

Jasmine Telecom Systems Public Company Limited
and its subsidiary

Review report and interim consolidated financial statements

For the three-month and nine-month periods ended
30 September 2016

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Jasmine Telecom Systems Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Jasmine Telecom Systems Public Company Limited and its subsidiary as at 30 September 2016, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2016, and the related consolidated statements of changes in shareholders' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Jasmine Telecom Systems Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Basis for Qualified Conclusion

- a) As described in Note 7 to the interim financial statements, for the three-month and nine-month periods ended 30 September 2015, the Company and its subsidiary disclosed financial information by operating segment in accordance with Thai Accounting Standard 34, *Interim Financial Reporting*, except for their operating results, and the other auditor of our firm who reviewed the prior period financial statements qualified his review conclusion on those financial statements with respect to this matter. During the current period, the Company and its subsidiary have likewise been unable to disclose their operating results by operating segment, for the same reason as last period.
- b) As described in Note 8.3 to the interim 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. In 2014, counterparties of the agreements submitted letters to the Company to terminate the sale and purchase agreements and asked the Company to pay penalties 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. Currently, these litigations are being considered by the court and the outcomes are unknown. 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 a cash performance bond of Baht 38 million from this counterparty. The Company has 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 performance bond as a liability under the caption of trade and other payables in the statements of financial position and treated the amount as if it was a provision for any penalties and losses that might be incurred. As a result of this, the aforementioned auditor was unable to perform audit procedures to satisfy himself as to the penalties and losses that may be incurred due to the Company's inability to deliver the tablets. As a result, his opinion and conclusion 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 2015, and the consolidated financial statements of the Company and its subsidiary and the separate financial statements of the Company for the three-month and nine-month periods ended 30 September 2015 were qualified with respect to this matter. As at 30 September 2016, the situation has not changed. I have also been unable to perform review procedures to satisfy myself as to the penalties and losses that may be incurred as a result of the above situation, which may affect both the financial statements of the prior periods presented herein for comparative purposes and the financial statements of the current periods. This constitutes a limitation imposed by circumstance.

Qualified Conclusion

Based on my review, except for non-disclosure of information relating to the operating results by operating segment as described in a) in the Basis for Qualified Conclusion paragraph and except for any adjustments that might be required as a result of the matter as described in b) in the Basis for Qualified Conclusion paragraph, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, Interim Financial Reporting.

Emphasis of Matter

I draw attention to Note 8.2 to the interim financial statements, relating to the disputes between the subsidiary and an unrelated company that are being considered by the court, of which the outcomes are currently unknown. My conclusion is not qualified in respect of this matter.

Other Matter

The consolidated statement of financial position of Jasmine Telecom Systems Public Company Limited and its subsidiary, and the separate statement of financial position of Jasmine Telecom Systems Public Company Limited as at 31 December 2015, presented herein as comparative information, were audited by the other auditor of our firm who expressed a qualified opinion on those statements with respect to the matters similar to that in a) and b) as stated in the above Basis for Qualified Conclusion paragraph and drew attention to a balance receivable from an unrelated company under a troubled debt restructuring agreement and the disputes, similar to the matter as stated in the above Emphasis of Matter paragraph, under his report dated 25 January 2016. The consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2015, the consolidated statements of changes in shareholders' equity and cash flows for the nine-month period then ended of Jasmine Telecom Systems Public Company Limited and its subsidiary, and the separate financial statements of Jasmine Telecom Systems Public Company Limited for the same periods, presented herein as comparative information, were also reviewed by the aforementioned auditor who qualified the

review conclusion with respect to the matters similar to that in a) and b) as stated in the above Basis for Qualified Conclusion paragraph. He also drew attention to a balance receivable from an unrelated company under a troubled debt restructuring agreement and the disputes, similar to the matter as stated in the above Emphasis of Matter paragraph, under his report dated 29 October 2015.

