

Jasmine Telecom Systems Public Company Limited
and its subsidiary
Review report and interim consolidated financial statements
For the three-month and six-month periods ended 30 June 2018

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 June 2018, the related consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2018, and the related consolidated statements of changes in shareholders' equity and cash flows for the six-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 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

As described in Note 9.2 to the interim consolidated financial statements, the Company was unable to deliver tablets to two government agencies as scheduled in the agreements, as a result of a massive fire at a production facility where tablet parts were produced. As stipulated in the sale and purchase agreements, the Company is obliged to pay a penalty for delayed shipment at a daily rate of 0.2 percent of the price of the unshipped tablets. In 2014, counterparties of the agreements

submitted letters to the Company to terminate the sale and purchase agreements and requested the Company to pay penalties totaling Baht 5 million and Baht 142 million, respectively. However, the Company submitted letters to these counterparties objecting to the imposition of the penalty. The management of the Company clarified that the delay in shipment was due to force majeure and the Company did not breach the agreements. Subsequently, these counterparties filed lawsuits with the Central Administrative Court, petitioning the Court to order the Company to pay penalties and make payment under the letter of performance bond guarantee, together with interest totaling approximately Baht 5 million and Baht 190 million, respectively. However, as a result of the execution of a sale and purchase of tablets agreement between the Company and a local counterparty, the Company received cash amounting to Baht 38 million as a result of forfeiture of performance bond from this counterparty. The Company had a legal right to seize this amount as compensation for losses caused by this company or incurred as a result of a breach of agreement by this company. The Company recorded the cash receipt as a liability under the caption of trade and other payables in the statements of financial position and treated it as a provision for any penalties and losses that might be incurred, while the Company did not expect such penalties and losses to exceed the amount of the reserve. I was consequently unable to perform audit procedures to satisfy myself as to the provision for penalties and losses that might be incurred due to the Company's inability to deliver the tablets and my opinion on the consolidated financial statements of the Company and its subsidiary and the separate financial statements of the Company for the three-month and six-month periods ended 30 June 2017 and for the year ended 31 December 2017 were therefore qualified with respect to this matter, due to a limitation imposed by circumstance. On 22 February 2018, the Central Administrative Court issued a judgement on the case between the Company and the government agency who filed the lawsuit, requesting the Company to pay penalties totaling approximately Baht 5 million. The Central Administrative Court issued a judgement ordering the Company to pay penalties totaling approximately Baht 2.6 million. In addition, on 4 May 2018, the Central Administrative Court issued a judgement on the case between the Company and another government agency that filed the lawsuit, requesting the Company to pay penalties and make payment under the letter of performance bond guarantee, together with interest, totaling approximately Baht 190 million. The Central Administrative Court issued a judgement ordering the Company to pay penalties totaling approximately Baht 7 million, together with interest at the rate of 7.5% per annum, starting from the date following the filing of the case until the full payment is made. The two government agencies and the Company filed appeals to the Supreme Administrative Court and the Company filed requests to suspend execution to the Central Administrative Court. At present, the cases are under consideration by the Courts. Therefore, the ultimate outcome of these lawsuits and disputes that are not finalised cannot be determined at this time. However, the Company's management and legal advisor are confident that no significant losses will be incurred as a result of these lawsuits and disputes, and therefore no further provision for contingent liabilities have been recorded in the accounts.

Consequently, I was unable to perform review and audit procedures to obtain sufficient appropriate audit evidence regarding the provision of Baht 38 million recorded for the penalties and losses that may be incurred as a result of the above circumstances. This provision was recorded under liabilities, as part of balance of trade and other payables, which amounted to Baht 106 million (31 December 2017: Baht 107 million) in the consolidated statement of financial position as at 30 June 2018 and Baht 78 million (31 December 2017: Baht 77 million) in the separate statement of financial position. For the same reason, 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 consolidated and separate statements of financial position as at 30 June 2018 and 31 December 2017, together with the related accounts in the consolidated and separate statements of comprehensive income for the three-month and six-month periods ended 30 June 2018 and 2017. If adjustments were necessary, they would 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 the possible effects on the matter as described 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 9.3 to the interim consolidated financial statements, which describes disputes between the subsidiary and an 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 conclusion is not qualified in respect of this matter.

