

Jasmine Telecom Systems Public Company Limited  
and its subsidiary  
Report and consolidated financial statements  
31 December 2015

## **Independent Auditor's Report**

To the Shareholders of Jasmine Telecom Systems Public Company Limited

I have audited the accompanying consolidated financial statements of Jasmine Telecom Systems Public Company Limited and its subsidiary, which comprise the consolidated statement of financial position as at 31 December 2015, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Jasmine Telecom Systems Public Company Limited for the same period.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### **Basis for Qualified Opinion**

- a) As described in Note 18 to the financial statements, the Company and its subsidiary have disclosed its financial information by operating segment in accordance with Financial Reporting Standard No. 8 "Operating Segments", except for its operating results, which the Company and its subsidiary are unable to disclose by operating segment for the reasons described in that note.
- b) As described in Note 20.3 to the 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 a part of the tablets was 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. During 2014, counterparties of the agreements submitted letters to the Company to terminate the sale and purchase agreements and asked the Company to pay a penalty totaling Baht 148 million. However, the Company submitted letters to these counterparties objecting the imposition of the penalty. The management of the Company clarified that the delayed in shipment was due to force majeure and the Company did not breach the agreements. Subsequently, these counterparties filed lawsuits against the Company, petitioning the court to order the Company to pay penalties totaling approximately Baht 196 million. The outcomes are currently unknown. As a result, the Company is unable to conclude if and to what extent penalties and damages will be incurred. Therefore, the Company does not record provision for such penalties and damages in the accounts. I was unable to perform audit procedures to satisfy myself as to the penalties and damages that may be incurred as a result of the above, and this constitutes a limitation imposed by circumstance.

### **Qualified Opinion**

In my opinion, except for non-disclosure of information relating to the operating results by operating segment as described in a) in the Basis for Qualified Opinion paragraph and except for the possible effects of the matter as described in b) in the Basis for Qualified Opinion paragraph, 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 2015, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

## **Emphasis of Matters**

I draw attention to the following matters:

1. The balance receivable from an unrelated company under a troubled debt restructuring agreement, of approximately Baht 47 million (the Company only: Baht 19 million), as described in Note 9 to the financial statements
2. Disputes described in Note 20.2 to the financial statements

My opinion is not qualified in respect of the above matters.

## **Other Matter**

I have audited the consolidated financial statements of Jasmine Telecom Systems Public Company Limited and its subsidiary, and the separate financial statements of Jasmine Telecom Systems Public Company Limited as at 31 December 2014 and for the year then ended, and expressed a qualified opinion on those statements with respect to non-disclosure of information related to the operating results by operating segment, similar to the matter in a), and the limitation imposed by circumstance related to a matter similar to that in b), as stated in the above Basis for Qualified Opinion paragraph and drew attention to the matters similar to 1) and 2) as stated in the above Emphasis of Matters paragraph, under my report dated 2 March 2015.

Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

EY Office Limited

Bangkok: 25 January 2016

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

**Statement of financial position**

**As at 31 December 2015**

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		179,228,839	185,166,742	170,278,875	176,106,832
Current investments - bank deposits		525,863,761	542,228,742	525,708,930	542,082,326
Trade and other receivables	7	778,872,061	810,424,233	773,820,802	794,908,857
Unbilled receivables					
Related parties	6	23,377	108,984	-	77,520
Unrelated parties		15,606,080	42,523,005	11,726,518	38,922,293
Inventories	8	10,522,116	17,139,240	10,409,030	17,042,503
Account receivable under troubled					
debt restructuring	9	47,414,702	47,414,702	18,833,738	18,833,738
Prepaid project costs		438,180	133,165	91,100	110,461
Other current assets		25,491,557	38,367,026	17,774,054	27,546,336
<b>Total current assets</b>		<b>1,583,460,673</b>	<b>1,683,505,839</b>	<b>1,528,643,047</b>	<b>1,615,630,866</b>
<b>Non-current assets</b>					
Restricted bank deposits		31,066,699	32,387,673	28,443,802	29,752,967
Property, plant and equipment	10	21,782,214	31,680,115	10,945,843	20,269,739
Deposits		2,013,474	2,844,067	1,071,900	1,926,393
<b>Total non-current assets</b>		<b>54,862,387</b>	<b>66,911,855</b>	<b>40,461,545</b>	<b>51,949,099</b>
<b>Total assets</b>		<b>1,638,323,060</b>	<b>1,750,417,694</b>	<b>1,569,104,592</b>	<b>1,667,579,965</b>

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 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables	11	231,715,731	264,957,540	188,099,663	233,160,824
Accrued project cost		163,467,934	165,257,587	14,511,855	20,724,864
Current portion of long-term loans	12	28,968,000	28,968,000	-	-
Advances received for goods and services		1,627,400	2,345,650	905,607	2,300,467
Other current liabilities		25,568,885	26,719,268	16,838,577	17,417,119
<b>Total current liabilities</b>		<u>451,347,950</u>	<u>488,248,045</u>	<u>220,355,702</u>	<u>273,603,274</u>
<b>Non-current liabilities</b>					
Long-term loans - net of current portion	12	109,802,955	138,799,876	-	-
Provision for long-term employee benefits	13	11,189,883	17,627,111	9,719,597	16,654,525
<b>Total non-current liabilities</b>		<u>120,992,838</u>	<u>156,426,987</u>	<u>9,719,597</u>	<u>16,654,525</u>
<b>Total liabilities</b>		<u>572,340,788</u>	<u>644,675,032</u>	<u>230,075,299</u>	<u>290,257,799</u>

