

Jan - Jun 2019 6-months	Thailand					MaLaysia	Total
	IT Solution	Label Printing	Silkscreen Printing	Government Project	Internet Broadband	Wholesale of computer	
Revenues	29,055	120,095	165,957	179,280	85,018	399,718	979,123
Cost of sales and services	(24,334)	(83,346)	(91,387)	(143,535)	(51,983)	(371,722)	(766,307)
Gross profit (loss)	4,721	36,749	74,570	35,745	33,035	27,996	212,816
Gain (loss) on exchange rate	147	594	9	-	-	-	750
Impairment loss on goodwill	(44,693)	-	-	-	-	-	(44,693)
Other income	(1,165)	1,106	1,496	76	341	6,236	8,090
Selling expenses	(5,704)	(4,105)	(2,635)	(242)	(10,510)	(3,321)	(26,517)
Administrative expense	(12,772)	(19,608)	(29,247)	(3,281)	(30,496)	(23,697)	(119,101)
Finance cost	1,295	(1,377)	(4,159)	(6)	(3,680)	(6,364)	(14,291)
Profit sharing from associate	57	-	-	-	-	-	57
Profit (loss) before income tax	(58,114)	13,359	40,034	32,292	(11,310)	850	17,111
Income tax	443	(1,650)	(9,138)	22	64	(659)	(10,918)
Net profit (loss)	(57,671)	11,709	30,896	32,314	(11,246)	191	6,193
Effects of extraordinary items:							
1) Loss from impairment of goodwill	44,693						44,693
2) Financial advisory fee		1,500					1,500
3) Interest fines in civil case					4,500		4,500
Total amount of extraordinary items	44,693	1,500	-	-	4,500	-	50,693
Net Profit/(Loss) (exclude extraordinary items)	(12,978)	13,209	30,896	32,314	(6,746)	191	56,886
					Profit (loss) attributable to Equity holders of the Company		(7,425)
					Non-controlling interests		13,618
							6,193
					Profit (loss) attributable to (exclude extraordinary items)		
					Equity holders of the Company		43,268
					Non-controlling interests		13,618
							56,886

Jan - Jun 2018 6-months	Thailand					MaLaysia	Total
	IT Solution	Label Printing	Silkscreen Printing	Government Project	Internet Broadband	Wholesale of computer	
Revenues	58,392	130,323	24,202	-	88,877	466,990	768,784
Cost of sales and services	(41,729)	(95,006)	(9,803)	-	(74,172)	(432,134)	(652,844)
Gross profit (loss)	16,663	35,317	14,399	-	14,705	34,856	115,940
Gain (loss) on exchange rate	(30)	(282)	12	-	-	-	(300)
Gain on sale of investment	18,188	-	-	-	-	-	18,188
Other income	(473)	568	115	-	405	8,857	9,472
Selling expenses	(4,744)	(4,818)	(36)	-	(13,695)	(3,959)	(27,252)
Administrative expense	(17,642)	(15,753)	(2,500)	-	(22,762)	(23,164)	(81,821)
Finance cost	(1,248)	(1,542)	(807)	-	(3,718)	(7,939)	(15,254)
Profit sharing from associate	484	-	-	-	-	-	484
Profit (loss) before income tax	11,198	13,490	11,183	-	(25,065)	8,651	19,457
Income tax	(1,302)	(2,279)	-	-	537	(777)	(3,821)
Net profit (loss)	9,896	11,211	11,183	-	(24,528)	7,874	15,636
Effects of extraordinary items:							
1) Gain from sale of investment	(18,188)						(18,188)
Total amount of extraordinary items	(18,188)	-	-	-	-	-	(18,188)
Net Profit/(Loss) (exclude extraordinary items)	(8,292)	11,211	11,183	-	(24,528)	7,874	(2,552)
					Profit (loss) attributable to Equity holders of the Company		7,351
					Non-controlling interests		8,285
							15,636
					Profit (loss) attributable to (exclude extraordinary items)		
					Equity holders of the Company		(10,837)
					Non-controlling interests		8,285
							(2,552)

Remark 1: Silkscreen printing business is Hinsitsu (Thailand) which is just acquired by the Company on 31 May 2018 and the Company recognized revenue and profit since 1 June 2018.

