

Jasmine Telecom Systems Public Company Limited  
and its subsidiary

Review report and interim consolidated financial statements  
For the three-month period ended 31 March 2018

## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of Jasmine Telecom Systems Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Jasmine Telecom Systems Public Company Limited and its subsidiary as at 31 March 2018, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Jasmine Telecom Systems Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of Review**

Except for the possible effects on matter as described in the *Basis for Qualified Conclusion* paragraph, I conducted my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

### **Basis for Qualified Conclusion**

As described in Note 9.2 to the interim consolidated financial statements, the Company was unable to deliver tablets to two government agencies as scheduled in the agreements, as a result of a massive fire at a production facility where tablet parts were produced. As stipulated in the sale and purchase agreements, the Company is obliged to pay a penalty for delayed shipment at a daily rate of 0.2 percent of the price of the unshipped tablets. In 2014, counterparties of the agreements submitted letters to the Company to terminate the sale and purchase agreements and requested the Company to pay penalties totaling Baht 5 million and Baht 142 million, respectively.

However, the Company submitted letters to these counterparties objecting to the imposition of the penalty. The management of the Company clarified that the delay in shipment was due to force majeure and the Company did not breach the agreements. Subsequently, these counterparties filed lawsuits with the Central Administrative Court, petitioning the Court to order the Company to pay penalties and make payment under the letter of performance bond guarantee, together with interest totaling approximately Baht 5 million and Baht 190 million, respectively. However, as a result of the execution of a sale and purchase of tablets agreement between the Company and a local counterparty, the Company received cash amounting to Baht 38 million as a result of forfeiture of performance bond from this counterparty. The Company had a legal right to seize this amount as compensation for losses caused by this company or incurred as a result of a breach of agreement by this company. The Company recorded the cash receipt as a liability under the caption of trade and other payables in the statements of financial position and treated it as a provision for any penalties and losses that might be incurred, while the Company did not expect such penalties and losses to exceed the amount of the reserve. I was consequently unable to perform audit procedures to satisfy myself as to the provision for penalties and losses that might be incurred due to the Company's inability to deliver the tablets and my opinion on the consolidated financial statements of the Company and its subsidiary and the separate financial statements of the Company for the three-month period ended 31 March 2017 and for the year ended 31 December 2017 were therefore qualified with respect to this matter, due to a limitation imposed by circumstance. On 22 February 2018, the Central Administrative Court issued a judgement on the case between the Company and the government agency who filed the lawsuit, requesting the Company to pay penalties totaling approximately Baht 5 million. The Central Administrative Court issued a judgement ordering the Company to pay penalties totaling approximately Baht 3 million. On 23 March 2018, the Company filed an appeal to the Supreme Administration Court and request to suspend execution to the Central Administrative Court. At present, this case is under consideration by the Courts. In addition, on 4 May 2018, the Central Administrative Court issued a judgement on the case between the Company and another government agency that filed the lawsuit, requesting the Company to pay penalties and make payment under the letter of performance bond guarantee, together with interest, totaling approximately Baht 190 million. The Central Administrative Court issued a judgement ordering the Company to pay penalties totaling approximately Baht 7 million, together with interest at the rate of 7.5% per annum, starting from the date following the filing of the case until the full payment is made. Currently, the legal advisor is considering details of the judgement in order to determine whether to subsequently file an appeal. Therefore, the ultimate outcome of these lawsuits and disputes that are not finalised cannot be determined at this time. However, the Company's management and legal advisor are confident that no significant losses will be incurred as a result of these lawsuits and disputes, and therefore no further provision for contingent

liabilities have been recorded in the accounts. Consequently, I was unable to perform review and audit procedures to obtain sufficient appropriate audit evidence regarding the provision of Baht 38 million recorded for the penalties and losses that may be incurred as a result of the above circumstances. This provision was recorded under liabilities, as part of balance of trade and other payables, which amounted to Baht 108 million in the consolidated statement of financial position as at 31 March 2018 (31 December 2017: Baht 107 million) and Baht 79 million (31 December 2017: Baht 77 million) in the separate statement of financial position. For the same reason, I was unable to determine whether and to what extent any adjustments were required to the penalties and losses that may be incurred as a result of the above situation in the consolidated and separate statements of financial position as at 31 March 2018 and 31 December 2017, together with the related accounts in the consolidated and separate statements of comprehensive income for the three-month periods ended 31 March 2018 and 2017. If adjustments were necessary, they would affect both the financial statements of the prior period presented herein for comparative purposes and the financial statements of the current period. This constitutes a limitation imposed by circumstance.

