

Jasmine Telecom Systems Public Company Limited
and its subsidiary
Report and consolidated financial statements
31 December 2016

Independent Auditor's Report

To the Shareholders of Jasmine Telecom Systems Public Company Limited

Qualified Opinion

I have audited the accompanying consolidated financial statements of Jasmine Telecom Systems Public Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Jasmine Telecom Systems Public Company Limited for the same period.

In my opinion, except for non-disclosure of information relating to the operating results by operating segment as described in a) the *Basis for Qualified Opinion* section of my report and except for the possible effects of the matter as described in b) the *Basis for Qualified Opinion* section of my report, the financial statements referred to above present fairly, in all material respects, the financial position of Jasmine Telecom Systems Public Company Limited and its subsidiary and of Jasmine Telecom Systems Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Qualified Opinion

- a) As described in Note 20 to the consolidated financial statements, in preparing the financial statements as of 31 December 2015, the Company and its subsidiary disclosed their financial information by operating segment in accordance with Financial Reporting Standard No. 8 "Operating Segments", except for their operating results, which the Company and its subsidiary were unable to disclose by operating segment for the reasons described in that note. This was not in accordance with Thai Financial Reporting Standards. The other auditor of our firm qualified his opinion on the consolidated financial statements for the year ended 31 December 2015 with respect to this matter. During the current year, 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 23.3 to the consolidated financial statements, the Company was unable to deliver tablets to two government agencies as scheduled in the agreements, as a result of a massive fire at a production facility where 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 performance bond as if it were a provision for any penalties and losses that might be incurred, and the Company did not expect these to exceed the amount of the provision. The aforementioned auditor was consequently unable to perform audit procedures to satisfy himself as to the penalties and losses that might be incurred due to the Company's inability to deliver the tablets and 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 were therefore qualified with respect to this matter, due to a limitation imposed by circumstance. During the current year, the situation has not changed. I have also been unable to perform audit procedures to obtain sufficient appropriate audit evidence about the provision of Baht 38 million recorded for the penalties and losses that may be incurred as a result of the above situation for the same reason as last period. This provision is recorded as liabilities, as part of trade and other payables, amounting to Baht 151 million in the consolidated statements of financial position as at 31 December 2016 (31 December 2015: Baht 232 million) and Baht 113 million in the separate statements of financial position (31 December 2015: Baht 188 million). Consequently, I was unable to determine whether and to what extent any

adjustments were required to the penalties and losses that may be incurred as a result of the above situation in the financial statements for the years ended 31 December 2016 and 2015. If adjustments were necessary, they 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.

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

Emphasis of Matter

I draw attention to Note 23.2 of the consolidated financial statements, which describes disputes between the subsidiary and an unrelated company. The Civil Court has disposed of the case per a request by the official receiver in the bankruptcy case of the unrelated company. At present, the unrelated company is in the process of following legal procedures with respect to Bankruptcy law implemented by the official receiver. My opinion is not qualified in respect of this matter.

Key Audit Matters

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

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

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

Net realisable value of trade receivables - related party

As discussed in Note 7 to the consolidated financial statements, as at 31 December 2016, the Company and its subsidiary have balances of trade receivables - related party amounting to Baht 778 million which account for 60% of total assets (the Company only: Baht 776 million which account for 57% of total assets), of which Baht 721 million (the Company only: Baht 721 million) is past due over 12 months and is receivable from a related party. As most of these receivables are more than 12 months past due and the balance is material to the financial statements, I focused on the net realisable value of this account.

I assessed and tested the Company's internal controls related to the determination of the allowance for doubtful accounts by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. I also assessed the key information, assumptions and methods used by management in considering the allowance for doubtful accounts and determining the debtor's ability to repay by reviewing debt collection history and analysing current financial information, and data on the economic situation and the business of the debtor and its group companies, including analysing subsequent receipts of payment after the reporting period.

Contingent liabilities arising from significant litigation and commercial disputes

As discussed in *b) the Basis for Qualified Opinion* section and *Emphasis of Matter* section which described the significant commercial disputes and as discussed in Note 23.2, 23.3, 23.4 to the consolidated financial statements as at 31 December 2016, the Company and its subsidiary had litigation claims and commercial disputes with unrelated parties, business partners and former employees who were laid off. As the cases are not yet finalised, the management needs to exercise significant judgment and take into account related laws and regulations in assessing the effects of the litigation and disputes, in order to determine the corresponding contingent liabilities. However, the actual outcomes of the litigation and disputes may differ from the estimates. There are therefore risks with respect to the recognition of provision or disclosure of contingent liabilities with respect to the litigation and disputes.