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 2015**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<b>Shareholders' equity</b>					
Share capital					
Registered					
706,457,300 ordinary shares of Baht 1 each		<u>706,457,300</u>	<u>706,457,300</u>	<u>706,457,300</u>	<u>706,457,300</u>
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
Share premium		420,269,078	420,269,078	420,269,078	420,269,078
Retained earnings					
Appropriated-statutory reserve	14	65,185,714	65,185,714	65,185,714	65,185,714
Unappropriated (deficit)		(126,794,464)	(86,959,540)	147,117,201	185,410,074
Other components of shareholders' equity	2.2	<u>8,157,637</u>	<u>8,157,637</u>	-	-
Equity attributable to owners of the Company		1,073,275,265	1,113,110,189	1,339,029,293	1,377,322,166
Non-controlling interests of the subsidiary		<u>(7,292,993)</u>	<u>(7,367,527)</u>	-	-
<b>Total shareholders' equity</b>		<u>1,065,982,272</u>	<u>1,105,742,662</u>	<u>1,339,029,293</u>	<u>1,377,322,166</u>
<b>Total liabilities and shareholders' equity</b>		<u>1,638,323,060</u>	<u>1,750,417,694</u>	<u>1,569,104,592</u>	<u>1,667,579,965</u>
		-	-	-	-

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

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 Directors  
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Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of comprehensive income

For the year ended 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales and service income		70,581,049	109,553,503	11,308,143	47,915,247
Exchange gains		6,803,805	-	9,423,261	-
Other income		13,374,463	18,052,235	20,143,381	22,079,124
<b>Total revenues</b>		<u>90,759,317</u>	<u>127,605,738</u>	<u>40,874,785</u>	<u>69,994,371</u>
<b>Expenses</b>					
Cost of sales and services		32,388,134	54,604,414	8,040,060	32,914,229
Selling and servicing expenses		3,041,687	11,289,502	1,402,607	9,537,201
Administrative expenses		85,920,616	114,216,380	70,868,352	100,749,730
Exchange losses		-	16,582,488	-	15,914,871
Other expenses					
Doubtful debt		2,174,607	-	2,174,607	74,313,750
Loss on impairment of investment		-	-	-	83,899,210
Loss on impairment of asset		-	37,495,799	-	37,495,799
<b>Total expenses</b>		<u>123,525,044</u>	<u>234,188,583</u>	<u>82,485,626</u>	<u>354,824,790</u>
<b>Loss before finance cost</b>					
<b>and income tax expenses</b>		(32,765,727)	(106,582,845)	(41,610,841)	(284,830,419)
Finance cost		(10,726,128)	(12,494,214)	(413,497)	(517,871)
<b>Loss before income tax expenses</b>		(43,491,855)	(119,077,059)	(42,024,338)	(285,348,290)
Income tax expenses	16	-	(14,674,073)	-	(14,674,073)
<b>Loss for the year</b>		<u>(43,491,855)</u>	<u>(133,751,132)</u>	<u>(42,024,338)</u>	<u>(300,022,363)</u>
<b>Other comprehensive income :</b>					
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods</i>					
Actuarial gains		3,731,465	-	3,731,465	-
<b>Other comprehensive income for the year</b>		<u>3,731,465</u>	<u>-</u>	<u>3,731,465</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u>(39,760,390)</u>	<u>(133,751,132)</u>	<u>(38,292,873)</u>	<u>(300,022,363)</u>

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



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

**Statement of comprehensive income (continued)**

**For the year ended 31 December 2015**

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		(43,566,389)	(133,922,773)	<u>(42,024,338)</u>	<u>(300,022,363)</u>
Non-controlling interests of the subsidiary		<u>74,534</u>	<u>171,641</u>		
		<u>(43,491,855)</u>	<u>(133,751,132)</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		(39,834,924)	(133,922,773)	<u>(38,292,873)</u>	<u>(300,022,363)</u>
Non-controlling interests of the subsidiary		<u>74,534</u>	<u>171,641</u>		
		<u>(39,760,390)</u>	<u>(133,751,132)</u>		
<b>Loss per share</b>					
	17				
Basic loss per share					
Loss attributable to equity holders of the Company		<u>(0.06)</u>	<u>(0.19)</u>	<u>(0.06)</u>	<u>(0.42)</u>

