

Jasmine Telecom Systems Public Company Limited
and its subsidiary
Report and consolidated financial statements
31 December 2019

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 2019, 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 2019, 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 23.3 of the consolidated financial statements, which describes the litigation claim between the Company and two government agencies, who demanded the Company to pay penalties amounting to Baht 195 million for its failure to deliver tablets according to the agreements. In 2018, the Central Administrative Court issued judgements ordering the Company to pay penalties totaling approximately Baht 10 million. 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 23.4 of the consolidated financial statements, which describes disputes between the subsidiary and an unrelated company. At present, the unrelated company is in the process of the following legal procedures with respect to bankruptcy law implemented by the official receiver. My opinion is not modified 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 2019, the Group has balances of trade receivables from a related company amounting to Baht 795 million which account for 62% of total assets and the Company's amounting to Baht 771 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 litigation and commercial disputes and as discussed in Note 23.3 and Note 23.4 to the consolidated financial statements, as at 31 December 2019 the Group 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 Group 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 Group, 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 Group 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 Group requesting written reports on case details and status, and legal opinions on the possible effects of the litigation on the Group. 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 Group's litigation and commercial disputes.
- c) Reviewed information, progress and the legal opinion on the litigation claims and commercial disputes which responsible by the Group's 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: 5 February 2020

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of financial position

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Assets					
Current assets					
Cash and cash equivalents	7	69,866,985	401,213,199	58,781,122	397,266,183
Current investments - bank deposits		190,493	4,749,532	92,506	4,744,235
Trade and other receivables	8	826,992,413	810,685,210	817,765,857	790,832,759
Current portion of receivables under finance lease agreements					
Related party	6, 9	1,741,778	-	1,741,778	-
Unrelated party	9	1,175,032	1,313,516	1,175,032	1,313,516
Unbilled receivables					
Related parties	6	3,346,548	15,327	4,208,185	2,861,387
Unrelated parties		4,518,392	11,143,911	2,671,398	8,131,021
Short-term loans to related parties	6	327,500,000	-	327,500,000	-
Current portion of long-term loans to subsidiary	6	-	-	16,000,000	16,000,000
Inventories	10	685,886	3,220,546	556,633	3,109,653
Account receivable under troubled debt restructuring	11	-	-	-	-
Prepaid project costs		702,172	818,982	415,553	483,208
Other current assets		3,807,160	2,967,772	1,070,268	990,823
Total current assets		1,240,526,859	1,236,127,995	1,231,978,332	1,225,732,785
Non-current assets					
Restricted bank deposits		9,098,612	9,380,987	6,798,736	6,798,736
Receivables under finance lease agreements - net of current portion					
Related party	6, 9	2,642,355	-	2,642,355	-
Unrelated party	9	-	816,154	-	816,154
Long-term loans to subsidiary	6	-	-	53,000,000	69,000,000
Investment in subsidiary	12	-	-	-	-
Property, plant and equipment	13	19,429,010	9,720,940	11,564,410	430,907
Withholding tax deducted at source		1,738,966	2,589,334	1,738,966	2,589,334
Deposits		843,537	1,178,424	735,563	1,014,638
Total non-current assets		33,752,480	23,685,839	76,480,030	80,649,769
Total assets		1,274,279,339	1,259,813,834	1,308,458,362	1,306,382,554

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 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	14	104,156,931	114,689,339	77,117,458	84,334,143
Accrued project cost		138,817,532	135,773,692	8,380,117	3,216,984
Income tax payable		1,208,377	1,371,181	-	-
Advances received for goods and services	6	9,670,468	1,599,530	8,504,386	477,480
Other current liabilities		29,215,657	27,935,903	18,579,269	17,692,337
Total current liabilities		283,068,965	281,369,645	112,581,230	105,720,944
Non-current liabilities					
Provision for long-term employee benefits	15	22,416,827	13,507,453	21,446,452	13,507,453
Total non-current liabilities		22,416,827	13,507,453	21,446,452	13,507,453
Total liabilities		305,485,792	294,877,098	134,027,682	119,228,397
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	16	70,645,730	70,645,730	70,645,730	70,645,730
Deficit		(230,578,743)	(234,074,272)	(22,941,428)	(10,217,951)
Other components of shareholders' equity	2.2	8,157,637	8,157,637	-	-
Equity attributable to owners of the Company		974,951,002	971,455,473	1,174,430,680	1,187,154,157
Non-controlling interests of the subsidiary		(6,157,455)	(6,518,737)	-	-
Total shareholders' equity		968,793,547	964,936,736	1,174,430,680	1,187,154,157
Total liabilities and shareholders' equity		1,274,279,339	1,259,813,834	1,308,458,362	1,306,382,554
		-	-	-	-