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

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

In addition, I reviewed the disclosure of information relating to litigation and commercial disputes in the notes to the consolidated financial statements.

Other Matter

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 2015 and for the year then ended, 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 *the Basis for Qualified Opinion* section 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* section, under his report dated 25 January 2016.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mrs. Chonlaros Suntiasvaraporn.

Chonlaros Suntiasvaraporn
Certified Public Accountant (Thailand) No. 4523

EY Office Limited
Bangkok: 21 February 2017

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of financial position

As at 31 December 2016

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Assets					
Current assets					
Cash and cash equivalents		322,516,287	179,228,839	314,286,621	170,278,875
Current investments - bank deposits		100,808,370	525,863,761	100,678,745	525,708,930
Trade and other receivables	7	789,969,260	778,872,061	786,395,240	773,820,802
Unbilled receivables					
Related parties	6	18,972	23,377	574,000	47,700
Unrelated parties		11,112,304	15,606,080	5,466,884	11,678,818
Short-term loans to related party	6	-	-	-	-
Current portion of long-term loans					
to related party	6	-	-	16,000,000	-
Inventories	8	8,189,366	10,522,116	8,044,296	10,409,030
Account receivable under troubled					
debt restructuring	9	-	47,414,702	-	18,833,738
Prepaid project costs		1,229,567	438,180	61,784	91,100
Other current assets		12,564,820	25,491,557	6,612,262	17,774,054
Total current assets		1,246,408,946	1,583,460,673	1,238,119,832	1,528,643,047
Non-current assets					
Restricted bank deposits		30,408,762	31,066,699	27,848,657	28,443,802
Long-term loans to related party	6	-	-	101,000,000	-
Investment in subsidiary	10	-	-	-	-
Property, plant and equipment	11	9,540,592	21,782,214	1,871,054	10,945,843
Deposits		1,846,531	2,013,474	1,014,340	1,071,900
Total non-current assets		41,795,885	54,862,387	131,734,051	40,461,545
Total assets		1,288,204,831	1,638,323,060	1,369,853,883	1,569,104,592

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 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	12	151,305,447	231,715,731	113,105,474	188,099,663
Accrued project cost		157,640,876	163,467,934	12,301,288	14,511,855
Current portion of long-term loans	13	-	28,968,000	-	-
Advances received for goods and services	6	2,894,260	1,627,400	905,607	905,607
Other current liabilities		28,350,915	25,568,885	19,634,729	16,838,577
Total current liabilities		<u>340,191,498</u>	<u>451,347,950</u>	<u>145,947,098</u>	<u>220,355,702</u>
Non-current liabilities					
Long-term loans - net of current portion	13	-	109,802,955	-	-
Provision for long-term employee benefits	14	10,483,343	11,189,883	10,483,343	9,719,597
Total non-current liabilities		<u>10,483,343</u>	<u>120,992,838</u>	<u>10,483,343</u>	<u>9,719,597</u>
Total liabilities		<u>350,674,841</u>	<u>572,340,788</u>	<u>156,430,441</u>	<u>230,075,299</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 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Shareholders' equity					
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	15	70,645,730	65,185,714	70,645,730	65,185,714
Unappropriated (deficit)		(260,337,719)	(126,794,464)	16,051,334	147,117,201
Other components of shareholders' equity	2.2	<u>8,157,637</u>	<u>8,157,637</u>	-	-
Equity attributable to owners of the Company		945,192,026	1,073,275,265	1,213,423,442	1,339,029,293
Non-controlling interests of the subsidiary		<u>(7,662,036)</u>	<u>(7,292,993)</u>	-	-
Total shareholders' equity		<u>937,529,990</u>	<u>1,065,982,272</u>	<u>1,213,423,442</u>	<u>1,339,029,293</u>
Total liabilities and shareholders' equity		<u>1,288,204,831</u>	<u>1,638,323,060</u>	<u>1,369,853,883</u>	<u>1,569,104,592</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 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Profit or loss:					
Revenues					
Sales and service income	17	125,213,436	70,581,049	67,194,886	11,308,143
Exchange gains		966,040	6,803,805	756,441	9,423,261
Other income		15,879,961	13,374,463	8,374,499	20,143,381
Total revenues		<u>142,059,437</u>	<u>90,759,317</u>	<u>76,325,826</u>	<u>40,874,785</u>
Expenses					
Cost of sales and services		47,303,014	32,388,134	20,468,783	8,040,060
Selling and servicing expenses		1,532,655	3,041,687	-	1,402,607
Administrative expenses		57,640,834	85,920,616	44,769,418	70,868,352
Other expenses					
Bad debt		1,725,000	-	-	-
Doubtful debt	7,9	80,026,908	2,174,607	62,912,560	2,174,607
Total expenses		<u>188,228,411</u>	<u>123,525,044</u>	<u>128,150,761</u>	<u>82,485,626</u>
Loss before finance cost and income tax expenses		(46,168,974)	(32,765,727)	(51,824,935)	(41,610,841)
Finance cost		(11,641,608)	(10,726,128)	(3,139,216)	(413,497)
Loss before income tax expenses		<u>(57,810,582)</u>	<u>(43,491,855)</u>	<u>(54,964,151)</u>	<u>(42,024,338)</u>
Income tax expenses	18	-	-	-	-
Loss for the year		<u>(57,810,582)</u>	<u>(43,491,855)</u>	<u>(54,964,151)</u>	<u>(42,024,338)</u>
Other comprehensive income :					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gains		-	3,731,465	-	3,731,465
Other comprehensive income for the year		<u>-</u>	<u>3,731,465</u>	<u>-</u>	<u>3,731,465</u>
Total comprehensive income for the year		<u>(57,810,582)</u>	<u>(39,760,390)</u>	<u>(54,964,151)</u>	<u>(38,292,873)</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 2016

