

JTS

JASMINE TELECOM SYSTEMS PCL

ANNUAL REPORT
2016

THE WAY FOR
BETTER COMMUNICATION
BETTER LIFE

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JTS Financial Summary

Operating Results (Million Baht)

	2014	2015	2016
Sales and Services Income	109.55	70.58	125.21
Total Revenue	127.61	90.76	142.06
Cost of Sales and Services and Selling, Servicing and Administrative	180.11	121.35	106.48
Gross Profit*	54.95	38.19	77.90
Operating Profit	-65.17	-48.20	23.34
Net Profit (Loss)	-133.92	-43.57	-57.44
Total Assets	1,750.42	1,638.32	1,288.20
Total Liabilities	644.68	572.34	350.67
Shareholders' Equity	1,105.74	1,065.99	937.53

Financial Ratio

	2014	2015	2016
Current Ratio (times)	3.45	3.51	3.66
Debt to Equity (times)	0.58	0.54	0.37
Return on Assets (%)	-7.16%	-2.57%	-3.93%
Return on Equity (%)	-11.42%	-4.01%	-5.73%

Per Share Data (Baht)

	2014	2015	2016
Earnings (Loss) per share	-0.19	-0.06	-0.08
Weighted Average Number of Ordinary Shares (shares)	706,457,300	706,457,300	706,457,300
Book Value	1.57	1.51	1.33
Par value	1.00	1.00	1.00
Paid-up Ordinary Shares (shares)	706,457,300	706,457,300	706,457,300

* Gross profit was a result of sales and services income minus sales and services cost.

JTS General and other important Information

General Information

Detailed of Company

Company name	: Jasmine Telecom Systems PCL.
Registration	: 0107547000109
Head office Address	: 200 Moo 4, 9 th Fl. Jasmine International Tower, Chaengwattana Road, Tambon Pakkret, Amphoe Pakkret, Nonthaburi, 11120 Tel. (66) 0 2100 8300 Fax. (66) 0 2962 2523 Home Page : http://www.jts.co.th
Nature of Business	: Information & Communication Technology

Total Amount and Type of issued share at December 31, 2016

Registered ordinary share	: 706,457,300 Shares
Paid up ordinary share	: 706,457,300 Shares
Par Value	: 1 Baht
Total	: 706,457,300 Baht

Detailed of Subsidiary

Company name	: Cloud Computing Solutions Co., Ltd.
Registration	: 010552701289
Head office Address	: 200 Moo 4, Chaengwattana Road, Tambon Pakkret, Amphoe Pakkret, Nonthaburi, 11120 Tel. (66) 0 2100 3500 Fax. (66) 0 2502 3511
Shareholding in Subsidiary	: The Company holds 538,264 ordinary shares equal to investment of 83.90 million baht or 97.87 percent of total shares.

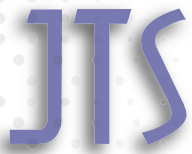
Reference Persons

Registrar	: Thailand Securities Depository Co., Ltd. 93, Ratchadapisek Road, Dindaeng, Dindaeng, Bangkok 10400 Tel. (66) 0 2009 9000 Fax (66) 0 2009 9476 www.set.or.th/tsd
Auditor	: Mr.Supachai Phanyawattano, Certified Public Accountant (Thailand) No. 3930 or Mrs.Chonlaros Suntiasvaraporn, Certified Public Accountant (Thailand) No. 4523 or Miss Supanee Triyanantakul, Certified Public Accountant (Thailand) No. 4498 EY Office Limited 193/136-137, 33 rd Floor, Lake Rajada Office Complex, Rajadapisek Road, Klongtoey, Bangkok 10110 Tel. (66) 0 2264 9090 Fax (66) 0 2264 0789-90 www.ey.com
Legal Advisor	: Vasu Prasannate Law office. No.12/76, Soi Chaengwatana 4, Khwaeng Anosaowaree, Khet Bang Khen, Bangkok 10200 Tel. 086 004 3417

Other Important Information

-None-

Interested investors may study more information of the issuer from JTS Annual Registration Statement (Form 56-1) disclosed on www.sec.or.th or www.jts.co.th



Message from the Board of Directors

Dear Shareholders,

2016 was the year in which Jasmine Telecom Systems Public Company Limited (the “Company”) operated its business to mostly serve the private sector and accord with economic situations; thus, resulting in a higher growth of revenue obtained from Telecom Systems Integration business. The Company continues focusing on strengthening the existing cloud computing business with an aim to increase its growth rate in every year as cloud computing can support the ICT work and reduce the expenses of both the ICT operators and the government.

On behalf of the Company’s directors, we hereby thank you all the shareholders, customers and business partners for your continued support that enabled the Company’s revenue growth in the previous year. On behalf of the Company’s executives and every employee, we promise to work with the best efforts to step forward firmly for future success.

A handwritten signature in black ink, appearing to read 'P. Sinarkorn', is centered on the page.

(Mr. Pleumjai Sinarkorn)

Chairman of the Board of Directors

JTS Board of Directors



Mr. Pleumjai Sinarkorn
Chairman of the Board of Directors



Mr. Raks Unahabhokha
Independent Director



**Acting Second Lieutenant
Annop Suthakavatin**
Independent Director



**Major General
Sunanta Sirisumpan**
Independent Director



Mrs. Nonglug Pongsrihadulchai
Director



Mr. Dusit Srisangaoran
Director and President



Mrs. Nitt Visesphan
Director

JTS BOARD OF DIRECTORS

No.	Name Position	Age (years)	Education	% of Holding No. of shares	Relationship	5 Years' Working Experience		
						Period	Position	Company
1	Mr. Pleumjai Sinarkorn (Chairman of the Board of Directors and Chairman of Remuneration Committee)	83 years	<ul style="list-style-type: none"> - Ph.D. (Innovative Management), Suan Sunandha Rajabhat University - Bachelor and Master of Business Administration, Suan Sunandha Rajabhat University - MMP Chulalongkorn University - Bachelor of Electrical Engineering, Rajamongkol University - Directors Certification Program (DCP) Class No. 41/2004, Thai Institutions of Directors Association (IOD) - Role of The Compensation Committee (RCC), Thai Institutions of Directors Association (IOD) - DCP Refresher Course, Thai Institutions of Directors Association (IOD) 	50,000	-	2016-Present	Chairman of the Board of Directors	JTS
						2014-Present	Chairman of Remuneration Committee	JTS
						2011-Present	Remuneration and Nomination Committee	Jasmine International Pcl.
						2010-present	Director	Cloud Computing Solutions Co., Ltd.
						2009-Present	Advisor	Jastel Network Co., Ltd.
						2008-Present	Director	Jasmine International Pcl.
						2007-2009	Advisor	Thai Long Distance Telecommunications Co., Ltd
						2004-Present	Director, Remuneration Committee	JTS
						2004-2015	Executive Committee,	JTS
						1998-2006	Advisor to Executive Committee	Jasmine International Pcl.
						1994-Present	Director	TT& T Pcl.

No.	Name Position	Age (years)	Education	% of Holding No. of shares	Relationship	5 Years' Working Experience		
						Period	Position	Company
2.	Mr. Raks Unahabhokha (Independent Director, Chairman of Audit Committee and Remuneration Committee)	77 years	<ul style="list-style-type: none"> - Ph.D. (Chemical Engineering), University College London, U.K. - Bachelor of Engineering (Honours) in Industrial Engineering, Chulalongkorn University - Director Certification Program (DCP) Thai Institute of Directors Association (IOD) - Audit Committee Program (ACP), Thai Institute of Directors Association (IOD) - Effective Audit Committee, Thai Institute of Directors Association (IOD) - Chartered Director Class, Thai Institute of Directors Association (IOD) 	-	-	2014-present	Chairman of Audit Committee and Remuneration Committee	JTS
						2016-present	Advisor	Assumption College Alumni
						2015-present	Advisor	Assumption College Parents and Teachers Association
						2013-present	Independent Director and Audit Committee	JTS
						2002-2016	Vice Chairman	Assumption College Alumni
						2002-2009	Independent Director and Chairman of the Audit Committee	TT&T Pcl.
						2002-2003	Board Member of the Trade Competition Commission	Ministry of Commerce
						2001-2002	Director	Thai Maritime Navigation Co., Ltd.
						2000-2008	Advisor	British-Thai Synthetic Textile Co., Ltd.
						1999-2002	Head of the consulting team advising SME	Ministry of Industry
						1992-2015	Board Member	Assumption College Parents and Teachers Association
						1988-1999	Managing Director	Rubia Industries Ltd.
						1984-1987	Deputy Managing Director	Betagro Group
						1978-1983	Director of Operation	Johnson and Johnson (Thailand) Ltd.
						1970-1977	Senior Technical Manager	Lever Brothers (Thailand) Ltd.

No.	Name Position	Age (years)	Education	% of Holding No. of shares	Relationship	5 Years' Working Experience		
						Period	Position	Company
3.	Acting Second Lieutenant Annop Suthakavatin (Independent Director, Member of Audit Committee and Remuneration Committee)	74 years	- Bachelor of Accounting, Thammasat University - Directors Accreditation Program (DAP) Class No. 1/2003 and Director Certification Program (DCP) Class No. 51/2004, Thai Institute of Directors Association (IOD) - Audit Committee Program (ACP) Class No. 7/2005, MFR, MIR and MIA, Thai Institute of Directors Association (IOD) - National Defence Collage (Government and Private Sector 388)	-	-	2010-present	Remuneration Committee	JTS
						2004-Present	Independent Director and Audit Committee	JTS
							Independent Director and Chairman of Audit Committee	Chao Praya Insurance PCL.
						2001-Present	Independent Director and Audit Committee	Royal Orchid Hotel (Thailand) PCL.
						2000-Present	Advisor	Krung Thai Tractor Co., Ltd.
						1971-present	Auditor C.P.A. (Thailand)	Freelance
4	Major General Sunanta Sirisumpan (Independent Director and Member of Audit Committee)	66 Years	- Bachelor of Arts (Political Science), Chiang Mai University	-	-	2014-present	Independent Director and Audit Committee	JTS
						2007	Secretary	Royal Thai Army Radio and Television Station Channel 5

No.	Name Position	Age (years)	Education	% of Holding No. of shares	Relationship	5 Years' Working Experience		
						Period	Position	Company
5.	Mrs. Nonglug Pongsrihadulchai (Director and Corporate Secretary)	61 Years	<ul style="list-style-type: none"> - Master of Agricultural Economics, Kasetsart University - Master of Environmental Management, Mahidol University - Bachelor of Education, Chulalongkorn University - Directors Certification Program (DCP) Class No.147/2011, Thai Institutions of Directors Association (IOD) 	-	-	2010-Present	Director	JTS
							Director	Cloud Computing Solutions Co., Ltd.
							General Manager	Acumen Co., Ltd.
						2009-Present	Director	Triple T Broadband Pcl.
						2008-2009	Assistant Vice President, Administration Department	Acumen Co., Ltd.
						2007-Present	Director	Triple T Internet Co., Ltd.
						2004-2007	Senior Manager, Administration Department	Acumen Co., Ltd.
						1996-2004	Manager and Senior Manager	Jasmine International Pcl.
						1994-1996	Assistant Manager and Manager, Administration Department	Acumen Co., Ltd.
6.	Mrs. Nitt Visesphan (Director)	56 Years	<ul style="list-style-type: none"> - Master Business Administration (MBA) (Public Management), Burapha University - Bachelor of Arts, Chiang Mai University 			2010-Present	Director	JTS
						2012-Present	Director	In Cloud Co., Ltd.
						2010-Present	Director	Cloud Computing Solutions Co., Ltd.
						1994-Present	Vice President, Financial Department	Jasmine International Pcl.
7.	Mr. Dusit Srisangaoran (Director and President)	37 Years	<ul style="list-style-type: none"> - Master of Management, (E-Commerce Management) College of Management Mahidol University - Bachelor of Engineering, (Computer Engineering) Mahidol University 	-	-	2016-Present	Director	JTS
						2015-Present	President	JTS
						2011-Present	Manager, Office of President	Jasmine Internet Co., Ltd.
						2007-2016	Business Development Manager, Office of President	Jasmine International Pcl.

