

Jasmine Telecom Systems Public Company Limited
and its subsidiary
Report and consolidated financial statements
31 December 2017

Independent Auditor's Report

To the Shareholders of Jasmine Telecom Systems Public Company Limited

Qualified 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 2017, 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, except for the possible effects on the matter as described in the *Basis for Qualified Opinion* section of my report, 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 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Qualified Opinion

As described in Note 22.3 to the consolidated financial statements, the Company was unable to deliver tablets to two government agencies as scheduled in the agreements, as a result of a massive fire at a production facility where tablet parts were produced. As stipulated in the sale and purchase agreements, the Company is obliged to pay a penalty for delayed shipment at a daily rate of 0.2 percent of the price of the unshipped tablets. In 2014, counterparties of the agreements submitted letters to the Company to terminate the sale and purchase agreements and requested the Company to pay penalties totaling Baht 5 million and Baht 142 million, respectively. However, the Company submitted letters to these counterparties objecting to the imposition of the penalty. The management of the Company clarified that the delay in shipment was due to force majeure and the Company did not breach the agreements. Subsequently, these counterparties filed lawsuits with the Central Administrative Court, petitioning the Court to order the Company to pay penalties and make payment under the letter of performance bond guarantee, together with interest totaling

approximately Baht 5 million and Baht 190 million, respectively. However, as a result of the execution of a sale and purchase of tablets agreement between the Company and a local counterparty, the Company received cash amounting to Baht 38 million as a result of forfeiture of performance bond from this counterparty. The Company had a legal right to seize this amount as compensation for losses caused by this company or incurred as a result of a breach of agreement by this company. The Company recorded the cash receipt as a liability under the caption of trade and other payables in the statements of financial position and treated it as a provision for any penalties and losses that might be incurred, while the Company did not expect such penalties and losses to exceed the amount of the reserve. I was consequently unable to perform audit procedures to satisfy myself as to the provision for penalties and losses that might be incurred due to the Company's inability to deliver the tablets and my opinion on the consolidated financial statements of the Company and its subsidiary and the separate financial statements of the Company for the year ended 31 December 2016 were therefore qualified with respect to this matter, due to a limitation imposed by circumstance. During the current year, the situation has not changed, except for the recent development on 22 February 2018, when the Central Administrative Court issued a judgement on the case between the Company and the government agency who filed the lawsuit, requesting the Company to pay penalties totaling approximately Baht 5 million. The Central Administrative Court issued a judgement ordering the Company to pay penalties totaling approximately Baht 3 million. However, the Company has the right to file an appeal within 30 days after the Central Administrative Court issued a judgement. When the Company receives the official judgement of the Central Administrative Court, the legal advisor will consider details of the judgement in order to subsequently file an appeal. Therefore, the ultimate outcome of these lawsuits and disputes that are not finalised cannot be determined at this time. However, the Company's management and legal advisor are confident that no significant losses will be incurred as a result of these lawsuits and disputes, and therefore no further provision for contingent liabilities have been recorded in the accounts. Consequently, I was unable to perform audit procedures to obtain sufficient appropriate audit evidence regarding the provision of Baht 38 million recorded for the penalties and losses that may be incurred as a result of the above circumstances. This provision was recorded under liabilities, as part of balance of trade and other payables, which amounted to Baht 107 million in the consolidated statements of financial position as at 31 December 2017 (2016: Baht 151 million) and Baht 77 million in the separate statement of financial position (2016: Baht 113 million). For the same reason, I was unable to determine whether and to what extent any adjustments were required to be made to the provision for penalties and losses that may be incurred as a result of the above situation in the financial statements for the years ended 31 December 2017 and 2016. If adjustments were necessary,

they would affect both the financial statements of the prior year presented herein for comparative purposes and the financial statements of the current year. This constitutes a limitation imposed by circumstance.

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 qualified opinion on the financial statements.

Emphasis of Matter

I draw attention to Note 22.4 of the consolidated financial statements, which describes disputes between the subsidiary and an unrelated company. The Civil Court has disposed of the case per a request by the Official Receiver in the bankruptcy case of the unrelated company. At present, the unrelated company is in the process of following legal procedures with respect to bankruptcy law implemented by the Official Receiver. My opinion is not qualified in respect of this matter.

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.

In addition to the matter described in *the Basis for Qualified Opinion* section, key audit matters and how audit procedures respond for each matter are described below.

Net realisable value of trade receivables from a related party

As discussed in Note 7 to the consolidated financial statements, as at 31 December 2017, the Company and its subsidiary have balances of trade receivables from a related party amounting to Baht 725 million which account for 58% of total assets and the Company's amounting to Baht 725 million which account for 56% of total assets. The balances are long outstanding. As most of these receivables are more than 12 months 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 Basis for Qualified Opinion* section and *the Emphasis of Matter* 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 2017, the Company and its subsidiary had litigation claims and commercial disputes with unrelated parties, business partners and former employees who were laid off. 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 Company and its subsidiary's management and legal department 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 following.