### **Qualified Conclusion**

Based on my review, except for the possible effects on the matter as described in the *Basis for Qualified Conclusion* paragraph, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, Interim Financial Reporting.

### **Emphasis of Matter**

I draw attention to Note 9.3 to the interim consolidated financial statements, which describes disputes between the subsidiary and an unrelated company. At present, the unrelated company is in the process of following legal procedures with respect to bankruptcy law implemented by the official receiver. My conclusion is not qualified in respect of this matter.

Chonlaros Suntiasvaraporn  
Certified Public Accountant (Thailand) No. 4523

EY Office Limited  
Bangkok: 15 May 2018

**Jasmine Telecom Systems Public Company Limited and its subsidiary**

**Statement of financial position**

**As at 31 March 2018**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2018	31 December 2017	31 March 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		104,281	96,641	95,234	76,884
Current investments - bank deposits		14,569	20,816	14,495	20,691
Trade and other receivables	3	743,379	729,923	732,321	728,327
Unbilled receivables					
Related parties	2	5	150	805	1,192
Unrelated parties		11,334	8,266	6,047	5,460
Short-term loans to related parties	2	340,000	340,000	340,000	340,000
Current portion of long-term loans					
to subsidiary	2	-	-	16,000	16,000
Inventories		2,669	3,163	2,526	3,035
Account receivable under troubled					
debt restructuring	4	-	-	-	-
Prepaid project costs		2,150	445	693	299
Other current assets		2,996	4,100	1,098	2,532
<b>Total current assets</b>		<b>1,221,383</b>	<b>1,203,504</b>	<b>1,209,219</b>	<b>1,194,420</b>
<b>Non-current assets</b>					
Restricted bank deposits		11,235	25,632	8,635	23,009
Long-term loans to subsidiary	2	-	-	81,000	85,000
Investment in subsidiary	5	-	-	-	-
Property, plant and equipment		8,109	7,766	597	724
Withholding tax deducted at source		4,055	1,948	2,791	684
Deposits		1,183	1,215	1,016	1,016
<b>Total non-current assets</b>		<b>24,582</b>	<b>36,561</b>	<b>94,039</b>	<b>110,433</b>
<b>Total assets</b>		<b>1,245,965</b>	<b>1,240,065</b>	<b>1,303,258</b>	<b>1,304,853</b>

The accompanying notes are an integral part of the interim financial statements.

**Jasmine Telecom Systems Public Company Limited and its subsidiary**

**Statement of financial position (continued)**

**As at 31 March 2018**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2018	31 December 2017	31 March 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables	6	108,017	107,149	79,188	76,750
Accrued project cost		136,449	138,332	4,683	4,886
Income tax payable		2,870	1,683	-	-
Advances received for goods and services	2	5,807	3,273	121	575
Other current liabilities		25,746	27,585	16,671	18,096
<b>Total current liabilities</b>		<b>278,889</b>	<b>278,022</b>	<b>100,663</b>	<b>100,307</b>
<b>Non-current liabilities</b>					
Provision for long-term employee benefits		11,490	11,282	11,490	11,282
<b>Total non-current liabilities</b>		<b>11,490</b>	<b>11,282</b>	<b>11,490</b>	<b>11,282</b>
<b>Total liabilities</b>		<b>290,379</b>	<b>289,304</b>	<b>112,153</b>	<b>111,589</b>
<b>Shareholders' equity</b>					
Share capital					
Registered					
706,457,300 ordinary shares of Baht 1 each		706,457	706,457	706,457	706,457
Issued and fully paid-up					
706,457,300 ordinary shares of Baht 1 each		706,457	706,457	706,457	706,457
Premium on ordinary shares		420,269	420,269	420,269	420,269
Retained earnings					
Appropriated-statutory reserve		70,646	70,646	70,646	70,646
Unappropriated (deficit)		(243,142)	(247,818)	(6,267)	(4,108)
Other components of shareholders' equity		8,158	8,158	-	-
Equity attributable to owners of the Company		962,388	957,712	1,191,105	1,193,264
Non-controlling interests of the subsidiary		(6,802)	(6,951)	-	-
<b>Total shareholders' equity</b>		<b>955,586</b>	<b>950,761</b>	<b>1,191,105</b>	<b>1,193,264</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,245,965</b>	<b>1,240,065</b>	<b>1,303,258</b>	<b>1,304,853</b>
		-	-	-	-

The accompanying notes are an integral part of the interim financial statements.