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit (loss) attributable to:					
Equity holders of the Company		(57,441,539)	(43,566,389)	<u>(54,964,151)</u>	<u>(42,024,338)</u>
Non-controlling interests of the subsidiary		<u>(369,043)</u>	<u>74,534</u>		
		<u>(57,810,582)</u>	<u>(43,491,855)</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		(57,441,539)	(39,834,924)	<u>(54,964,151)</u>	<u>(38,292,873)</u>
Non-controlling interests of the subsidiary		<u>(369,043)</u>	<u>74,534</u>		
		<u>(57,810,582)</u>	<u>(39,760,390)</u>		
Loss per share					
	19				
Basic loss per share					
Loss attributable to equity holders of the Company		<u>(0.08)</u>	<u>(0.06)</u>	<u>(0.08)</u>	<u>(0.06)</u>

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

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of changes in shareholders' equity

For the year ended 31 December 2016

(Unit: Baht)

Consolidated financial statements									
Equity attributable to owners of the Company									
		Retained earnings		Other component of shareholders' equity					
		Unappropriated		Difference between the purchase price of investment		Total other components of		Total equity attributable to	
Issued and fully paid-up		Appropriated		in subsidiary under common control and its net book value		shareholders' equity		Equity attributable to non-controlling interests of	
share capital	Share premium	(deficit)					the Company	the subsidiary	Total shareholders' equity
Balance as at 1 January 2015	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)
Balance as at 31 December 2015	<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>
Balance as at 1 January 2016	706,457,300	420,269,078	65,185,714	(126,794,464)	8,157,637	8,157,637	1,073,275,265	(7,292,993)	1,065,982,272
Total comprehensive income for the year	-	-	-	(57,441,539)	-	-	(57,441,539)	(369,043)	(57,810,582)
Dividend paid (Note 22)	-	-	-	(70,641,700)	-	-	(70,641,700)	-	(70,641,700)
Transferred to retained earnings	-	-	5,460,016	(5,460,016)	-	-	-	-	-
Balance as at 31 December 2016	<u>706,457,300</u>	<u>420,269,078</u>	<u>70,645,730</u>	<u>(260,337,719)</u>	<u>8,157,637</u>	<u>8,157,637</u>	<u>945,192,026</u>	<u>(7,662,036)</u>	<u>937,529,990</u>

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 2016

(Unit: 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	706,457,300	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)
Balance as at 31 December 2015	<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>
					-
Balance as at 1 January 2016	706,457,300	420,269,078	65,185,714	147,117,201	1,339,029,293
Total comprehensive income for the year	-	-	-	(54,964,151)	(54,964,151)
Dividend paid (Note 22)	-	-	-	(70,641,700)	(70,641,700)
Transferred to retained earnings	-	-	5,460,016	(5,460,016)	-
Balance as at 31 December 2016	<u>706,457,300</u>	<u>420,269,078</u>	<u>70,645,730</u>	<u>16,051,334</u>	<u>1,213,423,442</u>
					-