Chonlaros Suntiasvaraporn
Certified Public Accountant (Thailand) No. 4523

EY Office Limited
Bangkok: 10 August 2018

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of financial position

As at 30 June 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	Note	30 June 2018	31 December 2017	30 June 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		98,940	96,641	90,856	76,884
Current investments - bank deposits		14,564	20,816	14,495	20,691
Trade and other receivables	3	753,629	729,923	738,150	728,327
Unbilled receivables					
Related parties	2	11	150	811	1,192
Unrelated parties		9,560	8,266	6,639	5,460
Short-term loans to related parties	2	340,000	340,000	340,000	340,000
Current portion of long-term loans					
to subsidiary	2	-	-	16,000	16,000
Inventories		2,385	3,163	2,303	3,035
Account receivable under troubled					
debt restructuring	4	-	-	-	-
Prepaid project costs		1,513	445	622	299
Other current assets		2,778	4,100	1,000	2,532
Total current assets		1,223,380	1,203,504	1,210,876	1,194,420
Non-current assets					
Restricted bank deposits		9,316	25,632	6,786	23,009
Long-term loans to subsidiary	2	-	-	77,000	85,000
Investment in subsidiary	5	-	-	-	-
Property, plant and equipment		7,911	7,766	511	724
Withholding tax deducted at source		3,370	1,948	2,106	684
Deposits		1,183	1,215	1,016	1,016
Total non-current assets		21,780	36,561	87,419	110,433
Total assets		1,245,160	1,240,065	1,298,295	1,304,853

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 June 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2018	31 December 2017	30 June 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	6	105,869	107,149	77,737	76,750
Accrued project cost		138,438	138,332	5,148	4,886
Income tax payable		2,066	1,683	-	-
Advances received for goods and services	2	4,683	3,273	22	575
Other current liabilities		26,545	27,585	16,940	18,096
Total current liabilities		277,601	278,022	99,847	100,307
Non-current liabilities					
Provision for long-term employee benefits		11,699	11,282	11,699	11,282
Total non-current liabilities		11,699	11,282	11,699	11,282
Total liabilities		289,300	289,304	111,546	111,589
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
Premium on ordinary shares		420,269	420,269	420,269	420,269
Retained earnings					
Appropriated-statutory reserve		70,646	70,646	70,646	70,646
Deficit		(242,966)	(247,818)	(10,623)	(4,108)
Other components of shareholders' equity		8,158	8,158	-	-
Equity attributable to owners of the Company		962,564	957,712	1,186,749	1,193,264
Non-controlling interests of the subsidiary		(6,704)	(6,951)	-	-
Total shareholders' equity		955,860	950,761	1,186,749	1,193,264
Total liabilities and shareholders' equity		1,245,160	1,240,065	1,298,295	1,304,853
		-	-	-	-

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

Directors

(Unaudited but reviewed)

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of comprehensive income

For the three-month period ended 30 June 2018

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

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit or loss:					
Revenues					
Sales and services income		23,959	24,245	11,247	4,913
Interest income		2,087	1,488	2,466	1,943
Exchange gains		-	362	110	-
Other income		230	2,913	658	587
Total revenues		26,276	29,008	14,481	7,443
Expenses					
Cost of sales and services		11,818	12,490	7,541	2,076
Administrative expenses		11,570	10,477	11,296	9,758
Exchange losses		1,493	-	-	27
Total expenses		24,881	22,967	18,837	11,861
Profit (loss) before income tax		1,395	6,041	(4,356)	(4,418)
Income tax	7	(1,121)	-	-	-
Profit (loss) for the period		274	6,041	(4,356)	(4,418)
Total comprehensive income for the period		274	6,041	(4,356)	(4,418)
Profit (loss) attributable to:					
Equity holders of the Company		176	5,818	(4,356)	(4,418)
Non-controlling interests of the subsidiary		98	223		
		274	6,041		
Total comprehensive income attributable to:					
Equity holders of the Company		176	5,818	(4,356)	(4,418)
Non-controlling interests of the subsidiary		98	223		
		274	6,041		
Basic earnings (loss) per share (Baht)					
Profit (loss) attributable to equity holders of the Company		0.0002	0.0082	(0.0062)	(0.0063)

