



August 10, 2018

Subject: Management discussion and analysis for the second quarter of 2018
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 second quarter of 2018 and clarify for the Company results of operations, more than 20% from the same period of last year, as follows:

Operating Performance

The net profit for the second quarter of 2018 is THB 12.37 million. The slight decrease amounting to THB 9.35 million or 43.05% was mainly due to:

Revenues

Type of Revenue	Consolidated financial statements			
	Second quarter, 2018		Second quarter, 2017	
	THB Million	%	THB Million	%
Revenue from sale	300.69	72.15	324.75	77.49
Revenue from rendering of services	111.31	26.71	91.07	21.73
Other income	4.74	1.14	3.29	0.78
Total revenue	416.74	100.00	419.11	100.00

1. Revenue from sale

For the second quarter of 2018, the Company and its subsidiaries earned revenue from sale of goods amounting to THB 300.69 million, a decrease from the same period in 2017 amounting to THB 24.06 million, or 7.41% resulting from revenue from projects relating to sales to public sectors was lower than the same period of last year amounting to THB 28.52 million.

2. Revenue from rendering of services

For the second quarter of 2018, the Company and its subsidiaries earned revenue from rendering of services amounting to THB 111.31 million, an increase from the same period of last year amounting to THB 20.23 million, or 22.22%, resulting from an increase in revenue from services provided to overseas clients.

3. Other income

In the second quarter of 2018, the Company and its subsidiaries had other income amounting to THB 4.74 million, an increase from the same period of last year amounting to THB 1.46 million. The increase mainly resulted from an increase in gain on exchange rate.



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

	Consolidated financial statements			
	Second quarter, 2018		Second quarter, 2017	
	THB Million	%	THB Million	%
Revenue from sale of goods and rendering of services	411.99	100.00	415.82	100.00
Cost of sale of goods and rendering of services	361.99	85.44	346.56	83.34
Gross profit	60.00	14.56	69.26	16.66
Gross profit margin (%)		14.56		16.66

For the second quarter of 2018, the Company and its subsidiaries' cost of sale of goods and rendering of services was THB 361.99 million, compared to THB 346.56 million in the same period in 2017, an increase amounting to THB 5.43 million, or 1.57%. Revenue from sale of goods and rendering of services decrease 0.92%. In addition, cost of sale of goods and rendering of services was 85.44% of revenue from sales of goods and rendering of services, slightly increase compared to 83.34% in 2017. In sum, the gross profit was 14.56%, slightly lower than 16.66% gross profit of the same period in 2017. This was due to lower gross profit margin from CLM countries and large projects when compared to last year, was mainly due to high competition.

Expenses

Distribution costs

For the second quarter of 2018, the Company and its subsidiaries' distribution costs was THB 9.35 million, an increase from the same period in 2017 amounting to THB 0.08 million, or 0.87%. Distribution costs was 2.24% of total revenue, slightly higher than that in the same period of 2017 which was 2.21%.

Administrative expenses

For the second quarter of 2018, the administrative expense was THB 36.99 million, an increase from the same period in 2017 of THB 3.72 million, or 11.19%. The administrative expense was 8.88% of total revenue, higher than that in the same period of last year (Second quarter in 2017: 7.94%), mainly from staff expense THB 1.70 million and donation expense THB 2.06 million.

Net Profit and Net Profit Margin

The Company and its subsidiaries' net profit for the second quarter of 2018 was THB 12.37 million, a decrease of THB 9.35 million from the same period in 2017, or 43.05%. The net profit margin was 2.97%, decrease from the second quarter of 2017 which was 5.18%. In sum, the decrease in net profit margin is mainly due to the decrease of gross profit THB 9.26 million and the increase of administrative expense THB 3.72 million.



Financial Position

Assets

Majority of the Company and its subsidiaries' total assets composed of account receivables and other current receivables, inventories, cash and cash equivalent. The Company and its subsidiaries' total assets as at June 30, 2018 and December 31, 2017 were THB 811.53 million and THB 768.84 million, respectively. In sum, increase in total assets was THB 42.69 million or 5.55%.

Cash and cash equivalent as at June 30, 2018 and December 31, 2017 was THB 89.45 million and THB 284.63 million, respectively. The THB 195.18 million decrease was attributable to cash payment to account payable.

Account receivables and other current receivables as at June 30, 2018 and December 31, 2017 was THB 408.24 million and THB 362.12 million, respectively. The THB 46.12 million increase was attributable to an increase in account receivables amounting to THB 63.43 million.

Inventories as at June 30, 2018 and December 31, 2017 was THB 226.79 million and THB 42.18 million, respectively. The increase of inventories amounting to THB 184.61 million was attributable to the increasing of goods awaiting for delivery to the clients.

Liabilities

Majority, or 90% 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, 2018 and December 31, 2017 was THB 398.82 million and THB 360.28 million, respectively. The THB 38.53 million increase in total liabilities, or 10.70% was mainly due to Short-term borrowings from financial institution THB 60 million.

Shareholders' Equity

Total shareholders' equities of the Company as at June 30, 2018 and December 31, 2017 was THB 367.01 million and THB 369.96 million, respectively. The THB 2.95 million decrease was mainly due to net profit amounting to THB 16.56 million and dividend paid THB 19.50 million.

Please be informed accordingly.

Yours Sincerely,

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