Name of Directors	JTS	CCS	1	2	3	4	5	6	7
1. Mr. Pleumjai Sinarkorn	x	/	/		/				
2. Mr. Raks Unahabhokha	/								
3. Acting Second Lieutenant Annop Suthakavatin	/								
4. Major General Sunanta Sirisumpan	/								
5. Mrs. Nonglug Pongsrihadulchai	/	/		//		/	/		
6. Mrs. Nitt Viseshpan	/	/	//					/	
7. Mr. Dusit Srisangaoran	/,//								//

Associates Company

1. Jasmine International Pcl.
2. Acumen Co., Ltd.
3. TT&T Pcl.
4. Triple T Broadband Pcl.
5. Triple T Internet Co., Ltd.
6. In Cloud Co., Ltd.
7. Jasmine Internet Co., Ltd.

Remarks : X = Chairman / = Director // = Executive

Policy and Overall Business Operation

Jasmine Telecom Systems Public Company Limited (“JTS” or “the Company”) is a company in Jasmine International Group (“JAS Group”). The Company engages in telecommunications and ICT business, focusing on the design and the implementation of telecommunications and information technology systems, as a system integrator. JTS also sells equipment and provides the customers with relevant services. Besides, the Company has provided telecom service with respect to the Universal Services Obligation (“USO”) projects. The Company has also expanded its rented contact center system on Hosted Contact Center under the service name “EasyConnect”; its computer systems integration business; and the Cloud Computing business. It has created plans for new businesses that will enable the Company to generate sustainable growth of revenue.

1. Vision, Mission, Goal, and Strategy

Both the Company and its subsidiary aim to be recognized as leading companies in System Integration (“SI”) business due to their long experiences and specialization in telecommunications and ICT systems. The Company has several business alliances; among them are renowned manufacturers and leading domestic network providers. This is an important factor that strengthens the capability of the Company and its subsidiary in providing complete system integration services (Total Solution) for their customers.

Additionally, the subsidiary has expanded its business into the area of providing both hardware and software services by means of utilizing Cloud Computing Technology, ranging from Infrastructure as a Service (“IaaS”) all the way through Software as a Service (“SaaS”) via internet network. This is to provide its customers with new alternative that should help reduce their cost of investment and maintenance of computer equipment and system.

The Company and its subsidiary are confident that their consistent business development to become a service provider will not only bring differences but also increase their competitiveness, in keeping with continuous changes and fast growth of technology, while keeping the customers’ satisfaction.

Vision : To achieve leadership in ICT Systems Integration, capable of providing standard services that meet the demand of the customers

Mission :

1. To develop service quality to meet the demand of the customers and to win their satisfaction
2. To develop the personnel to have more potential and work with higher efficiency
3. To be always ready for advanced ICT technology and know-how

2. Significant Changes and Development

Jasmine Telecom Systems Public Company Limited was established on April 21, 1995, with the registered capital and paid-up capital of Baht 100,000,000 which was divided into 1,000,000 ordinary shares at a par value of Baht 100 per share. The Company was listed on the Stock Exchange of Thailand (the "SET") on September 18, 2006 with the registered capital and paid-up capital of Baht 700,000,000 which was divided into 700,000,000 ordinary shares at a par value of Baht 1 per share.

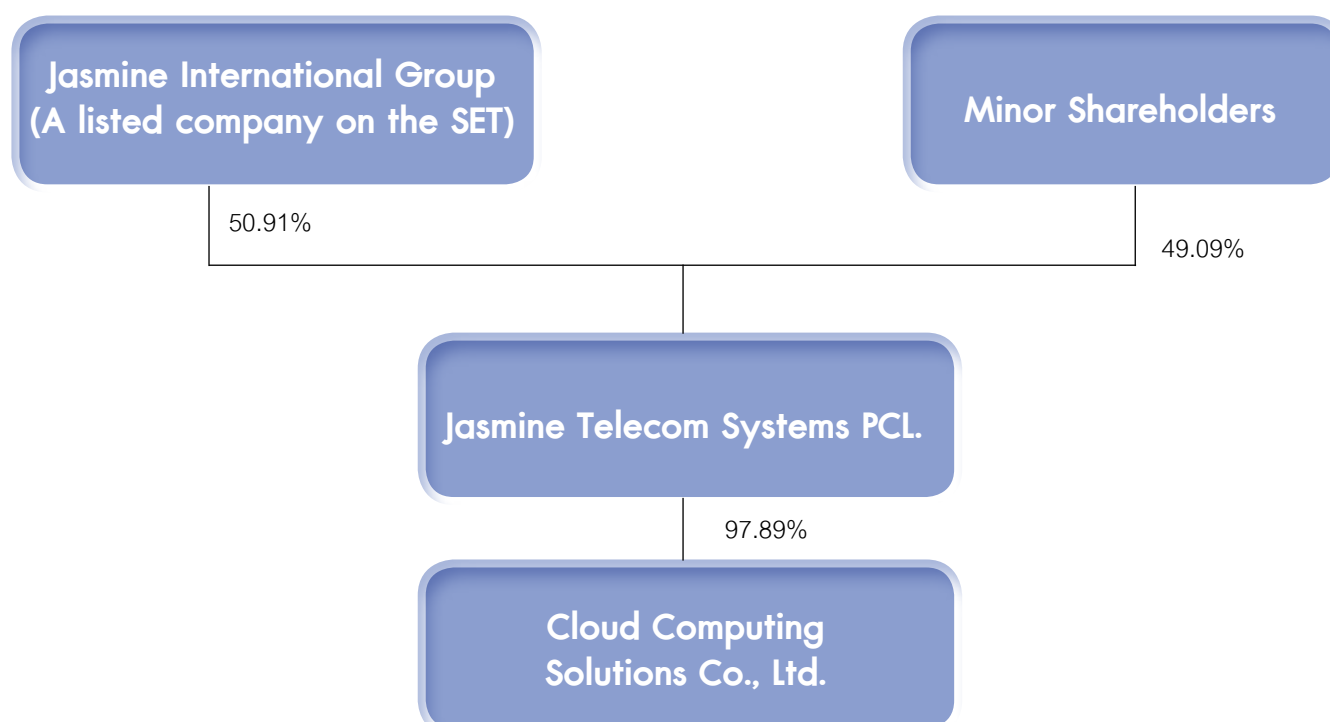
The Company completed the sale of its 5,000,000 newly issued shares on April 28, 2011. Later on, 1,457,300 warrants for buying the Company's ordinary shares were offered to the Company's directors and employees. On October 27, 2011, which was the completion date, 1,457,300 warrants were exercised; thus, the Company had 706,457,300 registered capital shares in total.

As at December 31, 2016, the Company had 706,457,300 ordinary shares, at the par value of Baht 1 per share and its paid-up capital was Baht 706,457,300.

3. The Company Structure

The Company has a subsidiary, named Cloud Computing Solutions Co., Ltd. ("CCS" or "the subsidiary"), which engages in computer systems integration, software development and maintenance service for computer hardware and other peripheral equipment, including offering cloud computing services. Currently, the Company holds 538,264 shares in CCS, equivalent to 97.87% of the entire 550,000 shares of CCS. The Company's shareholding structure is illustrated below:

The Company's Shareholding Structure as at March 9, 2017



4. Relationship with Business Group of Major Shareholder

The Company and its subsidiary have business transactions with the companies in JAS Group such as JasTel Network Co., Ltd. ("JasTel"), Triple T Broadband PCL. ("TTTBB") and others, as detailed in "Connected Transaction" and "Notes to Consolidated Financial Statements" of this Annual Report. As for business structure of the major shareholder, it is illustrated in the Annual Registration Statement (Form 56-1) of JAS.

JTS Business Of The Company And The Subsidiary

The Company and its subsidiary, as system integrators, provide ICT system integration service and other services that are related to ICT system integration. The Company also offers telecom services and engages in providing telecom and social services across the country for the project known as Universal Services Obligation ("USO"); meanwhile, expanding into the business of rented contact center system on Hosted Contact Center in the name "EasyConnect"; computer system integration business and cloud computing business.

Business of the Company and its subsidiary is classified into 3 segments as follows:-

1 Telecom Systems Integration

The Company's telecom systems integration business involves the sourcing of telecommunications equipment and the provision of other related services such as the design, the installation, and the testing services for both the government and the private sectors. Our clients are, for instances, TOT Public Company Limited ("TOT"), CAT Telecom Public Company Limited ("CAT"), Provincial Electricity Authority ("PEA"), Metropolitan Electricity Authority ("MEA"), The National Broadcasting and Telecommunications Commission ("NBTC"), State Railway of Thailand ("SRT"), Government Savings Bank ("GSB"), Office of the Basic Education Commission ("OBEC"), TTTBB and JasTel. At present, the Company engages in an outsourcing project of Advanced Info Service PCL ("AIS") to improve AIS In-Building Antenna Systems. The Company also provides the products that support its turnkey security system business such as CCTV system, access control system, intrusion prevention system and fire alarm system, etc.

2 Telecom Service Business

Telecom service business involves total solution provision of various telecom services that help support corporate customers in their non-core business. These services include system design, equipment sourcing, system installation and system/equipment maintenance both of the preventive and corrective types. From 2010 to 2016, the Company has provided telecom service with respect to the Universal Service Obligation ("USO") projects of TTTBB and JasTel. Categorized under this business segment also is the business for rented contact center system on Hosted Contact Center, in the service name "EasyConnect", of which the targets are customers and corporates that require a contact center to support their sales and after sales service activities. Renting the Hosted Contact Center service can help save their investment cost of contact center system; another advantage is the hi-speed Internet that accommodates the connectivity to the center hosted system (Hosted) that assures the customers with a quick and efficient service.

3 Computer Systems Integration Business and Cloud Computing Business

Computer Systems Integration and cloud computing businesses are operated by the Company's subsidiary, a provider of total solution cloud service who also provides consulting service, system design and installation of computer and ICT systems. The service range also entails the development of software applications and the maintenance service for computer hardware and other peripheral equipment for the customers in the government and private sectors.