- 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 court 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: 26 February 2018

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of financial position

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents		96,640,828	322,516,287	76,884,556	314,286,621
Current investments - bank deposits		20,816,202	100,808,370	20,691,514	100,678,745
Trade and other receivables	7	729,923,305	791,824,165	728,327,000	788,244,715
Unbilled receivables					
Related parties	6	150,353	18,972	1,191,700	574,000
Unrelated parties		8,265,898	11,112,304	5,459,822	5,466,884
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	8	3,162,762	8,189,366	3,034,536	8,044,296
Account receivable under troubled					
debt restructuring	9	-	-	-	-
Prepaid project costs		445,315	1,229,567	299,280	61,784
Other current assets		6,047,677	10,709,915	3,215,978	4,762,787
Total current assets		1,205,452,340	1,246,408,946	1,195,104,386	1,238,119,832
Non-current assets					
Restricted bank deposits		25,632,235	30,408,762	23,008,513	27,848,657
Long-term loans to subsidiary	6	-	-	85,000,000	101,000,000
Investment in subsidiary	10	-	-	-	-
Property, plant and equipment	11	7,765,624	9,540,592	723,614	1,871,054
Deposits		1,214,609	1,846,531	1,016,320	1,014,340
Total non-current assets		34,612,468	41,795,885	109,748,447	131,734,051
Total assets		1,240,064,808	1,288,204,831	1,304,852,833	1,369,853,883

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 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	12	107,148,669	151,305,447	76,749,844	113,105,474
Accrued project cost		138,331,714	157,640,876	4,886,319	12,301,288
Income tax payable		1,683,138	-	-	-
Advances received for goods and services	6	3,272,848	2,894,260	575,210	905,607
Other current liabilities		27,585,549	28,350,915	18,095,877	19,634,729
Total current liabilities		278,021,918	340,191,498	100,307,250	145,947,098
Non-current liabilities					
Provision for long-term employee benefits	13	11,281,745	10,483,343	11,281,745	10,483,343
Total non-current liabilities		11,281,745	10,483,343	11,281,745	10,483,343
Total liabilities		289,303,663	350,674,841	111,588,995	156,430,441
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	14	70,645,730	70,645,730	70,645,730	70,645,730
Unappropriated (deficit)		(247,817,787)	(260,337,719)	(4,108,270)	16,051,334
Other components of shareholders' equity	2.2	8,157,637	8,157,637	-	-
Equity attributable to owners of the Company		957,711,958	945,192,026	1,193,263,838	1,213,423,442
Non-controlling interests of the subsidiary		(6,950,813)	(7,662,036)	-	-
Total shareholders' equity		950,761,145	937,529,990	1,193,263,838	1,213,423,442
Total liabilities and shareholders' equity		1,240,064,808	1,288,204,831	1,304,852,833	1,369,853,883
		-	-	-	-

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 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit or loss:					
Revenues					
Sales and service income		77,703,887	125,213,436	22,109,828	67,194,886
Interest income		8,274,077	5,288,225	10,069,111	6,839,863
Exchange gains		2,459,395	966,040	-	756,441
Other income		11,079,044	10,591,736	4,072,576	1,534,636
Total revenues		<u>99,516,403</u>	<u>142,059,437</u>	<u>36,251,515</u>	<u>76,325,826</u>
Expenses					
Cost of sales and services		37,501,812	47,303,014	14,366,933	20,468,783
Selling and servicing expenses		-	1,532,655	-	-
Administrative expenses		45,563,245	60,780,049	41,839,763	47,908,634
Exchange losses		-	-	172,323	-
Bad debt		-	1,725,000	-	-
Doubtful debt	7, 9	32,100	80,026,908	32,100	62,912,560
Total expenses		<u>83,097,157</u>	<u>191,367,626</u>	<u>56,411,119</u>	<u>131,289,977</u>
Profit (loss) before finance cost and income tax		16,419,246	(49,308,189)	(20,159,604)	(54,964,151)
Finance cost		-	(8,502,393)	-	-
Profit (loss) before income tax		16,419,246	(57,810,582)	(20,159,604)	(54,964,151)
Income tax	17	(3,188,091)	-	-	-
Profit (loss) for the year		<u>13,231,155</u>	<u>(57,810,582)</u>	<u>(20,159,604)</u>	<u>(54,964,151)</u>
Total comprehensive income for the year		<u>13,231,155</u>	<u>(57,810,582)</u>	<u>(20,159,604)</u>	<u>(54,964,151)</u>
Profit (loss) attributable to:					
Equity holders of the Company		12,519,932	(57,441,539)	(20,159,604)	(54,964,151)
Non-controlling interests of the subsidiary		711,223	(369,043)	-	-
		<u>13,231,155</u>	<u>(57,810,582)</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		12,519,932	(57,441,539)	(20,159,604)	(54,964,151)
Non-controlling interests of the subsidiary		711,223	(369,043)	-	-
		<u>13,231,155</u>	<u>(57,810,582)</u>		
Basic earnings (loss) per share					
	18				
Profit (loss) attributable to equity holders of the Company		0.02	(0.08)	(0.03)	(0.08)