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 2016

(Unit: 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	(57,810,582)	(43,491,855)	(54,964,151)	(42,024,338)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities				
Depreciation	13,600,384	16,241,250	9,054,145	9,640,205
Bad debt	1,725,000	-	-	-
Doubtful debt	80,026,908	2,174,607	62,912,560	2,174,607
Reduction of inventory to net realisable value	-	4,013,987	-	4,013,987
Gain on disposal of equipment	(24,934)	(54,409)	(24,216)	(58,415)
Provision for long-term employee benefits	906,613	1,879,134	763,746	1,740,507
Unrealised exchange (gains) losses	(198,865)	2,509,072	10,735	(110,384)
Interest income	(5,288,225)	(12,878,721)	(6,839,863)	(14,681,106)
Interest expenses	8,533,363	10,721,517	30,970	408,886
Profit (loss) from operating activities before changes in operating assets and liabilities	41,469,662	(18,885,418)	10,943,926	(38,896,051)
Operating assets (increase) decrease				
Trade and other receivables	(40,832,364)	29,675,852	(43,262,830)	21,905,881
Unbilled receivables	4,498,181	27,002,532	5,685,634	27,273,295
Inventories	2,332,750	2,271,551	2,364,734	2,287,900
Prepaid project costs	(791,387)	(305,015)	29,316	19,361
Other current assets	493,998	2,251,669	483,300	2,473,916
Other assets	166,943	830,593	57,560	854,493
Operating liabilities increase (decrease)				
Trade and other payables	-80,395,709	-33,429,712	-74,979,614	-45,249,064
Accrued project costs	-5,617,458	-1,789,653	-2,210,567	-6,213,009
Advances received for goods and services	1,266,860	-718,250	-	-1,394,860
Other current liabilities	2,512,796	-3,406,352	2,796,152	-576,888
Transfer of long-term employee benefits	(1,613,153)	-	-	-
Provision for long-term employee benefits	-	(4,940,418)	-	(4,943,970)
Cash used in operating activities	(76,508,881)	(1,442,621)	(98,092,389)	(42,458,996)
Cash paid for interest expenses	(8,264,129)	(10,729,483)	(30,970)	(410,540)
Cash paid for income tax	(1,945,626)	(2,513,391)	(684,233)	(1,195,698)
Refundable withholding tax	9,395,647	13,888,760	9,395,647	8,470,510
Net cash used in operating activities	(77,322,989)	(796,735)	(89,411,945)	(35,594,724)

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 2016

(Unit: 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 investing activities				
Decrease in current investments	425,055,391	16,364,981	425,030,185	16,373,396
Decrease in restricted bank deposits	657,937	1,320,974	595,145	1,309,165
Increase in short-term loans to related party	-	-	(11,000,000)	-
Increase in long-term loans to related party	-	-	(117,000,000)	-
Interest income	5,643,592	12,127,152	6,391,201	12,010,514
Acquisition of equipment	(1,379,426)	(6,031,046)	-	-
Proceeds from sales of equipment	45,598	73,692	44,860	73,692
Net cash from investing activities	<u>430,023,092</u>	<u>23,855,753</u>	<u>304,061,391</u>	<u>29,766,767</u>
Cash flows from financing activities				
Repayment of long-term loans	(138,770,955)	(28,996,921)	-	-
Dividend paid	(70,641,700)	-	(70,641,700)	-
Net cash used in financing activities	<u>(209,412,655)</u>	<u>(28,996,921)</u>	<u>(70,641,700)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	143,287,448	(5,937,903)	144,007,746	(5,827,957)
Cash and cash equivalents at beginning of year	<u>179,228,839</u>	<u>185,166,742</u>	<u>170,278,875</u>	<u>176,106,832</u>
Cash and cash equivalents at end of year	<u>322,516,287</u>	<u>179,228,839</u>	<u>314,286,621</u>	<u>170,278,875</u>
	-	-	-	-
Supplemental cash flow information				
Non-cash transactions				
Transfer inventories to equipment	-	331,586	-	331,586

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 2016

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

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

During the year, the Company and subsidiary have adopted the revised (revised 2015) 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 Company and its subsidiary's financial statements.

(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 financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company and its subsidiary believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Company and its subsidiary's financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

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

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

4.8 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.9 Impairment of assets

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

An impairment loss is recognised in profit or loss.

4.10 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

Actuarial gains and losses arising from 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.