Chonlaros Suntiasvaraporn
Certified Public Accountant (Thailand) No. 4523

EY Office Limited
Bangkok: 28 October 2016

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of financial position

As at 30 September 2016

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	Note	30 September 2016 (Unaudited but reviewed)	31 December 2015 (Audited)	30 September 2016 (Unaudited but reviewed)	31 December 2015 (Audited)
Assets					
Current assets					
Cash and cash equivalents		558,503	179,229	551,935	170,279
Current investments - bank deposits		102,517	525,864	102,394	525,709
Trade and other receivables	3	810,837	778,872	806,814	773,821
Unbilled receivables					
Related parties	2	82	23	-	-
Unrelated parties		8,202	15,606	6,105	11,726
Inventories		8,131	10,522	8,008	10,409
Account receivable under troubled debt restructuring	4	-	47,415	-	18,834
Prepaid project costs		516	438	39	91
Other current assets		11,560	25,492	6,094	17,774
Total current assets		1,500,348	1,583,461	1,481,389	1,528,643
Non-current assets					
Restricted bank deposits		31,000	31,067	28,433	28,444
Property, plant and equipment		12,642	21,782	4,124	10,946
Deposits		1,841	2,013	1,014	1,072
Total non-current assets		45,483	54,862	33,571	40,462
Total assets		1,545,831	1,638,323	1,514,960	1,569,105

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

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of financial position (continued)

As at 30 September 2016

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	Note	30 September 2016 (Unaudited but reviewed)	31 December 2015 (Audited)	30 September 2016 (Unaudited but reviewed)	31 December 2015 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	5	197,818	231,716	162,240	188,100
Accrued project cost		165,862	163,468	15,555	14,512
Current portion of long-term loans	6	61,557	28,968	-	-
Advances received for goods and services		2,586	1,627	906	906
Other current liabilities		27,618	25,569	18,642	16,839
Total current liabilities		455,441	451,348	197,343	220,357
Non-current liabilities					
Long-term loans - net of current portion	6	55,484	109,803	-	-
Provision for long-term employee benefits		11,906	11,190	10,292	9,719
Total non-current liabilities		67,390	120,993	10,292	9,719
Total liabilities		522,831	572,341	207,635	230,076

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

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of financial position (continued)

As at 30 September 2016

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2016 (Unaudited but reviewed)	31 December 2015 (Audited)	30 September 2016 (Unaudited but reviewed)	31 December 2015 (Audited)
Shareholders' equity				
Share capital				
Registered				
706,457,300 ordinary shares of Baht 1 each	706,457	706,457	706,457	706,457
Issued and fully paid-up				
706,457,300 ordinary shares of Baht 1 each	706,457	706,457	706,457	706,457
Share premium	420,269	420,269	420,269	420,269
Retained earnings				
Appropriated-statutory reserve	65,186	65,186	65,186	65,186
Unappropriated (deficit)	(169,221)	(126,795)	115,413	147,117
Other components of shareholders' equity	8,158	8,158	-	-
Equity attributable to owners of the Company	1,030,849	1,073,275	1,307,325	1,339,029
Non-controlling interests of the subsidiary	(7,849)	(7,293)	-	-
Total shareholders' equity	1,023,000	1,065,982	1,307,325	1,339,029
Total liabilities and shareholders' equity	1,545,831	1,638,323	1,514,960	1,569,105
	-	-	-	-

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

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Directors
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(Unaudited but reviewed)

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of comprehensive income

For the three-month period ended 30 September 2016

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

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit or loss:				
Revenues				
Sales and service income	49,820	16,670	35,454	3,459
Exchange gains	362	5,665	-	7,839
Other income	2,743	3,712	1,220	4,001
Total revenues	<u>52,925</u>	<u>26,047</u>	<u>36,674</u>	<u>15,299</u>
Expenses				
Cost of sales and services	13,299	7,054	7,441	2,289
Selling and servicing expenses	1,065	607	-	267
Administrative expenses	14,880	20,706	10,997	15,715
Exchange losses	-	-	29	-
Doubtful debt	-	-	545	-
Total expenses	<u>29,244</u>	<u>28,367</u>	<u>19,012</u>	<u>18,271</u>
Profit (loss) before finance cost	<u>23,681</u>	<u>(2,320)</u>	<u>17,662</u>	<u>(2,972)</u>
Finance cost	<u>(2,287)</u>	<u>(2,510)</u>	<u>(237)</u>	<u>-</u>
Profit (loss) for the period	<u>21,394</u>	<u>(4,830)</u>	<u>17,425</u>	<u>(2,972)</u>
Other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>21,394</u>	<u>(4,830)</u>	<u>17,425</u>	<u>(2,972)</u>
Total comprehensive income attributable to:				
Equity holders of the Company	21,321	(4,807)	<u>17,425</u>	<u>(2,972)</u>
Non-controlling interests of the subsidiary	<u>73</u>	<u>(23)</u>		
	<u>21,394</u>	<u>(4,830)</u>		
Earnings per share				
Basic earnings (loss) per share				
Profit (loss) attributable to equity holders of the Company	<u>0.030</u>	<u>(0.007)</u>	<u>0.025</u>	<u>(0.004)</u>