Directors

(Unaudited but reviewed)

**Jasmine Telecom Systems Public Company Limited and its subsidiary**

**Statement of comprehensive income**

**For the three-month period ended 31 March 2018**

(Unit: Thousand Baht, except basic earnings (loss) per share expressed in Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Profit or loss:</b>				
<b>Revenues</b>				
Sales and service income	21,933	16,156	11,026	4,413
Interest income	2,072	4,452	2,450	4,923
Exchange gains	1,121	1,085	-	-
Other income	492	3,092	821	1,043
<b>Total revenues</b>	<u>25,618</u>	<u>24,785</u>	<u>14,297</u>	<u>10,379</u>
<b>Expenses</b>				
Cost of sales and services	9,800	5,382	6,989	1,652
Selling and servicing expenses	-	-	-	-
Administrative expenses	9,704	11,509	9,386	10,704
Exchange losses	-	-	81	72
<b>Total expenses</b>	<u>19,504</u>	<u>16,891</u>	<u>16,456</u>	<u>12,428</u>
<b>Profit (loss) before income tax</b>	6,114	7,894	(2,159)	(2,049)
Income tax	7 (1,289)	-	-	-
<b>Profit (loss) for the period</b>	<u>4,825</u>	<u>7,894</u>	<u>(2,159)</u>	<u>(2,049)</u>
<b>Total comprehensive income for the period</b>	<u>4,825</u>	<u>7,894</u>	<u>(2,159)</u>	<u>(2,049)</u>
<b>Profit (loss) attributable to:</b>				
Equity holders of the Company	4,676	7,682	<u>(2,159)</u>	<u>(2,049)</u>
Non-controlling interests of the subsidiary	<u>149</u>	<u>212</u>		
	<u>4,825</u>	<u>7,894</u>		
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	4,676	7,682	<u>(2,159)</u>	<u>(2,049)</u>
Non-controlling interests of the subsidiary	<u>149</u>	<u>212</u>		
	<u>4,825</u>	<u>7,894</u>		
<b>Basic earnings (loss) per share (Baht)</b>				
Profit (loss) attributable to equity holders of the Company	<u>0.007</u>	<u>0.011</u>	<u>(0.003)</u>	<u>(0.003)</u>

The accompanying notes are an integral part of the interim financial statements.

(Unaudited but reviewed)

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of changes in shareholders' equity

For the three-month period ended 31 March 2018

(Unit: Thousand Baht)

<b>Consolidated financial statements</b>									
Equity attributable to owners of the Company									
				Other component of shareholders' equity					
				Difference between					
				the purchase price					
				of investment		Total other		Total equity	
				in subsidiary under		components of		attributable to	
				common control and		shareholders'		owners of	
				its net book value		equity		the Company	
								Equity attributable	
								to non-controlling	
								interests of	
								the subsidiary	
								Total	
								shareholders'	
								equity	
<b>Balance as at 1 January 2017</b>	706,457	420,269	70,646	(260,338)	8,158	8,158	945,192	(7,662)	937,530
Total comprehensive income for the period	-	-	-	7,682	-	-	7,682	212	7,894
<b>Balance as at 31 March 2017</b>	<u>706,457</u>	<u>420,269</u>	<u>70,646</u>	<u>(252,656)</u>	<u>8,158</u>	<u>8,158</u>	<u>952,874</u>	<u>(7,450)</u>	<u>945,424</u>
<b>Balance as at 1 January 2018</b>	706,457	420,269	70,646	(247,818)	8,158	8,158	957,712	(6,951)	950,761
Total comprehensive income for the period	-	-	-	4,676	-	-	4,676	149	4,825
<b>Balance as at 31 March 2018</b>	<u>706,457</u>	<u>420,269</u>	<u>70,646</u>	<u>(243,142)</u>	<u>8,158</u>	<u>8,158</u>	<u>962,388</u>	<u>(6,802)</u>	<u>955,586</u>

The accompanying notes are an integral part of the interim financial statements.