Litigation

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

6. Related party transactions

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

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

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
<u>Transactions with parent company</u>					
Sales and service income	1	1	-	-	Contract price or at prices normally charged to other customers
Office rental and service expenses	5	6	3	4	Contract price or at prices normally charged to other customers
<u>Transactions with subsidiary</u>					
(eliminated from the consolidated financial statements)					
Interest income	-	-	2	3	The rates referenced to fixed deposits interest rates (2015: The rates referenced to MLR and the rates referenced to fixed deposits interest rates)
<u>Transactions with related companies</u>					
Sales and service income	84	40	49	3	Contract price or at prices normally charged to other customers or cost plus margin
Cost of sales and services	4	5	4	5	Contract price or at prices normally charged to other customers
Other expenses	6	7	2	3	Contract price or at prices normally charged to other customers

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Trade accounts receivable - related parties (Note 7)</u>				
Parent company	113	27	-	-
Related companies				
Jasmine Group	<u>778,981</u>	<u>737,886</u>	<u>775,994</u>	<u>732,633</u>
Total trade accounts receivable - related parties	<u>779,094</u>	<u>737,913</u>	<u>775,994</u>	<u>732,633</u>
<u>Other receivables - related party</u>				
Subsidiary	-	-	3,495	2,694
(eliminated from the consolidated financial statements)				
Less: Allowance for doubtful account	<u>-</u>	<u>-</u>	<u>(3,480)</u>	<u>-</u>
Total other receivables - related party - net	<u>-</u>	<u>-</u>	<u>15</u>	<u>2,694</u>
<u>Advance - related party</u>				
Parent company	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total advance - related party	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Unbilled receivable from related parties</u>				
Subsidiary	-	-	574	48
(eliminated from the consolidated financial statements)				
Related companies				
Jasmine Group	<u>19</u>	<u>23</u>	<u>-</u>	<u>-</u>
Total unbilled receivable from related parties	<u>19</u>	<u>23</u>	<u>574</u>	<u>48</u>
<u>Short-term loans to related party</u>				
Subsidiary	-	-	80,347	69,347
(eliminated from the consolidated financial statements)				
Less: Allowance for doubtful account	<u>-</u>	<u>-</u>	<u>(80,347)</u>	<u>(69,347)</u>
Total short-term loans to related party - net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Long-term loans to related party</u>				
Subsidiary	-	-	117,000	-
(eliminated from the consolidated financial statements)				
Less: Current portion of long-term loans	<u>-</u>	<u>-</u>	<u>(16,000)</u>	<u>-</u>
Total long-term loans to related party – net of current portion	<u>-</u>	<u>-</u>	<u>101,000</u>	<u>-</u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Trade accounts payable - related parties (Note 12)</u>				
Related companies				
Jasmine Group	421	336	3	26
Total trade accounts payable - related parties	421	336	3	26
<u>Other payables - related parties (Note 12)</u>				
Parent company	22,523	21,530	-	-
Related companies				
Jasmine Group	8,273	7,346	81	2
Total other payables - related parties	30,796	28,876	81	2
<u>Advance received from related parties</u>				
Related companies				
Jasmine Group	1,139	663	-	-
Total advance received from related parties	1,139	663	-	-

Advance - related party

During 2016, movements of advance - related party was as follows:

	(Unit: Million Baht)			
	Separate financial statements			
	Balance as at	Increase	Decrease	Balance as at
	<u>31 December 2015</u>	<u>during the year</u>	<u>during the year</u>	<u>31 December 2016</u>
Advance - related party	-	530	(530)	-

Short-term loans to related party

During 2016, movements of short-term loans to subsidiary was as follows:

	(Unit: Million Baht)		
	Separate financial statements		
	Balance as at	Increase	Balance as at
	<u>31 December 2015</u>	<u>during the year</u>	<u>31 December 2016</u>
Short-term loans to subsidiary	69	11	80

Short-term loans to related party is subject interest at the Minimum Loan Rate (MLR) per annum and due for repayment at call. On 1 April 2015, a Meeting of the Company's Board of Directors passed resolutions approving the Subsidiary to pay interest at the rate referenced to fixed deposits interest rates for 12 months plus 0.5 percent per annum and due for repayment at call.