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

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

**Cash flow statement**

**For the year ended 31 December 2015**

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities</b>				
Loss before tax	(43,491,855)	(119,077,059)	(42,024,338)	(285,348,290)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities				
Depreciation	16,241,250	18,747,773	9,640,205	10,363,503
Bad debt	-	9,261,781	-	9,261,781
Doubtful debt	2,174,607	-	2,174,607	74,313,750
Reduction of inventory to net realisable value	4,013,987	-	4,013,987	-
Loss on impairment of investment	-	-	-	83,899,210
Loss on impairment of asset	-	37,495,799	-	37,495,799
Gain on disposal of equipment	(54,409)	(105,503)	(58,415)	(107,157)
Provision for long-term employee benefits	1,879,134	1,856,897	1,740,507	1,730,387
Unrealised exchange (gains) losses	2,509,072	99,274	(110,384)	(37,345)
Interest income	(12,878,721)	(14,710,384)	(14,681,106)	(18,760,414)
Interest expenses	10,721,517	12,033,714	408,886	58,232
Loss from operating activities before changes in operating assets and liabilities	(18,885,418)	(54,397,708)	(38,896,051)	(87,130,544)
Operating assets (increase) decrease				
Trade and other receivables	29,675,852	441,471,524	21,905,881	441,776,913
Unbilled receivables	27,002,532	25,023,492	27,273,295	22,697,024
Inventories	2,271,551	24,726,032	2,287,900	24,805,844
Prepaid project costs	(305,015)	22,352,008	19,361	21,869,169
Other current assets	2,251,669	21,964,067	2,473,916	21,989,051
Other assets	830,593	(4,531)	854,493	(29,960)
Operating liabilities increase (decrease)				
Trade and other payables	(33,429,712)	56,725,371	(45,249,064)	57,130,508
Accrued project costs	(1,789,653)	(110,676,584)	(6,213,009)	(103,680,983)
Advances received for goods and services	(718,250)	740,890	(1,394,860)	715,607
Other current liabilities	(3,406,352)	(13,155,313)	(576,888)	(12,849,963)
Provision for long-term employee benefits	(4,940,418)	(2,951,838)	(4,943,970)	(2,951,838)
Cash from (used in) operating activities	(1,442,621)	411,817,410	(42,458,996)	384,340,828
Cash paid for interest expenses	(10,729,483)	(12,037,479)	(410,540)	(56,578)
Cash paid for income tax	(2,513,391)	(10,681,305)	(1,195,698)	(9,395,647)
Withholding tax refund	13,888,760	1,815,084	8,470,510	-
<b>Net cash from (used in) operating activities</b>	<b>(796,735)</b>	<b>390,913,710</b>	<b>(35,594,724)</b>	<b>374,888,603</b>

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

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

**Cash flow statement (continued)**

**For the year ended 31 December 2015**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Cash flows from investing activities</b>				
Decrease (increase) in current investments - bank deposits	16,364,981	(460,429,435)	16,373,396	(460,507,192)
Decrease in restricted bank deposits	1,320,974	42,351,387	1,309,165	41,713,312
Interest income	12,127,152	11,190,510	12,010,514	16,013,735
Acquisition of equipment	(6,031,046)	(1,135,116)	-	(21,839)
Proceeds from sales of equipment	<u>73,692</u>	<u>325,874</u>	<u>73,692</u>	<u>325,874</u>
<b>Net cash from (used in) investing activities</b>	<u>23,855,753</u>	<u>(407,696,780)</u>	<u>29,766,767</u>	<u>(402,476,110)</u>
<b>Cash flows from financing activities</b>				
Decrease in trust receipts	-	(25,160,418)	-	(25,160,418)
Repayment of long-term loans	<u>(28,996,921)</u>	<u>(14,510,497)</u>	-	-
<b>Net cash used in financing activities</b>	<u>(28,996,921)</u>	<u>(39,670,915)</u>	-	<u>(25,160,418)</u>
<b>Net decrease in cash and cash equivalents</b>	(5,937,903)	(56,453,985)	(5,827,957)	(52,747,925)
Cash and cash equivalents at beginning of year	<u>185,166,742</u>	<u>241,620,727</u>	<u>176,106,832</u>	<u>228,854,757</u>
<b>Cash and cash equivalents at end of year</b>	<u>179,228,839</u>	<u>185,166,742</u>	<u>170,278,875</u>	<u>176,106,832</u>
	-	-	-	-
<b>Supplemental cash flow information</b>				
Non-cash transactions				
Transfer inventories to equipment	331,586	18,224,905	331,586	18,224,905
Transfer assets held for sale to equipment	-	17,182,644	-	17,182,644

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 2015

(Unit: Baht)

<b>Consolidated financial statements</b>									
Equity attributable to owners of the Company									
				Other component of equity					
				Difference between					
				the purchase price					
		Retained earnings		of investment		Total other		Total equity	
				in subsidiary under		components of		attributable to	
				common control and		shareholders'		owners of	
				its net book value		equity		the Company	
				Unappropriated				Equity attributable	
				(deficit)				to non-controlling	
								interests of	
								the subsidiary	
								Total	
								shareholders'	
								equity	
<b>Balance as at 1 January 2014</b>	706,457,300	420,269,078	65,185,714	46,963,233	8,157,637	8,157,637	1,247,032,962	(7,539,168)	1,239,493,794
Total comprehensive income for the year	-	-	-	(133,922,773)	-	-	(133,922,773)	171,641	(133,751,132)
<b>Balance as at 31 December 2014</b>	<u>706,457,300</u>	<u>420,269,078</u>	<u>65,185,714</u>	<u>(86,959,540)</u>	<u>8,157,637</u>	<u>8,157,637</u>	<u>1,113,110,189</u>	<u>(7,367,527)</u>	<u>1,105,742,662</u>
<b>Balance as at 1 January 2015</b>	706,457,300	420,269,078	65,185,714	(86,959,540)	8,157,637	8,157,637	1,113,110,189	(7,367,527)	1,105,742,662
Profit (loss) for the year	-	-	-	(43,566,389)	-	-	(43,566,389)	74,534	(43,491,855)
Other comprehensive income for the year	-	-	-	3,731,465	-	-	3,731,465	-	3,731,465
Total comprehensive income for the year	-	-	-	(39,834,924)	-	-	(39,834,924)	74,534	(39,760,390)
<b>Balance as at 31 December 2015</b>	<u>706,457,300</u>	<u>420,269,078</u>	<u>65,185,714</u>	<u>(126,794,464)</u>	<u>8,157,637</u>	<u>8,157,637</u>	<u>1,073,275,265</u>	<u>(7,292,993)</u>	<u>1,065,982,272</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 2015**