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 six-month period ended 30 June 2018**

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

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit or loss:					
Revenues					
Sales and services income		45,892	40,401	22,273	9,326
Interest income		4,159	5,940	4,916	6,866
Exchange gains		-	1,447	29	-
Other income		722	6,005	1,479	1,630
Total revenues		<u>50,773</u>	<u>53,793</u>	<u>28,697</u>	<u>17,822</u>
Expenses					
Cost of sales and services		21,618	17,872	14,530	3,728
Administrative expenses		21,274	21,986	20,682	20,462
Exchange losses		372	-	-	99
Total expenses		<u>43,264</u>	<u>39,858</u>	<u>35,212</u>	<u>24,289</u>
Profit (loss) before income tax		7,509	13,935	(6,515)	(6,467)
Income tax	7	(2,410)	-	-	-
Profit (loss) for the period		<u>5,099</u>	<u>13,935</u>	<u>(6,515)</u>	<u>(6,467)</u>
Total comprehensive income for the period		<u>5,099</u>	<u>13,935</u>	<u>(6,515)</u>	<u>(6,467)</u>
Profit (loss) attributable to:					
Equity holders of the Company		4,852	13,500	<u>(6,515)</u>	<u>(6,467)</u>
Non-controlling interests of the subsidiary		247	435		
		<u>5,099</u>	<u>13,935</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		4,852	13,500	<u>(6,515)</u>	<u>(6,467)</u>
Non-controlling interests of the subsidiary		247	435		
		<u>5,099</u>	<u>13,935</u>		
Basic earnings (loss) per share (Baht)					
Profit (loss) attributable to equity holders of the Company		<u>0.0069</u>	<u>0.0191</u>	<u>(0.0092)</u>	<u>(0.0092)</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 six-month period ended 30 June 2018

(Unit: Thousand Baht)

	Separate financial statements				Total shareholders' equity
	Issued and fully paid-up share capital	Premium on ordinary shares	Retained earnings		
			Appropriated	Unappropriated	
Balance as at 1 January 2017	706,457	420,269	70,646	16,051	1,213,423
Total comprehensive income for the period	-	-	-	(6,467)	(6,467)
Balance as at 30 June 2017	<u>706,457</u>	<u>420,269</u>	<u>70,646</u>	<u>9,584</u>	<u>1,206,956</u>
Balance as at 1 January 2018	706,457	420,269	70,646	(4,108)	1,193,264
Total comprehensive income for the period	-	-	-	(6,515)	(6,515)
Balance as at 30 June 2018	<u>706,457</u>	<u>420,269</u>	<u>70,646</u>	<u>(10,623)</u>	<u>1,186,749</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 cash flows

For the six-month period ended 30 June 2018

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities				
Profit (loss) before tax	7,509	13,935	(6,515)	(6,467)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities				
Depreciation	2,292	3,034	324	656
Gains on disposal of equipment	(145)	(38)	(145)	(38)
Provision for long-term employee benefits	417	399	417	399
Unrealised exchange losses (gains)	382	(1,478)	(19)	68
Interest income	(4,159)	(5,940)	(4,916)	(6,866)
Profit (loss) from operating activities before changes in operating assets and liabilities	6,296	9,912	(10,854)	(12,248)
Operating assets (increase) decrease				
Trade and other receivables	(23,747)	17,753	(9,866)	33,317
Unbilled receivables	(1,155)	1,965	(798)	(1,504)
Inventories	778	(650)	732	(572)
Prepaid project costs	(1,068)	(238)	(323)	(356)
Other current assets	894	1,503	1,105	1,279
Other assets	(1,390)	1,178	(1,422)	509
Operating liabilities increase (decrease)				
Trade and other payables	(1,308)	(36,540)	959	(36,537)
Accrued project costs	(294)	(9,086)	262	(3,618)
Advances received for goods and services	1,410	1,108	(553)	(144)
Other current liabilities	(1,040)	(1,078)	(1,156)	(1,740)
Cash used in operating activities	(20,624)	(14,173)	(21,914)	(21,614)
Cash paid for income tax	(2,284)	(1,598)	(257)	(1,042)
Refundable withholding tax	684	2,481	684	1,196
Net cash used in operating activities	(22,224)	(13,290)	(21,487)	(21,460)