Long-term loans to related party

During 2016, movements of long-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 year	31 December 2016
Long-term loans to subsidiary	-	117	117

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

Directors and management's benefits

During the years ended 31 December 2016 and 2015, 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	
	2016	2015	2016	2015
Short-term employee benefits	13	17	11	14
Post-employment benefits	2	1	1	1
Total	15	18	12	15

7. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Trade receivables - related parties (Note 6)	779,094	737,913	775,994	732,633
Trade receivables - unrelated parties	192,443	190,284	24,929	20,887
Other receivables - related parties (Note 6)	-	-	3,495	2,694
Other receivables - unrelated parties	40,298	44,556	40,298	44,463
Total	1,011,835	972,753	844,716	800,677
Less: Allowance for doubtful debts	(221,866)	(193,881)	(58,321)	(26,856)
Trade and other receivables - net	789,969	778,872	786,395	773,821

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	5,728	8,195	2,676	3,053
Past due				
Up to 3 months	24,785	621	24,785	483
3 - 6 months	26,716	489	26,673	489
6 - 12 months	673	1,169	668	1,169
Over 12 months	721,192	727,439	721,192	727,439
Total trade receivables - related party (Note 6)	<u>779,094</u>	<u>737,913</u>	<u>775,994</u>	<u>732,633</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	3,099	1,882	2,763	1,851
Past due				
Up to 3 months	161	512	12	20
3 - 6 months	6,610	-	6,610	-
6 - 12 months	-	-	-	-
Over 12 months	182,573	187,890	15,544	19,016
Total	192,443	190,284	24,929	20,887
Less: Allowance for doubtful debts	(181,568)	(181,568)	(14,543)	(14,543)
Total trade receivables - unrelated parties, net	<u>10,875</u>	<u>8,716</u>	<u>10,386</u>	<u>6,344</u>
Total trade receivables - net	<u>789,969</u>	<u>746,629</u>	<u>786,380</u>	<u>738,977</u>
<u>Other receivables - related party</u>				
Accrued interest income	-	-	3,495	2,694
Less: Allowance for doubtful debts	-	-	(3,480)	-
Total other receivables - related party, net (Note 6)	<u>-</u>	<u>-</u>	<u>15</u>	<u>2,694</u>
<u>Other receivables - unrelated parties</u>				
Accrued interest income	12,313	12,313	12,313	12,313
Others	27,985	32,243	27,985	32,150
Total	40,298	44,556	40,298	44,463
Less: Allowance for doubtful debts	(40,298)	(12,313)	(40,298)	(12,313)
Total other receivables - unrelated parties, net	<u>-</u>	<u>32,243</u>	<u>-</u>	<u>32,150</u>

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

Included in trade receivables from unrelated parties as at 31 December 2016 and 2015, 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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Not yet due	3,026	636	2,763	636
Past due				
Up to 3 months	-	473	-	-
3 - 6 months	6,610	-	6,610	-
6 - 12 months	-	-	-	-
Over 12 months	1,001	1,001	1,001	1,001
Total	<u>10,637</u>	<u>2,110</u>	<u>10,374</u>	<u>1,637</u>

8. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Finished goods	<u>12,203</u>	<u>14,536</u>	<u>(4,014)</u>	<u>(4,014)</u>	<u>8,189</u>	<u>10,522</u>

	(Unit: Thousand Baht)					
	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Finished goods	<u>12,058</u>	<u>14,423</u>	<u>(4,014)</u>	<u>(4,014)</u>	<u>8,044</u>	<u>10,409</u>

During the 2015, 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, 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.

10. Investments in subsidiary

Details of investments in subsidiary as presented in separate financial statements are as follows

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
			(%)	(%)				
Could Computing Solution Company Limited	55,000	55,000	98	98	83,899	83,899	-	-
Less, Provision for loss on investments					<u>(83,899)</u>	<u>(83,899)</u>		
Total investments in subsidiary, net					<u>-</u>	<u>-</u>		

11. 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
Cost							
1 January 2015	2,000	1,139	26,151	16,119	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	1,139	26,151	16,119	67,166	6,648	119,223
Additions	-	-	-	9	1,370	-	1,379
Disposals	-	-	-	-	(1,078)	-	(1,078)
31 December 2016	2,000	1,139	26,151	16,128	67,458	6,648	119,524
Accumulated depreciation							
1 January 2015	-	1,139	11,528	15,975	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	-	1,139	18,832	16,058	55,444	5,968	97,441
Depreciation for the year	-	-	7,305	60	5,988	247	13,600
Depreciation on disposals	-	-	-	-	(1,058)	-	(1,058)
31 December 2016	-	1,139	26,137	16,118	60,374	6,215	109,983
Net book value							
31 December 2015	2,000	-	7,319	61	11,722	680	21,782
31 December 2016	2,000	-	14	10	7,084	433	9,541
Depreciation for the year							
2015 (Baht 2 million included in cost of sales and services, and the balance in selling, servicing and administrative expenses)							16,241
2016 (Baht 2 million included in cost of sales and services, and the balance in selling, servicing and administrative expenses)							13,600