(Unit: Baht)

	<b>Separate financial statements</b>				Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Retained earnings		
			Appropriated	Unappropriated	
<b>Balance as at 1 January 2014</b>	706,457,300	420,269,078	65,185,714	485,432,437	1,677,344,529
Total comprehensive income for the year	-	-	-	(300,022,363)	(300,022,363)
<b>Balance as at 31 December 2014</b>	<u>706,457,300</u>	<u>420,269,078</u>	<u>65,185,714</u>	<u>185,410,074</u>	<u>1,377,322,166</u>
<b>Balance as at 1 January 2015</b>	706,457,300	420,269,078	65,185,714	185,410,074	1,377,322,166
Loss for the year	-	-	-	(42,024,338)	(42,024,338)
Other comprehensive income for the year	-	-	-	3,731,465	3,731,465
Total comprehensive income for the year	-	-	-	(38,292,873)	(38,292,873)
<b>Balance as at 31 December 2015</b>	<u>706,457,300</u>	<u>420,269,078</u>	<u>65,185,714</u>	<u>147,117,201</u>	<u>1,339,029,293</u>

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 2015**

**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 28 September 2011, 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 Jasmine Telecom Systems Public Company Limited (“the Company”) and a subsidiary company, Cloud Computing Solutions Company Limited (“the subsidiary”), which is incorporated in Thailand. The subsidiary company is principally engaged in the computer system and software development and design services, and sales of computer products. 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 Company and its subsidiary company 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.

The Company purchased investment in the subsidiary company at a price of approximately Baht 8 million lower than the attributable net asset value of the subsidiary company. 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 subsidiary under the cost method.

### **3. New financial reporting standards**

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

#### **(a) Financial reporting standards that became effective in the current year**

The Company and its subsidiary have adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. 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 financial statements of the Company and its subsidiary. However, some of these standards involve changes to key principles, which are summarised below:

Accounting Standard:

TAS 19 (revised 2014) Employee Benefits

Financial Reporting Standards:

TFRS 10 Consolidated Financial Statements

TFRS 11 Joint Arrangements

TFRS 12 Disclosure of Interests in Other Entities

TFRS 13 Fair Value Measurement

The above accounting standard and financial reporting standards do not have any significant impact on the financial statements of the Company and its subsidiary.

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

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The management of the Company and its subsidiary believe that the revised and new financial reporting standards and accounting treatment guidance 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*

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 and installation of telecommunication systems*

Revenue from design and installation of telecommunication systems including supply of related equipment is recognised by reference to the stage of completion as assessed by the Company's engineers/project managers.

*Revenue from computer system and software development and design services*

Revenue from computer system and software development and design services is recognised by reference to the stage of completion, as assessed by the subsidiary's engineers/project managers.

*Rendering of maintenance services*

Maintenance service revenue is recognised when service is rendered.

*Public telephone rental income*

Public telephone rental income is recognised based on the rental period and, at the rate stipulated in the rental contract.

*Interest income*

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



## **4.2 Cash and cash equivalents**

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

## **4.3 Trade and other receivables**

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

## **4.4 Inventories**

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

## **4.5 Investments**

- a) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- b) Investment in subsidiary is accounted for in the separated financial statements using the cost method net of allowance for impairment loss (if any).

The weighted average method is used for computation 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 enterprises 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.

They also include associated companies and individuals 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 post-employment benefits 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiary determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

#### **5. Significant accounting judgments and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments 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 judgments 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.