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

(Unaudited but reviewed)

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of comprehensive income

For the nine-month period ended 30 September 2016

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

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit or loss:				
Revenues				
Sales and service income	94,279	48,450	50,327	8,236
Exchange gains	1,844	7,710	694	10,563
Other income	6,121	12,957	4,966	14,511
Total revenues	<u>102,244</u>	<u>69,117</u>	<u>55,987</u>	<u>33,310</u>
Expenses				
Cost of sales and services	36,978	20,475	18,171	6,020
Selling and servicing expenses	1,746	2,643	-	1,376
Administrative expenses	42,901	61,435	31,114	50,720
Bad debt	1,725	-	-	-
Doubtful debt	52,042	2,175	35,270	662
Total expenses	<u>135,392</u>	<u>86,728</u>	<u>84,555</u>	<u>58,778</u>
Loss before finance cost	<u>(33,148)</u>	<u>(17,611)</u>	<u>(28,568)</u>	<u>(25,468)</u>
Finance cost	(9,834)	(7,961)	(3,136)	(39)
Loss for the period	<u>(42,982)</u>	<u>(25,572)</u>	<u>(31,704)</u>	<u>(25,507)</u>
Other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>(42,982)</u>	<u>(25,572)</u>	<u>(31,704)</u>	<u>(25,507)</u>
Total comprehensive income attributable to:				
Equity holders of the Company	(42,426)	(25,603)	<u>(31,704)</u>	<u>(25,507)</u>
Non-controlling interests of the subsidiary	<u>(556)</u>	<u>31</u>		
	<u>(42,982)</u>	<u>(25,572)</u>		
Loss per share				
Basic loss per share				
Loss attributable to equity holders of the Company	<u>(0.060)</u>	<u>(0.036)</u>	<u>(0.045)</u>	<u>(0.036)</u>

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

(Unaudited but reviewed)

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of changes in shareholders' equity

For the nine-month period ended 30 September 2016

(Unit: Thousand Baht)

Consolidated financial statements										
Equity attributable to owners of the Company					Other component of shareholders' equity					
					Difference between					
					the purchase price					
					of investment		Total other	Total equity	Equity attributable	Total
Issued and		Retained earnings			in subsidiary under		components of	attributable to	to non-controlling	shareholders'
fully paid-up		Unappropriated			common control and		shareholders'	owners of	interests of	shareholders'
share capital		Share premium	Appropriated	Unappropriated	its net book value		equity	the Company	the subsidiary	equity
			(deficit)	(deficit)						
Balance as at 1 January 2015		706,457	420,269	65,186	(86,960)	8,158	8,158	1,113,110	(7,367)	1,105,743
Total comprehensive income for the period		-	-	-	(25,603)	-	-	(25,603)	31	(25,572)
Balance as at 30 September 2015		<u>706,457</u>	<u>420,269</u>	<u>65,186</u>	<u>(112,563)</u>	<u>8,158</u>	<u>8,158</u>	<u>1,087,507</u>	<u>(7,336)</u>	<u>1,080,171</u>
Balance as at 1 January 2016		706,457	420,269	65,186	(126,795)	8,158	8,158	1,073,275	(7,293)	1,065,982
Total comprehensive income for the period		-	-	-	(42,426)	-	-	(42,426)	(556)	(42,982)
Balance as at 30 September 2016		<u>706,457</u>	<u>420,269</u>	<u>65,186</u>	<u>(169,221)</u>	<u>8,158</u>	<u>8,158</u>	<u>1,030,849</u>	<u>(7,849)</u>	<u>1,023,000</u>