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 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Sales and services income		103,509,768	130,642,379	65,370,035	84,350,733
Interest income		7,229,291	8,198,844	8,486,744	9,683,661
Exchange gains		1,775,482	180,103	-	-
Other income		5,708,798	3,742,238	8,588,549	5,574,416
Total revenues		118,223,339	142,763,564	82,445,328	99,608,810
Expenses					
Cost of sales and services		62,447,169	76,843,822	50,278,874	64,342,471
Selling and servicing expenses		1,187,447	-	-	-
Administrative expenses	15	44,121,512	45,957,597	42,494,245	39,957,630
Exchange losses		-	-	129,099	13,733
Total expenses		107,756,128	122,801,419	92,902,218	104,313,834
Profit (loss) before income tax		10,467,211	19,962,145	(10,456,890)	(4,705,024)
Income tax	19	(3,962,515)	(4,381,897)	-	-
Profit (loss) for the year		6,504,696	15,580,248	(10,456,890)	(4,705,024)
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss	15	(2,647,885)	(1,404,657)	(2,266,587)	(1,404,657)
Other comprehensive income for the year		(2,647,885)	(1,404,657)	(2,266,587)	(1,404,657)
Total comprehensive income for the year		3,856,811	14,175,591	(12,723,477)	(6,109,681)
Profit (loss) attributable to:					
Equity holders of the Company		6,143,414	15,148,172	(10,456,890)	(4,705,024)
Non-controlling interests of the subsidiary		361,282	432,076		
		6,504,696	15,580,248		
Total comprehensive income attributable to:					
Equity holders of the Company		3,495,529	13,743,515	(12,723,477)	(6,109,681)
Non-controlling interests of the subsidiary		361,282	432,076		
		3,856,811	14,175,591		
Basic earnings (loss) per share					
	20				
Profit (loss) attributable to equity holders of the Company		0.01	0.02	(0.01)	(0.01)

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 2019

(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 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>
									-
Balance as at 1 January 2019	706,457,300	420,269,078	70,645,730	(234,074,272)	8,157,637	8,157,637	971,455,473	(6,518,737)	964,936,736
Profit for the year	-	-	-	6,143,414	-	-	6,143,414	361,282	6,504,696
Other comprehensive income for the year	-	-	-	(2,647,885)	-	-	(2,647,885)	-	(2,647,885)
Total comprehensive income for the year	-	-	-	3,495,529	-	-	3,495,529	361,282	3,856,811
Balance as at 31 December 2019	<u>706,457,300</u>	<u>420,269,078</u>	<u>70,645,730</u>	<u>(230,578,743)</u>	<u>8,157,637</u>	<u>8,157,637</u>	<u>974,951,002</u>	<u>(6,157,455)</u>	<u>968,793,547</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 2019

(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 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>
Balance as at 1 January 2019	706,457,300	420,269,078	70,645,730	(10,217,951)	1,187,154,157
Loss for the year	-	-	-	(10,456,890)	(10,456,890)
Other comprehensive income for the year	-	-	-	(2,266,587)	(2,266,587)
Total comprehensive income for the year	-	-	-	(12,723,477)	(12,723,477)
Balance as at 31 December 2019	<u>706,457,300</u>	<u>420,269,078</u>	<u>70,645,730</u>	<u>(22,941,428)</u>	<u>1,174,430,680</u>

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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 2019