(Unaudited but reviewed)

**Jasmine Telecom Systems Public Company Limited and its subsidiary**

**Statement of changes in shareholders' equity (continued)**

**For the three-month period ended 31 March 2018**

(Unit: Thousand Baht)

	<b>Separate financial statements</b>				<b>Total shareholders' equity</b>
	<b>Issued and fully paid-up share capital</b>	<b>Premium on ordinary shares</b>	<b>Retained earnings</b>		
			<b>Appropriated</b>	<b>Unappropriated</b>	
<b>Balance as at 1 January 2017</b>	706,457	420,269	70,646	16,051	1,213,423
Total comprehensive income for the period	-	-	-	(2,049)	(2,049)
<b>Balance as at 31 March 2017</b>	<u>706,457</u>	<u>420,269</u>	<u>70,646</u>	<u>14,002</u>	<u>1,211,374</u>
<b>Balance as at 1 January 2018</b>	706,457	420,269	70,646	(4,108)	1,193,264
Total comprehensive income for the period	-	-	-	(2,159)	(2,159)
<b>Balance as at 31 March 2018</b>	<u>706,457</u>	<u>420,269</u>	<u>70,646</u>	<u>(6,267)</u>	<u>1,191,105</u>
					-

The accompanying notes are an integral part of the interim financial statements.

(Unaudited but reviewed)

**Jasmine Telecom Systems Public Company Limited and its subsidiary****Statement of cash flows****For the three-month period ended 31 March 2018**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	6,114	7,894	(2,159)	(2,049)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities				
Depreciation	1,122	1,650	165	334
Gain on disposal of equipment	(145)	(28)	(145)	(28)
Provision for long-term employee benefits	208	199	208	199
Unrealised exchange (gains) losses	(1,145)	(1,108)	57	50
Interest income	(2,072)	(4,452)	(2,450)	(4,923)
Profit (loss) from operating activities before changes in operating assets and liabilities	4,082	4,155	(4,324)	(6,417)
Operating assets (increase) decrease				
Trade and other receivables	(13,718)	27,385	(4,267)	31,039
Unbilled receivables	(2,923)	1,043	(200)	(842)
Inventories	494	17	509	1
Prepaid project costs	(1,705)	(609)	(394)	6
Other current assets	1,239	2,139	1,570	2,202
Other assets	(2,075)	(17)	(2,107)	(684)
Operating liabilities increase (decrease)				
Trade and other payables	952	(10,672)	2,521	(4,597)
Accrued project costs	(681)	(6,485)	(203)	(3,829)
Advances received for goods and services	2,534	2,582	(454)	344
Other current liabilities	(1,839)	(1,384)	(1,425)	(1,512)
Cash from (used in) operating activities	(13,640)	18,154	(8,774)	15,711
Cash paid for income tax	(238)	(883)	(136)	(881)
Refundable withholding tax	-	1,286	-	-
<b>Net cash from (used in) operating activities</b>	<b>(13,878)</b>	<b>18,557</b>	<b>(8,910)</b>	<b>14,830</b>

The accompanying notes are an integral part of the interim financial statements.

(Unaudited but reviewed)

**Jasmine Telecom Systems Public Company Limited and its subsidiary**

**Statement of cash flows (continued)**

**For the three-month period ended 31 March 2018**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Cash flows from investing activities</b>				
Interest income	2,194	4,280	2,583	4,770
Decrease (increase) in current investments - bank deposits	6,247	(170,475)	6,196	(170,509)
Decrease in restricted bank deposits	14,397	4,840	14,374	4,840
Cash received from long-term loans to subsidiary	-	-	4,000	4,000
Acquisition of equipment	(1,465)	(2,807)	(38)	-
Proceeds from sales of equipment	145	63	145	63
<b>Net cash from (used in) investing activities</b>	<u>21,518</u>	<u>(164,099)</u>	<u>27,260</u>	<u>(156,836)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	7,640	(145,542)	18,350	(142,006)
Cash and cash equivalents at beginning of period	<u>96,641</u>	<u>322,516</u>	<u>76,884</u>	<u>314,287</u>
<b>Cash and cash equivalents at end of period</b>	<u>104,281</u>	<u>176,974</u>	<u>95,234</u>	<u>172,281</u>
	-	-	-	-

The accompanying notes are an integral part of the interim financial statements.

**Jasmine Telecom Systems Public Company Limited and its subsidiary**  
**Notes to interim consolidated financial statements**  
**For the three-month period ended 31 March 2018**

**1. General information**

**1.1 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34, Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events, and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

**1.2 Basis of consolidation**

These interim consolidated financial statements include the financial statements of the Company and its subsidiary, and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2017, with no structural changes related to subsidiary company occurring during the current period.