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

(Unaudited but reviewed)

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2016

(Unit: Thousand Baht)

	Separate financial statements				Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Retained earnings		
			Appropriated	Unappropriated	
Balance as at 1 January 2015	706,457	420,269	65,186	185,410	1,377,322
Total comprehensive income for the period	-	-	-	(25,507)	(25,507)
Balance as at 30 September 2015	<u>706,457</u>	<u>420,269</u>	<u>65,186</u>	<u>159,903</u>	<u>1,351,815</u>
Balance as at 1 January 2016	706,457	420,269	65,186	147,117	1,339,029
Total comprehensive income for the period	-	-	-	(31,704)	(31,704)
Balance as at 30 September 2016	<u>706,457</u>	<u>420,269</u>	<u>65,186</u>	<u>115,413</u>	<u>1,307,325</u>

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

(Unaudited but reviewed)

Jasmine Telecom Systems Public Company Limited and its subsidiary

Cash flow statement

For the nine-month period ended 30 September 2016

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash flows from operating activities				
Loss before tax	(42,982)	(25,572)	(31,704)	(25,507)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities				
Depreciation	10,494	12,155	6,801	7,299
Bad debt	1,725	-	-	-
Doubtful debt	52,042	2,175	35,270	662
Gains on disposal of equipment	(24)	(55)	(24)	(58)
Provision for long-term employee benefits	716	1,470	573	1,370
Unrealised exchange losses (gains)	(1,095)	2,748	55	(105)
Interest income	(3,388)	(12,719)	(4,934)	(14,273)
Interest expenses	6,730	7,956	31	34
Gains (loss) from operating activities before changes in operating assets and liabilities	24,218	(11,842)	6,068	(30,578)
Operating assets (increase) decrease				
Trade and other receivables	(33,825)	16,036	(46,821)	7,270
Unbilled receivables	7,345	27,146	5,621	25,333
Inventories	2,391	(149)	2,401	(95)
Prepaid project costs	(78)	(313)	52	15
Other current assets	240	1,143	25	1,264
Other assets	172	839	58	854
Operating liabilities increase (decrease)				
Trade and other payables	(33,818)	(25,061)	(25,780)	(26,905)
Accrued project costs	3,544	(136)	1,043	(3,964)
Advances received for goods and services	959	(285)	-	(1,394)
Other current liabilities	2,054	(2,859)	1,804	(35)
Provision for long-term employee benefits	-	(9,679)	-	(9,679)
Cash used in operating activities	(26,798)	(5,160)	(55,529)	(37,914)
Cash paid for interest expenses	(6,734)	(7,963)	(31)	(36)
Cash paid for income tax	(1,490)	(1,826)	(518)	(754)
Withholding tax refund	9,395	5,418	9,395	-
Net cash used in operating activities	(25,627)	(9,531)	(46,683)	(38,704)

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

(Unaudited but reviewed)

Jasmine Telecom Systems Public Company Limited and its subsidiary

Cash flow statement (continued)

For the nine-month period ended 30 September 2016

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash flows from investing activities				
Decrease in current investments - bank deposits	423,347	8,936	423,315	8,937
Decrease in restricted bank deposits	67	1,402	10	1,310
Interest income	4,547	9,580	4,969	11,714
Acquisition of equipment	(1,375)	(1,888)	-	-
Proceeds from sales of equipment	45	74	45	74
Net cash from investing activities	<u>426,631</u>	<u>18,104</u>	<u>428,339</u>	<u>22,035</u>
Cash flows from financing activities				
Repayment of long-term loans	<u>(21,730)</u>	<u>(21,748)</u>	<u>-</u>	<u>-</u>
Net cash used in financing activities	<u>(21,730)</u>	<u>(21,748)</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	379,274	(13,175)	381,656	(16,669)
Cash and cash equivalents at beginning of period	<u>179,229</u>	<u>185,167</u>	<u>170,279</u>	<u>176,107</u>
Cash and cash equivalents at end of period	<u><u>558,503</u></u>	<u><u>171,992</u></u>	<u><u>551,935</u></u>	<u><u>159,438</u></u>
	-		-	

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

Jasmine Telecom Systems Public Company Limited and its subsidiary

Notes to interim consolidated financial statements

For the three-month and nine-month periods ended 30 September 2016

1. General information

1.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2015) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

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

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

1.2 Basis of consolidation

These interim consolidated financial statements include the financial statements of the Company and its subsidiary, and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2015, with no structural changes related to subsidiary company occurring during the current period.