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 cash flows (continued)

For the six-month period ended 30 June 2018

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from investing activities				
Interest income	4,247	6,422	5,006	7,363
Decrease (increase) in current investments - bank deposits	6,252	(253,324)	6,196	(253,358)
Decrease in restricted bank deposits	16,316	4,847	16,223	4,840
Cash received from long-term loans to subsidiary	-	-	8,000	8,000
Acquisition of equipment	(2,437)	(2,901)	(111)	(94)
Proceeds from sales of equipment	145	74	145	74
Net cash from (used in) investing activities	24,523	(244,882)	35,459	(233,175)
Net increase (decrease) in cash and cash equivalents	2,299	(258,172)	13,972	(254,635)
Cash and cash equivalents at beginning of period	96,641	322,516	76,884	314,287
Cash and cash equivalents at end of period	98,940	64,344	90,856	59,652
	-	-	-	-

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 six-month periods ended 30 June 2018

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, 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 2017, with no structural changes related to subsidiary company occurring during the current period.

1.3 New financial reporting standards

a. Financial reporting standards that become effective in the current year

During the period, the Company and its subsidiary have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards disclosures in the notes to financial statements. 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 period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019. Key principles of this standard are summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts, TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts are in the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or series to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

At present, the management of the Company and its subsidiary is evaluating the impact of this standard to the financial statements in the year when it is adopted.

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 2017.

2. Related party transactions

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 six-month periods ended 30 June 2018 and 2017 are summarised below.

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements				Pricing policy
	For the three-month		For the six-month		
	periods ended 30 June	periods ended 30 June	periods ended 30 June	periods ended 30 June	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with parent company</u>					
Sales and services income	1,006	699	1,891	1,375	Contract price or at prices normally charged to other customers
Interest income	1,763	-	3,507	3,049	The rates referenced to the average weighted of 12-month fixed deposits interest rate quoted by three commercial banks plus 0.6 percent per annum and 2.08 percent per annum
Office rental and service expenses	812	812	1,623	1,623	Contract price or at prices normally charged to other customers
Other expenses	33	18	34	19	Contract price or at prices normally charged to other customers
<u>Transactions with related companies</u>					
Sales and services income	16,357	16,664	29,538	24,842	Contract price or at prices normally charged to other customers
Other income	78	-	156	-	Contract price or at prices normally charged to other customers
Cost of sales and services	875	773	2,178	2,084	Contract price or at prices normally charged to other customers
Office rental and service expenses	63	63	126	126	Contract price or at prices normally charged to other customers
Other expenses	927	843	1,815	1,649	Contract price or at prices normally charged to other customers