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities				
Profit (loss) before tax	10,467,211	19,962,145	(10,456,890)	(4,705,024)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities				
Depreciation	4,587,714	4,751,073	1,108,318	556,015
Reduction of inventory to net realisable value	2,089,619	-	2,089,619	-
Gains on disposal of equipment	(3,085,428)	(911,462)	(3,085,428)	(911,462)
Provision for compensation from litigation	-	4,673,665	-	-
Provision for long-term employee benefits	6,261,489	821,051	5,672,412	821,051
Unrealised exchange losses (gains)	(1,815,434)	(184,089)	89,148	9,747
Interest income	(7,229,291)	(8,198,844)	(8,486,744)	(9,683,661)
Profit (loss) from operating activities before changes in operating assets and liabilities	11,275,880	20,913,539	(13,069,565)	(13,913,334)
Operating assets decrease (increase)				
Trade and other receivables	(14,540,338)	(81,148,387)	(25,166,294)	(62,674,174)
Receivable under finance lease agreements	(3,429,495)	(2,129,670)	(3,429,495)	(2,129,670)
Unbilled receivables	3,294,298	(2,742,987)	4,112,825	(4,340,886)
Inventories	(3,124,759)	(57,784)	463,401	(75,117)
Prepaid project costs	116,810	(373,667)	67,655	(183,928)
Other current assets	(839,388)	(974,419)	(79,445)	(565,449)
Other assets	696,021	36,185	279,075	1,682
Operating liabilities increase (decrease)				
Trade and other payables	-10,399,968	2,880,484	-7,084,245	7,597,778
Accrued project costs	4,948,422	-2,364,186	5,163,133	-1,669,335
Advances received for goods and services	8,070,938	-1,456,043	8,026,906	(97,730)
Other current liabilities	1,279,754	350,354	886,932	-403,540
Cash used in operating activities	(2,651,825)	(67,066,581)	(29,829,117)	(78,453,703)
Cash paid for income tax	(5,742,456)	(5,176,817)	(1,256,003)	(482,963)
Refundable withholding tax	2,106,371	1,947,953	2,106,371	684,233
Net cash used in operating activities	(6,287,910)	(70,295,445)	(28,978,749)	(78,252,433)

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 2019

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from investing activities				
Interest income	7,296,913	8,344,825	8,554,427	9,828,850
Decrease in current investments - bank deposits	4,559,039	16,066,670	4,651,729	15,947,279
Decrease in restricted bank deposits	282,375	16,251,248	-	16,209,777
Decrease (Increase) in short-term loans to related party	(327,500,000)	340,000,000	(327,500,000)	340,000,000
Cash received from repayment of long-term loans to subsidiary	-	-	16,000,000	16,000,000
Acquisition of equipment	(10,761,436)	(6,706,628)	(12,277,273)	(263,547)
Proceeds from sales of equipment	1,064,805	911,701	1,064,805	911,701
Net cash from (used in) investing activities	(325,058,304)	374,867,816	(309,506,312)	398,634,060
Net increase (decrease) in cash and cash equivalents	(331,346,214)	304,572,371	(338,485,061)	320,381,627
Cash and cash equivalents at beginning of year	401,213,199	96,640,828	397,266,183	76,884,556
Cash and cash equivalents at end of year	69,866,985	401,213,199	58,781,122	397,266,183
	-	-	-	-
Supplemental cash flow information				
Non-cash transaction:				
Receivable from sales of equipment for which payments have not yet to be made	2,056,075	-	2,056,075	-
Transfer equipment to inventories	3,569,800	-	-	-

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 2019

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, a subsidiary, (“the Group”). The subsidiary is incorporated in Thailand and 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 subsidiary 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) Subsidiary is 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 subsidiary are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiary 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 become effective in the current year

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations 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 adoption of these financial reporting standards does not have any significant impact on the Group’s financial statements. However, the new standard involves changes to key principles, which are summarised below:

IFRS 15 Revenue from Contracts with Customers

IFRS 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

2017)

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.

This standard does not have any significant impact on the Group's financial statements.

b. Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. 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 except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments 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

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 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 Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase the Group's assets by approximately Baht 2 million and the Company only approximately Baht 2 million, and the Group's liabilities by approximately Baht 2 million and the Company only approximately Baht 2 million.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts and allowances.