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 2017

(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 2016	706,457,300	420,269,078	65,185,714	(126,794,464)	8,157,637	8,157,637	1,073,275,265	(7,292,993)	1,065,982,272
Total comprehensive income for the year	-	-	-	(57,441,539)	-	-	(57,441,539)	(369,043)	(57,810,582)
Dividend paid (Note 21)	-	-	-	(70,641,700)	-	-	(70,641,700)	-	(70,641,700)
Transferred unappropriated retained earnings to statutory reserve	-	-	5,460,016	(5,460,016)	-	-	-	-	-
Balance as at 31 December 2016	<u>706,457,300</u>	<u>420,269,078</u>	<u>70,645,730</u>	<u>(260,337,719)</u>	<u>8,157,637</u>	<u>8,157,637</u>	<u>945,192,026</u>	<u>(7,662,036)</u>	<u>937,529,990</u>
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>

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 2017

(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 2016	706,457,300	420,269,078	65,185,714	147,117,201	1,339,029,293
Total comprehensive income for the year	-	-	-	(54,964,151)	(54,964,151)
Dividend paid (Note 21)	-	-	-	(70,641,700)	(70,641,700)
Transferred unappropriated retained earnings to statutory reserve	-	-	5,460,016	(5,460,016)	-
Balance as at 31 December 2016	<u>706,457,300</u>	<u>420,269,078</u>	<u>70,645,730</u>	<u>16,051,334</u>	<u>1,213,423,442</u>
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>

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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities				
Profit (loss) before tax	16,419,246	(57,810,582)	(20,159,604)	(54,964,151)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities				
Depreciation	5,502,698	13,600,384	1,228,764	9,054,145
Bad debt	-	1,725,000	-	-
Doubtful debt	32,100	80,026,908	32,100	62,912,560
Reduction of inventory to net realisable value	2,158,109	-	2,158,109	-
Gain on disposal of equipment	(52,547)	(24,934)	(50,982)	(24,216)
Provision for compensation	1,130,233	-	-	-
Provision for long-term employee benefits (reversal)	798,402	(706,540)	798,402	763,746
Unrealised exchange (gains) losses	(2,513,897)	(198,865)	117,820	10,735
Interest income	(8,274,077)	(5,288,225)	(10,069,111)	(6,839,863)
Interest expenses	-	8,502,393	-	-
Profit (loss) from operating activities before changes in operating assets and liabilities	15,200,267	39,825,539	(25,944,502)	10,912,956
Operating assets (increase) decrease				
Trade and other receivables	60,045,680	(40,832,364)	58,046,909	(43,262,830)
Unbilled receivables	2,715,025	4,498,181	(610,638)	5,685,634
Inventories	2,869,357	2,332,750	2,852,513	2,364,734
Prepaid project costs	784,252	(791,387)	(237,496)	29,316
Other current assets	2,970,709	493,998	2,457,482	483,300
Other assets	631,922	166,943	(1,980)	57,560
Operating liabilities increase (decrease)				
Trade and other payables	-45,104,008	-80,395,709	-36,172,627	-74,979,614
Accrued project costs	-16,677,446	-5,617,458	-7,414,969	-2,210,567
Advances received for goods and services	378,588	1,266,860	(330,397)	-
Other current liabilities	-765,366	2,512,796	-1,538,852	2,796,152
Cash from (used in) operating activities	23,048,980	(76,539,851)	(8,894,557)	(98,123,359)
Cash paid for interest expenses	-	(8,233,159)	-	-
Cash paid for income tax	(3,613,650)	(1,945,626)	(2,106,371)	(684,233)
Refundable withholding tax	3,800,226	9,395,647	1,195,698	9,395,647
Net cash from (used in) operating activities	23,235,556	(77,322,989)	(9,805,230)	(89,411,945)

