

Jasmine Telecom Systems Public Company Limited
and its subsidiary
Report and consolidated financial statements
31 December 2018

Independent Auditor's Report

To the Shareholders of Jasmine Telecom Systems Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Jasmine Telecom Systems Public Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Jasmine Telecom Systems Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jasmine Telecom Systems Public Company Limited and its subsidiary and of Jasmine Telecom Systems Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matters

I draw attention to Note 22.3 of the consolidated financial statements, which describes the litigation claim between the Company and two government agencies, who demanded the Company pay penalties for its failure to deliver tablets according to the agreements. However, during the current year, the Central Administrative Court issued a judgement ordering the Company to pay penalties totaling approximately Baht 10 million. A provision for penalties and compensation that might be incurred that the Company has recorded in the past are sufficient to the amount of the penalties according to the judgement of the Central Administrative Court.

However, the Company and the two government agencies filed appeals to the Supreme Administrative Court. At present, the cases are under consideration by the Courts. In addition, I draw attention to Note 22.4 of the consolidated financial statements, which describes disputes between the subsidiary and an unrelated company. My opinion is not qualified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

Net realisable value of trade receivables from a related party

As discussed in Note 8 to the consolidated financial statements, as at 31 December 2018, the Company and its subsidiary have balances of trade receivables from a related party amounting to Baht 802 million which account for 64% of total assets and the Company's amounting to Baht 777 million which account for 59% of total assets. The balances are long outstanding. As most of these receivables are more than 1 year past due and the balances are material to the financial statements, therefore I focused on the net realisable value of this account.

I assessed the method and gaining an understanding of the basis applied in determination of the allowance for doubtful accounts. I also assessed the key information, assumptions and methods used by management in considering the allowance for doubtful accounts and determining the debtor's ability to repay by reviewing debt collection history, and analysing current financial information, data on the economic situation and the business of the debtor and its group companies, including analysing subsequent receipts of payment after the reporting period.

Contingent liabilities arising from litigation and commercial disputes

As discussed in *the Emphasis of Matters* section which described the significant commercial disputes and as discussed in Note 22.3, Note 22.4 and Note 22.5 to the consolidated financial statements, as at 31 December 2018 the Company and its subsidiary had litigation claims and commercial disputes with unrelated parties, and business partners. As the cases are not yet finalised, the management needs to exercise significant judgment and take into account related laws and regulations in assessing the effects of the litigation and disputes, in order to determine the corresponding contingent liabilities. However, the actual outcomes of the litigation and disputes may differ from the estimates. There are therefore risks with respect to the recognition of provision or disclosure of contingent liabilities with respect to the litigation and disputes.

I inquired with the management and legal department of the Company and its subsidiary regarding the procedures relevant to the collection, monitoring and assessment of litigation and commercial disputes filed and pending as at the date of the financial statements, reviewed legal consultation fees to check the completeness of the litigation notified by the Company and its subsidiary, inquired about the details and progress of cases and the methods applied by the management in estimating liabilities from litigation, and assessed the judgment exercised by the management in evaluating the legal cases and commercial disputes. To carry out these procedures, I performed the followings.

- a) Reviewed relevant conditions and provisions of agreements, together with the claims and objections submitted by the Company and its subsidiary and counterparties to the courts for the purpose of providing background into the disputes.
- b) Reviewed relevant supporting documentation used by management and prepared by external experts, and sent confirmation letters to the external legal consultant whose services were used by the Company and its subsidiary requesting written reports on case details and status, and legal opinions on the possible effects of the litigation on the Company and its subsidiary. I also assessed the legal consultant's competence, experiences, independence and objectivity in accordance with relevant auditing standards, and I considered whether the legal principles and regulations and leading cases referred to by the legal consultant were relevant to the Company and its subsidiary's litigation and commercial disputes.
- c) Reviewed information, progress and the legal opinion on the litigation claims and commercial disputes which responsible by the Company and its subsidiary internal legal consultant.
- d) Reviewed the disclosure of information relating to litigation and commercial disputes in the notes to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Chonlaros Suntiasvaraporn
Certified Public Accountant (Thailand) No. 4523

EY Office Limited
Bangkok: 28 February 2019

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of financial position

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	7	401,213,199	96,640,828	397,266,183	76,884,556
Current investments - bank deposits		4,749,532	20,816,202	4,744,235	20,691,514
Trade and other receivables	8	812,556,415	729,923,305	790,832,759	728,327,000
Unbilled receivables					
Related parties	6	15,327	150,353	2,861,387	1,191,700
Unrelated parties		13,273,581	8,265,898	10,260,691	5,459,822
Short-term loans to related parties	6	-	340,000,000	-	340,000,000
Current portion of long-term loans					
to subsidiary	6	-	-	16,000,000	16,000,000
Inventories	9	3,220,546	3,162,762	3,109,653	3,034,536
Account receivable under troubled					
debt restructuring	10	-	-	-	-
Prepaid project costs		818,982	445,315	483,208	299,280
Other current assets		3,450,735	4,099,724	1,473,786	2,531,745
Total current assets		1,239,298,317	1,203,504,387	1,227,031,902	1,194,420,153
Non-current assets					
Restricted bank deposits		9,380,987	25,632,235	6,798,736	23,008,513
Long-term loans to subsidiary	6	-	-	69,000,000	85,000,000
Investment in subsidiary	11	-	-	-	-
Property, plant and equipment	12	9,720,940	7,765,624	430,907	723,614
Withholding tax deducted at source		2,106,371	1,947,953	2,106,371	684,233
Deposits		1,178,424	1,214,609	1,014,638	1,016,320
Total non-current assets		22,386,722	36,560,421	79,350,652	110,432,680
Total assets		1,261,685,039	1,240,064,808	1,306,382,554	1,304,852,833