Rendering of services

Revenue from design, installation of telecommunication systems and computer systems including supply of related equipment is recognised over time when services have been rendered taking into account the stage of completion provided by the Group's 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 weighted average 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
Network equipment	-	3 - 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 Group, whether directly or indirectly, or which are under common control with the Group.

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

4.8 Foreign currencies

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

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

Defined benefit plans

The Group has obligations in respect of the severance payments. The Group must make to employees upon retirement under labor law. The Group 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 Group has 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 Group recognises 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 Group reviews and reduces 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 Group records 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 Group applies 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 Group measures 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 Group has contingent liabilities as a result of litigation and commercial disputes. The management of the Group was 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 Group, whether directly or indirectly, or which are under common control with the Group.

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
Mono Group

Common shareholders and directors
Common major shareholders of the parent
company

During the years, the Group 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 Group and those related parties.

(Unit: Thousand Baht)

	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	2019	2018	2019	2018	
<u>Transactions with parent company</u>					
Sales and services income	5,435	3,960	75	108	Contract price or at prices normally charged to other customers
Interest income	5,853	6,936	5,853	6,936	The rate reference to the average weighted of 12-month fixed deposits interest rate quoted by three commercial banks plus 1.00 percent per annum and 2.08 percent per annum
Office rental and service expenses	2,936	3,246	2,836	3,148	Contract price or at prices normally charged to other customers
Other expenses	20	51	20	50	Contract price or at prices normally charged to other customers
<u>Transactions with subsidiary</u>					
(eliminated from the consolidated financial statements)					
Sales and services income	-	-	14,349	15,644	Contract price or at prices normally charged to other customers
Interest income	-	-	1,307	1,573	The rate referenced to fixed deposits interest rate plus 0.5 percent per annum
Management income	-	-	3,011	2,396	Contract price
Cost of sales and services	-	-	918	177	Contract price or at prices normally charged to other customers
Purchases of equipment	-	-	2,136	-	At prices normally charged to other customers

(Unit: Thousand Baht)

	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	2019	2018	2019	2018	
<u>Transactions with related companies</u>					
Sales and services income	60,604	94,962	31,878	55,302	Contract price or at prices normally charged to other customers
Interest income	155	-	155	-	The interest rate under the hire purchase contract
Other income	-	182	-	182	Contract price or at prices normally charged to other customers
Cost of sales and services	2,640	3,847	1,351	2,550	Contract price or at prices normally charged to other customers
Office rental and services expenses	63	252	63	252	Contract price or at prices normally charged to other customers
Other expenses	4,281	4,115	1,888	1,970	Contract price or at prices normally charged to other customers

The balances of the accounts between the Group and those related companies are as follows:

	(Unit: Thousand Baht)				
	Consolidated		Separate		
	financial statements		financial statements		
	2019	2018	2019	2018	
<u>Trade receivables - related parties (Note 8)</u>					
Parent company		29	47	20	-
Subsidiary		-	-	23,244	11,045
(eliminated from the consolidated financial statements)					
Related companies					
Jasmine Group		807,555	807,098	775,374	778,235
Mono Group		-	78	-	-
Total trade receivables - related parties		<u>807,584</u>	<u>807,223</u>	<u>798,638</u>	<u>789,280</u>
<u>Other receivables - related parties (Note 8)</u>					
Subsidiary		-	-	6,437	3,480
(eliminated from the consolidated financial statements)					
Related companies					