1.3 New financial reporting standards

During the period, the Company and its subsidiary have adopted the revised and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become 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, 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.

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2015.

2. 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 periods, the Company and its subsidiary had significant business transactions with related parties, which have been concluded on commercial terms and based agreed upon in the ordinary course of business between the Company and those related parties. Those transactions for the three-month and nine-month periods ended 30 September 2016 and 2015 are summarised below.

(Unit: Million Baht)

	Consolidated financial statements				Transfer Pricing Policy
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
<u>Transactions with parent company</u>					
Sales and service income	1	1	1	1	Contract price or at prices normally charged to other customers or cost plus margin
Office rental and service expenses	1	2	4	5	Contract price or at prices normally charged to other customers
<u>Transactions with related companies</u>					
Sales and service income	37	8	59	25	Contract price or at prices normally charged to other customers or cost plus margin
Cost of sales and services	1	1	3	5	Contract price or at prices normally charged to other customers
Other expenses	1	1	4	5	Contract price or at prices normally charged to other customers

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate financial statements				Transfer Pricing Policy
	For the three-month periods		For the nine-month periods		
	ended 30 September	ended 30 September	ended 30 September	ended 30 September	
	2016	2015	2016	2015	
<u>Transactions with parent company</u>					
Office rental and service expenses	-	1	2	3	Contract price or at prices normally charged to other customers
<u>Transactions with subsidiary</u> (eliminated from the consolidated financial statements)					
Interest income	1	-	2	2	The rates referenced to fixed deposits interest rates (2015: the rates referenced to MLR and fixed deposits interest rates)
<u>Transactions with related companies</u>					
Sales and service income	33	-	35	2	Contract price or at prices normally charged to other customers or cost plus margin
Cost of sales and services	1	1	3	5	Contract price or at prices normally charged to other customers
Other expenses	1	-	2	2	Contract price or at prices normally charged to other customers

The balances of the accounts as at 30 September 2016 and 31 December 2015 between the Company and its subsidiary and those related companies are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
		(Audited)		(Audited)
<u>Trade accounts receivable - related parties (Note 3)</u>				
Parent company	36	27	-	-
Related companies				
Jasmine Group	768,634	737,886	766,078	732,633
Total trade accounts receivable - related parties	768,670	737,913	766,078	732,633
<u>Other receivables - related party (Note 3)</u>				
Subsidiary	-	-	3,822	2,694
(eliminated from the consolidated financial statements)				
Less: Allowance for doubtful account	-	-	(3,822)	-
Total other receivables - related party - net	-	-	-	2,694

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
		(Audited)		(Audited)
<u>Unbilled receivable from related parties</u>				
Related companies				
Jasmine Group	82	23	-	-
Total unbilled receivable from related parties	82	23	-	-
<u>Short-term loans to related party</u>				
Subsidiary	-	-	80,347	69,347
(eliminated from the consolidated financial statements)				
Less: Allowance for doubtful account	-	-	(80,347)	(69,347)
Total short-term loans to related party - net	-	-	-	-
<u>Trade accounts payable - related parties (Note 5)</u>				
Related companies				
Jasmine Group	328	336	4	26
Total trade accounts payable - related parties	328	336	4	26
<u>Other payables - related parties (Note 5)</u>				
Parent company	22,669	21,530	6	-
Related companies				
Jasmine Group	8,410	7,346	76	2
Total other payables - related parties	31,079	28,876	82	2
<u>Advance received from related parties</u>				
Related companies				
Jasmine Group	1,531	663	-	-
Total advance received from related parties	1,531	663	-	-

(Unaudited but reviewed)