**Property plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

**Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

**Post-employment benefits under defined benefit plans**

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

**Litigation**

The Company and its subsidiary have contingent liabilities as a result of litigation. The management of the Company and its subsidiary have used judgement to assess of the results of the litigation and believe that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

## 6. Related party transactions

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

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

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: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	
<u>Transactions with parent company</u>					
Sales and service income	1	-	-	-	Contract price or at prices normally charged to other customers or cost plus margin
Office rental and service expenses	6	8	4	6	Contract price or at prices normally charged to other customers
<u>Transactions with subsidiary</u>					
(eliminated from the consolidated financial statements)					
Interest income	-	-	3	5	The rates referenced to fixed deposits interest rates (2014: The rates referenced to MLR)
<u>Transactions with related companies</u>					
Sales and service income	40	49	3	13	Contract price or at prices normally charged to other customers or cost plus margin
Cost of sales and services	5	4	5	4	Contract price or at prices normally charged to other customers
Other expenses	7	8	3	4	Contract price or at prices normally charged to other customers

The balances of the accounts as at 31 December 2015 and 2014 between the Company and its subsidiary and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b><u>Trade accounts receivable - related parties (Note 7)</u></b>				
Parent company	27	-	-	-
Related companies				
Jasmine Group	737,886	748,790	732,633	736,649
<b>Total trade accounts receivable - related parties</b>	<b>737,913</b>	<b>748,790</b>	<b>732,633</b>	<b>736,649</b>
<b><u>Other receivables - related party (Note 7)</u></b>				
Subsidiary	-	-	2,694	4,967
(eliminated from the consolidated financial statements)				
Less: Allowance for doubtful account	-	-	-	(4,967)
<b>Total other receivables - related party - net</b>	<b>-</b>	<b>-</b>	<b>2,694</b>	<b>-</b>
<b><u>Unbilled receivable from related parties</u></b>				
Related companies				
Jasmine Group	23	109	-	78
<b>Total unbilled receivable from related parties</b>	<b>23</b>	<b>109</b>	<b>-</b>	<b>78</b>
<b><u>Short-term loans to related party</u></b>				
Subsidiary	-	-	69,347	69,347
(eliminated from the consolidated financial statements)				
Less: Allowance for doubtful account	-	-	(69,347)	(69,347)
<b>Total short-term loans to related party - net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Trade accounts payable - related parties (Note 11)</u></b>				
Related companies				
Jasmine Group	336	52	26	37
<b>Total trade accounts payable - related parties</b>	<b>336</b>	<b>52</b>	<b>26</b>	<b>37</b>
<b><u>Other payables - related parties (Note 11)</u></b>				
Parent company	21,530	20,290	-	-
Related companies				
Jasmine Group	7,346	6,920	2	154
<b>Total other payables - related parties</b>	<b>28,876</b>	<b>27,210</b>	<b>2</b>	<b>154</b>
<b><u>Advance received from related parties</u></b>				
Related companies				
Jasmine Group	663	26	-	-
<b>Total advance received from related parties</b>	<b>663</b>	<b>26</b>	<b>-</b>	<b>-</b>

### Short-term loans to related party

During 2015, there is no movement of short-term loans to the subsidiary from the balance as of 31 December 2014.

### Directors and management's benefits

During the years ended 31 December 2015 and 2014, the Company and its subsidiary had employee benefit expenses payable to their directors and management as below.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Short-term employee benefits	17	19	14	16
Post-employment benefits	1	2	1	1
Total	18	21	15	17

### Guarantee obligations with the subsidiary

The Company has outstanding guarantee obligations with its subsidiary, as described in Note 20.5 to the financial statements.

## **7. Trade and other receivables**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Trade receivables - related parties (Note 6)	737,913	748,790	732,633	736,649
Trade receivables - unrelated parties	190,284	202,734	20,887	32,466
Other receivables - related parties (Note 6)	-	-	2,694	4,967
Other receivables - unrelated parties	44,556	50,607	44,463	50,476
Total	972,753	1,002,131	800,677	824,558
Less: Allowance for doubtful debts	(193,881)	(191,707)	(26,856)	(29,649)
Trade and other receivables - net	778,872	810,424	773,821	794,909



The outstanding balances of trade accounts receivable as at 31 December 2015 and 2014, aged on the basis of due dates, are summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	8,195	3,431	3,053	3,023
Past due				
Up to 3 months	621	8,563	483	833
3 - 6 months	489	3,343	489	2,344
6 - 12 months	1,169	9,124	1,169	6,120
Over 12 months	727,439	724,329	727,439	724,329
Total trade receivables - related parties (Note 6)	<u>737,913</u>	<u>748,790</u>	<u>732,633</u>	<u>736,649</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	1,882	3,214	1,851	3,006
Past due				
Up to 3 months	512	1,964	20	778
3 - 6 months	-	9,666	-	9,666
6 - 12 months	-	969	-	969
Over 12 months	187,890	186,921	19,016	18,047
Total	190,284	202,734	20,887	32,466
Less: Allowance for doubtful debts	(181,568)	(179,394)	(14,543)	(12,369)
Total trade receivables - unrelated parties, net	<u>8,716</u>	<u>23,340</u>	<u>6,344</u>	<u>20,097</u>
Total trade receivables - net	<u>746,629</u>	<u>772,130</u>	<u>738,977</u>	<u>756,746</u>
<u>Other receivables - unrelated parties</u>				
Accrued interest income	12,313	12,313	12,313	12,313
Others	32,243	38,294	32,150	38,163
Total	44,556	50,607	44,463	50,476
Less: Allowance for doubtful debts	(12,313)	(12,313)	(12,313)	(12,313)
Total other receivables - unrelated parties, net	<u>32,243</u>	<u>38,294</u>	<u>32,150</u>	<u>38,163</u>

Included in trade receivables from unrelated parties as at 31 December 2015 and 2014, 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	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Not yet due	636	2,505	636	2,303
Past due				
Up to 3 months	473	1,847	-	660
3 - 6 months	-	-	-	-
6 - 12 months	-	969	-	969
Over 12 months	1,001	32	1,001	32
Total	<u>2,110</u>	<u>5,353</u>	<u>1,637</u>	<u>3,964</u>

The Company has assigned its rights to receive payments from certain accounts receivable to banks, to secure credit facilities obtained from those banks.