(Unit: Thousand Baht)

	Separate financial statements				Total
	Public telephones and related equipment	Leasehold improvement	Furniture, fixtures and office equipment	Motor vehicles	
Cost					
1 January 2015	26,151	12,129	47,005	6,152	91,437
Transfers in	-	-	337	-	337
Transfers out	-	-	(6)	-	(6)
Disposals	-	-	(18,215)	-	(18,215)
31 December 2015	26,151	12,129	29,121	6,152	73,553
Disposals	-	-	(1,016)	-	(1,016)
31 December 2016	26,151	12,129	28,105	6,152	72,537
Accumulated depreciation					
1 January 2015	11,528	12,129	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	18,832	12,129	26,174	5,472	62,607
Depreciation for the year	7,305	-	1,502	247	9,054
Depreciation on disposals	-	-	(995)	-	(995)
31 December 2016	26,137	12,129	26,681	5,719	70,666
Net book value					
31 December 2015	7,319	-	2,947	680	10,946
31 December 2016	14	-	1,424	433	1,871
Depreciation for the year					
2015 (Baht 1 million included in cost of sales and services, and the balance in selling, servicing and administrative expenses)					9,640
2016 (Included in selling, servicing and administrative expenses)					9,054

As at 31 December 2016, 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 85 million (2015: Baht 56 million) (The Company only: Baht 55 million (2015: Baht 38 million)).

12. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Trade payables - related parties (Note 6)	421	336	3	26
Trade payables - unrelated parties	71,637	160,741	65,469	147,432
Other payables - related parties (Note 6)	30,796	28,876	81	2
Other payables - unrelated parties	48,451	41,763	47,552	40,640
Total trade and other payables	<u>151,305</u>	<u>231,716</u>	<u>113,105</u>	<u>188,100</u>

13. Long-term loans

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Long-term loans	-	138,771	-	-
Less: Current portion	-	(28,968)	-	-
Long-term loans - net of current portion	<u>-</u>	<u>109,803</u>	<u>-</u>	<u>-</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.

In 2016 the subsidiary has been repayment the loans principal prior to maturity totaling Baht 139 million without any charges.

14. 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	
	2016	2015	2016	2015
Provision for long-term employee benefits at beginning of year	11,190	17,627	9,719	16,654
Included in profit or loss:				
(Include in administrative expenses)				
Current service cost	610	1,154	497	1,052
Interest cost	297	725	267	688
Included in other comprehensive income:				
Actuarial loss (gains) arising from				
Financial assumptions changes	-	1,049	-	852
Experience adjustments	-	(4,425)	-	(4,584)
Transfer of long-term employee benefits	(1,614)	-	-	-
Benefits paid during the year	-	(4,940)	-	(4,943)
Provision for long-term employee benefits at end of year	<u>10,483</u>	<u>11,190</u>	<u>10,483</u>	<u>9,719</u>

During 2016, the subsidiary derecognised a provision for long-term employee benefits as a result of the transfer of all of its employees to a related party.

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 12 years (2015: consolidated financial statements: 12 years, separate financial statements: 12 years).

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated / Separate	
	financial statements	
	2016	2015
	(% per annum)	(% per annum)
Discount rate	2.75%	2.75%
Future salary increase rate	5%	5%

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 are summarised below:

(Unit: Thousand Baht)

	<u>Consolidated / Separate financial statements</u>
Discount rate	
Increase 50 basis points (3.25%)	(473)
Decrease 50 basis points (2.25%)	522
Salary increase rate	
Increase 100 basis points (6.00%)	559
Decrease 100 basis points (4.00%)	(442)

15. Statutory reserve

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

16. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Subcontracting expenses	9	5	5	3
Salary and wages and other employee benefits	33	57	27	49
Inventories used	6	9	2	-
Depreciation	14	16	9	10
Rental expenses from operating lease				
agreements	5	6	3	4
Bad debt	2	-	-	-
Doubtful debt	80	2	63	2
Reduction of inventories to net realisable value	-	4	-	4

17. Revenue from rendering of under the NBTC's regulation

Revenue from rendering of services and equipment rentals of the Company for the years ended 31 December 2016 and 2015, are classified as follows:

	(Unit: Thousand Baht)	
	Separate financial statements	
	<u>2016</u>	<u>2015</u>
Internet License Type 1	40	45
Other service income	67,155	11,263
Total	67,195	11,308