**1.3 New financial reporting standards**

**a. Financial reporting standards that become effective in the current year**

During the period, the Company and its subsidiary have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiary's financial statements.

**b. Financial reporting standard that will become effective in the future**

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019. Key principles of this standard are summarised below.

**TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes TAS 11 Construction Contracts, TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts are in the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or series to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

At present, the management of the Company and its subsidiary is evaluating the impact of this standard to the financial statements in the year when it is adopted.

**1.4 Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2017.

**2. Related party transactions**

During the periods, the Company and its subsidiary had significant business transactions with related parties, which have been concluded on commercial terms and based agreed upon in the ordinary course of business between the Company and those related parties. Those transactions for the three-month periods ended 31 March 2018 and 2017 are summarised below.

	(Unit: Thousand Baht)				Pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with parent company</u>					
Sales and service income	885	676	-	-	Contract price or at prices normally charged to other customers
Interest income	1,744	3,049	1,744	3,049	The rates referenced to the average weighted of 12-month fixed deposit interest rates quoted by three commercial banks plus 0.6 percent per annum and 2.08 percent per annum.

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	2018	2017	2018	2017	
Office rental and service expenses	811	811	787	787	Contract price or at prices normally charged to other customers
Other expenses	1	1	1	1	Contract price or at prices normally charged to other customers
<u>Transactions with subsidiary</u>					
(eliminated from the consolidated financial statements)					
Sales and service income	-	-	3,875	2,435	Contract price or at prices normally charged to other customers
Interest income	-	-	412	479	The rates referenced to fixed deposit interest rates plus 0.5 percent per annum
Management income	-	-	570	570	Contract price
Cost of sales and services	-	-	22	22	Contract price or at prices normally charged to other customers
<u>Transactions with related companies</u>					
Sales and services income	13,181	8,178	3,495	2	Contract price or at prices normally charged to other customers
Other income	78	-	78	-	Contract price or at prices normally charged to other customers
Cost of sales and services	1,303	1,311	971	1,032	Contract price or at prices normally charged to other customers
Office rental and service expenses	63	63	63	63	Contract price or at prices normally charged to other customers
Other expenses	888	806	435	442	Contract price or at prices normally charged to other customers

The balances of the accounts as at 31 March 2018 and 31 December 2017 between the Company and its subsidiary and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	(Audited)			(Audited)
<u>Trade accounts receivable - related parties</u> (Note 3)				
Parent company	61	128	-	-
Subsidiary	-	-	2,377	221
(eliminated from the consolidated financial statements)				
Related companies				
Jasmine Group	739,901	725,359	727,655	724,819
Total trade accounts receivable - related parties	<u>739,962</u>	<u>725,487</u>	<u>730,032</u>	<u>725,040</u>
<u>Other receivable - related parties</u> (Note 3)				
Parent company	-	116	-	116
Subsidiary	-	-	3,480	3,480
(eliminated from the consolidated financial statements)				
Related companies				
Jasmine Group	237	139	237	139
Total	<u>237</u>	<u>255</u>	<u>3,717</u>	<u>3,735</u>
Less: Allowance for doubtful account	-	-	(3,480)	(3,480)
Total other receivables - related parties - net	<u>237</u>	<u>255</u>	<u>237</u>	<u>255</u>
<u>Unbilled receivable from related parties</u>				
Subsidiary	-	-	805	1,192
(eliminated from the consolidated financial statements)				
Related companies				
Jasmine Group	5	150	-	-
Total unbilled receivable from related parties	<u>5</u>	<u>150</u>	<u>805</u>	<u>1,192</u>
<u>Short-term loans to related parties</u>				
Parent company	340,000	340,000	340,000	340,000
Subsidiary	-	-	80,347	80,347
(eliminated from the consolidated financial statements)				
Total	<u>340,000</u>	<u>340,000</u>	<u>420,347</u>	<u>420,347</u>
Less: Allowance for doubtful account	-	-	(80,347)	(80,347)
Total short-term loans to related parties - net	<u>340,000</u>	<u>340,000</u>	<u>340,000</u>	<u>340,000</u>
<u>Long-term loans to subsidiary</u>				
Subsidiary	-	-	97,000	101,000
(eliminated from the consolidated financial statements)				
Less: Current portion of long-term loans	-	-	(16,000)	(16,000)
Total long-term loans to subsidiary - net of current portion	<u>-</u>	<u>-</u>	<u>81,000</u>	<u>85,000</u>