2: Government project, the Company just won the bidding of the project of internet service to remote area - Zone Northeast 2 on 13 December 2018 and has signed the contract with NBTC on 30 January 2019. The project value is THB 2,248 million with the term of 6 years and the Company will recognize revenue since Quarter 1 year 2019 onward

Summary

For the 3-month period

The consolidated net profit/(loss) (portion of the parent company) for the second quarter of year 2019 and 2018 were Baht (13.54) million and Baht 5.23 million, respectively. In year 2019, there is extraordinary expense item (non-cash item) which is loss from impairment on goodwill of investment in subsidiary in Malaysia amounting to Baht 44.69 million from sale of all shares holding in this subsidiary (this sale transaction to complete in Quarter 3). Moreover, there are one-time expense items for business restructure of Label business which is Financial advisory fee of Baht 1.50 million and the interest fines from civil case according to the supreme court judgement that the Company lost the case amounting to Baht 4.50 million. Therefore, the total extraordinary expense items or one-time expenses was Baht 50.69 million. While in 2018, there was one extraordinary item which is gain from sale of investment in subsidiary (Simat Soft Co., Ltd.) amounting to Baht 18.19 million. In exclusion of the extraordinary items incurred in 2019 and 2018, the profit/(loss) from operation for the second quarter in 2019 and 2018 were Baht 37.16 million and Baht (12.96) million, respectively.

In 2019, the profit from operation (exclude extraordinary items) occurred Baht 37.16 million which improve from the prior year from the following reasons:

1. IT business had loss from operation for the second quarter for the year 2019 and 2018 for Baht 5.49 million and Baht 8.29 million, respectively. The loss improved from prior year as the decrease in administrative expenses. The management planned to restructure this business and it is in the process of negotiation with the business partner. The plan is to set up the new subsidiary company and the Company shall transfer the IT business to this subsidiary and the Company will invest about 50%. The business partner who will joint-invest in this subsidiary is an expert in IT business. The IT business after restructuring will improve their operating performance within the next year.
2. Label business had profit/(loss) from operation for the second quarter for the year 2019 and 2018 for Baht 9.45 million and Baht (0.26) million, respectively. The performance improved significantly as, year 2019, there were a lot of purchase orders for the stamping parts of smart phones while, year 2018, the purchase orders were relatively low since the launch of Iphone 8 and Iphone X were not good response from consumer and the purchase orders were far below from the production plan given by the customer and this caused the burden labor cost of temporary worker that the company planned to support the purchase order target. While, in this year, the company adjusted the production plan that close to the actual purchase orders. The Company restructured the label business by sale of total shares holding in Simat Label to another subsidiary who is Hinsitsu (Thailand) Co., Ltd., Silkscreen printing business which take effect since Quarter 2 of year 2019. The restructuring caused the Company to take profit sharing of 70% of the total profit.
3. Silkscreen Printing business had profit from operation for the second quarter for the year 2019 and 2018 for Baht 8.02 million and Baht 11.18 million, respectively. Quarter is the low season for this business. The profit declined as there were increase in administrative expenses in year 2019 from the restructuring organization in order to comply with IPO listing process for the next year.
4. Government Project is the new business which the Company just won the bidding of the project of internet service to remote area - Zone Northeast 2 on 13 December 2018 and has signed the contract with NBTC on 30 January 2019. The project value is THB 2,100 million (exclude VAT) with the term of 6 years. The revenue is separated into:
 - 1) Phase 1 Installation of equipment: the total revenue is Baht 723 million to be delivered within the end of year 2019

2) Phase 2 Internet service and maintenance: the total revenue is Baht 1,377 million to be recognized for 5 years since the delivery of phase 1 completed.