Short-term loans to related party

During the nine-month period ended 30 September 2016, movements of short-term loans to subsidiary was as follows:

(Unit: Million Baht)

	Separate financial statements		
	Balance as at	Increase	Balance as at
	31 December 2015	during the period	30 September 2016
	(Audited)		
Short-term loans to subsidiary	69	11	80

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2016 and 2015, the Company and its subsidiary had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Short-term employee benefits	3	3	2	3
Post-employment benefits	-	-	1	-
Total	3	3	3	3

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Short-term employee benefits	10	13	7	11
Post-employment benefits	1	1	1	1
Total	11	14	8	12

Guarantee obligations with the subsidiary

The Company has guarantee obligations with its subsidiary in respect of its guarantee of long-term loan as described in Note 8.5 to the interim financial statements.

(Unaudited but reviewed)

3. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
		(Audited)		(Audited)
Trade receivables - related parties (Note 2)	768,670	737,913	766,078	732,633
Trade receivables - unrelated parties	192,477	190,284	24,042	20,887
Other receivables - related party (Note 2)	-	-	3,822	2,694
Other receivables - unrelated parties	43,571	44,556	43,550	44,463
Total	1,004,718	972,753	837,492	800,677
Less: Allowance for doubtful debts	(193,881)	(193,881)	(30,678)	(26,856)
Trade and other receivables - net	810,837	778,872	806,814	773,821

The outstanding balances of trade accounts receivable as at 30 September 2016 and 31 December 2015, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
		(Audited)		(Audited)
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	14,492	8,195	12,367	3,053
Past due				
Up to 3 months	27,118	621	26,692	483
3 - 6 months	206	489	165	489
6 - 12 months	967	1,169	967	1,169
Over 12 months	725,887	727,439	725,887	727,439
Total trade receivables - related parties (Note 2)	768,670	737,913	766,078	732,633

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
		(Audited)		(Audited)
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	2,055	1,882	1,876	1,851
Past due				
Up to 3 months	7,849	512	6,622	20
3 - 6 months	-	-	-	-
6 - 12 months	-	-	-	-
Over 12 months	182,573	187,890	15,544	19,016
Total	192,477	190,284	24,042	20,887
Less: Allowance for doubtful debts	(181,568)	(181,568)	(14,543)	(14,543)
Total trade receivables - unrelated parties, net	10,909	8,716	9,499	6,344
Total trade receivables - net	779,579	746,629	775,577	738,977
<u>Other receivables - unrelated parties</u>				
Accrued interest income	12,313	12,313	12,313	12,313
Others	31,258	32,243	31,237	32,150
Total	43,571	44,556	43,550	44,463
Less: Allowance for doubtful debts	(12,313)	(12,313)	(12,313)	(12,313)
Total other receivables - unrelated parties, net	31,258	32,243	31,237	32,150

(Unaudited but reviewed)

Included in trade accounts receivable from unrelated parties as at 30 September 2016 and 31 December 2015, were amounts receivable from government agencies as follows:

(Unit: Thousand Baht)

Age of receivables	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
		(Audited)		(Audited)
Not yet due	2,042	636	1,875	636
Past due				
Up to 3 months	7,716	473	6,610	-
3 - 6 months	-	-	-	-
6 - 12 months	-	-	-	-
Over 12 months	1,001	1,001	1,001	1,001
Total	10,759	2,110	9,486	1,637

4. 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, 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 first quarter of the current year.

(Unaudited but reviewed)

5. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
		(Audited)		(Audited)
Trade payables - related parties (Note 2)	328	336	4	26
Trade payables - unrelated parties	118,379	160,741	115,895	147,432
Other payables - related parties (Note 2)	31,079	28,876	82	2
Other payables - unrelated parties	48,032	41,763	46,259	40,640
Total trade and other payables	197,818	231,716	162,240	188,100

6. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
		(Audited)		(Audited)
Long-term loans	117,041	138,771	-	-
Less: Current portion	(61,557)	(28,968)	-	-
Long-term loans - net of current portion	55,484	109,803	-	-

The subsidiary's long-term loan is guaranteed by the Company and secured by the assignment of rights to receive payments from TT&T to the bank, which the bank filed a claim directly with TT&T under the rehabilitation plan of TT&T.