Cloud computing business involves the service of computer hardware and software leasing which is an option suitable for the small and medium sized corporates that do not have adequate budget for cloud computing investment. Cloud computing business offers 2 types of service as follows:-

- 1 Cloud Infrastructure Service (Infrastructure-as-a-Service)
- 2 Software Based Service (Software-as-a-service)

Revenue Structure of the Company and its Subsidiary

Revenue structure of the Company and its subsidiary classified according to business segments is as follows:

Business Segment	Operated by	Consolidated Statement of Revenue					
		2014		2015		2016	
		Million Baht	%	Million Baht	%	Million Baht	%
Telecom Systems Integration Business	Company	38.36	30.06	8.79	9.68	65.95	46.42
Telecom Service Business	Company	9.19	7.20	2.24	2.47	0.67	0.47
Computer Systems Integration Business and Cloud Computing Business	Subsidiary	62.01	48.59	59.55	65.61	58.59	41.24
Total Sales & Services Revenue		109.56	85.86	70.58	77.77	125.21	88.14
Gain on Exchange Rate	Company	-	-	6.80	7.49	0.97	0.68
Other Income	Company	18.05	14.14	13.38	14.74	15.88	11.18
Total Revenues		127.61	100.00	90.76	100.00	142.06	100.00

The Company realizes that risk management is important to its business operation. The Company; thus, has managed risks to be at an acceptable level to enable the achievement of its business goal, by taking into account, the internal and external risk factors, the review and assessment of risks that may impact the Company's operation, policies and strategies. Significant risk factors of the Company are classified as follows:-

1. Revenue

The Company's main revenue was from Telecom Systems Integration business with the private sector. The Company attempts to reduce revenue risks that may arise from bidding for a government project or an expansion of investment in the government sector by beginning new businesses that will contribute more revenue to the Company in the long run, such as cloud computing business that offers the lease of both the computer hardware and software. Engaging in these new businesses also helps reduce the risks of dependency on a small number of clients.

2. Human Resources

Policies and strategies on human resources are considered a factor that is essential to the success of the Company. Thus, to enable its personnel to work to achieve their work objectives and to always keep pace with the Company's business that involves technologies, which, by nature, changes rapidly, the Company encourages its personnel to attend training courses. Regarding personnel compensation rate, it is considered to be appropriate, fair and comparable to the rates of other companies in the same industrial segment.

3. Project Delivery

Work manuals and project analysis are tools that the Company used for preventing risks that may arise from project delivery. Project schemes are prepared based on the analysis results; project progress reports are presented to the management on a regular basis while the liaison with the customers and relevant persons are frequently kept. These procedures enable the Company to deliver its projects on time and as complete as specified in the contracts, hence satisfying the customers.

4. Technological Change

The fast and continuous changes of ICT technology always give rise to new forms of business. The Company; therefore, has to keep track of technological advancement at all times so as to adapt itself properly with technological changes and to be capable of appropriately providing cutting-edge technologies that serve the need of the customers.

5. Exchange Rate

The Company has a policy on hedging the exchange rate risks that it may face when purchasing goods and services from abroad. It keeps observing changes of the exchange rates. The information gained through such observation will be analyzed and used as the basis for the consideration on entering a risk hedging contract each time. For safety, the Company will consider entering into a forward contract only when the timing is appropriate and the USD reserve account is properly managed.

List of top 10 major shareholders and shareholding structure as at March 9, 2017

Name of Shareholders	As at March 9, 2017	
	Number of Shares	% of Total Shares
1. Jasmine International Public Company Limited	231,714,400	32.80
ACeS Regional Service Co., Ltd.*	64,027,700	9.06
T.J.P. Engineering Co., Ltd.**	63,918,000	9.05
2. Mr. Kirkkrai Tribanyatkul	106,961,900	15.14
3. Mr. Soraj Asavaprappa	35,000,000	4.95
4. Mrs. Lalana Tharasuk	34,850,300	4.93
5. Mrs. Saowanit Thanomsuwan	34,790,000	4.92
6. Mr. Navamin Prasopnet	23,116,800	3.27
7. Mr. Veerayuth Elamsudthiwat	8,250,000	1.17
8. Mr. Kiet Srichomkwan	3,686,200	0.52
9. Mr. Mek Kengbancha	3,000,000	0.42
10. Mr. Kosin Sansawat	2,628,800	0.37

Remarks *ACeS Regional Service Co., Ltd. ("ARS") is a subsidiary of Jasmine International Public Company Limited ("JAS"); ARS is 98.04% held by ACeS (Thailand) Co, Ltd. ("ACT"); ACT is 58.84% held by Jasmine International Overseas Co., Ltd. ("JIOC"); and JIOC is 39.82% held by JAS.

** T.J.P. Engineering Co., Ltd. ("TJP") is a subsidiary of JAS. TJP is 80% held by JAS and 20% held by Acumen Co., Ltd. which is one of JAS' subsidiaries.

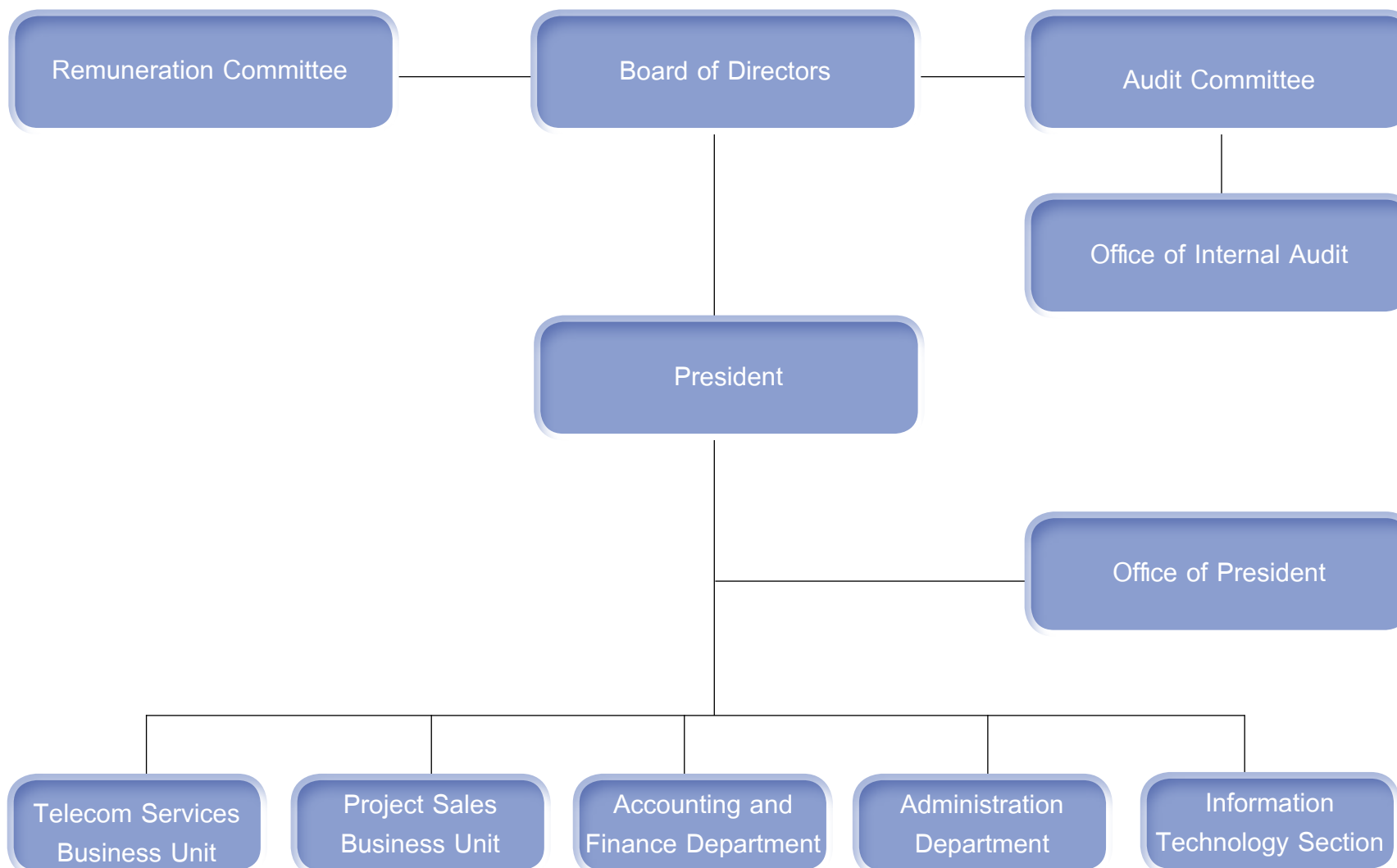
The details of shareholding structure of JAS Group can be seen in JAS Annual Registration Statement (Form 56-1).

JTS Dividend Policy

The Company has a policy of paying a dividend not less than 40 % of the Company's net profit after tax and such dividend payment shall have no significant effect on the Company's operations. However, the Company may pay a dividend less than the above rate when it is necessary to use some money from its net profit for the Company's business expansion.

According to the dividend payment policy of the subsidiary, dividend payment is considered based on its operating results and liquidity at that time.

JTS Management Structure



Management

The Board of Directors

As at December 31, 2016, the Company's Board of Directors comprised the following 7 directors:-

- | | | |
|----|---|------------------------------------|
| 1. | Mr. Pleumjai Sinarkorn | Chairman of the Board of Directors |
| 2. | Mr. Raks Unahabhokha | Independent Director |
| 3. | Acting Second Lieutenant Annop Suthakavatin | Independent Director |
| 4. | Major General Sunanta Sirisumpan | Independent Director |
| 5. | Mrs. Nonglug Pongsrihadulchai | Director |
| 6. | Mrs. Nitt Visesphan | Director |
| 7. | Mr. Dusit Srisangaoran | Director |

Remarks : 1. Mr. Pleumjai Sinarkorn was appointed a Chairman of the Board of Directors on September 28, 2016.
2. Mr. Dusit Srisangaoran was appointed a company a Director on September 28, 2016.

In 2016, the Company had 11 Board of Directors' meetings. The record of each Director's meeting attendance is as follows:-

Director's Name	Position	Number of Meeting Attendance
1. Mr. Pleumjai Sinarkorn	Chairman of the Board of Directors	11
2. Mr. Raks Unahabhokha	Independent Director	10
3. Acting Second Lieutenant Annop Suthakavatin	Independent Director	9
4. Major General Sunanta Sirisumpan	Independent Directors	10
5. Mrs.Nonglug Pongsrihadulchai	Director	11
6. Mrs.Nitt Visesphan	Director	11
7. Mr. Dusit Srisangaoran *	Director	3

Remarks : *Mr. Dusit Srisangaoran was appointed a company Director on September 28,2016. After the appointment, he attended the last 3 Board of Directors' meeting of the year 2016.

Authorized Directors

The Company's authorized directors are Mr. Pleumjai Sinarkorn, Mrs. Nonglug Pongsrihadulchai and Mrs. Nitt Visesphan. Two of them affix their signatures together with the Company seal to represent the Company in a transaction.