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements				Pricing policy
	For the three-month		For the six-month		
	periods ended 30 June	periods ended 30 June	periods ended 30 June	periods ended 30 June	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with parent company</u>					
Sales and services income	108	-	108	-	Contract price or at prices normally charged to other customers
Interest income	1,763	-	3,507	3,049	The rates referenced to the average weighted of 12-month fixed deposits interest rate quoted by three commercial banks plus 0.6 percent per annum and 2.08 percent per annum
Office rental and service expenses	787	787	1,574	1,574	Contract price or at prices normally charged to other customers
Other expenses	32	12	33	13	Contract price or at prices normally charged to other customers
<u>Transactions with subsidiary</u>					
(eliminated from the consolidated financial statements)					
Sales and services income	2,468	2,483	6,343	4,918	Contract price or at prices normally charged to other customers
Interest income	401	467	813	946	The rates referenced to fixed deposits interest rates plus 0.5 percent per annum
Management fee income	570	570	1,140	1,140	Contract price
Cost of sales and services	22	22	44	44	Contract price or at prices normally charged to other customers
<u>Transactions with related companies</u>					
Sales and services income	6,566	332	10,061	334	Contract price or at prices normally charged to other customers
Other income	78	-	156	-	Contract price or at prices normally charged to other customers
Cost of sales and services	549	526	1,520	1,558	Contract price or at prices normally charged to other customers
Office rental and service expenses	63	63	126	126	Contract price or at prices normally charged to other customers
Other expenses	492	490	927	932	Contract price or at prices normally charged to other customers

(Unaudited but reviewed)

The balances of the accounts as at 30 June 2018 and 31 December 2017 between the Company and its subsidiary and those related parties are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
		(Audited)		(Audited)
<u>Trade accounts receivable - related parties (Note 3)</u>				
Parent company	55	128	-	-
Subsidiary	-	-	4,575	221
(eliminated from the consolidated financial statements)				
Related companies				
Jasmine Group	747,945	725,359	732,785	724,819
Mono Group	96	-	96	-
Total trade accounts receivable - related parties	<u>748,096</u>	<u>725,487</u>	<u>737,456</u>	<u>725,040</u>
 <u>Other receivables - related party (Note 3)</u>				
Parent company	-	116	-	116
Subsidiary	-	-	3,480	3,480
(eliminated from the consolidated financial statements)				
Related companies				
Jasmine Group	306	139	306	139
Total	306	255	3,786	3,735
Less: Allowance for doubtful account	-	-	(3,480)	(3,480)
Total other receivables - related party - net	<u>306</u>	<u>255</u>	<u>306</u>	<u>255</u>
 <u>Unbilled receivable from related parties</u>				
Subsidiary	-	-	805	1,192
(eliminated from the consolidated financial statements)				
Related companies				
Jasmine Group	11	150	6	-
Total unbilled receivable from related parties	<u>11</u>	<u>150</u>	<u>811</u>	<u>1,192</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
<u>Short-term loans to related parties</u>				
Parent company	340,000	340,000	340,000	340,000
Subsidiary	-	-	80,347	80,347
(eliminated from the consolidated financial statements)				
Total	340,000	340,000	420,347	420,347
Less: Allowance for doubtful account	-	-	(80,347)	(80,347)
Total short-term loans to related parties - net	<u>340,000</u>	<u>340,000</u>	<u>340,000</u>	<u>340,000</u>
<u>Long-term loans to subsidiary</u>				
Subsidiary	-	-	93,000	101,000
(eliminated from the consolidated financial statements)				
Less: Current portion of long-term loans	-	-	(16,000)	(16,000)
Total long-term loans to subsidiary - net of current portion	<u>-</u>	<u>-</u>	<u>77,000</u>	<u>85,000</u>
<u>Trade accounts payable - related parties (Note 6)</u>				
Related companies				
Jasmine Group	485	694	210	3
Total trade accounts payable - related parties	<u>485</u>	<u>694</u>	<u>210</u>	<u>3</u>
<u>Other payables - related parties (Note 6)</u>				
Parent company	19,306	20,099	32	-
Related companies				
Jasmine Group	6,315	6,928	10	129
Total other payables - related parties	<u>25,621</u>	<u>27,027</u>	<u>42</u>	<u>129</u>
<u>Advance received from related parties</u>				
Parent company	41	52	-	-
Related companies				
Jasmine Group	3,589	1,986	-	202
Total advance received from related parties	<u>3,630</u>	<u>2,038</u>	<u>-</u>	<u>202</u>

(Unaudited but reviewed)

Loans to related parties

During the six-month period ended 30 June 2018, movements of loans to related parties were as follows:

(Unit: Thousand Baht)

	Consolidated/Separate financial statements		
	Balance as at 31 December 2017	During the period	Balance as at 30 June 2018
	(Audited)		
Short-term loans to parent company	340,000	-	340,000

On 25 June 2018, the parent company requested to extend the repayment period for another 6 months, ending in December 2018.