18. Income tax

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Accounting loss before tax	(57,811)	(43,492)	(54,964)	(42,024)
Applicable tax rate	20%	20%	20%	20%
Accounting loss before tax multiplied by income tax rate	(11,562)	(8,698)	(10,993)	(8,405)
Deferred tax assets which were not recognised during the year	-	9,786	-	8,793
Effects of:				
Expenses which are disallowable for tax computation purposes	17,695	-	13,886	-
Tax loss of prior years that is used to reduce tax expenses	(6,133)	-	(2,990)	-
Others	-	(1,088)	97	(388)
Total	11,562	8,698	10,993	8,405
Income tax expenses reported in the statement of comprehensive income	-	-	-	-

As at 31 December 2016, the Company and its subsidiary have deductible temporary differences and unused tax losses totaling Baht 813 million (2015: Baht 774 million) (the Company only: Baht 542 million (2015: Baht 503 million)), on which deferred tax assets have not been recognised as the Company and its subsidiary believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses amounting to Baht 114 million (the Company only: Baht 94 million) will gradually expire from 2017 - 2020 (the Company only: from 2019 - 2020).

19. 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.

20. Segment information

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

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 2016 and 2015 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	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from external customers	79	27	1	2	45	42	125	71
Unallocated income and expenses:								
Exchange gains (losses)							1	7
Other income							16	13
Cost of sales and services							(47)	(32)
Selling and servicing expenses							(1)	(3)
Administrative expenses							(58)	(86)
Bad debts							(2)	-
Doubtful debts							(80)	(2)
Finance cost							(12)	(11)
Loss for the year							(58)	(43)

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.

21. 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 2016, the Company and its subsidiary contributed Baht 1.8 million, and the Company only contributed Baht 1.5 million, to the fund (2015: Baht 2.5 million and Baht 2.2 million, respectively).

22. Dividends

On 28 October 2016, the Board of Directors' Meeting of No.10/2016 of the Company passed resolutions approving the payment of an interim dividend from the retained earnings as at 30 September 2016 to the existing shareholders at the rate of 0.1 Baht per share, amounting to the total dividend of Baht 70.6 million. The dividend was paid in November 2016.

23. Commitments and contingent liabilities

23.1 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 2016, 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	3
In over 1 and up to 3 years	5	4

23.2 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 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. As a result, 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.

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

23.3 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 and pay under the teller of performance bond guarantee, together with interest at the rate of 7.5% per annum, totaling approximately Baht 196 million. Currently, the lawsuits are being considered by the courts and the outcomes are unknown. 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 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 has recorded the performance bond as a liability under the caption of trade and other payables in the statements of financial position since 31 December 2014 and treated 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.

23.4 Litigations and other disputes

1. In 2015 and 2016, the Company and its subsidiary has been sued by former employees who were laid off, claiming compensation totaling approximately Baht 20 million for unfair termination. The cases are under consideration of the court. However, the legal advisor and the management of the Company and its subsidiary believe the Company and its subsidiary will not suffer any losses as a result of these cases because the Company and its subsidiary 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, the subsidiary has been sued for a total of approximately Baht 1 million in respect of breach of an employment contract. In September 2016, the Court of Appeals issued a judgment ordering the subsidiary to pay compensation together with interest, totaling approximately Baht 0.5 million. The subsidiary then filed a petition appealing to the Supreme Court. At present, this case is under consideration by the court. For prudent reasons, the subsidiary therefore recorded full provision for compensation in accordance with the Court of Appeals' order.
4. In 2016, the subsidiary has been sued for a total approximately Baht 7 million in respect of breach of a sale and purchase contract. This case is under consideration by the court. However, the legal advisor and the management of the subsidiary believe that the subsidiary did not breach the contracts and will not suffer any losses as a result of this case.

23.5 Guarantees

As at 31 December 2016, there were outstanding bank guarantees of Baht 243 million (2015: Baht 292 million) issued by the banks on behalf of the Company and its subsidiary, with Baht 218 million (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.

24. Financial instruments

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

Interest rate risk

The exposure of Company and its subsidiary to interest rate risk relates primarily to its deposits with financial institutions and 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 of the Company and its subsidiary is expected to be minimal.

Foreign currency risk

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

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

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.1	0.1	0.9	0.9	35.83	36.09

Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.1	0.1	0.1	0.1	35.83	36.09

24.2 Fair values of financial instruments

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

25. Capital management

The primary objective of the capital management of the 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 2016, the Group's debt to equity ratio was 0.37:1 (2015: 0.54:1) and the Company was 0.13:1 (2015: 0.17:1).

26. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2017.