Scopes of Authority and Duties of the Board of Directors

The Directors shall honestly and prudently perform their duties in accordance with the laws of Thailand, the objectives and the Articles of Association of the Company as well as the legal resolutions or the recommendations of the shareholders' meetings. The scopes of authority and duties of the Board of Directors are summarized as per the followings.

- 1 Convene an Annual General Meeting of shareholders within four months of the last day of the fiscal year of the Company
- 2 Convene a meeting of the Board of Directors at least once every three months
- 3 Provide the preparation of the audited balance sheet and the profit and loss statement of the fiscal year of the Company to propose the shareholders' meeting for approval
- 4 May delegate their authority to any director or directors or other person to take any action on behalf of and under the supervision of the Board, or empower such person as the Board considers appropriate and within the time the Board considers appropriate. The Board may cancel, withdraw, change or amend the said authority whenever it deems appropriate.
- 5 Determine the Company's objective, policy, business plan and budget, as well as supervise and monitor the management of the Executive Directors to ensure that they conform to the Company's policy, with the exception of the following matters which require the approval of a shareholders' meeting: a capital increase, capital reduction, debenture issuance, the entire disposal or transfer of the business or a significant part thereof to other parties, the purchase or transfer of other businesses, and an amendment of the Memorandum of Association or Articles of Association.

Furthermore, the Board of Directors shall supervise and monitor the Company to ensure its compliance with the regulations of the SEC and SET, i.e. connected transactions, the disposal or acquisition of assets, or other related legislation, etc.

- 6 Determine the management structure, appointment of the Executive Committee, the President and other committees as appropriate
- 7 Monitor the Company's performance to be in accordance with the overall business plan and budget
- 8 No director shall engage in any business which has the same nature as and is in competition with the business of the Company or become a partner in an ordinary partnership or become a director of a private Company or any other Company operating a business which has the same nature as and is in competition with the business of the Company, either for his or her own benefit or for the benefit of other persons, unless he or she notifies the shareholders' meeting prior to the resolution of his or her appointment.
- 9 A director shall notify the Company without delay when he has a direct or indirect interest in any contract which is made by the Company, or when he or she holds shares or debentures of the Company or an affiliated company, and shall indicate any increase or decrease in the number of the director's total number of shares.

Authority and Duties of Chairman of the Board of Directors

Chairman of the Board of Directors is appointed by the Board of Directors as the chief of the Board; he is required to perform the following duties :-

1. To preside over the Board of Directors' Meeting and conduct the Meeting according to the agenda sequence, in compliance with the Company's Articles of Association and applicable laws; in addition to encouraging the Board members to independently discuss, express opinions, and exchange ideas with concern for all the stakeholders and with due circumspection for the optimum benefit of the Company; also, the Chairman of the Board of Directors has the duty to clearly sum up the meeting resolutions for further actions.

2. To preside over a shareholders' meeting and act as chairman of the meeting, conducting the meeting according to the agenda sequence, in compliance with the Company's Articles of Association and applicable laws by appropriately allocating time for each agenda, providing the shareholders with opportunities to express their opinions equitably and ensuring that their questions are properly responded to.
3. To perform any duty specified by law as the duty to be performed by the Chairman of the Board of Directors

Authorized Financial Operating Duties of the Chairman of the Board of Directors

The Chairman of the Board of Directors shall approve expenditures, purchases, procurements, rentals and leasing related to the Company's normal business operations and investments within a credit limit of Baht 30 million or equivalent or an amount the Company's Board of Directors assigned for each transaction. Also, the Chairman of the Board of Directors shall approve bidding for projects and/or a consortium with a partner within a project value limit of Baht 200 million or an equivalent amount for each project.

The authority of the Chairman of the Board of Directors shall not include empowering and/or delegating authority for the approval of transactions which may cause a conflict of interest with the Company according to the SET's regulations. The approval of the said transactions is required to be proposed to the Board of Directors and/or Shareholders of the Company for their consideration and approval in accordance with the Company's Articles of Association or relevant laws, except for the approval of transactions in the normal course of business which is already covered by existing guidelines approved by the Board.

Besides, the Board of Directors has granted the President their authorities to supervise the normal operations and investments of the Company. The scopes of authority and credit limit of each of these three levels of management are clearly determined. No authority is granted without a credit limit determined.

Executives

As at December 31, 2016, the Company had 6 executives as follows:-

- | | | |
|-------------------|-----------------|---|
| 1. Mr. Dusit | Srisangaoran | President |
| 2. Mr. Wichai | Tanjariyaporn | Vice President - Project Sales Business Unit |
| 3. Ms. Saengdao | Dechaduangsakul | Vice President - Accounting and Finance Department |
| 4. Mr. Thawatchai | Bodharamik | Assistant Vice President – Office of President |
| 5. Mrs. Somnuk | Waradee | Assistant Vice President – Office of Internal Audit |
| 6. Mr. Pichit | Kaewrayabsang | Assistant Vice President – Telecom Services Business Unit |

Scopes of Authority and Duties of the President

- 1 To manage and control the Company's normal business operations and act pursuant to assignments by the Board of Directors and the Board of Executive Directors as well as assign a suitable person to manage and perform as the representative of the President in necessary and suitable issues under the consideration of the President in accordance with the Company's Articles of Association or relevant laws
- 2 To approve expenditures, purchasing, procurement, rent and leasing according to the annual budget which is approved by the Board of Directors, as well as expenditures, purchasing, procurement, rent and leasing related to the Company's normal business operations and investments within a credit limit of Baht 5 million or equivalent or complies with the Company's Board of Directors' assignment for each transaction

- 3 To evaluate, appoint, remove and relieve the Company's employees which have a position lower than the Assistant Vice President
- 4 Approve bidding for projects or consortium with a partner within a project value limit of Baht 100 million or an equivalent amount for each project

The delegation of authority to the President as well as the assigning of a suitable person to act as a representative under the consideration of the President does not include the authority to approve a transaction which may have a conflict of interest with the Company or any transactions which may have a conflict of interest according to the SET's regulations. The approval of the said transactions will be required to be proposed to a Board of Directors' meeting and/or Shareholders' meeting in accordance with the Company's Articles of Association or relevant laws, except for normal business transactions already covered by existing guidelines approved by the Board.

Corporate Secretary

Mrs. Nonglug Pongsrihadulchai Corporate Secretary

Roles and responsibilities of Corporate Secretary

To be in compliance with Section 89/15 and Section 89/16 of the Securities and Exchange Act (No.4) B.E. 2551, effective on August 31,2008, Corporate Secretary has to work with responsibility, prudence and loyalty, in conformity with laws, goals of the Company, Articles of Association, resolutions passed by the Board of Directors' meetings and the shareholders' meetings. Duties under the law of Corporate Secretary are as follows:-

1. Preparing and keeping the following documents:-
 - Registration of directors
 - Notices calling the Board of Directors' meetings, minutes of the Board of Directors' meetings and the Company's Annual Reports
 - Notices calling the shareholders' meetings and minutes of the shareholders' meetings
2. Keeping reports on interest filled by directors and executives and delivering copies of such reports, as required by Section 89/14, to Chairman of the Board of Directors and Chairman of Audit Committee for acknowledgement, within 7 business days from the date on which the Company receives the reports.
3. Carrying out other activities as defined by the Capital Market Supervisory Board

Directors and Executives Remuneration

The Company has remunerated the directors and the executives based on the industry standard and reflect level. The remuneration for the Board of Directors shall be considered by the Remuneration Committee to be proposed to the Board of Director then to the shareholders for approval. A remuneration for an executive shall be considered based on the Company's operation results and accountability of that particular executive, including his/her qualifications, knowledge, experience and his/her contribution.

For the year 2016, the Board of Directors and the executives received cash remuneration and other remuneration as follows.

Cash Remuneration for Directors

Director's Position	The Remuneration per Month (Baht) Year 2016
Chairman of the Board of Directors	40,000
Vice Chairman of the Board of Directors	20,000
Independent Director	30,000
Non Executive-Directors	30,000
Executive Director	10,000
Chairman of the Audit Committee	10,000
Audit Committee Member	5,000
The Remuneration per Meeting (Baht)	
Chairman of the Remuneration Committee	5,000
Remuneration Committee Member	5,000
Gratuity	Yes

Cash Remuneration for the Executives

Remuneration for Executives	2016
Number of Executives (person)	6
Total Remuneration for Executives (Baht)	8,523,950
Type of Remuneration	Salary and Bonus

Other Forms of Remuneration for Directors

- None -

Other Forms of Remuneration for Executives

In 2016, the Company contributed Baht 630,614.40 for the provident fund of the Executives.

Personnel

As at December 31, 2016, the Company and its subsidiary had 30 employees as detailed below:-

Department	Number of Personnel as at December 31, 2016 (persons)
Office of President and Office of Internal Audit	5
Information Technology Section	2
Accounting and Finance Department	7
Administration Department	4
Project Sales Business Unit and Telecom Services Business Unit	12
Total	30

Total Remuneration of the Personnel of the Company and the Subsidiary

Type of Remuneration for the Year 2016	(Million Baht)
Salary and Bonus	29.79
Contribution for Provident Fund	1.75

Policy of Personnel Training and Development

Personnel who are well equipped with good knowledge, skills and expertise in consulting, project planning, administration and project control constitute potential workforce which is considered a key factor of success for the ICT business. The Company and its subsidiary; therefore, have set up a policy to continuously develop the efficiency of their personnel. Personnel of all levels have been trained since the first workday as an orientation is organized to introduce them the Company overview, structure, nature of business and all the related work systems. Furthermore, specific trainings are held to pave the ground for them on the procedures of the work they are in charge of. In-house seminars are also organized, on a regular basis, to accordingly increase proficiency and skills of both the executives and the employees. Moreover, the Company has a policy to train its personnel to be capable of working in place of one another, in case of necessity.

1. Corporate Governance Policy

The Company's Board of Directors is entitled to set up Corporate Governance which encompasses 5 major principles to be in line with the guideline of the Stock Exchange of Thailand, the details of which are as the followings.

1 The Rights of Shareholders

The Company is well aware that all the fundamental rights of the shareholders both as investors and company owners must be significantly recognized. Such rights include the right to sell, purchase or transfer the securities they hold, the right to receive the Company's profits sharing, the right to adequately receive the Company's information, the right to attend the shareholders' meeting wherein they can express their opinions and vote on resolutions on the Company's significant matters; for instance, the dividend payment, the appointment or dismissal of a director, the appointment of the external auditors, the approval of any crucial transaction which might affect the directions of the Company's operation, the amendment on Memorandum of Association or Articles of Association and so on.

Moreover, to support and facilitate the shareholders in exercising their rights as follows;

1. The Company manages to arrange the Shareholders' Annual General Meeting within the first 4 months of the Company's fiscal year. As for the so called "Extraordinary Shareholders' Meeting", each will be called for only when it is deemed appropriate.

Invitation letters together with the meeting agenda and related documents with adequate fact(s), reason(s) and opinion(s) of the Board of Directors will be distributed for the shareholders' consideration 7 or 14 days prior to the meeting date, depending on the subjects. The Company will also advertise the Meeting notice in the press 3 days consecutively before the date of meeting.