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

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	13	114,689,339	107,148,669	84,334,143	76,749,844
Accrued project cost		135,773,692	138,331,714	3,216,984	4,886,319
Income tax payable		1,371,181	1,683,138	-	-
Advances received for goods and services	6	3,470,735	3,272,848	477,480	575,210
Other current liabilities		27,935,903	27,585,549	17,692,337	18,095,877
Total current liabilities		283,240,850	278,021,918	105,720,944	100,307,250
Non-current liabilities					
Provision for long-term employee benefits	14	13,507,453	11,281,745	13,507,453	11,281,745
Total non-current liabilities		13,507,453	11,281,745	13,507,453	11,281,745
Total liabilities		296,748,303	289,303,663	119,228,397	111,588,995
Shareholders' equity					
Share capital					
Registered					
706,457,300 ordinary shares of Baht 1 each		706,457,300	706,457,300	706,457,300	706,457,300
Issued and fully paid-up					
706,457,300 ordinary shares of Baht 1 each		706,457,300	706,457,300	706,457,300	706,457,300
Premium on ordinary shares		420,269,078	420,269,078	420,269,078	420,269,078
Retained earnings					
Appropriated - statutory reserve	15	70,645,730	70,645,730	70,645,730	70,645,730
Deficit		(234,074,272)	(247,817,787)	(10,217,951)	(4,108,270)
Other components of shareholders' equity	2.2	8,157,637	8,157,637	-	-
Equity attributable to owners of the Company		971,455,473	957,711,958	1,187,154,157	1,193,263,838
Non-controlling interests of the subsidiary		(6,518,737)	(6,950,813)	-	-
Total shareholders' equity		964,936,736	950,761,145	1,187,154,157	1,193,263,838
Total liabilities and shareholders' equity		1,261,685,039	1,240,064,808	1,306,382,554	1,304,852,833
		-	-	-	-

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

Directors

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of comprehensive income

For the year ended 31 December 2018

(Unit: 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>
Profit or loss:					
Revenues					
Sales and services income		130,642,379	77,703,887	84,350,733	22,109,828
Interest income		8,198,844	8,274,077	9,683,661	10,069,111
Exchange gains		180,103	2,459,395	-	-
Other income		3,742,238	11,079,044	5,574,416	4,072,576
Total revenues		<u>142,763,564</u>	<u>99,516,403</u>	<u>99,608,810</u>	<u>36,251,515</u>
Expenses					
Cost of sales and services		76,843,822	37,501,812	64,342,471	14,366,933
Administrative expenses		45,957,597	45,563,245	39,957,630	41,839,763
Exchange losses		-	-	13,733	172,323
Doubtful debt		-	32,100	-	32,100
Total expenses		<u>122,801,419</u>	<u>83,097,157</u>	<u>104,313,834</u>	<u>56,411,119</u>
Profit (loss) before income tax		19,962,145	16,419,246	(4,705,024)	(20,159,604)
Income tax	18	(4,381,897)	(3,188,091)	-	-
Profit (loss) for the year		<u>15,580,248</u>	<u>13,231,155</u>	<u>(4,705,024)</u>	<u>(20,159,604)</u>
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss	14	(1,404,657)	-	(1,404,657)	-
Other comprehensive income for the year		<u>(1,404,657)</u>	<u>-</u>	<u>(1,404,657)</u>	<u>-</u>
Total comprehensive income for the year		<u>14,175,591</u>	<u>13,231,155</u>	<u>(6,109,681)</u>	<u>(20,159,604)</u>
Profit (loss) attributable to:					
Equity holders of the Company		15,148,172	12,519,932	(4,705,024)	(20,159,604)
Non-controlling interests of the subsidiary		432,076	711,223		
		<u>15,580,248</u>	<u>13,231,155</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		13,743,515	12,519,932	(6,109,681)	(20,159,604)
Non-controlling interests of the subsidiary		432,076	711,223		
		<u>14,175,591</u>	<u>13,231,155</u>		
Basic earnings (loss) per share					
	19				
Profit (loss) attributable to equity holders of the Company		<u>0.02</u>	<u>0.02</u>	<u>(0.01)</u>	<u>(0.03)</u>

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

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of changes in shareholders' equity

For the year ended 31 December 2018

(Unit: Baht)

Consolidated financial statements									
Equity attributable to owners of the Company									
	Issued and fully paid-up share capital	Premium on ordinary shares	Retained earnings		Other component of shareholders' equity		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity
			Appropriated	Unappropriated (deficit)	Difference between the purchase price of investment in subsidiary under common control and its net book value	Total other components of shareholders' equity			
Balance as at 1 January 2017	706,457,300	420,269,078	70,645,730	(260,337,719)	8,157,637	8,157,637	945,192,026	(7,662,036)	937,529,990
Total comprehensive income for the year	-	-	-	12,519,932	-	-	12,519,932	711,223	13,231,155
Balance as at 31 December 2017	<u>706,457,300</u>	<u>420,269,078</u>	<u>70,645,730</u>	<u>(247,817,787)</u>	<u>8,157,637</u>	<u>8,157,637</u>	<u>957,711,958</u>	<u>(6,950,813)</u>	<u>950,761,145</u>
									-
Balance as at 1 January 2018	706,457,300	420,269,078	70,645,730	(247,817,787)	8,157,637	8,157,637	957,711,958	(6,950,813)	950,761,145
Profit for the year	-	-	-	15,148,172	-	-	15,148,172	432,076	15,580,248
Other comprehensive income for the year	-	-	-	(1,404,657)	-	-	(1,404,657)	-	(1,404,657)
Total comprehensive income for the year	-	-	-	13,743,515	-	-	13,743,515	432,076	14,175,591
Balance as at 31 December 2018	<u>706,457,300</u>	<u>420,269,078</u>	<u>70,645,730</u>	<u>(234,074,272)</u>	<u>8,157,637</u>	<u>8,157,637</u>	<u>971,455,473</u>	<u>(6,518,737)</u>	<u>964,936,736</u>