(Unit: Thousand Baht)

	Separate financial statements		
	Balance as at 31 December 2017	Decrease during the period	Balance as at 30 June 2018
	(Audited)		
Short-term loans to the subsidiary	80,437	-	80,437
Long-term loans to the subsidiary	101,000	(8,000)	93,000

Directors and management's benefits

During the three-month and six-month periods ended 30 June 2018 and 2017, the Company and its subsidiary had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term employee benefits	2,766	2,672	2,766	2,672
Post-employment benefits	264	248	264	248
Total	3,030	2,920	3,030	2,920

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term employee benefits	5,547	5,358	5,547	5,358
Post-employment benefits	527	495	527	495
Total	6,074	5,853	6,074	5,853

(Unaudited but reviewed)

3. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
Trade receivables - related parties (Note 2)	748,096	725,487	737,456	725,040
Trade receivables - unrelated parties	186,582	185,565	14,725	17,395
Other receivables - related parties (Note 2)	306	255	3,786	3,735
Other receivables - unrelated parties	40,543	40,514	40,536	40,510
Total	975,527	951,821	796,503	786,680
Less: Allowance for doubtful account	(221,898)	(221,898)	(58,353)	(58,353)
Trade and other receivables - net	753,629	729,923	738,150	728,327

The outstanding balances of trade receivable as at 30 June 2018 and 31 December 2017, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	7,055	1,191	4,830	548
Past due				
Up to 3 months	13,187	1,158	8,881	1,354
Longer than 3 - 6 months	5,358	795	1,249	795
Longer than 6 - 12 months	1,376	-	1,376	-
Longer than 12 months	721,120	722,343	721,120	722,343
Total trade receivables - related parties (Note 2)	748,096	725,487	737,456	725,040

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	2,147	2,927	34	2,775
Past due				
Up to 3 months	2,825	1,030	116	45
Longer than 3 - 6 months	10	8	-	-
Longer than 6 - 12 months	-	-	-	-
Longer than 12 months	181,600	181,600	14,575	14,575
Total	186,582	185,565	14,725	17,395
Less: Allowance for doubtful account	(181,600)	(181,600)	(14,575)	(14,575)
Total trade receivables - unrelated parties - net	4,982	3,965	150	2,820
Total trade receivables - net	753,078	729,452	737,606	727,860
<u>Other receivables - related party</u>				
Accrued interest income	-	116	3,480	3,596
Others	306	139	306	139
Total	306	255	3,786	3,735
Less: Allowance for doubtful account	-	-	(3,480)	(3,480)
Total other receivables - related party - net (Note 2)	306	255	306	255
<u>Other receivables - unrelated parties</u>				
Accrued interest income	12,558	12,529	12,551	12,525
Others	27,985	27,985	27,985	27,985
Total	40,543	40,514	40,536	40,510
Less: Allowance for doubtful account	(40,298)	(40,298)	(40,298)	(40,298)
Total other receivables - unrelated parties - net	245	216	238	212

(Unaudited but reviewed)

Included in trade accounts receivable from unrelated parties as at 30 June 2018 and 31 December 2017, were amounts receivable from government agencies as follows:

(Unit: Thousand Baht)

Age of receivables	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
Aged on basis of due dates				
Not yet due	2,084	2,886	34	2,775
Past due				
Up to 3 months	2,579	888	103	34
Longer than 3 - 6 months	-	-	-	-
Longer than 6 - 12 months	-	-	-	-
Longer than 12 months	32	32	32	32
Total	4,695	3,806	169	2,841
Less: Allowance for doubtful account	(32)	(32)	(32)	(32)
Total trade receivables - the companies				
majority-owned by the government - net	4,663	3,774	137	2,809

4. Account receivable under troubled debt restructuring

The Company and its subsidiary had an outstanding balance totaling Baht 47 million and the Company's Baht 19 million that was receivable from TT&T Public Company Limited ("TT&T") under the rehabilitation plan of TT&T. 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 outstanding balances of account receivable from TT&T in the year 2016.