(Unaudited but reviewed)

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	(Audited)		(Audited)	
<u>Trade accounts payable - related parties</u> (Note 6)				
Related companies				
Jasmine Group	1,059	694	516	3
Total trade accounts payable - related parties	<u>1,059</u>	<u>694</u>	<u>516</u>	<u>3</u>
<u>Other payables - related parties</u> (Note 6)				
Parent company	19,681	20,099	-	-
Related companies				
Jasmine Group	6,512	6,928	1	129
Total other payables - related parties	<u>26,193</u>	<u>27,027</u>	<u>1</u>	<u>129</u>
<u>Advance received from related parties</u>				
Parent company	39	52	-	-
Related companies				
Jasmine Group	4,775	1,986	96	202
Total advance received from related parties	<u>4,814</u>	<u>2,038</u>	<u>96</u>	<u>202</u>

Loans to related parties

During the period, movements of loans to related parties were as follows:

	(Unit: Thousand Baht)		
	Consolidated/Separate financial statements		
	Balance as at 31 December 2017	During the period	Balance as at 31 March 2018
	(Audited)		
Short-term loans to parent company	<u>340,000</u>	<u>-</u>	<u>340,000</u>

	(Unit: Thousand Baht)		
	Separate financial statements		
	Balance as at 31 December 2017	Decrease during the period	Balance as at 31 March 2018
	(Audited)		
Short-term loans to the subsidiary	<u>80,437</u>	<u>-</u>	<u>80,437</u>
Long-term loans to the subsidiary	<u>101,000</u>	<u>(4,000)</u>	<u>97,000</u>



(Unaudited but reviewed)

Directors and management's benefits

During the three-month periods ended 31 March 2018 and 2017, the Company and its subsidiary had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Short-term employee benefits	2,781	2,686	2,781	2,686
Post-employment benefits	263	247	263	247
Total	<u>3,044</u>	<u>2,933</u>	<u>3,044</u>	<u>2,933</u>

**3. Trade and other receivables**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
Trade receivables - related parties (Note 2)	739,962	725,487	730,032	725,040
Trade receivables - unrelated parties	184,568	185,565	16,431	17,395
Other receivables - related parties (Note 2)	237	255	3,717	3,735
Other receivables - unrelated parties	40,510	40,514	40,494	40,510
Total	965,277	951,821	790,674	786,680
Less: Allowance for doubtful account	(221,898)	(221,898)	(58,353)	(58,353)
Trade and other receivables - net	<u>743,379</u>	<u>729,923</u>	<u>732,321</u>	<u>728,327</u>

(Unaudited but reviewed)

The outstanding balances of trade accounts receivable as at 31 March 2018 and 31 December 2017, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	6,632	1,191	4,415	548
Past due				
Up to 3 months	10,351	1,158	2,638	1,354
Longer than 3 - 6 months	581	795	581	795
Longer than 6 - 12 months	795	-	795	-
Longer than 12 months	721,603	722,343	721,603	722,343
Total trade receivables - related parties (Note 2)	739,962	725,487	730,032	725,040
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	2,222	2,927	1,806	2,775
Past due				
Up to 3 months	734	1,030	50	45
Longer than 3 - 6 months	5	8	-	-
Longer than 6 - 12 months	7	-	-	-
Longer than 12 months	181,600	181,600	14,575	14,575
Total	184,568	185,565	16,431	17,395
Less: Allowance for doubtful account	(181,600)	(181,600)	(14,575)	(14,575)
Total trade receivables - unrelated parties - net	2,968	3,965	1,856	2,820
Total trade receivables - net	742,930	729,452	731,888	727,860
<u>Other receivables - related parties</u>				
Accrued interest income	-	116	3,480	3,596
Others	237	139	237	139
Total	237	255	3,717	3,735
Less: Allowance for doubtful account	-	-	(3,480)	(3,480)
Total other receivables - related parties - net (Note 2)	237	255	237	255

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
<u>Other receivables - unrelated parties</u>				
Accrued interest income	12,524	12,529	12,508	12,525
Others	27,986	27,985	27,986	27,985
Total	40,510	40,514	40,494	40,510
Less: Allowance for doubtful account	(40,298)	(40,298)	(40,298)	(40,298)
Total other receivables - unrelated parties - net	212	216	196	212