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

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Separate financial statements				Total shareholders' equity
	Issued and fully paid-up share capital	Premium on ordinary shares	Retained earnings		
			Appropriated	Unappropriated	
Balance as at 1 January 2017	706,457,300	420,269,078	70,645,730	16,051,334	1,213,423,442
Total comprehensive income for the year	-	-	-	(20,159,604)	(20,159,604)
Balance as at 31 December 2017	<u>706,457,300</u>	<u>420,269,078</u>	<u>70,645,730</u>	<u>(4,108,270)</u>	<u>1,193,263,838</u>
Balance as at 1 January 2018	706,457,300	420,269,078	70,645,730	(4,108,270)	1,193,263,838
Loss for the year	-	-	-	(4,705,024)	(4,705,024)
Other comprehensive income for the year	-	-	-	(1,404,657)	(1,404,657)
Total comprehensive income for the year	-	-	-	(6,109,681)	(6,109,681)
Balance as at 31 December 2018	<u>706,457,300</u>	<u>420,269,078</u>	<u>70,645,730</u>	<u>(10,217,951)</u>	<u>1,187,154,157</u>

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

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of cash flows

For the year ended 31 December 2018

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities				
Profit (loss) before tax	19,962,145	16,419,246	(4,705,024)	(20,159,604)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities				
Depreciation	4,751,073	5,502,698	556,015	1,228,764
Doubtful account	-	32,100	-	32,100
Reduction of inventory to net realisable value	-	2,158,109	-	2,158,109
Gains on disposal of equipment	(911,462)	(52,547)	(911,462)	(50,982)
Provision for compensation from litigation	4,673,665	1,130,233	-	-
Provision for long-term employee benefits	821,051	798,402	821,051	798,402
Unrealised exchange losses (gains)	(184,089)	(2,513,897)	9,747	117,820
Interest income	<u>(8,198,844)</u>	<u>(8,274,077)</u>	<u>(9,683,661)</u>	<u>(10,069,111)</u>
Profit (loss) from operating activities before changes in operating assets and liabilities	20,913,539	15,200,267	(13,913,334)	(25,944,502)
Operating assets decrease (increase)				
Trade and other receivables	(82,802,316)	60,045,680	(62,674,175)	58,046,909
Unbilled receivables	(4,872,657)	2,715,025	(6,470,556)	(610,638)
Inventories	(57,784)	2,869,357	(75,117)	2,852,513
Prepaid project costs	(373,667)	784,252	(183,928)	(237,496)
Other current assets	(816,002)	1,117,838	856,690	1,946,017
Other assets	(122,233)	2,484,793	(1,420,456)	509,485
Operating liabilities increase (decrease)				
Trade and other payables	2,880,484	-45,104,008	7,597,778	-36,172,627
Accrued project costs	-2,364,186	-16,677,446	-1,669,335	-7,414,969
Advances received for goods and services	197,887	378,588	(97,730)	(330,397)
Other current liabilities	<u>350,354</u>	<u>-765,366</u>	<u>-403,540</u>	<u>-1,538,852</u>
Cash from (used in) operating activities	(67,066,581)	23,048,980	(78,453,703)	(8,894,557)
Cash paid for income tax	(5,176,817)	(3,613,650)	(482,963)	(2,106,371)
Refundable withholding tax	<u>1,947,953</u>	<u>3,800,226</u>	<u>684,233</u>	<u>1,195,698</u>
Net cash from (used in) operating activities	<u>(70,295,445)</u>	<u>23,235,556</u>	<u>(78,252,433)</u>	<u>(9,805,230)</u>

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

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of cash flows (continued)

For the year ended 31 December 2018

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from investing activities				
Interest income	8,344,825	9,796,334	9,828,850	11,606,994
Decrease in current investments - bank deposits	16,066,670	79,992,168	15,947,279	79,987,231
Decrease in restricted bank deposits	16,251,248	4,776,527	16,209,777	4,840,144
Short-term loans to related party	-	(340,000,000)	-	(340,000,000)
Cash received from repayment of short-term loans to related party	340,000,000	-	340,000,000	-
Cash received from repayment of long-term loans to subsidiary	-	-	16,000,000	16,000,000
Acquisition of equipment	(6,706,628)	(3,764,124)	(263,547)	(117,694)
Proceeds from sales of equipment	911,701	88,080	911,701	86,490
Net cash from (used in) investing activities	<u>374,867,816</u>	<u>(249,111,015)</u>	<u>398,634,060</u>	<u>(227,596,835)</u>
Net increase (decrease) in cash and cash equivalents	304,572,371	(225,875,459)	320,381,627	(237,402,065)
Cash and cash equivalents at beginning of year	<u>96,640,828</u>	<u>322,516,287</u>	<u>76,884,556</u>	<u>314,286,621</u>
Cash and cash equivalents at end of year	<u>401,213,199</u>	<u>96,640,828</u>	<u>397,266,183</u>	<u>76,884,556</u>
	-	-	-	-
Supplemental cash flow information				
Non-cash transaction:				
Transfer equipment to inventories	-	862	-	862

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

Jasmine Telecom Systems Public Company Limited and its subsidiary
Notes to consolidated financial statements
For the year ended 31 December 2018

1. Corporate information

Jasmine Telecom Systems Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Jasmine International Public Company Limited, which is incorporated in Thailand. The Company is principally engaged in the design and installation of telecommunication systems, telecom service business, and other businesses. The registered office of the Company is at 200 Moo 4, 9th Floor, Jasmine International Tower, Chaengwatana Road, Pakkred, Nonthaburi.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of the Company and Cloud Computing Solutions Company Limited (“the subsidiary”), which is incorporated in Thailand. The subsidiary is principally engaged in the computer system and software development and design services, sales of computer products and cloud computing services. The Company’s investment in the ordinary shares of the subsidiary represented about 97.87 percent of the subsidiary’s registered share capital.
- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

In 2005, the Company purchased investment in the subsidiary at a price of approximately Baht 8 million lower than the attributable net asset value of the subsidiary. The Company recorded this difference under the caption of “Other components of shareholders’ equity” in shareholders’ equity in the consolidated statement of financial position.