2 Provided that a shareholder is unable to attend the meeting in person, the Company allows him/her to assign an independent director or any person to attend and vote on his/her behalf. To this regard, the shareholder, as the Proxy Grantor, must inform the Company in writing by filling in one of the proxy forms attached with the meeting invitation letter or download from the Company's website.

3 During the meeting, the Company provides equal opportunities for the shareholders to make enquiries or to express their views. Therein, all the Company's directors and relevant management are present to be acknowledged of the shareholders' opinions as well as to answer the questions raised. Every question-and-answer issue and all the significant opinions are recorded in the minutes of meeting to facilitate the shareholders' scrutiny.

4 After the meeting finished, the Company shall arrange the minutes that present the complete and accurate information for the shareholders to review.

2. The Equitable Treatment of Shareholders

The Company has a policy to treat all the shareholders equally whether the major shareholders, minor shareholders, institutional investors or foreign investors. Independent directors are assigned by the Company to be responsible for looking after the minor shareholders.

The Company has the policy to announce the schedule of its shareholders' meeting together with the agendas in Thai and English via the Company's website in no less than 30 days prior to the meeting date to facilitate both the Thai and foreign investors.

The shareholders' meeting is properly conducted according to the scheduled agenda in respect of the Company's Articles of Association. Related information is clearly presented. No un-informed agenda is introduced to the meeting neither is an important agenda which the shareholders need some time to make a prudent study before making a decision. In case that a shareholder is unable to attend the meeting in person, the Company allows him/her to assign an independent director or any person to attend and vote on his/her behalf. To this regard, the shareholder, as the Proxy Grantor, must inform the Company in writing by filling in one of the proxy forms attached with the meeting invitation letter or download from the Company's website.

Voting process is transparent with regard to the order of agenda items. During the meeting, the shareholders are entitled to cast the vote to express their agreement or disagreement or even to abstain from voting on such issues as related transactions, the acquisition or the disposal of the Company's assets and so on. The agenda on director election provides the shareholders with the chance to elect the directors as individual persons to replace the ones who retire by rotation.

The Company has the policy to disclose information on related transactions, connected transactions and others as required by the regulations stipulated by offices overseeing listed companies.

The Company has business ethics for the employees, stipulating the importance of keeping the information of both the Company and its subsidiary in confidence. It has also set up penalty for any staff who makes use of the inside information for his/her own benefits or implement the same in the manner that may damage the Company's reputation. Additionally, the trading or transferring of the Company's securities by using confidential information and / or inside information is prohibited in the like manner as the conduct of juristic act, using the Company's confidential information and / or inside information since such doing may cause damage to the Company either directly or indirectly.

The Company has set up a measure to prevent the improper "Insider Trading" by relevant persons who are directors, executives, and staff working in the department related to the inside information (including their spouses and minors). According to the measure, such relevant persons are not allowed to trade the Company's securities a month before the disclosure of the quarterly and annual financial statements. The Company has informed its directors and executives not only of their duty to report their holding of the Company's securities but also the penalty according to the Securities and Exchange Act of B.E.2535 and the regulations of the Stock Exchange of Thailand. In case that the directors or executives trade the Company's securities which they hold, they are obliged to report changes in the possession of their own securities, spouses and minors to the Office of Securities Exchange Commission to comply with Section 59 of the Securities and Exchange Act of B.E.2535 within 3 working days so that it is further disclosed to the public.

Pertaining to this matter, the Company has set up the disciplinary penalty to apply to any relevant person who discloses or makes use of the Company's inside information for seeking his / her own personal interests. The degree of penalty varies, according to the case, from verbal warning, written warning to probation or dismissal.

3. The Role of Stakeholders

The Company equally respects the rights of all the stakeholders whether they are the inside stakeholders such as the Company's employees and management or outside-party stakeholders such as creditors and customers, etc. The Company also realizes that the support and suggestions from every group of stakeholders are valuable and beneficial to both the operation and business development. Therefore, the Company will perform the duty to comply with the law and other related regulations to ensure that all the rights of the stakeholders are well protected. Furthermore, the Company gives importance to equal treatment under human rights principles and shall not have a hand in any conspiracy that is against human rights. The Company supports and respects human rights protection and has guidelines to guard the rights of every stakeholder group as required by law.

Regarding intellectual property or copyright, the Company has a policy to strictly obey the laws enacted to protect intellectual property to prevent relevant stakeholders from any impact.

Also, the Company has an anti-corruption-and-bribery-for-business-benefit policy that is included in Code of Employees' Ethics for employees' acknowledgement and further conformity. The Company does not have any policy on offering money, incentives, gifts, or special privileges in any form, directly or indirectly, to any person in order to gain business benefits or competitive advantages. In addition, the Company strongly supports cooperation between the Company itself and each group of stakeholders for the Company's stability. To this respect, the Company follows the directions below to appropriately treat each stakeholder group.

Shareholders : With the aim to bring about the highest satisfaction to its shareholders, the Company intends to be their ever efficient and trustworthy business representatives, taking into account the long term growth of its value and the emphasis on transparent and honest information disclosure.

Employees : The Company regards employees as its precious resources. So, it focuses on supporting human resources development which consequently leads to its maximum benefit. Besides, it encourages the employees to play a part in creating a good organization culture, strong teamwork and safe and pleasant working atmosphere. In addition, it provides the employees with welfares and good environment; meanwhile, implanting in them the awareness of working with loyalty, taking into the minds all the possible impacts on both the organization and outside people in general.

Competitors : The Company commercially contends with other trade competitors on the fair and ethical competition basis.

Customers : The Company is committed to responding and providing quality services for the highest satisfaction and confidence of the customers.

Trade Counterparts and Creditors : The Company has the policy to treat both the counterparts and the creditors fairly in compliance with trading conditions and / or terms in the mutual contracts to enhance good business relationship, beneficial to all parties.

Community and Public : On the regular basis, the Company joins and sponsors socially constructive projects and activities as exemplified by financial and material donations to several schools foundations and organizations.

Environment : The Company recognizes the importance of environment and is concerned about the impact of pollutions on communities. However, the Company's nature of business does not jeopardize the environment.

The Company will conduct its business to be in line with the law and other related regulations to assure the shareholders of the best protection of their rights.

4. Disclosure and Transparency

The Company's Board of Directors takes as its obligation the disclosure of the Company's financial and other Company-related information to be complete, accurate, and transparent in compliant with the regulations of the Office of Securities Exchange Commission and the Stock Exchange of Thailand. Additionally, it discloses other significant information which may affect the price of the Company's securities which in turn impacts on the decision of the Company's investors and stakeholders. Such information is accessible to the Company's shareholders, investors and the public via the channels and media of the Stock Exchange of Thailand as well as the Company's website.

For Investor Relations, the Company has an IR Team to represent the Company in communicating with institutional investors, shareholders, analysts and relevant state organizations; whereas, the Corporate Secretary Administration Section is accountable for corporate reports.

The Company's Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiary as well as any financial-related information presented in the Company's Annual Report. Such financial statements are prudently prepared pursuant to the accounting principles generally accepted country-wide based on the appropriate accounting policy to which the Company regularly conforms. The Audit Committee is obliged to verify the quality of the Company's financial reports and internal control system, including the adequacy of the disclosure of important information in notes to the financial statements prior to submitting all to the Board of Directors' and the Shareholders' meetings respectively.

5. Responsibilities of the Board of Directors

1. Structure of the Board of Directors

The Board of Directors of the Company is made up of individuals recognized for their knowledge and capabilities. It plays the vital role in setting up the corporate policy and image besides independently overseeing, auditing, and assessing the Company's performance to be in accordance with the Business Plan.

The Board of Directors totally comprises 7 directors, 3 of whom are independent directors. The appointment of the independent directors in such adequate and proper proportion enables the balance of power in the Board of Directors. The Company's administration is finally examined by the Audit Committee which consists of 3 accredited independent members.

Term of Office of the Board of Directors

According to the Company's Articles of Association, at every Shareholders' Annual General Meeting, one-third of the directors who have the longest terms shall retire. Nevertheless, provided that the number of the directors is not a multiple of three, then the number nearest to one-third shall retire from office. The retirement of the directors in the first and the second year after the listing of the Company on the Stock Exchange of Thailand is based on the method of lot-drawing. As for the later years, the directors who serve the longest terms shall retire. The Company's Articles of Association also prescribes that the retired directors are eligible for the re-election. Furthermore, whether a director or a committee member can continuously remain in office without break for the longest period will be determined by the Company by taking into account his / her individual qualifications and appropriateness.

The Board of Directors has approved to embrace the disclosure of the number of other companies in which each director has his / her position as a significant criterion for the Board of Directors election. The Company; thus, discloses the information of all the directors who also are directors of other companies in details. At present, 2 directors of the Company's Board of Directors are holding the positions of director in other companies. However, since those directors have sufficiently devoted their time carrying out the Company's tasks with all their efforts, the holding of their positions in other companies does not affect their performance at all ; moreover, they regularly join the Board of Directors' meetings of the Company and always provide practical opinions for the Company therein.

Board Member Orientation

A newly appointed director will be briefed on businesses of the Company. The Company also sends him/her a set of document on regulations for the Board of Directors and the Board of Directors' responsibilities to notify them of good practice as a director of the Company.

2. Committee

To bring about efficiency in corporate governance, the Company established 2 sets of subcommittee, namely the Audit Committee and the Remuneration Committee. It has also set up distinct scopes of authority, duty and responsibility for the members of such subcommittees.

3. Role, Duty, and Responsibility of the Board of Directors

The Company's Board of Directors is made up of individuals who are knowledgeable, proficient, expert and well equipped with beneficial experiences in various fields apart from distinguished leadership. They collectively set visions, missions, strategies and business directions in addition to providing efficacious oversight of the Company's operation to fully comply with all the relevant laws and to correspond to the objectives and regulations of the Company as well as the resolutions of the shareholders' meeting. They also set up committees to monitor and supervise the Company's operation. The Company supports every director for his/her interest in taking any training course that provides essential knowledge that helps enhance him/her more professionalism as a director and that can be applied for the endless development of the quality of directors' performances.

With regard to top management succession planning, the Board of Directors set up criteria and procedures for the selection of qualified candidates for top management positions. It is required that such plan be annually reviewed.

Corporate Governance Policy

The Company is entitled to set up the policy of good corporate governance in writing. Such policy, approved by the Board of Directors' meeting, is regularly reviewed, at least once a year, in terms of content and compliance.

Business Ethics

The Company has the business ethics as an essential guideline for the Board of Directors, the management and employees of all levels to adhere so as to conduct their missions and serve all the groups of stakeholders fairly and honestly. Besides, the Company has announced such business ethics including punishment, and acknowledged them to the employees for strict compliance.

Conflict of Interest

The Company's Board of Directors has set up the policy on conflicts of interest based on the principle that any decision on business conduct must be made with respect to the highest interests of the Company only. Any action which might lead to conflicts of interest must be avoided. It is specified that any person relevant or related to the subject to be considered is obliged to acknowledge the Company of his / her relationship or relevance to the matter. He / She is not permitted to join the party which judges the case and does not have the power to authorize that particular case and others. No conditions or regulations are specially set for such case. It is also stipulated that the Office of Internal Audit and the Audit Committee are responsible for taking care of and solving the conflicts of interest. However, to date, the Company has not experienced the problem related to the conflict of interest.