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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from investing activities				
Interest income	9,796,334	5,643,592	11,606,994	6,391,201
Decrease in current investments - bank deposits	79,992,168	425,055,391	79,987,231	425,030,185
Decrease in restricted bank deposits	4,776,527	657,937	4,840,144	595,145
Increase in short-term loans to related parties	(340,000,000)	-	(340,000,000)	(11,000,000)
Increase in long-term loans to subsidiary	-	-	-	(117,000,000)
Cash received from repayment of long-term loans made to subsidiary	-	-	16,000,000	-
Acquisition of equipment	(3,764,124)	(1,379,426)	(117,694)	-
Proceeds from sales of equipment	88,080	45,598	86,490	44,860
Net cash from (used in) investing activities	<u>(249,111,015)</u>	<u>430,023,092</u>	<u>(227,596,835)</u>	<u>304,061,391</u>
Cash flows from financing activities				
Repayment of long-term loans	-	(138,770,955)	-	-
Dividend paid	-	(70,641,700)	-	(70,641,700)
Net cash used in financing activities	<u>-</u>	<u>(209,412,655)</u>	<u>-</u>	<u>(70,641,700)</u>
Net increase (decrease) in cash and cash equivalents	<u>(225,875,459)</u>	<u>143,287,448</u>	<u>(237,402,065)</u>	<u>144,007,746</u>
Cash and cash equivalents at beginning of year	<u>322,516,287</u>	<u>179,228,839</u>	<u>314,286,621</u>	<u>170,278,875</u>
Cash and cash equivalents at end of year	<u><u>96,640,828</u></u>	<u><u>322,516,287</u></u>	<u><u>76,884,556</u></u>	<u><u>314,286,621</u></u>
	-	-	-	-
Supplemental cash flow information				
Non-cash transactions				
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 2017

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 subsidiary have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiary's financial statements.

b. Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of 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 management of the Company and its subsidiary believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

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.

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 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 profit or loss.

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 plans

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

Defined benefit plans

The Company and its subsidiary have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiary treat these severance payment obligations 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.

<u>Name of entities</u>	<u>Nature of relationship</u>
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

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		
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<u>Transactions with parent company</u>					
Sales and service income	3,112	1,502	-	-	Contract price or at prices normally charged to other customers
Interest income	3,166	-	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	4,827	3,148	3,049	Contract price or at prices normally charged to other customers
Other expenses	20	19	14	13	Contract price or at prices normally charged to other customers
<u>Transactions with subsidiary</u>					
(eliminated from the consolidated financial statements)					
Sales and service income	-	-	9,835	574	Contract price or at prices normally charged to other customer
Interest income	-	-	1,839	1,604	The rate referenced to fixed deposits interest rate plus 0.5 percent per annum
Management income	-	-	2,280	380	Contract price
Cost of sales and services	-	-	89	89	Contract price or at prices normally charged to other customers
<u>Transactions with related companies</u>					
Sales and service income	46,136	83,998	2,318	48,533	Contract price or at prices normally charged to other customers
Other income	130	-	130	-	Contract price or at prices normally charged to other customers
Cost of sales and services	4,792	4,187	2,973	4,187	Contract price or at prices normally charged to other customers
Office rental and service expenses	252	252	252	252	Contract price or at prices normally charged to other customers
Other expenses	3,290	5,606	1,832	2,056	Contract price or at prices normally charged to other customers

The balances of the accounts as at 31 December 2017 and 2016 between the Company and its subsidiary and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<u>Trade accounts receivable - related parties (Note 7)</u>				
Parent company	128	113	-	-
Subsidiary	-	-	221	-
(eliminated from the consolidated financial statements)				
Related companies				
Jasmine Group	725,359	778,981	724,819	775,994
Total trade accounts receivable - related parties	725,487	779,094	725,040	775,994
<u>Other receivable - related parties (Note 7)</u>				
Parent company	116	-	116	-
Subsidiary	-	-	3,480	3,495
(eliminated from the consolidated financial statements)				
Related companies				
Jasmine Group	139	-	139	-
Total	255	-	3,735	3,495
Less: Allowance for doubtful account	-	-	(3,480)	(3,480)
Total other receivables - related parties - net	255	-	255	15
<u>Unbilled receivable from related parties</u>				
Subsidiary	-	-	1,192	574
(eliminated from the consolidated financial statements)				
Related companies				
Jasmine Group	150	19	-	-
Total unbilled receivable from related parties	150	19	1,192	574
<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	-	420,347	80,347
Less: Allowance for doubtful account	-	-	(80,347)	(80,347)
Total short-term loans to related parties - net	340,000	-	340,000	-

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<u>Long-term loans to subsidiary</u>				
Subsidiary	-	-	101,000	117,000
(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	-	-	85,000	101,000
<u>Trade accounts payable - related parties (Note 12)</u>				
Related companies				
Jasmine Group	694	421	3	3
Total trade accounts payable - related parties	694	421	3	3
<u>Other payables - related parties (Note 12)</u>				
Parent company	20,099	22,523	-	-
Related companies				
Jasmine Group	6,928	8,273	129	81
Total other payables - related parties	27,027	30,796	129	81
<u>Advance received from related parties</u>				
Parent company	52	22	-	-
Related companies				
Jasmine Group	1,986	1,117	202	-
Total advance received from related parties	2,038	1,139	202	-