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Jasmine Group	395	395	395	395
Total	395	395	6,832	3,875
Less: Allowance for doubtful account	-	-	(3,480)	(3,480)
Total other receivables - related parties - net	395	395	3,352	395
<u>Receivable under finance lease agreement - related party</u>				
Related company				
Jasmine Group	4,384	-	4,384	-
Total receivable under finance lease agreement - related party	4,384	-	4,384	-
<u>Unbilled receivables from related parties</u>				
Subsidiary (eliminated from the consolidated financial statements)	-	-	877	2,861
Related companies				
Jasmine Group	3,347	12	3,331	-
Mono Group	-	3	-	-
Total unbilled receivables from related parties	3,347	15	4,208	2,861
<u>Short-term loans to related parties</u>				
Parent company	327,500	-	327,500	-
Subsidiary (eliminated from the consolidated financial statements)	-	-	80,347	80,347
Total	327,500	-	407,847	80,347
Less: Allowance for doubtful account	-	-	(80,347)	(80,347)
Total short-term loans to related parties - net	327,500	-	327,500	-
<u>Long-term loans to subsidiary</u>				
Subsidiary (eliminated from the consolidated financial statements)	-	-	69,000	85,000
Less: Current portion of long-term loans	-	-	(16,000)	(16,000)
Total long-term loans to subsidiary - net of current portion	-	-	53,000	69,000
<u>Trade payables - related parties (Note 14)</u>				
Subsidiary (eliminated from the consolidated financial statements)	-	-	-	47

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Related companies				
Jasmine Group	2,055	353	34	3
Total trade payables - related parties	<u>2,055</u>	<u>353</u>	<u>34</u>	<u>50</u>

Other payables - related parties (Note 14)

Parent company	18,300	18,617	-	-
Related companies				
Jasmine Group	6,029	5,917	77	5
Total other payables - related parties	<u>24,329</u>	<u>24,534</u>	<u>77</u>	<u>5</u>

Advances received from related parties

Parent company	131	8	-	-
Related companies				
Jasmine Group	858	1,108	240	344
Total advances received from related parties	<u>989</u>	<u>1,116</u>	<u>240</u>	<u>344</u>

Loans to related parties

The balances of loans between the Group and those related companies and the movement are as follows:

	(Unit: Thousand Baht)		
	Consolidated/Separate financial statements		
	Balance as at 1 January 2019	Increase during the year	Balance as at 31 December 2019
Short-term loans to parent company	<u>-</u>	<u>327,500</u>	<u>327,500</u>

On 28 December 2018, and 26 February 2019, Board of Directors' meeting of the Company and an Extraordinary General Meeting of the Company's shareholders passed resolutions approving the offer of financial assistance to the parent company in form of short-term loans in amount of Baht 27.5 million and Baht 300 million, respectively, totaling in Baht 327.5 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 12 months with an extension right for another 12 months.

(Unit: Thousand Baht)

	Separate financial statements		
	Balance as at 1 January 2019	Decrease during the year	Balance as at 31 December 2019
Short-term loans to the subsidiary	80,437	-	80,437
Long-term loans to the subsidiary	85,000	(16,000)	69,000

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 Group had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term employee benefits	12,921	11,398	11,234	11,398
Post-employment benefits	1,241	1,039	1,053	1,039
Total	14,162	12,437	12,287	12,437

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash	112	115	102	105
Bank deposits	19,719	15,653	8,643	11,816
Bills of exchange	50,036	385,445	50,036	385,345
Total	69,867	401,213	58,781	397,266

As at 31 December 2019, bank deposits in saving accounts, fixed deposits and bills of exchange of the Group carried interests between 0.22 and 1.20 percent per annum (2018: between 0.37 and 1.30 percent per annum) and the Company only carried interests between 0.22 and 1.20 percent per annum (2018: between 0.37 and 1.20 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Trade receivables - related parties (Note 6)	807,584	807,223	798,638	789,280
Trade receivables - unrelated parties	198,262	184,480	28,005	15,551
Other receivables - related parties (Note 6)	395	395	6,832	3,875
Other receivables - unrelated parties	42,617	40,485	42,612	40,480
Total	1,048,858	1,032,583	876,087	849,186
Less: Allowance for doubtful accounts	(221,866)	(221,898)	(58,321)	(58,353)
Trade and other receivables - net	826,992	810,685	817,766	790,833

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	
	2019	2018	2019	2018
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	11,222	10,635	12,204	8,327
Past due				
Up to 3 months	9,662	41,963	7,937	40,072
Longer than 3 - 6 months	6,990	16,420	4,961	11,059
Longer than 6 - 12 months	26,223	16,900	21,131	8,516
Longer than 12 months	753,487	721,305	752,405	721,306
Total trade receivables - related parties (Note 6)	807,584	807,223	798,638	789,280