The Audit Committee will report the carefully considered related party transaction and the matter containing a conflict of interest to the Board of Directors to be in compliance with the regulations of the Stock Exchange of Thailand. Such information is disclosed in the Company's Annual Report and the Updated Registration Statement (56-1 Form).

Whenever changes in the securities holding of the Board of Directors and the management of the Company, including their spouses and minors occur, they must be informed to the Company and reported to the Office of Securities Exchange Commission, respectively according to Section 59 of the Securities and Exchange Act of B.E.2535 within 3 working days after the date of purchase, sale or transfer. Besides, to prevent the improper usage of the Company's inside information, the directors, executives and departments having an access to the Company's inside information are forbidden from disclosing such information to the outside parties and anyone who does not involve in the Company's securities trading a month prior to the disclosure of the Company's financial statements.

Internal Control System

Realizing the importance of the efficient internal control system of both the management and the operation levels, the Company has specified the scopes of the duty and the authority for its executives and employees clearly in writing. It also conducts the control of assets usage. In addition, the duties of the staff and those of the monitoring and assessment officers are segregated from each other. The Audit Committee has been set up by the Company to oversee and monitor such control system to be appropriate and efficient.

Risks Management

The Company evaluates the adequacy of its existing internal control system on a yearly basis. Its Risk Management team work also forecasts internal and external risk factors, analyzes them and follows up the outcome besides finding measures to mitigate risks within the organization and properly improve the task operation for more effectiveness.

Report of the Board of Directors

Audit Committee is accountable for the review of the financial report. Quarterly, such report will be presented to the Board of Directors by the Accounting and Finance Department. The joint meeting between the relevant staff and the management of the Accounting and Finance Department and the Company's auditors is scheduled at least once a year. The Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiary as well as the financial information (the report on the Board of Directors' responsibilities for financial matters) presented in the Annual Report. Such financial statements are prepared in accordance with the accounting principles certified and verified with prudence by the Company's auditors. The disclosure of significant financial-related or non-financial related information is completely and regularly done on the factual basis.

4. Board of Directors' Meeting

The Company's Board of Directors' meeting is scheduled to be convened once every 3 months. However, a special meeting can be called if it is deemed necessary. The agenda items for each meeting are clear and specific. Documents concerned are sent to the directors prior to the meeting date in order to provide them with sufficient time of study, except for the emergency case. The meeting is recorded in writing. The minutes as well as other certified documents are kept for references and all must be examinable in the following meeting. The Chairman of the Board of Directors and the President of the Company jointly consider the issues to be included in the meeting agenda. To this regard, each director can also suggest issues for the Chairman of the Board of Directors and the President to consider for agenda preparation.

During the meeting, the Company's Chairman of the Board of Directors will provide opportunities for the directors to independently express their opinions. Sometimes, the Company's senior executives are invited to join the meeting for the provision of additional useful information for some particular agendas. On this occasion also that they can be directly acknowledged of the policy and put it into practice accordingly and efficiently. Decisions are based on a majority vote of the Board members attending the meeting; one director is eligible for one vote. However, a director who has some interests in the matter under consideration shall not join the meeting and / or abstain from voting for it. In case of tie, the Chairman has the casting vote.

In the Board of Directors' meeting, the President shall be the Secretary to the Board of Directors and shall take the minutes. The minutes shall be proposed to the chairman of the meeting to be considered and signed for certification and shall be submitted for verification in the following meeting of the Board of Directors.

The meeting documents and minutes are kept with respect to the related law by the Corporate Secretary Administration Section.

5. Board of Directors' Self Assessment

The Company's Board of Directors has the policy to evaluate the results of their own performances, taking the results of the Company's business operation, the degree of compliance to the established policies, and the overall economic and social situations as significant criteria. The self assessment outcome will be useful for self improvement in working of each individual director.

Anti-corruption Policy

The Company places importance on conducting business in a transparent manner with integrity in accordance with good corporate governance principles, adhering to its responsibility to the society and the nation as a whole. Realizing that corruption is a serious problem that hinders the development of the country; the Company has established an anti-corruption policy for itself and the subsidiary (Both the Company and subsidiary shall be referred to herein as "the company.") to apply as a guideline for business operation, with confidence that it would enable effective development to a sustainability organization, which, in a way, is a support tonational development.

Definition of "Corruption"

"Corruption" refers to any form of bribery whether it be an offer, a proposal to provide, a pledge or a promise to give, a request for or an acceptance of benefits such as money, assets and other undue advantage to/from a government officer, the government sector, the private sector, or any responsible person either in direct or indirect manner in order to acquire or retain a business as well as to recommend specific business to the entity and to protect any inappropriate interest for the company's business; except for the case enabled by law, regulation, announcement, rule, local tradition, or trade usage.

Anti-corruption Policy and Guideline

1. The directors, the executives and the employees of the company are prohibited from engaging in or accepting corruption of all types. The Anti-corruption Policy shall be applied to several company activities; for instances, personnel recruitment/nomination; promotion; procurement; sale; business-relation creation with both the government and the private sectors, and so on.
2. Every employee is obliged to notify his/her supervisor or the responsible person of any act of corruption or any intention that is within the scope of corruption. Furthermore, he/she must be cooperative in investigation procedure.
3. The company shall provide fairness and protection for every employee who denies corruption or informs the company of any corruption case.
4. A person who commits corruption shall receive disciplinary punishment as stipulated by the Article of Association of the Company. Conviction on law may be applied in case such act violates the law.
5. The anti-corruption policy and guideline shall be regularly revised to suit the changing business, rules, regulations, and all the applicable laws.

Whistle Blowing and Notice of Complaint

A person who finds corrupt practices or corruption-related cases , directly or indirectly, can notice the whistle blowing or make the complaint to the company through the following communication channels:-

1. E-mail : vasita.c@jasmine.com
2. The Company's website : www.jts.co.th/Contact Us/whistle blowing
3. Telephone Number : 02 100 8234

Preventive and Confidential Measure

Any person assigned by the Company to be responsible for the task of complaints and whistle blowing has a duty keep all personal information of every complainant and informant such as his/her name, address, subject of complaint and all the relevant documents, in confidentiality. Such information shall not be disclosed to anyone who is not a concerned person unless the disclosure is required by law.

Promotion of Anti-corruption Policy

To ensure that the Anti-corruption Policy is completely and thoroughly communicated to all personnel of the organization, the company shall

1. Announce the Policy to acknowledge its personnel for the right compliance
2. Promote the Policy through the Company's communication channels such as emails, website, Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2)
3. Compile and disseminate the laws against bribery and corruption support
4. Regularly review the Anti-corruption Policy

Gift Policy

The directors, the executives and/or the employees of the Company and its subsidiary are prohibited from receiving any benefit from government officers, government sector, private agencies, business partners, or people with whom the Company and its subsidiaries do business, be it in the form of money, assets or others for their own; except for

the case of the International New Year or other generally accepted local customary or traditional practices. The gifts that the directors, the executives and/or the employees of the Company and its subsidiary may receive on those occasions should not be exceeding 3,000 Baht in value. In addition, the directors, the executives and/or the employees of the Company and its subsidiary are not permitted, in any case, to accept immoderate or inappropriate hospitality and reception.

Report on Compliance with Corporate Governance Policy

In 2016, the Company completely conformed to the Good Corporate Governance Policy, stipulated by the Board of Directors as detailed below:-

1) and 2) Regarding the Rights of Shareholders and the Equitable Treatment of Shareholders

1. The Company completely and accurately reported its operation results to the shareholders and also arranged the shareholders' meeting to report and request for the approval of issues which are significant or require resolutions from the meeting according to the law.

2. The Company organized the Annual General Meeting of Shareholders for the year 2016 (the 2016 AGM) on 28 April 2016; all the Company's directors attended the meeting.

3. The shareholders' meeting was held at the Company which is located on the area, reachable by enough public transportation; thus, the shareholders could travel to attend the meeting conveniently.

4. The Company provided the shareholders with adequate time to study detailed information of the documents for the 2016 AGM beforehand by:

- posting the invitation letter to the 2016 AGM on its website (www.jts.co.th) 30 days prior to the meeting date.
- It also posted the Minutes of the 2016 AGM on the website 14 days after the date of the meeting.

5. The Company has not yet provided the shareholders a chance to submit their opinions, recommendations, inquiries, additional agenda items or names of candidates for the position of director to the Company since, for the time being, the Company is considering an appropriate guideline and a policy related to the matters.

6. The records of proxy in which the shareholders specified their intention to assign the Company's directors to attend the meetings and vote on their behalves at the shareholders' meetings in 2016 are as follows:-

- At the 2016 AGM, 24 shareholders assigned the Company's Independent Directors, namely, Mr. Raks Unahabhokha, Acting Second Lieutenant Annop Suthakavatin and Major General Sunanta Sirisumpan to vote on their behalves. In the like manner, 2 shareholders assigned Mr. Pleumjai Sinarkorn, the Company's director, to vote on their behalves.

7. At the shareholders' meeting, all the shareholders were equitably allowed to express their opinions and raise questions to any of the management who attended the meeting. Voting was in compliance with the following regulations:

1) In normal cases, the resolution shall be adopted by the majority votes of the shareholders who are present and vote in the meeting, of which one share will be counted as one vote. In case of equality of votes, the chairman of the meeting shall have a second or casting vote.

2) In the following cases, the resolution shall be adopted by the votes of not less than three-fourth of the total votes of shareholders who are present and entitled to vote.

- Sale or transfer of the whole or an essential part of the Company's business to other person
- Purchase or acceptance of transfer of business of any other private company

- Execution, amendment or termination of a contract in relation to the leasing of the whole or an essential part of the Company's business, the assignment to any other person to manage the Company's business or the consolidation of the Company's business with other persons for the purpose of profit and loss sharing
- Amendment to the Memorandum of Association or the Articles of Association
- Increase or decrease of registered capital
- Wind up the Company
- Merge with another company

The shares held by the Company shall have no vote.

8. The Company complied with the policy on the prevention of the inside information usage. Details of this policy are in Form 56-1 Subsection 9.5: Control of Inside Information, Topic : Control Activities. In 2016, the Company's executives and other relevant persons strictly conformed to such policy. None ignored or violated it.

3) Regarding the Role of Stakeholders

Provided that there is a case in which a stakeholder's right is violated by the Company, the Company shall take actions as required by law. A shareholder can submit a complaint or inform the Company of a trace of such matter at www.jts.co.th/contact-us/Whistle-blowing. However, in the previous year, no case of violation of the shareholders' right occurred nor did the conflict between the Company and the stakeholders.

4) Regarding Disclosure and Transparency

The Company's disclosure of the financial and the non-financial information was correct, complete, timely, transparent, and fair to all parties in conformity with the regulations stipulated by the SEC and the SET. The information that was already disclosed to the SET was also posted on the Company's website (www.jts.co.th) of the "Investor Relations/ News to SET" menu.