(Unaudited but reviewed)

5. Investment in subsidiary

(Unit: Thousand Baht)

Company's name	Paid-up capital		Cost	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
		(Audited)		(Audited)
Cloud Computing Solution Company Limited	55,000	55,000	83,899	83,899
Less: Allowance of impairment on investment			(83,899)	(83,899)
Total investment in subsidiary - net			-	-

6. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
		(Audited)		(Audited)
Trade payables - related parties (Note 2)	485	694	210	3
Trade payables - unrelated parties	35,695	33,419	34,306	32,522
Other payables - related parties (Note 2)	25,621	27,027	42	129
Other payables - unrelated parties	44,068	46,009	43,179	44,096
Total trade and other payables	105,869	107,149	77,737	76,750

7. Income tax

Interim income tax was calculated on net profit before income tax for the current period, after adding back and deducting with expenses and income which are disallowable for tax computation purposes, using the estimated effective tax rate for the year.

No interim corporate income tax was payable for the three-month and six-month periods ended 30 June 2018 and 2017, since the Company had tax loss brought forward from previous years over its net profit for the period.

8. Segment information

The Company and its subsidiary are organised into business units based on its services. During the current period, the Company and its subsidiary have been no structural change of reporting segment information.

Business operations of the Company and its subsidiary are mainly carried on in Thailand. Below is the consolidated financial information by segment for the three-month and six-month periods ended 30 June 2018 and 2017.

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month periods ended 30 June

	Design and installation of telecommunication systems segment		Computer systems integration business segment		Cloud computing business segment		Elimination of inter-segment transactions		Consolidation	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Sales and services income									
Revenue from external customers	9	2	10	17	5	5	-	-	24	24
Inter-segment revenues	2	3	-	-	-	-	(2)	(3)	-	-
Total revenues	11	5	10	17	5	5	(2)	(3)	24	24
Segment operating profit	1	1	7	8	4	3			12	12
Unallocated income and expenses:										
Interest income									2	1
Other income									-	3
Administrative expenses									(12)	(10)
Exchange losses									(1)	-
Income tax									(1)	-
Profit for the period									-	6

(Unit: Million Baht)

For the six-month periods ended 30 June

	Design and installation of telecommunication systems segment		Computer systems integration business segment		Cloud computing business segment		Elimination of inter-segment transactions		Consolidation	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Sales and services income									
Revenue from external customers	16	4	20	27	10	9	-	-	46	40
Inter-segment revenues	6	5	-	-	-	-	(6)	(5)	-	-
Total revenues	22	9	20	27	10	9	(6)	(5)	46	40
Segment operating profit	1	1	16	16	7	6			24	23
Unallocated income and expenses:										
Interest income									4	6
Exchange gains									-	1
Other income									1	6
Administrative expenses									(21)	(22)
Income tax									(3)	-
Profit for the period									5	14

9. Commitments and contingent liabilities

9.1 Guarantees

As at 30 June 2018, there were outstanding bank guarantees of Baht 76 million (31 December 2017: Baht 79 million) issued by the banks on behalf of the Company and its subsidiary, with Baht 52 million (31 December 2017: Baht 53 million) attributed to the Company, in respect of certain bid bonds and performance bonds.