Included in trade receivables from unrelated parties as at 31 March 2018 and 31 December 2017, were amounts receivable from the companies majority-owned by the government as follows:

(Unit: Thousand Baht)

Age of receivables	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
Aged on the basis of due dates				
Not yet due	1,778	2,886	1,409	2,775
Past due				
Up to 3 months	560	888	34	34
Longer than 3 - 6 months	-	-	-	-
Longer than 6 - 12 months	-	-	-	-
Longer than 12 months	32	32	32	32
Total	2,370	3,806	1,475	2,841
Less: Allowance for doubtful account	(32)	(32)	(32)	(32)
Total trade receivables - the companies majority-owned by the government - net	2,338	3,774	1,443	2,809

**4. Account receivable under troubled debt restructuring**

The Company and its subsidiary had an outstanding balance totaling Baht 47 million and the Company's Baht 19 million that was receivable from TT&T Public Company Limited ("TT&T") under the rehabilitation plan of TT&T. However, on 15 March 2016, the Central Bankruptcy Court issued an absolute receivership order against TT&T. For prudent reasons, the Company and its subsidiary therefore recorded full allowance for doubtful accounts for the outstanding balances of account receivable from TT&T in the year 2016.

**5. Investment in subsidiary**

(Unit: Thousand Baht)

Company's name	Paid-up capital		Cost	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
		(Audited)		(Audited)
Could Computing Solutions Company Limited	55,000	55,000	83,899	83,899
Less: Allowance for impairment on investment			(83,899)	(83,899)
Total investment in subsidiary - net			-	-

**6. Trade and other payables**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
		(Audited)		(Audited)
Trade payables - related parties (Note 2)	1,059	694	516	3
Trade payables - unrelated parties	36,546	33,419	35,259	32,522
Other payables - related parties (Note 2)	26,193	27,027	1	129
Other payables - unrelated parties	44,219	46,009	43,412	44,096
Total trade and other payables	108,017	107,149	79,188	76,750

**7. Income tax**

Interim income tax was calculated on net profit before income tax for the current period, after adding back and deducting with expenses and income which are disallowable for tax computation purposes, using the estimated effective tax rate for the year.

No interim corporate income tax was payable for the three-month periods ended 31 March 2018 and 2017, since the Company had tax loss brought forward from previous years over its net profit for the period.

## 8. Segment information

The Company and its subsidiary are organised into business units based on its products and services. During the current period, the Company and its subsidiary have been no structural change of reporting segment information.

Business operations of the Company and its subsidiary are mainly carried on in Thailand. Below is the consolidated financial information for the three-month periods ended 31 March 2018 and 2017 of the Company and its subsidiary by segment.

(Unit: Million Baht)

	Design and installation of telecommunication systems segment		Computer systems integration business segment		Cloud computing business segment		Elimination of inter-segment transactions		Consolidation	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Sales and services income										
Revenue from external customers	7	2	10	10	5	4	-	-	22	16
Inter-segment revenues	4	2	-	-	-	-	(4)	(2)	-	-
Total revenues	11	4	10	10	5	4	(4)	(2)	22	16
Segment operating profit	-	-	9	8	3	3			12	11
Unallocated income and expenses:										
Interest income									2	4
Exchange gains									1	1
Other income									1	3
Administrative expenses									(10)	(11)
Income tax									(1)	-
Profit for the period									5	8

## 9. Commitments and contingent liabilities

### 9.1 Guarantees

- As at 31 March 2018, there were outstanding bank guarantees of Baht 78 million (31 December 2017: Baht 79 million) issued by the banks on behalf of the Company and its subsidiary, with Baht 53 million (31 December 2017: Baht 53 million) attributed to the Company, in respect of certain bid bonds and performance bonds.
- As at 31 March 2018, the Company had outstanding commitments under the letters of credit with local suppliers totaling approximately Baht 13 million (31 December 2017: Nil).