Loans to related parties

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

	(Unit: Thousand Baht)		
	Consolidated/Separate financial statements		
	Balance as at 31 December 2016	Increase during the year	Balance as at 31 December 2017
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 2016	Decrease during the year	Balance as at 31 December 2017
Short-term loans to the subsidiary	80,437	-	80,437
Long-term loans to the subsidiary	117,000	(16,000)	101,000

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Short-term employee benefits	10,956	13,097	10,956	10,580
Post-employment benefits	993	1,544	993	1,394
Total	11,949	14,641	11,949	11,974

7. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Trade receivables - related parties (Note 6)	725,487	779,094	725,040	775,994
Trade receivables - unrelated parties	185,565	192,443	17,395	24,929
Other receivables - related parties (Note 6)	255	-	3,735	3,495
Other receivables - unrelated parties	40,514	42,153	40,510	42,148
Total	951,821	1,013,690	786,680	840,566
Less: Allowance for doubtful debts	(221,898)	(221,866)	(58,353)	(58,321)
Trade and other receivables - net	729,923	791,824	728,327	788,245

The outstanding balances of trade accounts receivable as at 31 December 2017 and 2016, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	1,191	5,728	548	2,676
Past due				
Up to 3 months	1,158	24,785	1,354	24,785
Longer than 3 - 6 months	795	26,716	795	26,673
Longer than 6 - 12 months	-	673	-	668
Longer than 12 months	722,343	721,192	722,343	721,192
Total trade receivables - related parties (Note 6)	725,487	779,094	725,040	775,994

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	2,927	3,099	2,775	2,763
Past due				
Up to 3 months	1,030	161	45	12
Longer than 3 - 6 months	8	6,610	-	6,610
Longer than 6 - 12 months	-	-	-	-
Longer than 12 months	181,600	182,573	14,575	15,544
Total	185,565	192,443	17,395	24,929
Less: Allowance for doubtful debts	(181,600)	(181,568)	(14,575)	(14,543)
Total trade receivables - unrelated parties - net	3,965	10,875	2,820	10,386
Total trade receivables - net	729,452	789,969	727,860	786,380
<u>Other receivables - related parties</u>				
Accrued interest income	116	-	3,596	3,495
Others	139	-	139	-
Total	255	-	3,735	3,495
Less: Allowance for doubtful debts	-	-	(3,480)	(3,480)
Total other receivables - related parties - net (Note 6)	255	-	255	15
<u>Other receivables - unrelated parties</u>				
Accrued interest income	12,529	14,168	12,525	14,163
Others	27,985	27,985	27,985	27,985
Total	40,514	42,153	40,510	42,148
Less: Allowance for doubtful debts	(40,298)	(40,298)	(40,298)	(40,298)
Total other receivables - unrelated parties - net	216	1,855	212	1,850

During 2016, the Company set up allowance for doubtful accounts for other receivables - unrelated parties amounting to Baht 28 million for a deposit paid to a local company for the purchase of tablets.

Included in trade receivables from unrelated parties as at 31 December 2017 and 2016, were amounts receivable from the companies majority-owned by the government as follows:

Age of receivables	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Aged on the basis of due dates				
Not yet due	2,886	3,026	2,775	2,763
Past due				
Up to 3 months	888	-	34	-
Longer than 3 - 6 months	-	6,610	-	6,610
Longer than 6 - 12 months	-	-	-	-
Longer than 12 months	32	1,001	32	1,001
Total	3,806	10,637	2,841	10,374
Less: Allowance for doubtful account	(32)	-	(32)	-
Total trade receivables - government agencies - net	3,774	10,637	2,809	10,374

8. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2017	2016	2017	2016	2017	2016
Finished goods	9,335	12,203	(6,172)	(4,014)	3,163	8,189

	(Unit: Thousand Baht)					
	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2017	2016	2017	2016	2017	2016
Finished goods	9,207	12,058	(6,172)	(4,014)	3,035	8,044

During the year 2017, the Company reduced cost of inventories by Baht 2 million (2016: none) to reflect the net realisable value. This was included in cost of sales and services.

9. 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.