9.2 Contingent liability from tablet personal computers sale agreements

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

the rate of 7.5% per annum, totaling approximately Baht 5 million and Baht 190 million, respectively. In addition, the Company submitted a notice of breach of the agreement to a local company claiming that it had failed to deliver tablets in accordance with the agreement, and the Company exercised its right to terminate the agreement with this company. The Company requested the bank who issued a bank guarantee on behalf of this company in the form a performance bond for the sale of tablets to pay Baht 38 million to the Company under the performance bond. The Company received the payment and retained the legal right to seize this amount as compensation for losses caused by this company or incurred as a result of a breach of agreement by this company and recorded this amount as a liability under the caption of trade and other payables in the statements of financial position since 31 December 2014 and treated it as a provision for any penalties and losses that might be incurred. Moreover, in the event that the Company is required to pay penalties and compensation to the government agencies, the Company can reclaim all losses from this local company who is the seller of the tablets to the Company, in accordance with a condition stipulated in the sale and purchase of tablet agreements. However, on 22 February 2018, the Central Administrative Court issued a judgement on the case between the Company and the government agency who filed the lawsuit, requesting the Company to pay penalties totaling approximately Baht 5 million for its inability to deliver tablets as stipulated in the agreement. The Central Administrative Court issued a judgement ordering the Company to pay penalties totaling approximately Baht 2.6 million. On 8 June 2018, a bank which issued a bank guarantee submitted a letter to the Company notifying that on 5 April 2018 it paid the penalties totaling approximately Baht 1.4 million in accordance with the judgement rendered to the bank. Therefore, the outstanding balance of penalties is amounting to approximately Baht 1.2 million. In addition, on 4 May 2018, the Central Administrative Court issued a judgement on the case between the Company and another government agency that filed the lawsuit, requesting the Company to pay penalties and make payment under the letter of performance bond guarantee, together with interest totaling approximately Baht 190 million. The Central Administrative Court issued a judgement ordering the Company to pay penalties totaling approximately Baht 7 million, together with interest at the rate of 7.5% per annum, starting from the date following the filing of the case until the full payment is made. The two government agencies and the Company filed appeals to the Supreme Administrative Court and the Company filed requests to suspend execution to the Central Administrative Court. At present, the cases are under consideration by the Courts. Therefore, the ultimate outcome of these lawsuits and disputes that are not finalised cannot be determined at this time. However, the Company's management and legal advisor are confident that no significant losses will be incurred as a result of these lawsuits and disputes, and therefore no further provision for contingent liabilities have been recorded in the accounts.

9.3 Disputes with TT&T

During the current period, there has been no significant progress with respect to the disputes with TT&T as described in Note 22.4 to the financial statements for the year 2017.

9.4 Litigation and other disputes

During the current period, significant progress has been made with respect to the litigation and other disputes in addition to those as disclosed in Note 22.5 to the financial statements for the year 2017 as follows:

1. Progress of the labor case that the Company was sued by former employees who were laid off, claiming the compensation totaling approximately Baht 10 million. On 22 May 2018, the Appeal Court for Specialised Cases dismissed the case.
2. Progress of the case that the subsidiary was sued for breach of an employment contract. The Appeal Court rendered the judgment ordering the subsidiary to pay the compensation together with interest, totaling approximately Baht 0.5 million. On 18 July 2018, the Supreme Court rejected a petition of both the plaintiff and the defendant, and therefore the case is deemed final. The subsidiary therefore recorded provision for compensation in accordance with the Appeal Court's order.
3. Progress of the case that the subsidiary was sued for the breach of a sale and purchase contract. In 2017, the Court of First Instance rendered the judgment ordering the subsidiary to pay the compensation together with fines and interest, totaling approximately Baht 4 million. On 18 July 2018, the Appeal Court rendered the judgment ordering the subsidiary to pay the compensation together with fines and interest, totaling approximately Baht 3 million. The subsidiary is entitled to appeal against the judgement of the Appeal Court to the Supreme Court within 30 days after the Appeal Court rendered the judgement. Currently, the legal advisor are considering details of the judgement in order to determine whether to subsequently file a petition. Therefore, the ultimate outcome of the case has not been finalised and cannot be determined in the current context. However, the legal advisor and the management of the subsidiary believe that the subsidiary did not breach the contract and will therefore not suffer any losses as a result of this case.

10. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 10 August 2018.