The remuneration of the Company's directors and executives is disclosed in Subsection 8.4 of the Updated Registration Statement (56-1 Form) and herein in Subsection 'Directors and Executives Remuneration'. Initially, the remuneration had passed prudent consideration of the Remuneration Committee. Then, it was considered and approved by the Board of Directors' meeting. Both the Remuneration Committee and the Board of Directors took into account remuneration information of other companies of the same line of industry, the Company's own business expansion and growth of profits as references. The remuneration of the Company's directors was finally approved by the shareholders' meeting.

As for salary, bonus and other benefits for the executives and the employees, each was considered mainly based on the Company's operating results. Besides cash remuneration, the Company provided its executives and employees with welfares other than those required by law such as provident fund and annual health checkup.

The Company fairly treated every group of investors, be it individual or institution. Investor Relations Unit of the Company was responsible for giving information to the investors directly; thus, interested investors could contact the Company conveniently via telephone and e-mail address. The task of Investor Relations is trusted to the Accounting and Finance Department.

- The contact person is Ms. Saengdao Dechaduangsakul, telephone: 0-2100-7358, email address: saengdao.d@jasmine.com

Meanwhile, the disclosure of significant data of the Company is assigned to the Corporate Secretary Administration Section, Administration Department.

- The contact person is Ms. Vasita Chotipruk, telephone: 0-2100-8234, email address: vasita.c@jasmine.com.

5) Regarding Responsibilities of the Board of Directors

1. Of the total 7 directors who constitute the Company's structure of the Board of Directors, 3 of whom are independent directors whose qualifications meet the Company's definition of Independent Directors which is equivalent to the standard of the SEC.

The number of the Company's independent directors is not less than one-third of the entire Board of the directors. The 3 directors are also the Company's Audit Committees whose qualifications meet the requirements of the SET; all possess independence in audit administration. Two independent directors are members of the Remuneration Committee.

The Company has clearly delineated the roles and responsibilities of the Board of Directors and the management. The organization structure is practical in which the management power is delegated to the employees of different levels, enabling them to participate in the Company's operations and dexterously perform their duties. The scopes of authorities and budgetary approval for each management level are clearly explicated in writing.

The Company has clearly segregated authorities and roles between Chairman of the Board of Directors and the President so as to prevent unlimited authority. Chairman of the Board of Directors is a director who is elected and appointed by the Board of Directors. The President is also appointed by the Board of Directors. (as detailed in Section Management : the Board of Directors and Executives)

2. Regarding the Board of Directors' Meeting, it is required by the Company's Article of Association that at a Board of Directors' meeting, not less than ½ of the total number of the entire directors constitutes a quorum. In case that at any meeting, the Chairman of the Board of Directors is not present or cannot perform his duty, it is required that the Vice Chairman of the Board of Directors be the Chairman of the Meeting. However, if the Company does not have a Vice Chairman of the Board of Directors or if the Vice Chairman cannot perform his duty on the meeting date, the directors who are present may elect one of their members to be Chairman of the Meeting. In summoning a Board of Directors' Meeting, Chairman of the Board of Directors or a person assigned must dispatch notice of summoning to all the directors not less than 7 days prior to the meeting date, except for an urgent case that the meeting is allowed to be called quicker and by other means in order to preserve the rights or the benefits of the Company.

In 2016, the Company completely complied with the regulation on this matter. Throughout the year, 11 Board of Directors' meetings were held. The record of each Director's meeting attendance is shown in Section Management : the Board of Directors.

3. The Company has set up Audit Committee to consider and verify details of the related work prior to the submission to the Board of Directors. The Audit Committee is scheduled for a meeting once a quarter. (See details of roles and responsibilities of Audit Committee in Section Corporate Governance : Subsection 2 The Subcommittee).

During the year 2016, the Company's subcommittees arranged their meetings as summarized below:-

- The Audit Committee held 5 meetings. All the committee members completed their attendance in 3 of the meetings. As for each of the other 2 meetings, it was not attended by Acting Second Lieutenant Annop Suthakavatin and Major General Sunanta Sirisumpan, respectively.
- The Remuneration Committee held 2 meetings. All the committee members completed their attendance in 1 of the meetings. As for the other meeting, it was not attended by Mr. Raks Unahabhokha.

4. The Company has established the Office the Internal Audit in accordance with the regulations of the SET to ensure that the operations of the Company and its subsidiary are in alignment with the Company's rules and regulations in addition to encouraging employees of all levels to perform their jobs efficiently and effectively with environmental and ethical awareness. An internal auditor is responsible for proving analysis, assessment, suggestions, consultation and information, which are beneficial to all workers and that enhance, as well as leverage the efficiency of the internal audit system with the cost-effective budget.

The task of internal audit also includes testing and assessment of adequacy and efficiency of the internal control system as well as the quality of the work within the organization.

With regard to Risk Management, please see Section Internal Control and Risk Management.

5. In 2016, the Board of Directors and the Audit Committee of the Company evaluated their own performances both as a party and an individual using the assessment form prepared based on the guideline of the Corporate Governance Center of the SET.

The result of the performance evaluation of the Audit Committee was reported to the Board of Directors in their meeting in order to comply with the requirement of the Thai Institute of Directors Association (IOD) on Corporate Governance of the listed companies.

Evaluation Criteria and average performance evaluation results of the Board of Directors and the Audit Committee are as detailed below:-

Grading Criteria

0 = No action has been taken.

1 = A little action has been taken.

2 = The action has been taken to a certain degree.

3 = The action has been well taken.

4 = The action has been excellently taken.

N/A = There is no information or the information cannot be used.

Evaluation Criteria and average performance evaluation results

Type of Committee	Evaluation Criteria	Percentage of Average of Good and Excellent Performance Evaluation Result
Board of Directors		
- As a party	<ol style="list-style-type: none"> 1. Structure and Qualifications of the Committee 2. Roles and Responsibilities of the Committee 3. The Committee Meetings 4. Fulfillment of Duties of the Committee 5. Relationship with the Management Support Team 6. Self-development of the Committee and the Development of the Executives 	91.63
- As an Individual	<ol style="list-style-type: none"> 1. Structure and Qualifications of the Committee 2. The Committee Meetings 3. Roles and Responsibilities of the Committee 	97.86
Audit Committee		
- As a party	<ol style="list-style-type: none"> 1. Structure and Qualifications of the Committee 2. The Committee Meetings 3. Roles and Responsibilities of the Committee 	95.55
- As an Individual	<ol style="list-style-type: none"> 1. Structure and Qualifications of the Committee 2. The Committee Meetings 3. Roles and Responsibilities of the Committee 	96.30

6. The Company supports its Directors to attend courses that are beneficial to their roles and duties. In 2016, a Company's Director attended the following forum and seminar:-

- Basic Course on New Auditor Reporting and a seminar on "The UK Experience on Implementing the Enhanced Auditor Reporting", which were held by the SEC in collaboration with the Federation of Accounting Professions, with an objective to provide the knowledge on the new auditor reporting for anyone working in the process of preparing the financial statements of a listed company.
- Meeting and exchanging ideas for executives for the good internal control of the listed companies, organized by the SET in collaboration with the SEC

7. In 2016, the Board of Directors' meeting reviewed the Company's Corporate Governance Policy and approved the Gift Policy of the Company and its subsidiary. Furthermore, in January, 2017 the Board of Directors' meeting has approved the authority and duties of the Chairman of the Board of Director.

2. The Subcommittees

The Company Consists of two sets of subcommittees which are the Audit Committee and the Remuneration Committee. Details are as follows:

2.1 Audit Committee

- | | |
|--|---------------------------------|
| 1. Mr. Raks Unahabhokha | Chairman of the Audit Committee |
| 2. Acting Second Lieutenant Annop Suthakavatin | Audit Committee |
| 3. Major General Sunanta Sirisumpan | Audit Committee |

Scopes of Authority and Duties of the Audit Committee

The scopes of authority and duties of the Audit Committee were approved and authorized by the Board of Directors as the followings.

1. To verify the Company's financial statements for accuracy and adequacy
2. To oversee both the Company's internal control system and internal audit system to ensure their appropriateness and efficiency aside from considering independence of the internal audit department, approving the appointment, the transfer, and the dismissal of the head of the office of Internal Audit as well as the heads of any other departments responsible for internal auditing
3. To oversee and ensure the Company's conformity to the law regarding securities and stock exchange in addition to the regulations of the SET and the laws relevant to the Company's business
4. To consider, select and appoint persons who are independent to be the Company's external auditors and propose their remuneration in addition to having a meeting with such auditors at least once a year without the presence of the management
5. To consider the related transactions as well as the transactions which may cause conflicts of interest and make sure that such transactions are reasonable and in compliant with the related law and the regulations of the SET for the maximum benefit of the Company
6. To prepare the Audit Committee's report which is disclosed in the Annual Report of the Company ; the report must be certified by the signature of the Chairman of the Audit Committee and must include at least the following information :
 - 6.1 The opinion on accuracy, completion, and creditability of the Company's financial report
 - 6.2 The opinion on adequacy of the Company's internal control system
 - 6.3 The opinion on compliance with the law regarding securities and stock exchange in addition to the regulations of the SET and the laws relevant to the Company's business
 - 6.4 The opinion on appropriateness of the external auditors
 - 6.5 The opinion on the transactions which may have conflicts of interest
 - 6.6 The number of Audit committee meetings and the attendance of each Audit Committee member
 - 6.7 The opinion or overall remarks the Audit Committee obtains during performing duties in line with the charter
 - 6.8 Other information deemed appropriate for the acknowledgement of the shareholders and investors under the scope of duties and responsibilities authorized by the Board of Directors
- 7 To oversee the Company's risk management to ensure their appropriateness and efficiency
- 8 Any other tasks assigned by the Board of Directors with the consent of the Audit Committee

The Audit Committee has a 3-year term in the office. In case of vacancy for any reason other than at the expiry of his term, the Board of Directors shall, to fulfill the Audit Committee as stipulated, elect and appoint a qualified person to fill in the vacancy. Such new member of the Audit committee shall retain his office only for the remaining term of the office of the Audit Committee member whom he replaces.

2.2 Remuneration Committee

- | | | |
|----|---|--|
| 1. | Mr. Pleumjai Sinarkorn | Chairman of the Remuneration Committee |
| 2. | Mr. Raks Unahabhokha | Remuneration Committee |
| 3. | Acting Second Lieutenant Annop Suthakavatin | Remuneration Committee |

Scopes of Authority and Duties of the Remuneration Committee

The scopes of authority and duties of the Remuneration Committee were approved and authorized by the Board of Director as the followings.

- 1 Determine the remuneration policy for the Board of Directors, President, and any subcommittees appointed by the Board of Directors
- 2 Determine the annual remuneration and other benefits for the Board of Directors and any subcommittees appointed by the Board of Directors
- 3 Evaluate the performance and determine the annual remuneration and other benefits for the President
- 4 Consider the allocation of the Employee Securities Option Plan adhere to regulations and conditions relating to the issuance of related securities

The Remuneration Committee is directly responsible to the Board of Directors. In addition, the Chairman and members of the Remuneration Committee have a term of three years. However, the Chairman and members of the Remuneration Committee may be re-appointed to their positions after the expiration of their terms.