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	15,020	1,092	12,930	146
Past due				
Up to 3 months	1,597	1,788	455	830
Longer than 3 - 6 months	77	-	77	-
Longer than 6 - 12 months	-	-	-	-
Longer than 12 months	181,568	181,600	14,543	14,575
Total	198,262	184,480	28,005	15,551
Less: Allowance for doubtful accounts	(181,568)	(181,600)	(14,543)	(14,575)
Total trade receivables - unrelated parties - net	16,694	2,880	13,462	976
Total trade receivables - net	824,278	810,103	812,100	790,256
<u>Other receivables - related parties</u>				
Accrued interest income	-	-	6,437	3,480
Others	395	395	395	395
Total	395	395	6,832	3,875
Less: Allowance for doubtful account	-	-	(3,480)	(3,480)
Total other receivables - related parties - net (Note 6)	395	395	3,352	395
<u>Other receivables - unrelated parties</u>				
Accrued interest income	12,432	12,500	12,427	12,495
Others	30,185	27,985	30,185	27,985
Total	42,617	40,485	42,612	40,480
Less: Allowance for doubtful accounts	(40,298)	(40,298)	(40,298)	(40,298)
Total other receivables - unrelated parties - net	2,319	187	2,314	182

9. Receivables under finance lease agreements

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Receivables under finance lease agreements	5,901	2,243	5,901	2,243
Less: Deferred interest income	(342)	(113)	(342)	(113)
Total	5,559	2,130	5,559	2,130
Less: Current portion	(2,917)	(1,314)	(2,917)	(1,314)
Receivables under finance lease agreements - net of current portion	<u>2,642</u>	<u>816</u>	<u>2,642</u>	<u>816</u>

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
	Finished goods	<u>5,251</u>	<u>9,393</u>	<u>(4,565)</u>	<u>(6,172)</u>	<u>686</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
	Finished goods	<u>5,122</u>	<u>9,282</u>	<u>(4,565)</u>	<u>(6,172)</u>	<u>557</u>

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

11. Account receivable under troubled debt restructuring

The Group 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 Group therefore recorded full allowance for doubtful accounts for the remaining balances of accounts receivable from TT&T in the year 2016.

12. Investment in subsidiary

Company's name	(Unit: Thousand Baht)			
	Paid-up capital		Cost	
	2019	2018	2019	2018
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			-	-

13. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements					
	Land, buildings and leasehold improvement	Public buildings and telephones and related equipment	Furniture, fixtures and office equipment	Network equipment	Motor vehicles	Total
Cost						
1 January 2018	19,267	24,709	48,159	22,497	6,648	121,280
Additions	-	-	263	6,443	-	6,706
Disposals	-	(6,001)	(408)	-	(2,805)	(9,214)
31 December 2018	19,267	18,708	48,014	28,940	3,843	118,772
Additions	-	-	277	10,484	-	10,761
Transfer in	-	-	-	3,570	-	3,570
Disposals	-	(17,183)	(1,725)	-	-	(18,908)
31 December 2019	19,267	1,525	46,566	42,994	3,843	114,195
Accumulated depreciation						
1 January 2018	17,260	24,709	47,419	17,664	6,462	113,514
Depreciation for the year	2	-	449	4,114	186	4,751
Depreciation on disposals	-	(6,001)	(408)	-	(2,805)	(9,214)
31 December 2018	17,262	18,708	47,460	21,778	3,843	109,051
Depreciation for the year	2	-	213	4,373	-	4,588
Depreciation on disposals	-	(17,183)	(1,690)	-	-	(18,873)
31 December 2019	17,264	1,525	45,983	26,151	3,843	94,766
Net book value						
31 December 2018	2,005	-	554	7,162	-	9,721
31 December 2019	2,003	-	583	16,843	-	19,429
Depreciation for the year						
2018 (Baht 4 million included in cost of sales and services, and the balance in administrative expenses)						4,751
2019 (Baht 4 million included in cost of sales and services, and the balance in administrative expenses)						4,588

(Unit: Thousand Baht)