2.3 The separate financial statements present investment in the subsidiary under the cost method.

3. New financial reporting standards

a. Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries 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 and clarifications 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 subsidiaries’ financial statements.

b. Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

During the current year, the Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within 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 services 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.

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

c. Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

Revenue from design, installation of telecommunication systems and computer systems including supply of related equipment is recognised by reference to the stage of completion as assessed by engineers or project managers.

Maintenance service revenue is recognised when service is rendered.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade and other receivables

Trade and other receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the specific identification method.

4.5 Investments

Investment in subsidiary is accounted for in the separated financial statements using the cost method net of allowance for impairment loss.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.6 Property, plant and equipment / Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs, on the straight-line basis over the following estimated useful lives:

Buildings	-	20	years
Public telephones and related equipment	-	3 - 5	years
Buildings and leasehold improvements	-	5	years
Furniture, fixtures and office equipment	-	3 - 10	years
Motor vehicles	-	5	years

Depreciation is included in determining income.

No depreciation is provided on land.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.7 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company and its subsidiary, whether directly or indirectly, or which are under common control with the Company and its subsidiary.

They also include individuals or enterprises which directly or indirectly own a voting interest in the Company and its subsidiary that give them significant influence over the Company and its subsidiary, key management personnel, directors and officers with authority in the planning and direction of the operations of the Company and its subsidiary.

4.8 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the functional currency of the Company and its subsidiary.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.9 Impairment of assets

At the end of each reporting period, the Company and its subsidiary perform impairment reviews in respect of the property, plant and equipment and investments whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

4.10 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plan

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the contributions of the Company is recognised as expenses when incurred.

Defined benefit plans

The Company has obligations in respect of the severance payments. The Company must make to employees upon retirement under labor law. The Company treats this severance payment obligation as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

4.11 Provisions

Provisions are recognised when the Company and its subsidiary have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.12 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiary recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiary review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiary record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.13 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiary apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiary measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Litigation and commercial disputes

The Company and its subsidiary have contingent liabilities as a result of litigation and commercial disputes. The management of the Company and its subsidiary were required to exercise judgement to assess the outcome of the litigation and estimate the liabilities that might be incurred as at the end of the reporting period.

6. Related party transactions

The following are relationships with companies and individuals that control, or are controlled by, the Company and its subsidiary, whether directly or indirectly, or which are under common control with the Company and its subsidiary.

Name of entities	Nature of relationship
Parent company	A major shareholder of the Company
Subsidiary	The subsidiary company that the Company has power to set financial and operating policies in order to generate benefits from the subsidiary's activities.
Jasmine Group	Common shareholders and directors
Mono Group	Common directors

During the years, the Company and its subsidiary had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and based agreed upon between the Company and its subsidiary and those related parties.

(Unit: Thousand Baht)

	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	2018	2017	2018	2017	
<u>Transactions with parent company</u>					
Sales and services income	3,960	3,112	108	-	Contract price or at prices normally charged to other customers
Interest income	6,936	3,166	6,936	3,166	The rate reference to the average weighted of 12-month fixed deposits interest rate quoted by three commercial banks plus 0.6 percent per annum and 2.08 percent per annum
Office rental and service expenses	3,246	3,246	3,148	3,148	Contract price or at prices normally charged to other customers
Other expenses	51	20	50	14	Contract price or at prices normally charged to other customers

(Unit: Thousand Baht)

	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	2018	2017	2018	2017	
<u>Transactions with subsidiary</u>					
(eliminated from the consolidated financial statements)					
Sales and services income	-	-	15,644	9,835	Contract price or at prices normally charged to other customers
Interest income	-	-	1,573	1,839	The rate referenced to fixed deposits interest rate plus 0.5 percent per annum
Management income	-	-	2,396	2,280	Contract price
Cost of sales and services	-	-	177	89	Contract price or at prices normally charged to other customers
<u>Transactions with related companies</u>					
Sales and services income	94,962	46,136	55,302	2,318	Contract price or at prices normally charged to other customers
Other income	182	130	182	130	Contract price or at prices normally charged to other customers
Cost of sales and services	3,847	4,792	2,550	2,973	Contract price or at prices normally charged to other customers
Office rental and services expenses	252	252	252	252	Contract price or at prices normally charged to other customers
Other expenses	4,115	3,290	1,970	1,832	Contract price or at prices normally charged to other customers

The balances of the accounts between the Company and its subsidiary and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Trade receivables - related parties (Note 8)</u>				
Parent company	101	128	-	-
Subsidiary	-	-	11,045	221
(eliminated from the consolidated financial statements)				
Related companies				
Jasmine Group	808,889	725,359	778,235	724,819
Mono Group	78	-	-	-
Total trade receivables - related parties	809,068	725,487	789,280	725,040

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Other receivables - related parties (Note 8)</u>				
Parent company	-	116	-	116
Subsidiary	-	-	3,480	3,480
(eliminated from the consolidated financial statements)				
Related companies				
Jasmine Group	395	139	395	139
Total	395	255	3,875	3,735
Less: Allowance for doubtful account	-	-	(3,480)	(3,480)
Total other receivables - related parties - net	395	255	395	255
<u>Unbilled receivables from related parties</u>				
Subsidiary	-	-	2,861	1,192
(eliminated from the consolidated financial statements)				
Related companies				
Jasmine Group	12	150	-	-
Mono Group	3	-	-	-
Total unbilled receivables from related parties	15	150	2,861	1,192
<u>Short-term loans to related parties</u>				
Parent company	-	340,000	-	340,000
Subsidiary	-	-	80,347	80,347
(eliminated from the consolidated financial statements)				
Total	-	340,000	80,347	420,347
Less: Allowance for doubtful account	-	-	(80,347)	(80,347)
Total short-term loans to related parties - net	-	340,000	-	340,000
<u>Long-term loans to subsidiary</u>				
Subsidiary	-	-	85,000	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	-	-	69,000	85,000