10. Investment in subsidiary

Details of investment in subsidiary as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Cost	
	2017	2016	2017	2016
Could Computing Solution Company Limited	55,000	55,000	83,899	83,899
Less: Allowance for loss on investments			(83,899)	(83,899)
Total investment in subsidiary - net			-	-

11. 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 2016	19,258	26,151	67,166	6,648	119,223
Additions	9	-	1,370	-	1,379
Disposals	-	-	(1,078)	-	(1,078)
31 December 2016	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
Accumulated depreciation					
1 January 2016	17,197	18,832	55,444	5,968	97,441
Depreciation for the year	60	7,305	5,988	247	13,600
Depreciation on disposals	-	-	(1,058)	-	(1,058)
31 December 2016	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
Net book value					
31 December 2016	2,010	14	7,084	433	9,541
31 December 2017	2,007	-	5,573	186	7,766
Depreciation for the year					
2016 (Baht 2 million included in cost of sales and services, and the balance in selling, servicing and administrative expenses)					13,600
2017 (Baht 3 million included in cost of sales and services, and the balance in selling, servicing and administrative expenses)					5,502

(Unit: Thousand Baht)

	Separate financial statements				Total
	Public telephones and related equipment	Buildings and leasehold improvement	Furniture, fixtures and office equipment	Motor vehicles	
Cost					
1 January 2016	26,151	12,129	29,121	6,152	73,553
Disposals	-	-	(1,016)	-	(1,016)
31 December 2016	26,151	12,129	28,105	6,152	72,537
Additions	-	-	117	-	117
Disposals	(1,442)	-	(493)	-	(1,935)
Transfers out	-	-	(8)	-	(8)
31 December 2017	24,709	12,129	27,721	6,152	70,711
Accumulated depreciation					
1 January 2016	18,832	12,129	26,174	5,472	62,607
Depreciation for the year	7,305	-	1,502	247	9,054
Depreciation on disposals	-	-	(995)	-	(995)
31 December 2016	26,137	12,129	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 transfers	-	-	(7)	-	(7)
31 December 2017	24,709	12,129	27,182	5,967	69,987
Net book value					
31 December 2016	14	-	1,424	433	1,871
31 December 2017	-	-	538	185	724
Depreciation for the year					
2016 (Included in selling, servicing and administrative expenses)					9,054
2017 (Included in selling, servicing and administrative expenses)					1,228

As at 31 December 2017, 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 (2016: Baht 85 million) and the Company's Baht 67 million (2016: Baht 55 million).

12. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Trade payables - related parties (Note 6)	694	421	3	3
Trade payables - unrelated parties	33,419	71,637	32,522	65,469
Other payables - related parties (Note 6)	27,027	30,796	129	81
Other payables - unrelated parties	46,009	48,451	44,096	47,552
Total trade and other payables	107,149	151,305	76,750	113,105

13. Provision for long-term employee benefits

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Provision for long-term employee benefits at beginning of year	10,483	11,190	10,483	9,719
Included in profit or loss:				
(Include in administrative expenses)				
Current service cost	510	610	510	497
Interest cost	289	297	289	267
Reversal of long-term employee benefits	-	(1,614)	-	-
Provision for long-term employee benefits at end of year	11,282	10,483	11,282	10,483

During the year 2016, the subsidiary recorded a reversal of provision for long-term employee benefits as a result of the transfer of all of its employees to a related party in Jasmine Group.

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit of the Company is 10 years (2016: 11 years).

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated / Separate financial statements	
	2017	2016
	(% per annum)	(% per annum)
Discount rate	2.75%	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 as at 31 December 2017 and 2016 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated / Separate financial statements	
	2017	2016
Discount rate		
Increase 50 basis points (3.25%)	(414)	(430)
Decrease 50 basis points (2.25%)	441	460
Salary increase rate		
Increase 100 basis points (6.00%)	1,233	1,138
Decrease 100 basis points (4.00%)	(1,090)	(1,007)

14. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to 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.

15. Expenses by nature

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Salary and wages and other employee benefits	27,457	33,271	27,457	26,683
Inventories used	11,720	5,754	4,248	1,834
Subcontracting expenses	6,775	8,625	4,243	4,760
Depreciation	5,503	13,600	1,229	9,054
Rental expenses from operating lease				
Agreements	3,497	5,079	3,400	3,300
Reduction of inventories to net realisable value	2,158	-	2,158	-
Doubtful debt	32	80,027	32	62,913
Bad debt	-	1,725	-	-

16. Service income under the license

During the year 2017, the Company had service income under the license, granted by the National Telecommunications Commission (“NBTC”), for telecommunication service Type I amounting to Baht 0.16 million (2016: Baht 0.04 million).

As at 31 December 2017, the Company had expenses payable to other licensees, concessionaires or foreign telecommunication service providers amounting to Baht 0.09 million (2016: Baht 0.02 million) in accordance with the notification of the NBTC Re: Criteria and Procedures on Revenue Collection for Universal Service Obligation, dated 30 May 2017.