## 8. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Finished goods	14,536	17,139	(4,014)	-	10,522	17,139

	(Unit: Thousand Baht)					
	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Finished goods	14,423	17,043	(4,014)	-	10,409	17,043

During the current year, the Company reduced cost of inventories by Baht 4 million to reflect the net realisable value. This was included in administrative expenses.

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

As at 31 December 2015, the Company and its subsidiary had an outstanding balance totaling Baht 47 million (the Company only: 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, the Company and its subsidiary have not yet received payment of the outstanding amount from TT&T. On 21 October 2015 and 20 November 2015, the rehabilitation plan administrator of TT&T submitted a proposal to revise the rehabilitation plan. On 23 December 2015, the creditors meeting approved the revised rehabilitation plan, and then the Official Receiver will propose the revised plan to the Central Bankruptcy Court for approval on 26 January 2016. The management of the Company and its subsidiary believe they will receive settlement of the full amount. In addition, the outstanding balance receivable from TT&T includes outstanding claim for which is being disputed and being considered by the Central Bankruptcy Court, amounting to Baht 28 million. The management of the Company and its subsidiary believe that the claim approved by the Court will not materially differ from the balance of claim recorded in the Company and its subsidiary's accounts.

The Company and its subsidiary filed an appeal against the approval of the business rehabilitation plan of TT&T to the Supreme Court. At present, the case is being considered by the Supreme Court.

## 10. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements							
	Land	Buildings	Public telephones and related equipment	Buildings and leasehold improvement	Furniture, fixtures and office equipment	Motor vehicles	Total
<b>Cost</b>							
1 January 2014	2,000	1,239	15,535	16,019	90,801	9,600	135,194
Additions	-	-	-	-	1,135	-	1,135
Transfers in	-	-	17,183	-	979	-	18,162
Disposals	-	-	(6,567)	-	(13,544)	(2,952)	(23,063)
31 December 2014	2,000	1,239	26,151	16,019	79,371	6,648	131,428
Additions	-	-	-	-	6,031	-	6,031
Transfers in	-	-	-	-	337	-	337
Transfers out	-	-	-	-	(6)	-	(6)
Disposals	-	-	-	-	(18,567)	-	(18,567)
31 December 2015	2,000	1,239	26,151	16,019	67,166	6,648	119,223
<b>Accumulated depreciation</b>							
1 January 2014	-	1,237	10,584	15,784	67,876	8,425	103,906
Depreciation for the year	-	-	7,419	93	10,988	247	18,747
Depreciation on disposals	-	-	(6,475)	-	(13,479)	(2,951)	(22,905)
31 December 2014	-	1,237	11,528	15,877	65,385	5,721	99,748
Depreciation for the year	-	-	7,304	83	8,607	247	16,241
Depreciation on disposals	-	-	-	-	(18,548)	-	(18,548)
31 December 2015	-	1,237	18,832	15,960	55,444	5,968	97,441
<b>Net book value</b>							
31 December 2014	2,000	2	14,623	142	13,986	927	31,680
31 December 2015	2,000	2	7,319	59	11,722	680	21,782
<b>Depreciation for the year</b>							
2014 (Baht 5 million included in cost of sales and services, and the balance in selling, servicing and administrative expenses)							18,747
2015 (Baht 2 million included in cost of sales and services, and the balance in selling, servicing and administrative expenses)							16,241

(Unit: Thousand Baht)

## Separate financial statements

	Public telephones and related equipment	Leasehold improvement	Furniture, fixtures and office equipment	Motor vehicles	Total
<b>Cost</b>					
1 January 2014	15,535	12,130	53,194	9,103	89,962
Additions	-	-	22	-	22
Transfers in	17,183	-	979	-	18,162
Disposals	(6,567)	-	(7,191)	(2,951)	(16,709)
31 December 2014	26,151	12,130	47,004	6,152	91,437
Additions	-	-	-	-	-
Transfers in	-	-	337	-	337
Transfers out	-	-	(6)	-	(6)
Disposals	-	-	(18,215)	-	(18,215)
31 December 2015	26,151	12,130	29,120	6,152	73,553
<b>Accumulated depreciation</b>					
1 January 2014	10,584	12,130	46,715	7,928	77,357
Depreciation for the year	7,418	-	2,698	248	10,364
Depreciation on disposals	(6,475)	-	(7,128)	(2,951)	(16,554)
31 December 2014	11,527	12,130	42,285	5,225	71,167
Depreciation for the year	7,304	-	2,089	247	9,640
Depreciation on disposals	-	-	(18,200)	-	(18,200)
31 December 2015	18,831	12,130	26,174	5,472	62,607
<b>Net book value</b>					
31 December 2014	14,624	-	4,719	927	20,270
31 December 2015	7,320	-	2,946	680	10,946
<b>Depreciation for the year</b>					
2014 (Baht 2 million included in cost of sales and services, and the balance in selling, servicing and administrative expenses)					10,364
2015 (Baht 1 million included in cost of sales and services, and the balance in selling, servicing and administrative expenses)					9,640

As at 31 December 2015, 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 56 million (2014: Baht 70 million) (The Company only: Baht 38 million (2014: Baht 51 million)).