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Trade payables - related parties (Note 13)</u>				
Subsidiary	-	-	47	-
(eliminated from the consolidated financial statements)				
Related companies				
Jasmine Group	353	694	3	3
Total trade payables - related parties	353	694	50	3
<u>Other payables - related parties (Note 13)</u>				
Parent company	18,617	20,099	-	-
Related companies				
Jasmine Group	5,917	6,928	5	129
Total other payables - related parties	24,534	27,027	5	129
<u>Advances received from related parties</u>				
Parent company	64	52	-	-
Related companies				
Jasmine Group	2,897	1,986	344	202
Total advances received from related parties	2,961	2,038	344	202

Loans to related parties

The balances of loans between the Company, its subsidiary and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated/Separate financial statements		
	Balance as at	Decrease	Balance as at
	31 December 2017	during the year	31 December 2018
Short-term loans to parent company	340,000	(340,000)	-

On 25 December 2017, an Extraordinary General Meeting of the Company's Shareholders passed a resolution approving the offer of financial assistance to parent company in form of a short-term loan in the amount of Baht 340 million. Short-term loans to parent company carry interest at the rate of 2.08 percent per annum. Interest is repayable at each quarter-end, with the term of loan for 6 months with an extension right for another 6 months.

(Unit: Thousand Baht)

	Separate financial statements		
	Balance as at 31 December 2017	Decrease during the year	Balance as at 31 December 2018
Short-term loans to the subsidiary	80,437	-	80,437
Long-term loans to the subsidiary	101,000	(16,000)	85,000

Short-term loans to the subsidiary is subject to interest at the rate referenced to the 12-month fixed deposits interest rate plus 0.5 percent per annum and due for repayment at call.

Long-term loans to the subsidiary carry interest at a rate equal to the 12-month fixed deposits interest rate of a commercial bank plus 0.5 percent per annum. Interest is repayable at every month-end, and principal is repayable at each quarter-end, at rates of Baht 4 million per quarter from 2017 to 2020, Baht 4.125 million per quarter from 2021 to 2023 and Baht 3.25 million per quarter in 2024.

Directors and management's benefits

During the years, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	2018	2017
Short-term employee benefits	11,398	11,285
Post-employment benefits	1,039	993
Total	12,437	12,278

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash	115	115	105	105
Bank deposits	15,653	34,194	11,816	14,448
Bills of exchange	385,445	62,332	385,345	62,332
Total	401,213	96,641	397,266	76,885

As at 31 December 2018, bank deposits in saving accounts, fixed deposits and bills of exchange of the Company and its subsidiary carried interests between 0.37 and 1.30 percent per annum (2017: between 0.37 and 1.00 percent per annum) and the Company only carried interests between 0.37 and 1.20 percent per annum (2017: between 0.37 and 1.00 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Trade receivables - related parties (Note 6)	809,068	725,487	789,280	725,040
Trade receivables - unrelated parties	184,506	185,565	15,551	17,395
Other receivables - related parties (Note 6)	395	255	3,875	3,735
Other receivables - unrelated parties	40,485	40,514	40,480	40,510
Total	1,034,454	951,821	849,186	786,680
Less: Allowance for doubtful accounts	(221,898)	(221,898)	(58,353)	(58,353)
Trade and other receivables - net	812,556	729,923	790,833	728,327

The outstanding balances of trade receivables, aged on the basis of due dates, are summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	11,130	1,191	8,327	548
Past due				
Up to 3 months	42,826	1,158	40,072	1,354
Longer than 3 - 6 months	16,797	795	11,059	795
Longer than 6 - 12 months	17,010	-	8,516	-
Longer than 12 months	721,305	722,343	721,306	722,343
Total trade receivables - related parties (Note 6)	809,068	725,487	789,280	725,040

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	1,113	2,927	146	2,775
Past due				
Up to 3 months	1,793	1,030	830	45
Longer than 3 - 6 months	-	8	-	-
Longer than 6 - 12 months	-	-	-	-
Longer than 12 months	181,600	181,600	14,575	14,575
Total	184,506	185,565	15,551	17,395
Less: Allowance for doubtful accounts	(181,600)	(181,600)	(14,575)	(14,575)
Total trade receivables - unrelated parties - net	2,906	3,965	976	2,820
Total trade receivables - net	811,974	729,452	790,256	727,860
<u>Other receivables - related parties</u>				
Accrued interest income	-	116	3,480	3,596
Others	395	139	395	139
Total	395	255	3,875	3,735
Less: Allowance for doubtful account	-	-	(3,480)	(3,480)
Total other receivables - related parties - net (Note 6)	395	255	395	255
<u>Other receivables - unrelated parties</u>				
Accrued interest income	12,500	12,529	12,495	12,525
Others	27,985	27,985	27,985	27,985
Total	40,485	40,514	40,480	40,510
Less: Allowance for doubtful accounts	(40,298)	(40,298)	(40,298)	(40,298)
Total other receivables - unrelated parties - net	187	216	182	212

9. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
Cost		Reduce cost to net realisable value		Inventories - net		
2018	2017	2018	2017	2018	2017	
Finished goods	9,393	9,335	(6,172)	(6,172)	3,221	3,163

(Unit: Thousand Baht)

Separate financial statements						
Cost		Reduce cost to net realisable value		Inventories - net		
2018	2017	2018	2017	2018	2017	
Finished goods	9,282	9,207	(6,172)	(6,172)	3,110	3,035

During the year 2017, the Company reduced cost of inventories by Baht 2 million (2018: None) to reflect the net realisable value. This was included in cost of sales and services.

10. 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, and which was to be repaid in full, in cash in a single payment on the last working day of the first quarter of 2015. 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 remaining balances of accounts receivable from TT&T in the year 2016.