17. Income tax

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Accounting profit (loss) before tax	16,419	(57,811)	(20,160)	(54,964)
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	3,284	(11,562)	(4,032)	(10,993)
Non-deductible expense	231	45	4	5
Additional expense deductions allowed	(78)	-	(4)	-
Unrecognised deferred tax asset:				
Allowance for diminution in value of inventories	432	-	432	-
Allowance for doubtful accounts and bad debt	6	16,351	6	12,583
Accumulated depreciation	-	1,145	-	1,145
Provision for long-term employee benefits	160	153	160	153
Tax loss of current year	3,167	-	3,167	-
Tax loss of prior years that is used to reduce tax expenses	(4,014)	(6,132)	-	(2,990)
Others	-	-	267	97
Income tax expenses reported in the statement of comprehensive income	3,188	-	-	-

As at 31 December 2017, the Company and its subsidiary have deductible temporary differences and unused tax losses totaling Baht 843 million (2016: Baht 845 million) and the Company only of Baht 573 million (2016: Baht 554 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 110 million will gradually expire from 2019 - 2022 (2016: the Company and its subsidiary amounting to Baht 114 million will gradually expire from 2017 - 2020 and the Company only of Baht 94 million will gradually expire from 2019 - 2020).

18. 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.

19. 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.

During the current year, the Company and its subsidiary have separately presented design and installation of telecommunication system segments, computer systems integration business and cloud computing business segment because its income is material to the financial statements.

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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Sales and services income										
Revenue from external customers	12	66	47	45	19	14	-	-	78	125
Inter-segment revenues	10	1	-	-	-	-	(10)	(1)	-	-
Total revenues	<u>22</u>	<u>67</u>	<u>47</u>	<u>45</u>	<u>19</u>	<u>14</u>	<u>(10)</u>	<u>(1)</u>	<u>78</u>	<u>125</u>
Segment operating profit (loss)	(2)	46	31	25	11	7			40	78
Unallocated income and expenses:										
Interest income									8	5
Exchange gains									2	1
Other income									11	11
Selling and servicing expenses									-	(1)
Administrative expenses									(45)	(61)
Bad debts									-	(2)
Doubtful debts									-	(80)
Finance cost									-	(9)
Income tax									(3)	-
Profit (loss) for the year									<u>13</u>	<u>(58)</u>

Major customer

For the year 2017, the Company and its subsidiary have revenue from three major customers in amount of Baht 52 million (2016: Baht 107 million) and the Company only from two customers in amount of Baht 18 million (2016: Baht 63 million).

20. Provident fund

The Company, its subsidiary and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, its subsidiary and their 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 2017, the Company contributed Baht 1 million (2016: the Company and its subsidiary contributed Baht 1.8 million, and the Company only contributes Baht 1.5 million), to the fund.

21. Dividends

On 28 October 2016, the Board of Directors' Meeting No.10/2016 of the Company passed a resolution approving the payment of an interim dividend from the retained earnings as at 30 September 2016 to the shareholders at the rate of 0.1 Baht per share, a total of Baht 70.6 million.

22. Commitments and contingent liabilities

22.1 Operating lease commitments

The Company and its subsidiary have 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.

As at 31 December 2017 and 2016, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Payable:				
In up to 1 year	3	3	3	3
In over 1 and up to 3 years	2	5	2	4

22.2 Guarantees

As at 31 December 2017, there were outstanding bank guarantees of Baht 79 million (2016: Baht 243 million) issued by banks on behalf of the Company and its subsidiary, and the Company only of Baht 53 million (2016: Baht 218 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 357,024 and 12,246 tablet personal computers in Zone 4 (Northern and Northeastern regions) with total contract values of Baht 749 million (excluding value added tax). Under a condition in the agreements, the Company had to deliver all of the tablets to the contracting government agencies within December 2013 and March 2014, respectively. However, the Company was unable to deliver the tablets as scheduled in the agreements as a result of a massive fire in September 2013 at a production facility in China where tablet parts were produced. The Company submitted letters to the government agencies, the counterparties to the agreements, to inform them of the cause of the delay and request extensions of the shipment schedules. The agreements stipulate that the Company is obliged to pay a penalty for delayed shipment at a daily rate of 0.2 percent of the price of the unshipped tablets. During 2014, the counterparties under the agreements submitted letters to the Company to request the termination of the sale and purchase of tablet agreements with the Company as they considered that the Company failed to perform its obligations under the agreements and requested the Company to pay the penalty at the daily rate of 0.2 percent of the price of the unshipped tablets from the dates of delivery stipulated in the agreements to the date of termination of the agreements, or a total of Baht 5 million and Baht 142 million, respectively. In addition, the counterparties asked the bank who issued bank guarantees on behalf of the Company as performance bonds for these agreements to pay them a total of Baht 40 million under the performance bonds. However, the Company submitted letters to these counterparties objecting to the termination of the agreements and to the imposition of penalties under the agreements on the grounds that the cause of the delay in the shipments of tablets was the aforementioned massive fire at a production facility, which was an event of force majeure and outside the Company's control, and the Company had already notified the cause of delay to both counterparties. The Company therefore believes that it is not obliged to pay penalties and damages to these counterparties. In addition, the Company submitted letters to the bank who issued bank guarantees for the Company, requesting it to suspend a payment under the performance bonds amounting to Baht 40 million to the two counterparties. However, in November 2014 and March 2015, the two counterparties filed lawsuits with the Central