## 11. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Trade payables - related parties (Note 6)	336	52	26	37
Trade payables - unrelated parties	160,741	193,959	147,432	189,711
Other payables - related parties (Note 6)	28,876	27,210	2	154
Other payables - unrelated parties	41,763	43,737	40,640	43,259
Total trade and other payables	<u>231,716</u>	<u>264,958</u>	<u>188,100</u>	<u>233,161</u>

## 12. Long-term loans

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Long-term loans	138,771	167,768	-	-
Less: Current portion	<u>(28,968)</u>	<u>(28,968)</u>	-	-
Long-term loans - net of current portion	<u>109,803</u>	<u>138,800</u>	-	-

The subsidiary's long-term loan carries interest at the rate referenced to MLR and is repayable in 2011 in 3 installments, which are in August, September and December 2011, and in 28 quarterly installments from March 2012 to December 2018. The loan is guaranteed by the Company. The loan agreement contains an additional condition relating to repayment, whereby, if the subsidiary receives settlements from TT&T and/or cash receipts from sales of TT&T shares received under TT&T's rehabilitation plan, the subsidiary agrees to pay the bank all funds received to settle the loan interest first, with any remaining amount to be used to settle the loan principal. If the amount received is more than the interest and principal of any installment, the subsidiary agrees to use the excess to settle the principal of the next installment due.

### 13. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
<b>Provision for long-term employee benefits at beginning of year</b>	17,627	18,722	16,654	17,876
Included in profit or loss:				
(Include in administrative expenses)				
Current service cost	1,154	1,112	1,052	1,014
Interest cost	725	659	688	627
Included in other comprehensive income:				
Actuarial loss (gains) arising from				
Financial assumptions changes	1,049	-	852	-
Experience adjustments	(4,425)	-	(4,584)	-
Benefits paid during the year	(4,940)	(2,866)	(4,943)	(2,863)
<b>Provision for long-term employee benefits at end of year</b>	<b>11,190</b>	<b>17,627</b>	<b>9,719</b>	<b>16,654</b>

As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit is 12 years (Separate financial statements: 12 years) (2014: 13 years, separate financial statements: 13 years).

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated / Separate	
	financial statements	
	2015	2014
	(% per annum)	(% per annum)
Discount rate	2.75%	3.75%
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 obligation as at 31 December 2015 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Discount rate		
Increase 50 basis points (3.25%)	(612)	(473)
Decrease 50 basis points (2.25%)	683	522
Salary increase rate		
Increase 100 basis points (6.00%)	734	559
Decrease 100 basis points (4.00%)	(570)	(442)

#### 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.

#### 15. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Subcontracting expenses	5	25	3	7
Salary and wages and other employee benefits	57	75	49	68
Inventories used	9	16	-	8
Depreciation	16	19	10	10
Rental expenses from operating lease agreements	6	8	4	6
Bad debt	-	9	-	9
Doubtful debt	2	-	2	74
Loss on impairment of investment	-	-	-	84
Loss on impairment of asset	-	37	-	37
Reduction of inventories to net realisable value	4	-	4	-



## 16. Income tax

Income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Current income tax:</b>				
Current income tax charge	-	-	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	-	14,674	-	14,674
<b>Income tax expense reported in the statement of comprehensive income</b>	<u>-</u>	<u>14,674</u>	<u>-</u>	<u>14,674</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Accounting loss before tax	<u>(43,492)</u>	<u>(119,077)</u>	<u>(42,024)</u>	<u>(285,348)</u>
Applicable tax rate	20%	20%	20%	20%
Accounting loss before tax multiplied by income tax rate	(8,698)	(23,815)	(8,405)	(57,070)
Tax effect of reversal of temporary differences recognised in the past	-	14,674	-	14,674
Effects of:				
Non-deductible expenses	-	10,282	-	41,925
Additional expense deductions allowed	-	(4)	-	(4)
Tax losses	9,786	15,149	8,793	15,149
Others	(1,088)	(1,612)	(388)	-
Total	<u>8,698</u>	<u>23,815</u>	<u>8,405</u>	<u>57,070</u>
Income tax expenses reported in the statement of comprehensive income	<u>-</u>	<u>14,674</u>	<u>-</u>	<u>14,674</u>

As at 31 December 2015, the Company and its subsidiary have deductible temporary differences and unused tax losses totaling Baht 774 million (2014: Baht 737 million) (the Company only: Baht 503 million (2014: Baht 461 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.

Tax loss amount Baht 154 million (the Company only: Baht 118 million). This gradual expiration of their benefits in 2016 - 2020 (the Company only: in 2019 - 2020).

#### **17. Loss per share**

Basic loss per share is calculated by dividing 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.

#### **18. 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.

For management purposes, the Company and its subsidiary are organised into business units based on their products and services and have three reportable segments as follows:

- 1) Design and installation of telecommunication systems segment
- 2) Telecom service business segment
- 3) Other segments

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.