7. Segment information

The Company and its subsidiary are organised into business units based on its products and services. During the current period, the Company and its subsidiary have not changed the organisation of their reportable segments.

Below is the consolidated financial information for the three-month and nine-month periods ended 30 September 2016 and 2015 of the Company and its subsidiary by segment.

(Unit: Million Baht)

	For the three-month periods ended 30 September							
	Design and installation of telecommunication systems segment		Telecom service business segment		Other segments		Consolidation	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from external customers	39	5	-	1	11	11	50	17
Unallocated income and expenses:								
Exchange gains							-	6
Other income							2	4
Cost of sales and services							(13)	(7)
Selling and servicing expenses							(1)	(1)
Administrative expenses							(15)	(21)
Finance cost							(2)	(3)
Profit (loss) for the period							21	(5)

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month periods ended 30 September

	Design and installation of telecommunication systems segment		Telecom service business segment		Other segments		Consolidation	
	2016	2015	2016	2015	2016	2015	2016	2015
	Revenue from external customers	59	16	1	2	34	30	94
Unallocated income and expenses:								
Exchange gains							2	8
Other income							6	13
Cost of sales and services							(37)	(20)
Selling and servicing expenses							(2)	(3)
Administrative expenses							(43)	(62)
Bad debt							(2)	-
Doubtful debt							(52)	(2)
Finance cost							(9)	(8)
Loss for the period							(43)	(26)

Transfer prices between business segments are described in Note 2 to the interim financial statements.

The Company and its subsidiary disclosed their financial information by operating segment in accordance with Thai Accounting Standard 34 “Interim Financial Reporting”, 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.

8. Commitments and contingent liabilities

8.1 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 30 September 2016, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	(Unit: Million Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Payable:		
In up to 1 year	5	3
In over 1 and up to 3 years	10	6

8.2 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 30 September 2016 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. 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. 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.

8.3 Contingent liability from tablet personal computers sale agreements

In 2013, the Company entered into agreements with two government agencies to sell tablet personal computers in Zone 4 (Northern and Northeastern regions) with total contract values of Baht 749 million (excluding value added tax). Under a condition in the agreements, the Company had to deliver all of the tablets to 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 at a production facility where a part of the tablets was produced. The Company submitted letters to 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. In 2014, these counterparties to the agreements submitted letters to the Company to terminate the sale and purchase of tablet agreements with the Company and asked the Company to pay the penalties totaling 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. The Company therefore believes that it is not obliged to pay penalties and losses to these counterparties. However, in November 2014 and March 2015, these counterparties filed lawsuits against the Company, petitioning the courts to order the Company to pay penalties and losses for its inability to deliver tablet totaling approximately Baht 196 million. Currently, these litigations are being considered by the court and the outcomes are unknown. 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 a cash performance bond of Baht 38 million from this counterparty. The Company has 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 performance bond as a liability under the caption of trade and other payables in the statements of financial position and treated the amount as if it was 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.

8.4 Litigations and other disputes

1. In 2015, the Company has been sued by former employees who were laid off, claiming compensation totaling approximately Baht 18 million for unfair termination. The cases are under consideration of the court. However, 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. 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 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, 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, this case is being considered by the Administrative Court.
3. In 2014 and 2016, the subsidiary has been sued for a total approximately Baht 8 million in respect of breach of an employment contract and a sale and purchase contract, respectively. These cases are under consideration by courts. However, the legal advisor and the management of the Company and its subsidiary believe that the subsidiary did not breach the contracts and will not suffer any losses as a result of these cases.

8.5 Guarantees

- (1) The Company had obligations in respect of its guarantee of a long-term loan facility obtained from a local bank of its subsidiary, as described in Note 2 and Note 6 to the interim financial statements.
- (2) As at 30 September 2016, there were outstanding bank guarantees of Baht 291 million (31 December 2015: Baht 292 million) issued by the banks on behalf of the Company and its subsidiary, with Baht 265 million (31 December 2015: Baht 266 million) attributed to the Company, in respect of certain bid bonds and performance bonds as required in the normal course of business of the Company and its subsidiary.

9. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 28 October 2016.