11. Investment in subsidiary

(Unit: Thousand Baht)

Company's name	Paid-up capital		Cost	
	2018	2017	2018	2017
Could Computing Solution Company Limited	55,000	55,000	83,899	83,899
Less: Allowance for loss on investment			(83,899)	(83,899)
Total investment in subsidiary - net			-	-

12. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements				
	Land, buildings, buildings and leasehold improvement	Public telephones and related equipment	Furniture, fixtures and office equipment	Motor vehicles	Total
Cost					
1 January 2017	19,267	26,151	67,458	6,648	119,524
Additions	-	-	3,763	-	3,763
Disposals	-	(1,442)	(557)	-	(1,999)
Transfers out	-	-	(8)	-	(8)
31 December 2017	19,267	24,709	70,656	6,648	121,280
Additions	-	-	6,706	-	6,706
Disposals	-	(6,001)	(408)	(2,805)	(9,214)
31 December 2018	19,267	18,708	76,954	3,843	118,772
Accumulated depreciation					
1 January 2017	17,257	26,137	60,374	6,215	109,983
Depreciation for the year	3	12	5,240	247	5,502
Depreciation on disposals	-	(1,440)	(524)	-	(1,964)
Depreciation on transfers	-	-	(7)	-	(7)
31 December 2017	17,260	24,709	65,083	6,462	113,514
Depreciation for the year	2	-	4,563	186	4,751
Depreciation on disposals	-	(6,001)	(408)	(2,805)	(9,214)
31 December 2018	17,262	18,708	69,238	3,845	109,051
Net book value					
31 December 2017	2,007	-	5,573	186	7,766
31 December 2018	2,005	-	7,716	-	9,721
Depreciation for the year					
2017 (Baht 3 million included in cost of sales and services, and the balance in administrative expenses)					5,502
2018 (Baht 4 million included in cost of sales and services, and the balance in administrative expenses)					4,751

(Unit: Thousand Baht)

	Separate financial statements				Total
	Buildings and leasehold improvement	Public telephones and related equipment	Furniture, fixtures and office equipment	Motor vehicles	
Cost					
1 January 2017	12,129	26,151	28,105	6,152	72,537
Additions	-	-	117	-	117
Disposals	-	(1,442)	(493)	-	(1,935)
Transfers out	-	-	(8)	-	(8)
31 December 2017	12,129	24,709	27,721	6,152	70,711
Additions	-	-	263	-	263
Disposals	-	(6,001)	(408)	(2,805)	(9,214)
31 December 2018	12,129	18,708	27,576	3,347	61,760
Accumulated depreciation					
1 January 2017	12,129	26,137	26,681	5,719	70,666
Depreciation for the year	-	12	968	248	1,228
Depreciation on disposals	-	(1,440)	(460)	-	(1,900)
Depreciation on transfer	-	-	(7)	-	(7)
31 December 2017	12,129	24,709	27,182	5,967	69,987
Depreciation for the year	-	-	371	185	556
Depreciation on disposals	-	(6,001)	(408)	(2,805)	(9,214)
31 December 2018	12,129	18,708	27,145	3,347	61,329
Net book value					
31 December 2017	-	-	539	185	724
31 December 2018	-	-	431	-	431
Depreciation for the year					
2017 (Included in administrative expenses)					1,228
2018 (Included in administrative expenses)					556

As at 31 December 2018, certain items of plant and equipment of the Company and its subsidiary had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 104 million (2017: Baht 104 million) and the Company's Baht 61 million (2017: Baht 67 million).

13. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Trade payables - related parties (Note 6)	353	694	50	3
Trade payables - unrelated parties	43,031	33,419	42,317	32,522
Other payables - related parties (Note 6)	24,534	27,027	5	129
Other payables - unrelated parties	46,771	46,009	41,962	44,096
Total trade and other payables	114,689	107,149	84,334	76,750

14. Provision for long-term employee benefits

	(Unit: Thousand Baht)	
	Consolidated/Separate	
	financial statements	
	2018	2017
Provision for long-term employee benefits at beginning of year	11,282	10,483
Included in profit or loss		
Current service cost	511	510
Interest cost	310	289
Included in other comprehensive income:		
Actuarial loss (gain) arising from		
Demographic assumptions changes	217	-
Financial assumptions changes	(473)	-
Experience adjustments	1,660	-
Provision for long-term employee benefits at end of year	13,507	11,282

The Company expects to pay Baht 1 million of long-term employee benefits during the next year (2017: None).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefits of the Company is 11 years (2017: 10 years).

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated/Separate financial statements	
	2018	2017
	(% per annum)	(% per annum)
Discount rate	3.25	2.75
Future salary increase rate	5	5

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations are summarised below:

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	2018	2017
Discount rate		
Increase 50 basis points (3.75%)	(443)	(414)
Decrease 50 basis points (2.75%)	471	441
Salary increase rate		
Increase 100 basis points (6.00%)	1,083	1,233
Decrease 100 basis points (4.00%)	(974)	(1,090)

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company has an additional liability for long-term employee benefits of Baht 4 million. The Company will reflect the effect of the change by recognising past services costs as expenses in profit or loss of the period in which the law is effective.

15. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

16. Expenses by nature

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Inventories used	49,481	11,720	48,519	4,248
Salary and wages and other employee benefits	29,703	27,457	29,703	27,457
Subcontracting expenses	16,924	6,775	11,439	4,243
Depreciation	4,751	5,503	556	1,229
Rental expenses from operating lease agreements	3,497	3,497	3,400	3,400
Reduction of inventories to net realisable value	-	2,158	-	2,158

17. Service income under the license

During the year 2018, the Company had service income under the license, granted by the National Telecommunications Commission (“NBTC”), for telecommunication service Type I amounting to Baht 0.42 million (2017: Baht 0.16 million).

In addition, the Company had expenses payable to other licensees, concessionaires or foreign telecommunication service providers for the year ended 31 December 2018 amounting to Baht 0.25 million (2017: Baht 0.09 million) that can be used to deduct income in accordance with the notification of the NBTC Re: Criteria and Procedures on Revenue Collection for Universal Service Obligation, dated 30 May 2017.