Administrative Court, requesting the Company to pay a penalty for its inability to deliver tablet as stipulated in the agreements and to make payment under the performance bonds, together with interest at the rate of 7.5% per annum, totaling approximately Baht 5 million and Baht 190 million, respectively. During 2014, the Company submitted a notice of breach of the agreement to a local company claiming that it had failed to deliver tablets in accordance with the agreement, and the Company exercised its right to terminate the agreement with this company. In addition, the Company requested the bank who issued a bank guarantee on behalf of this company in the form a performance bond for the sale of tablets to pay Baht 38 million to the Company under the performance bond. The Company received the payment and retained the legal right to seize this amount as compensation for losses caused by this company or incurred as a result of a breach of agreement by this company. The Company has recorded the performance bond as a liability under the caption of trade and other payables in the statements of financial position since 31 December 2014 and treated it as a provision for any penalties and losses that might be incurred. Moreover, in the event that the Company is required to pay penalties and compensation to the government agencies, the Company can reclaim all losses from this local company who is the seller of the tablets to the Company, in accordance with a condition stipulated in the sale and purchase of tablet agreements. However, on 22 February 2018, the Central Administrative Court issued a judgement on the case between the Company and the government agency who filed the lawsuit, requesting the Company to pay penalties totaling approximately Baht 5 million for its inability to deliver tablets as stipulated in the agreement. The Central Administrative Court issued a judgement ordering the Company to pay penalties totaling approximately Baht 3 million. However, the Company has the right to lodge an appeal within 30 days after the Central Administrative Court issued a judgement. When the Company receives the official judgement of the Court, the legal advisor will consider details of the judgement in order to file an appeal. Therefore, the ultimate outcome of these lawsuits and disputes that are not finalised cannot be determined at this time. In addition, the Company's legal advisor is of the opinion that the facts of this case are different from those of the case with another government agency, who demanded the Company pay penalties for its failure to deliver tablets according to the agreement and to make payment under the performance bond, together with interest, or a total of approximately Baht 190 million. As a result, it cannot be confirmed that the Central Administrative Court will issue the same judgement as above. However, the Company's management and legal advisor still believe that no significant losses will be incurred as a result of these lawsuits and disputes, and therefore no further provision for contingent liabilities was recorded in the accounts.

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 2017 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 and the Company's amounting to Baht 18 million for unfair termination. The cases are under consideration of the courts. However, the legal advisor and the management of the Company believe the Company will not suffer any losses as a result of these cases because the Company had made full severance payment in accordance with the law. On 16 January 2018, the Labour Court issued a judgment ordering the subsidiary to pay severance together with interest, totaling approximately Baht 1 million. For prudent reasons, the subsidiary therefore recorded full provision for severance payment in accordance with the Labour Court's order in the current year.
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 Administrative Court, requesting the Company to pay the amount of Baht 8 million under the letter of guarantee. Currently, the case is being considered by the 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 September 2016, the Appeal Court issued a judgment ordering the subsidiary to pay compensation together with interest, totaling approximately Baht 0.5 million. The subsidiary then filed a petition appealing to the Supreme Court. At present, this case is under consideration by the Supreme Court. For prudent reasons, the subsidiary therefore recorded full provision for compensation in accordance with the Appeal Court's order.
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 judgment 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. At present, this case is under consideration by the Appeal Court. However, the legal advisor and the management of the subsidiary believe that the subsidiary did not breach the contract and will therefore not suffer any losses as a result of this case.

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 services transactions that are denominated in foreign currencies.

As at 31 December 2017 and 2016, 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	
	2017	2016	2017	2016	2017	2016
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.1	0.1	0.9	0.9	32.6809	35.8307

Foreign currency	Separate financial statements				Average exchange rate	
	Financial assets		Financial liabilities		as at 31 December	
	2017	2016	2017	2016	2017	2016
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.1	0.1	0.1	0.1	32.6809	35.8307

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 2017, the Group's debt to equity ratio was 0.30 : 1 (2016: 0.37 : 1) and the Company was 0.09 : 1 (2016: 0.13 : 1).

25. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2018.