	Separate financial statements					Total
	Buildings and leasehold improvement	Public telephones and related equipment	Furniture, fixtures and office equipment	Network equipment	Motor vehicles	
Cost						
1 January 2018	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
Additions	-	-	277	12,000	-	12,277
Disposals	-	(17,183)	(1,725)	-	-	(18,908)
31 December 2019	12,129	1,525	26,128	12,000	3,347	55,129
Accumulated depreciation						
1 January 2018	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
Depreciation for the year	-	-	165	944	-	1,109
Depreciation on disposals	-	(17,183)	(1,690)	-	-	(18,873)
31 December 2019	12,129	1,525	25,620	944	3,347	43,565
Net book value						
31 December 2018	-	-	431	-	-	431
31 December 2019	-	-	508	11,056	-	11,564
Depreciation for the year						
2018 (Baht 1 million included in administrative expenses)						556
2019 (Baht 1 million included in cost of sales and services, and the balance in administrative expenses)						1,109

As at 31 December 2019, certain items of plant and equipment of the Group had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 84 million (2018: Baht 104 million) and the Company's Baht 42 million (2018: Baht 61 million).

14. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Trade payables - related parties (Note 6)	2,055	353	34	50
Trade payables - unrelated parties	38,353	43,031	37,829	42,317
Other payables - related parties (Note 6)	24,329	24,534	77	5
Other payables - unrelated parties	39,420	46,771	39,177	41,962
Total trade and other payables	104,157	114,689	77,117	84,334

15. Provision for long-term employee benefits

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Provision for long-term employee benefits				
at beginning of year	13,507	11,282	13,507	11,282
Included in profit or loss				
Current service cost	750	511	708	511
Past service cost	4,973	-	4,444	-
Interest cost	539	310	521	310
Included in other comprehensive income:				
Actuarial loss (gain) arising from				
Demographic assumptions changes	-	217	-	217
Financial assumptions changes	2,648	(473)	2,266	(473)
Experience adjustments	-	1,660	-	1,660
Provision for long-term employee benefits				
at end of year	22,417	13,507	21,446	13,507

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 5 million and the Company only of Baht 4 million as a result. The Group recorded the effect of the change by recognising past service costs as administrative expenses in the profit or loss in the current year.

The Company expects to pay Baht 7 million of long-term employee benefits during the next year (2018: Baht 1 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefits of the Group is approximately 10 years (2018: 11 years) and the Company only is approximately 10 years (2018: 11 years).

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated/Separate financial statements	
	2019	2018
	(% per annum)	(% per annum)
Discount rate	1.50	3.25
Future salary increase rate	5.00	5.00

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	
	2019	2018
Discount rate		
Increase 50 basis points (2.00%)	(679)	(443)
Decrease 50 basis points (1.00%)	723	471
Salary increase rate		
Increase 100 basis points (6.00%)	1,864	1,083
Decrease 100 basis points (4.00%)	(1,670)	(974)

16. 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.

17. Expenses by nature

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Inventories used	25,544	49,481	25,366	48,519
Salary and wages and other employee benefits	37,383	29,703	34,264	29,703
Subcontracting expenses	21,435	16,924	15,055	11,439
Depreciation	4,588	4,751	1,108	556
Rental expenses from operating lease agreements	2,999	3,497	2,899	3,400
Reduction of inventories to net realisable value	2,090	-	2,090	-

18. Service income under the license

During the year 2019, the Company had service income under the license, granted by the National Telecommunications Commission (“NBTC”), for telecommunication service Type I amounting to Baht 0.60 million (2018: Baht 0.42 million).

In addition, the Company had expenses payable to other licensees, concessionaires or foreign telecommunication service providers for the year 2019 amounting to Baht 0.36 million (2018: Baht 0.25 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.

19. Income tax

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Accounting profit (loss) before tax	10,086	19,962	(10,457)	(4,705)
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	2,017	3,992	(2,091)	(941)
Non-deductible expense	6	20	5	4
Additional expense deductions allowed	(22,851)	(302)	(22,777)	(2)
Unrecognised deferred tax asset:				
Allowance for diminution in value of inventories	418	-	418	-
Allowance for doubtful accounts and bad debt	(6)	-	(6)	-
Provision for long-term employee benefits	1,329	164	1,134	164
Tax loss of current year	23,050	508	23,050	508
Others	-	-	267	267
Income tax reported in the statement of comprehensive income	3,963	4,382	-	-

As at 31 December 2019, the Group has deductible temporary differences and unused tax losses totaling Baht 800 million (2018: Baht 848million) and the Company only of Baht 528 million (2018: Baht 578 million), on which deferred tax assets have not been recognised as the Group 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 167 million will gradually expire between 2020 - 2024 (2018: Baht 112 million will gradually expire between 2019 - 2023).