18. Income tax

The reconciliation between accounting profit (loss) and income tax expenses is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Accounting profit (loss) before tax	19,962	16,419	(4,705)	(20,160)
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by				
income tax rate	3,992	3,284	(941)	(4,032)
Non-deductible expense	20	231	4	4
Additional expense deductions allowed	(302)	(78)	(2)	(4)
Unrecognised deferred tax asset:				
Allowance for diminution in value of inventories	-	432	-	432
Allowance for doubtful accounts and bad debt	-	6	-	6
Provision for long-term employee benefits	164	160	164	160
Tax loss of current year	508	3,167	508	3,167
Tax loss of prior years that is used to reduce				
tax expenses	-	(4,014)	-	-
Others	-	-	267	267
Income tax expenses reported in the statement				
of comprehensive income	4,382	3,188	-	-

As at 31 December 2018, the Company and its subsidiary have deductible temporary differences and unused tax losses totaling Baht 848 million (2017: Baht 843 million) and the Company only of Baht 578 million (2017: Baht 573 million), on which deferred tax assets have not been recognised as the Company and its subsidiary believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses of the Company amounting to Baht 112 million will gradually expire between 2019 - 2023 (2017: Baht 110 million will gradually expire between 2019 - 2022).

19. Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

20. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

Inter-segment revenues are eliminated on consolidation.

Business operations of the Company and its subsidiary are mainly carried on in Thailand. Below is the consolidated financial information for the years 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	68	12	40	47	23	19	-	-	131	78
Inter-segment revenues	16	10	-	-	-	-	(16)	(10)	-	-
Total revenues	84	22	40	47	23	19	(16)	(10)	131	78
Segment operating profit (loss)	5	(2)	35	31	14	11			54	40
Unallocated income and expenses:										
Interest income									8	8
Exchange gains									-	2
Other income									4	11
Administrative expenses									(46)	(45)
Income tax									(4)	(3)
Profit for the year									16	13

Major customer

For the year 2018, the Company and its subsidiary have revenue from a major customer in amount of Baht 78 million (2017: three major customers in amount of Baht 52 million) and the Company only from two customers in amount of Baht 67 million (2017: two customers in amount of Baht 18 million).

21. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and its employees contribute to the fund monthly at the rate of 3 - 8 percent of basic salary. The fund, which is managed by BBL Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During the year 2018, the Company contributed Baht 2 million (2017: Baht 2 million), to the fund.

22. Commitments and contingent liabilities

22.1 Operating lease and service agreements commitments

The Company has entered into lease agreements in respect of the lease of office building space and related services. The terms of the agreements are 3 years and non-cancellable.

Future minimum lease payments required under these non-cancellable operating leases and service agreements were as follows.

	(Unit: Million Baht)	
	Consolidated/Separate financial statements	
	2018	2017
Payable:		
In up to 1 year	2	3
In over 1 and up to 3 years	-	2

22.2 Guarantees

As at 31 December 2018, there were outstanding bank guarantees of Baht 75 million (2017: Baht 79 million) issued by banks on behalf of the Company and its subsidiary, and the Company only of Baht 51 million (2017: Baht 53 million), in respect of certain bid bonds and performance bonds.

22.3 Contingent liability arising from the sale and purchase of tablet agreements

In September and December 2013, the Company entered into agreements with two government agencies to sell 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. In 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 was unable to deliver the tablets as scheduled 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 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. In addition, 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. 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 2.6 million. On 8 June 2018, a bank which issued a bank guarantee submitted a letter to the Company notifying that on 5 April 2018 it paid the penalties totaling approximately Baht 1.4 million in accordance with

the judgement rendered to the bank. Therefore, the outstanding balance of penalties is amounting to approximately Baht 1.2 million. 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. A provision for penalties and compensation that might be incurred that the Company has recorded in the past are sufficient to the amount of the penalties according to the judgement of the Central Administrative Court. However, the Company and the two government agencies filed appeals to the Supreme Administrative Court and the Company filed requests to suspend execution to the Central Administrative Court. At present, the cases are under consideration by the Courts. 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 the provision for penalties and compensation which have recorded in the past are sufficient according to the judgement of the Central Administrative Court.

22.4 Disputes with TT&T

The subsidiary has an outstanding balance receivable from TT&T pursuant to the contract for the supply of the Customer Care and Billing system amounting to approximately USD 5 million (as at 31 December 2018 equivalent to approximately Baht 171 million). This balance is being disputed with TT&T. In 2011, TT&T submitted a dispute proposal to the Thai Arbitration Institute alleging that the subsidiary breach the said contract and asking the subsidiary to pay a total of Baht 1,780 million, together with interest at the rate of 7.5% per annum from the date of the submission of the dispute until the subsidiary effects whole performance. However, the management of the subsidiary believes that the subsidiary did not breach the contract and will not have to pay such amount to TT&T. In February 2012, the subsidiary filed an objection against the aforementioned dispute proposal of TT&T with the Thai Arbitration Institute, seeking to revoke the dispute proposal of TT&T and asking the Thai Arbitration Institute to order TT&T to pay a total of Baht 528 million, together with interest at the rate of 7.5% per annum from the next date after the submission of the objection until TT&T effects whole performance. In June 2015, an arbitration award was made by the arbitration tribunal revoking TT&T's dispute proposal and ordering TT&T to pay the outstanding balance of installments due together with interest to the subsidiary, a total of approximately Baht 204 million. On 25 September 2015, TT&T filed a petition with the

Civil Court seeking to reverse the Thai Arbitration Institute's order. On 15 March 2016, the Central Bankruptcy Court issued an absolute receivership order on TT&T. As a result of this order, the Official Receiver is legally required to become involved in any civil case being considered by the courts that relates to the assets of the debtor under the absolute receivership order. Furthermore, when petitioned by the Official Receiver the court has authority to suspend such civil case or to issue any orders considered appropriate. Therefore, with respect to civil cases related to the assets of TT&T, the courts may decide to confer with Official Receiver on how to proceed with the cases, and take this into account in reaching their decisions in each case.