Business operations of the Company and its subsidiary are mainly carried on in Thailand. Below is the consolidated financial information for the years ended 31 December 2015 and 2014 of the Company and its subsidiary by segment.

(Unit: Million Baht)

	For the year ended 31 December							
	Design and installation of telecommunication systems segment		Telecom service business segment		Other segments		Consolidation	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenue from external customers	27	53	2	9	42	48	71	110
Unallocated income and expenses:								
Exchange gains (losses)							7	(17)
Other income							13	18
Cost of sales and services							(32)	(55)
Selling and servicing expenses							(3)	(11)
Administrative expenses							(86)	(114)
Doubtful debts							(2)	-
Loss on impairment of asset							-	(37)
Finance cost							(11)	(13)
Income tax expenses							-	(15)
Loss for the year							(43)	(134)

Transfer prices between business segments are described in Note 6 to the financial statements.

The Company and its subsidiary disclosed their financial information by operating segment in accordance with Financial Reporting Standard 8: "Operating Segments", except for the operating results which the Company and its subsidiary are unable to disclose by operating segment since the management believes that such disclosure would unfavorably affect the management and operation of the businesses of the Company and its subsidiary.

## 19. 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 2015, the Company and its subsidiary contributed Baht 2 million, and the Company only contributed Baht 2 million, to the fund (2014: Baht 4 million and Baht 3 million, respectively).

## 20. Commitments and contingent liabilities

### 20.1 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 2015, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Payable:		
In up to 1 year	3	2

### 20.2 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 2015 equivalent to approximately Baht 168 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. Subsequently, in July 2012, TT&T filed an

answer to the subsidiary's objection with the Thai Arbitration Institute, asking the Thai Arbitration Institute to reject the subsidiary's objection that proposed TT&T be ordered to pay a total of Baht 528 million, together with interest. 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. At present, the case is being considered by the Civil Court.

### **20.3 Contingent liability**

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 these 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 a part of the tablets was 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, these counterparties to the agreements submitted letters to the Company to terminate the sale and purchase of tablet agreements with the Company. These counterparties considered the Company to be unable to perform its obligations under the agreements and asked 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, a total of Baht 148 million. 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 these letters of guarantee. However, the Company submitted letters to these counterparties objecting to the terminations of the agreements and to the imposition of penalties under the agreements. These clarified that the cause of the delays 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 the 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, asking it not to pay a total of Baht 40 million to these counterparties. However, in

November 2014 and March 2015, these counterparties filed lawsuits with the court requesting the Company to pay a penalty for its inability to deliver tablet as stipulated in the agreement for a total amount of approximately Baht 196 million. The cases are currently being considered by the court. As a result, the Company is unable to conclude whether and to what extent penalties and damages will be incurred. Therefore, the Company does not record provision for such penalties and damages in the accounts. Moreover, in the event that the Company is required to pay penalties and damages, the Company can claim all damages from the company which is selling the tablets to the Company, in accordance with a condition stipulated in the sale and purchase agreement made between the Company and another local company. During 2014, the Company submitted a notice of breach of the agreement to this 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 asked the bank who issued a bank guarantee on behalf of this company as a performance bond for the sale of tablets to pay Baht 38 million to the Company under the letter of guarantee and the Company collected this amount and recorded the amount collected under the caption of trade and other payables in the consolidated statement of financial position as at 31 December 2015. Moreover, as at 31 December 2015, the Company had an outstanding balance of deposit paid to this company for the purchase of tablets and other prepaid expenses for which this company is to be responsible for a total of Baht 28 million which was recorded under the caption of trade and other receivables in the consolidated statement of financial position, and the Company is in the process of claiming this amount back from this company.

#### **20.4 Litigations and other disputes**

1. The Company has been sued by former employees who were laid off, claiming compensation totaling approximately Baht 77 million for unfair termination. The cases are under consideration of the court. The Company's legal advisor and the Company's management 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.
2. The Company is 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 payment under the letter of guarantee provided to MEA. The Company has 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, 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, these cases are being considered by the Administrative Court.

3. The subsidiary has been sued for a totaling of approximately Baht 3 million in respect of breach of employment contracts. The cases are under consideration by the courts. However, the legal advisor and the management of the Company and its subsidiary believe the subsidiary will not suffer any losses as a result of these cases.

## **21. Financial instruments**

### **21.1 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, trade and other receivables, trade and other payables, and long-term 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. 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 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 long-term 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 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. The Company and its subsidiary seek to reduce this risk by entering into forward exchange contracts when they considers appropriate. Generally, the forward contracts mature within one year.

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

Consolidated financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.1	0.3	0.9	0.9	36.09	32.96

Separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.1	0.1	0.1	0.1	36.09	32.96

## 21.2 Fair values of financial instruments

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

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

## 22. Capital management

The primary objective of the capital management of the Company and its subsidiary is to ensure that it has an appropriate financial structure and preserves the ability to continue their business as a going concern.

As at 31 December 2015, the Group's debt to equity ratio was 0.54:1 (2014: 0.58:1) and the Company was 0.17:1 (2014: 0.20:1).

## 23. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 January 2016.