>Liabilities and Shareholder's equity</b>  |                | 0.0%          |                | 0.0%          |              |              |
| Short-term loans from financial institutions | 295.0          | 6.9%          | 0.0            | 0.0%          | 295.0        | 100.0%       |
| Trade and Other payables                     | 44.0           | 1.0%          | 320.7          | 7.7%          | -276.7       | -86.3%       |
| Current Portion of long-term loans           | 64.3           | 1.5%          | 101.3          | 2.4%          | -37.0        | -36.5%       |
| Current Portion of Debentures                | 609.9          | 14.3%         | 609.4          | 14.6%         | 0.5          | 0.1%         |
| Short-term Loans                             | 677.6          | 15.8%         | 592.5          | 14.2%         | 85.1         | 14.4%        |
| Other Current Liabilities                    | 66.0           | 1.5%          | 42.0           | 1.0%          | 24.0         | 57.0%        |
| Debentures - net                             | 549.2          | 12.8%         | 548.9          | 13.2%         | 0.3          | 0.0%         |
| Other non-current liabilities                | 83.9           | 2.0%          | 13.3           | 0.3%          | 70.6         | 531.4%       |
| <b>Total non-current liabilities</b>         | <b>2,389.9</b> | <b>55.9%</b>  | <b>2,228.1</b> | <b>53.5%</b>  | <b>161.7</b> | <b>7.3%</b>  |
| <b>Total Shareholder's Equity</b>            | <b>1,888.4</b> | <b>44.1%</b>  | <b>1,935.8</b> | <b>46.5%</b>  | <b>-47.5</b> | <b>-2.5%</b> |

### Assets

As of the period ending 30 June 2017, the Company had total assets equal to 4,278.7 million baht higher than 2016 equal to 114.2 million baht or 2.7 percent due to the Company increased investment in account receivables.

### Liabilities & Shareholder Equity

As for the period ending 30 June 2017, the Company had total liabilities equal to 2,389.9 million baht more than 2016 at 161.7 million baht or 7.3 percent due to the Company has more short-term loan from financial institutions. Whereas, the Company's shareholder 'equity was 1,888.4, a decline by 47.5 million baht from the end of 2016. The Company's Debt to Equity Ratio is 1.27 times and the Interest Bearing Debt is 1.20 times.

### Looking forward

The Company aims to consistently invest in non-performing debt with the goal for this year at 30,000 million baht. Moreover, the Company expects to inaugurate the debt collection business in Cambodia in Q3/2017 as according to the plan.

Thus, you have been informed for your acknowledgement

Sincerely Yours,

*- Singed -*

(Mr.Wongsakorn Kittitrakulkan)

Company Secretary

**Investor Relations Department**

**JMT Network Services PCL.**