For Phase 1, the Company started to recognize revenue since Quarter 1. In Quarter 2, the Company recognized revenue and profit according to the percentage of completion from 2% in Quarter 1 to 25% in Quarter 2. Therefore, the Company recognized revenue, gross profit and net profit for Baht 164 million, Baht 33 million and Baht 31 million in Quarter 2.

5. Broadband business had net loss from operation for the second quarter for the year 2019 and 2018 for Baht 1.88 million and Baht 14.48 million, respectively. The net loss improved from prior year significantly due to the decrease of depreciation expense, the main cost, about 70% from the provision for impairment of the internet network for consumer market at end of year 2018. The operating performance of this business is improving from the reduction of shop and the transfer of more staffs to do installation of Government Project during the Quarter 2 of this year. The transferred staffs will perform installation job in Phase 1 of the project and perform the service and maintenance for the next 5 year until the project complete. As the Phase 1 complete, the Company can provide internet service to the people in 7 provinces in the project. In the near future, the Company will have internet service coverage area from the existing 4 provinces to 11 provinces which will help increasing revenue and profit.

However, in Quarter 2, there was an expense for compensation paying to one supplier according to the supreme court judgment from the lawsuit which incurred in the past from the construction of internet network for Baht 12 million. The Company recorded accrued expense for this compensation already for Baht 7.50 million in the past and there was the remain amount of Baht 4.50 million which is the interest fines to be recognized in Quarter 2. There is no any other lawsuit that the Company is the defendant. This expense is considered as one-time expense.

6. Wholesale of computer hardware in Malaysia had net profit from operation for the second quarter for the year 2019 and 2018 for Baht 2.62 million and Baht 4.53 million, respectively. The profit dropped a little bit. In Quarter 2, the Company has entered into the share sale agreement to sell all shares holding in this subsidiary to Mr. Ling Chee Kiat for 3.8 million Ringgit or Baht 28 million. The Company recognized loss from impairment of goodwill about Baht 44.69 million. The sale price is closed to the fair value evaluated by the independent financial advisor. The disposal of the investment in this subsidiary is according to the business restructure plan to sell off the business with low profit and high business risk. It is expected that the sale transaction will complete according to the conditions in the agreement within Quarter 3 of year 2019.

For the 6-month period

The consolidated net profit/(loss) (portion of the parent company) for the 6-month period of year 2019 and 2018 were Baht (7.43) million and Baht 7.35 million, respectively. In year 2019, there is extraordinary expense item (non-cash item) which is loss from impairment on goodwill of investment in subsidiary in Malaysia amounting to Baht 44.69 million from sale of all shares holding in this subsidiary (this sale transaction to complete in Quarter 3). Moreover, there are one-time expense items for business restructure of Label business which is Financial advisory fee of Baht 1.50 million and the interest fines from civil case according to the supreme court judgement that the Company lost the case amounting to Baht 4.50 million. Therefore, the total extraordinary expense items or one-time expenses was Baht 50.69 million. While in 2018, there was one extraordinary item which is gain from sale of investment in subsidiary (Simat Soft Co., Ltd.) amounting to Baht 18.19 million. In exclusion of the extraordinary items incurred in 2019 and 2018, the profit/(loss) from operation for the second quarter in 2019 and 2018 were Baht 43.27 million and Baht (10.84) million, respectively.

The profit from operation (exclude extraordinary items) improved from last year significantly from

- 1) The profit recognition from the new business which is the Silkscreen printing which the Company acquired since mid-year of 2018 and the profit recognized from the project of internet service to remote area - Zone Northeast 2
- 2) The loss from Broadband business decreased significantly from the decrease of depreciation expense, the main cost, about 70% from the provision for impairment of the internet network for consumer market at end of year 2018 and the decrease of the fixed payroll cost and other relevant expenses from transfer of staffs to perform the Government project.

Please be informed accordingly,

Faithfully yours,

(Mr. Thammanoon Korkiatwanich)

Director/Company Secretary