20. 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.

21. 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 Group are mainly carried on in Thailand. Below is the consolidated financial information for the years of the Group 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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Sales and services income									
Revenue from external customers	51	68	28	40	25	23	-	-	104	131
Inter-segment revenues	14	16	-	-	1	-	(15)	(16)	-	-
Total revenues	<u>65</u>	<u>84</u>	<u>28</u>	<u>40</u>	<u>26</u>	<u>23</u>	<u>(15)</u>	<u>(16)</u>	<u>104</u>	<u>131</u>
Segment operating profit	2	5	24	35	15	14			41	54
Unallocated income and expenses:										
Interest income									7	8
Exchange gains									2	-
Other income									6	4
Selling and servicing expenses									(1)	-
Administrative expenses									(44)	(46)
Income tax									(4)	(4)
Profit for the year									<u>7</u>	<u>16</u>

Major customers

For the year 2019, the Group has revenue from three major customers in amount of Baht 66 million (2018: one major customers in amount of Baht 78 million) and the Company only from four customers in amount of Baht 57 million (2018: two customers in amount of Baht 67 million).

22. Provident fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Group 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 2019, the Group contributed Baht 2 million (2018: Baht 2 million) and the Company only of Baht 2 million (2018: Baht 2 million), to the fund.

23. Commitments and contingent liabilities

23.1 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	
	2019	2018
Payable:		
In up to 1 year	3	2
In over 1 and up to 3 years	4	-

23.2 Guarantees

As at 31 December 2019, there were outstanding bank guarantees of Baht 72 million (2018: Baht 75 million) issued by banks on behalf of the Group, and the Company only of Baht 50 million (2018: Baht 51 million), in respect of certain bid bonds and performance bonds.

23.3 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.

23.4 Litigation and other disputes

1. 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 2019 equivalent to approximately Baht 170 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 the full payment is made. 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.

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 2019, the Central Administrative Court dismissed the case and ordered MEA to return the letter of guarantee and pay guarantee fee to the Company. MEA filed an appeal to the Supreme Court. Subsequently on 6 February 2019, the Supreme Administrative Court ordered the Company to file an amendment of the appeal to the Court. On 8 March 2019, the Company filed the amendment of the appeal to the Court. Currently, the case is under consideration by the Court.

24. Financial instruments

24.1 Financial risk management

Financial instruments of the Group, 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, receivable under finance lease agreements, 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 Group is exposed to credit risk primarily with respect to trade and other receivables, receivable under finance lease agreements, and loans to related parties. The Group manages 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, receivable under

finance lease agreements and loans to related parties as stated in the statement of financial position.

Interest rate risk

The exposure of the Group to interest rate risk relates primarily to their deposits with financial institutions, receivable under finance lease agreements and loans. However, since most of the financial assets and liabilities of the Group bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk of the Group is expected to be minimal. Details of deposits, receivable under finance lease agreements and loans were presented in the related notes to financial statements.

Foreign currency risk

The exposure of the Group 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 Group 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	
	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.1	0.1	0.9	0.9	30.1540	32.4498

Foreign currency	Separate financial statements				Average exchange rate	
	Financial assets		Financial liabilities		as at 31 December	
	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.1	0.1	0.1	0.1	30.1540	32.4498

24.2 Fair values of financial instruments

Since the majority of financial instruments of the Group are short-term in nature or receivable under finance lease agreements and long-term loans 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.

25. Capital management

The primary objective of the capital management of the Group is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Group's debt to equity ratio was 0.32 : 1 (2018: 0.31 : 1) and the Company was 0.11 : 1 (2018: 0.10 : 1).

26. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 5 February 2020.