On 7 November 2016, the Official Receiver submitted a petition to the Civil Court to withdraw the case in connection with TT&T's petition to reverse the Thai Arbitration Institute's order for TT&T to pay debts of the subsidiary amounting to Baht 204 million. The Civil Court has approved the withdrawal of the case and removed it from its case list. Moreover, with respect to the Central Bankruptcy Court's absolute receivership order against TT&T on 15 March 2016, the subsidiary has submitted an application for repayment of debt, together with interest, to the Official Receiver. The settlement of this debt will therefore be made in accordance with the process prescribed by bankruptcy law. However, TT&T is in the process of following legal procedures with respect to bankruptcy law implemented by the Official Receiver.

22.5 Litigation and other disputes

1. In 2015 and 2016, the Company and its subsidiary were sued by former employees who were laid off, claiming compensation totaling approximately Baht 20 million. The Company is required to pay penalties amounting to Baht 18 million for two cases of unfair termination. On 16 January 2018, the Central Labour Court issued a judgement ordering the subsidiary to pay severance together with interest, totaling approximately Baht 1 million. The subsidiary recorded full provision for severance payment in accordance with the Central Labour Court's order in 2017 and paid in February 2018. For the two cases of the Company, the Central Labour Court dismissed both of them. Former employees, who were the plaintiffs, filed an appeal to the Courts. In 2018, the Courts dismissed the case. The cases were finalised.

2. In 2014, the Company was involved in a dispute with Metropolitan Electricity Authority (“MEA”) as a result of the Company not joining the bidding process for the procurement and installation of equipment for MEA. MEA called for the bank who issued a letter of guarantee as the Company’s bid bond to pay approximately Baht 8 million under this letter of guarantee. However, the Company’s legal advisor and the Company’s management are of the opinion that bidding process conducted by MEA was illegal and was unfair to the Company, and that the Company is therefore not obliged to make any payment under the letter of guarantee provided to MEA. The Company filed a lawsuit with the Administrative Court, petitioning the Court to reject the MEA’s order for the Company to make payment under the bank guarantee and asking MEA to return the original of the bid bond and to pay the bid bond premium on behalf of the Company. Subsequently, in 2015, MEA filed a lawsuit with the Central Administrative Court, requesting the Company to pay the amount of Baht 8 million under the letter of guarantee. On 28 September 2018, the Central Administrative Court dismissed the case and ordered MEA to return the guarantee amount and pay guarantee fee to the Company. MEA filed an appeal to the Supreme Court. Currently, the Company’s legal advisor is considering submit an appeal to the Supreme Administrative Court.
3. In 2014, the subsidiary was sued for a total of approximately Baht 1 million in respect of breach of an employment contract. In October 2015, the Court of First Instance issued a judgement ordering the subsidiary to pay compensation totaling approximately Baht 0.2 million. The subsidiary then filed an appeal. In September 2016, the Appeal Court issued a judgement ordering the subsidiary to pay compensation together with interest, totaling approximately Baht 0.5 million. The subsidiary filed a petition appealing to the Supreme Court. On 18 July 2018, the Supreme Court rejected the appeals files by the plaintiff and the defendant, and therefore the case is deemed final. On 7 September 2018, the subsidiary settled the damages following the judgement of the Appeal Court.
4. In 2016, the subsidiary was sued for a total of approximately Baht 7 million in respect of the breach of a sale and purchase contract. In March 2017, the Court of First Instance issued a judgement ordering the subsidiary to pay compensation together with a fine and interest, totaling approximately Baht 4 million. The subsidiary then filed an appeal and a request to suspend execution. On 18 July 2018, the Appeal Court rendered the judgement ordering the subsidiary to pay the compensation together with fines and interest, totaling approximately Baht 5 million. At present, the subsidiary dose not filed a petition. The subsidiary therefore recorded full provision for compensation in accordance with the Appeal Court’s order.

23. Financial instruments

23.1 Financial risk management

Financial instruments of the Company and its subsidiary, as defined under Thai Accounting Standard No. 107 *Financial Instruments: Disclosure and Presentations*, principally comprise cash and cash equivalents, restricted bank deposits, current investments, trade and other receivables, trade and other payables and loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiary are exposed to credit risk primarily with respect to trade and other receivables, and loans to related parties. The Company and its subsidiary manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. However, since the majority of sales and services are supplied to credit worthy customers. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and loans to related parties as stated in the statement of financial position.

Interest rate risk

The exposure of Company and its subsidiary to interest rate risk relates primarily to its deposits with financial institutions and loans. However, since most of the financial assets and liabilities of the Company and its subsidiary bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk of the Company and its subsidiary is expected to be minimal.

Foreign currency risk

The exposure of the Company and its subsidiary to foreign currency risk arise mainly from trading and service transactions that are denominated in foreign currencies.

The balances of financial assets and liabilities of the Company and its subsidiary denominated in foreign currencies which were unhedged are summarised below.

Foreign currency	Consolidated financial statements				Average exchange rate	
	Financial assets		Financial liabilities		as at 31 December	
	2018	2017	2018	2017	2018	2017
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.1	0.1	0.9	0.9	32.4498	32.6809

Foreign currency	Separate financial statements				Average exchange rate	
	Financial assets		Financial liabilities		as at 31 December	
	2018	2017	2018	2017	2018	2017
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.1	0.1	0.1	0.1	32.4498	32.6809

23.2 Fair values of financial instruments

Since the majority of financial instruments of the Company and its subsidiary are short-term in nature or long term loan carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

24. Capital management

The primary objective of the capital management of the Company and its subsidiary is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2018, the Group's debt to equity ratio was 0.31 : 1 (2017: 0.30 : 1) and the Company was 0.10 : 1 (2017: 0.09 : 1).

25. Events after the reporting period

On 26 February 2019, an Extraordinary General Meeting of the Company's shareholders passed a resolution approving the offer of financial assistance to parent company in form of a short-term loan in the amount of Baht 300 million. The short-term loan to parent company carries interest at the rate of 2.08 percent per annum. Interest is repayable at each quarter-end, with the term of loan for 12 months with an extension right for another 12 months.

26. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2019.