## **9.2 Contingent liability from tablet personal computers sale agreements**

In September and December 2013, the Company entered into agreements with two government agencies to sell 357,024 and 12,246 tablet personal computers in Zone 4 (Northern and Northeastern regions) with total contract values of Baht 749 million (excluding value added tax). Under a condition in the agreements, the Company had to deliver all of the tablets to the contracting government agencies within December 2013 and March 2014, respectively. However, the Company was unable to deliver the tablets as scheduled in the agreements as a result of a massive fire in September 2013 at a production facility in China where tablet parts were produced. The Company submitted letters to the government agencies, the counterparties to the agreements, to inform them of the cause of the delay and request extensions of the shipment schedules. The agreements stipulate that the Company is obliged to pay a penalty for delayed shipment at a daily rate of 0.2 percent of the price of the unshipped tablets. During 2014, the counterparties under the agreements submitted letters to the Company to request the termination of the sale and purchase of tablet agreements with the Company as they considered that the Company failed to perform its obligations under the agreements and requested the Company to pay the penalty at the daily rate of 0.2 percent of the price of the unshipped tablets from the dates of delivery stipulated in the agreements to the date of termination of the agreements, or a total of Baht 5 million and Baht 142 million, respectively. In addition, the counterparties asked the bank who issued bank guarantees on behalf of the Company as performance bonds for these agreements to pay them a total of Baht 40 million under the performance bonds. However, the Company submitted letters to these counterparties objecting to the termination of the agreements and to the imposition of penalties under the agreements on the grounds that the cause of the delay in the shipments of tablets was the aforementioned massive fire at a production facility, which was an event of force majeure and outside the Company's control, and the Company had already notified the cause of delay to both counterparties. The Company therefore believes that it is not obliged to pay penalties and damages to these counterparties. In addition, the Company submitted letters to the bank who issued bank guarantees for the Company, requesting it to suspend a payment under the performance bonds amounting to Baht 40 million to the two counterparties. However, in November 2014 and March 2015, the two counterparties filed lawsuits with the Central Administrative Court, requesting the Company to pay a penalty for its inability to deliver tablet as stipulated in the agreements and to make payment under the performance bonds, together with interest at the rate of 7.5% per annum, totaling approximately Baht 5 million and Baht 190 million, respectively. During 2014, the Company submitted a notice of breach of the agreement to a local company claiming that it had failed to deliver tablets in accordance with the agreement, and the Company exercised its right to terminate the agreement with this company. In

addition, the Company requested the bank who issued a bank guarantee on behalf of this company in the form a performance bond for the sale of tablets to pay Baht 38 million to the Company under the performance bond. The Company received the payment and retained the legal right to seize this amount as compensation for losses caused by this company or incurred as a result of a breach of agreement by this company and recorded this amount as a liability under the caption of trade and other payables in the statements of financial position since 31 December 2014 and treated it as a provision for any penalties and losses that might be incurred. Moreover, in the event that the Company is required to pay penalties and compensation to the government agencies, the Company can reclaim all losses from this local company who is the seller of the tablets to the Company, in accordance with a condition stipulated in the sale and purchase of tablet agreements. However, on 22 February 2018, the Central Administrative Court issued a judgement on the case between the Company and the government agency who filed the lawsuit, requesting the Company to pay penalties totaling approximately Baht 5 million for its inability to deliver tablets as stipulated in the agreement. The Central Administrative Court issued a judgement ordering the Company to pay penalties totaling approximately Baht 3 million. On 23 March 2018, the Company filed an appeal to the Supreme Administration Court and request to suspend execution to the Central Administrative Court. At present, this case is under consideration by the Courts. In addition, on 4 May 2018, the Central Administrative Court issued a judgement on the case between the Company and another government agency that filed the lawsuit, requesting the Company to pay penalties and make payment under the letter of performance bond guarantee, together with interest totaling approximately Baht 190 million. The Central Administrative Court issued a judgement ordering the Company to pay penalties totaling approximately Baht 7 million, together with interest at the rate of 7.5% per annum, starting from the date following the filing of the case until the full payment is made. Currently, the legal advisor are considering details of the judgement in order to determine whether to subsequently file an appeal. Therefore, the ultimate outcome of these lawsuits and disputes that are not finalised cannot be determined at this time. However, the Company's management and legal advisor are confident that no significant losses will be incurred as a result of these lawsuits and disputes, and therefore no further provision for contingent liabilities have been recorded in the accounts. However, the Company's management and legal advisor still believe that no significant losses will be incurred as a result of these lawsuits and disputes, and therefore no further provision for contingent liabilities was recorded in the accounts.

### **9.3 Disputes with TT&T**

During the current period, there has been no significant progress with respect to the disputes with TT&T as described in Note 22.4 to the financial statements for the year 2017.

### **9.4 Litigation and other disputes**

During the current period, there has been no significant progress with respect to the litigation and disputes as described in Note 22.5 to the financial statements for the year 2017.

## **10. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 15 May 2018.