The authority of the Remuneration Committee shall not include the authority to approve transactions which may cause a conflict of interest with the Company or any transaction in which members of the Remuneration Committee or their connected persons have an interest or benefit that causes a conflict of interest according to the SET's regulations. The approval of the said transactions is required to be proposed to the Board of Directors and/or the Shareholders of the Company for their consideration and approval in accordance with the Company's Articles of Association or relevant laws, except for the approval of transactions in the normal course of business which are already covered by existing guidelines approved by the Board.

3. Selection of Directors and Executives

The Company has not appointed the Nomination Committee; therefore, the Board of Directors is responsible for selecting persons with proper qualifications, experiences and sufficient time to contribute their roles to the Company. The selected persons shall be proposed to the shareholders' meeting for election which shall be supported by no less than the total shareholders present and eligible for the voting. Each shareholder shall exercise all of his votes to elect either one or several persons as a director or directors. The persons who receive the highest number of votes in their respective order of the votes in a number not exceeding the number of directors to be elected at the meeting shall be elected as the director(s). At an annual ordinary shareholders' meeting, one-third of the directors must retire from the office by rotation.

For the executives at the assistant vice president level to the level lower than the President, the Board of Directors is responsible for.

JTS Corporate Social Responsibility

The Company always realizes the importance of its responsibility to the society; thus, it operates the business with respect to business ethics; and at the same time, adheres to righteousness and appropriate actions. The Company's directors, executives and employees are committed to performing their duties honestly in compliance with the applicable laws and their own scopes of duty and responsibility. In addition, in order to enhance fair business competition, they are required to work, make business decisions; treat relevant parties with due care and refrain from any action that may cause damage to both the Company and its partners in the business chain. All these are clearly defined and conformed to across the organization.

For the year 2016, the Company organized a project titled “JTS Education Support to Develop the Youths to Excellence”, with an awareness that education is the foundation of national development, to give academic scholarships, donate sports equipment and offer a lunch treat to students of the following schools :-

1. Ban Lai Fai Kaeo School, Phayao Province
2. Ban Khun Huai Khrai School, Chiang Rai Province
3. Ban Pha Lae School, Chiang Rai Province
4. Ban Huai Mai Kaen School, Nakhon Si Thammarat Province
5. Wat Nong Pet School, Trang Province
6. Ban Khlong Ya Nat School, Krabi Province

The Company takes it as a responsibility to keep on supporting activities for corporate social responsibilities in the years ahead.

JTS Education Support to Develop the Youths to Excellence

JASMINE TELECOM SYSTEMS PCL



Opinion of the Board of Directors

The Company and its executives place importance on both the internal control systems, and the risk management; thus, on a regular basis, overseeing to ensure the Company's compliance with all the relevant regulations and applicable laws, proper related party transaction, stewardship and use of assets and no chances of conflicts of interest. Furthermore, the check and balance system is employed as the Company's mechanism to prevent corruption and misconduct. The efficiency and the adequacy of internal control systems of every department of the Company and its subsidiary are audited and evaluated by the Office of Internal Audit which is an independent work unit.

The Company has reviewed the Adequacy Assessment Form for the Internal Control System, prepared based on the guidelines of the Office of the Securities and Exchange Commission (the "SEC") which in turn were prepared based on the internal control guidelines of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) which devises the internal controls into 5 major positions with 17 principles, on a regular basis. The assessment of the internal control systems is annually conducted. For the year 2016, the Office of Internal Audit has reported the results of the internal control adequacy as detailed below:-

1. Control Environment

The Board of Directors and the management recognized the significance of the principles of Good Corporate Governance; therefore, they supported and pushed forward the Company to comply with all the laws and regulations that are relevant to its businesses. The Audit Committee and the Office of Internal Audit were assigned to audit and follow up compliance results regularly for the efficiency and the optimum effectiveness of the Company's business operation.

2. Risk Assessment

To achieve its business goal, the Company drew up risk management measures by taking into account the internal as well as the external risk factors that might impact the Company's business operation. Based on these measures, risks were analyzed and classified; the results were further used for reducing risks and chances of risks to an acceptable level in addition to creating effective internal control measures that were suitable for handling the changing risks.

3. Control Activities

The Company's policies and work instructions were put into writing, clearly stating the issues of the segregation of duties and the approval authority to prevent not only corruption, but also the transaction that might have conflicts of interest; this was in compliance with the SEC regulations and the applicable laws.

4. Information and Communication

The Company communicated its policies, rules, regulations and information relating to work procedures to its personnel of all levels via the existing information and communication systems ;thus, the employees were at all time, provided with complete and accurate information in time ; besides, essential information was provided adequately for the management's decision making on any issue. The Company's communication with the external stakeholders proceeds well due to its efficient communication procedures and many communication channels.

5. Monitoring Activities

The Company's work monitoring and assessment systems were set up to enable the Company's operation to achieve its goal. The Office of Internal Audit was responsible for auditing the entire work systems, taking into account any possible risk factor. The internal officers in charge followed up the improvements of the work systems to be in accordance with their audit recommendations to prevent errors that might affect the Company's operation.

The Board of Directors is of the opinion that the internal control systems and the risk management of the Company are adequate and proper; the Company has provided enough manpower to implement them efficiently.

Opinion of the Audit Committee on the Company's Internal Control Systems

Audit Committee Report

The Audit Committee of Jasmine Telecom Systems Public Company Limited (the "Company") consists of 3 qualified independent directors, chaired by Mr.Raks Unahabhokha with Acting Second Lieutenant Annop Suthakavatin and Major General Sunanta Sirisumpan as its members. Each of the independent directors in the Audit Committee possesses the qualifications as required by the Office of the Securities and Exchange Commission (the "SEC") and the Stock Exchange of Thailand (the "SET").

The Audit Committee performs its duties assigned by the Board of Directors (the "BOD") under the BOD-approved scope of responsibilities.

In 2016, the Company organized 5 Audit Committee meetings. The resolutions of every meeting were reported further to the BOD Meeting. The tasks accomplished by the Audit Committee in 2016 are summarized as follows:-

1. The verification of the accuracy, the completeness, and the reliability of the quarterly and the annual financial statements of the Company and the consolidated financial statements for the year 2016 that had been prudently audited by the Company's external auditor to ensure that they were prepared correctly in conformity with the generally accepted accounting principles and adequately disclosed
2. The verification of the adequacy of and the evaluation on the effectiveness of the internal control system as well as the compliance with the laws applicable to the business of the Company. In completing the task, the Company's executives and officers from the Office of Internal Audit were invited to join every Audit Committee Meeting to provide recommendations that were beneficial to the Company management.
3. The verification of the compliance with the codes and corporate governance principles of the Company and the lending of support to encourage employees at all levels to develop moral conscience and to be always aware of the importance of ethics. The Committee was of the opinion that the Company's BOD and employees complied well with the codes and corporate governance principles at all times.
4. The verification of the risk management policy and strategies along with the monitoring of risk management progress to ensure the Company's effective and appropriate risk management, capable of curtailing the risks to an acceptable degree

5. The verification of the Company's compliance with the Securities and Exchange Act, the rules and the regulations of the SEC and the SET and other laws applicable to the business of the Company
6. The verification of the related party transactions or the transactions that may involve conflicts of interest to ensure the Company's compliance with normal business practice conditions and the reasonableness of the Company's operation with respect to the Company's optimum benefit as well as the verification of adequate material information disclosure in accordance with the SET regulations
7. The selection and the nomination of the Company's auditors to propose for appointment, including the consideration on the remuneration thereof for the year 2017, based on the previous year's performance, knowledge, proficiency, independence of the auditors and the appropriateness of the proposed audit fee. The Audit Committee deemed it appropriate to propose the appointment of the auditors from EY Office Limited to be the Company's auditors for the year 2017 along with the reasonable audit fee amount for the BOD to consider and further submit for the shareholders' approval at the Annual General Meeting of Shareholders.
8. The Audit Committee's self assessment, both as a party and as an individual in the areas of Audit Committee's meeting, internal control and compliance with rules and regulations. According to the self assessment result, the entire committee appropriately completed their duties as required by the assessment criteria for Good Corporate Governance.

In view of the Audit Committee, the Company's financial statements were properly prepared in accordance with the generally accepted accounting principles; the disclosure of the related party transactions was adequate; and the business operation of the Company was in compliance with the Securities and Exchange Act, the rules and the regulations of the SEC and the SET and other laws applicable to the business of the Company. The internal audit system, the internal control system and the risk management that suited the Company's business ensured the completeness, the accuracy, the reliability, and the adequate disclosure of the financial information.



(Mr. Raks Unahabhokha)

Chairman of the Audit Committee

Head of Internal Audit

Name	Mrs. Somnuk Waradee	
	Position : Assistant Vice President Internal Audit	
Education	<ul style="list-style-type: none">- Master of Social Development and Environment Management,- National Institute of Development Administration- Bachelor of Accounting, Chiang Mai University- Federation of Accounting Professions- Technology Learning Center(TLC.)	
Experiences	2012-Present	Assistant Vice President Internal Audit, Jasmine Telecom Systems Public Company Limited
	2000-2012	Assistant Vice President Accounting Department, Jasmine Internet Co., Ltd
	1993-2000	Senior Manager Accounting Department, T.J.P. Engineering Co., Ltd
The Audit committee's opinion	In view of her qualifications, knowledge and experience, Head of Internal Audit is acknowledged by the Audit Committee.	
Appointment, removal and transfer of Head of Internal Audit	The appointment, discharge or transfer of the head of internal audit must be approved by the Audit Committee in compliance with the Company's regulations on appointment and transfer of employees.	

JTS Connected Transactions

The Company has the related party transactions as defined in the Notification of the SEC. The business transactions in the year 2016 were all in compliance with the terms and the conditions in the contracts entered into between the Company, its subsidiary and associated companies for normal business practice (as referred to in Clause 6 of Notes to the Financial Statements for the year 2016). The Company already carried out each transaction according to its procedure for the reasonableness of that particular transaction itself and also for the optimum benefits of the Company. The Audit Committee had reviewed the prices or the ratios of those transactions with the Company's officers and the internal auditors and was of the opinion that those prices were reasonable and accurately disclosed in the financial statements. The Company has its own approval procedures for related party transactions which were of the similar processes of the general procurement of the Company. To this regard, the Company's executives and the shareholders had neither interest in nor approval authority on related transaction matter. Details are as follows:-

1. In 2016, the Company and its subsidiary executed the following transactions of product sale, service offering, and other services with the following connected persons:-

Connected Person	Relationship	Nature of Related Party Transaction	Amount (Million Baht) as at December 31, 2016
1. JAS Group 1.) ACU 2.) TTTBB 3.) JasTel 4.) TTTI	1.) JAS is a major shareholder of the Company, holding 32.80% 2.) Having the same director as JAS, namely 1. Mr. Pleumjai Sinarkorn	- The Company provided public telephone rental service for ACU. - The Company provided the supplies, installation and maintenance services of public phones with respect to the Universal Service Obligation ("USO") project and survey new node IP DSLAM, wifi quality test for TTTBB. - The Company provided the supplies, installation and maintenance services of public phones with respect to the Universal Service Obligation ("USO") project for JasTel. - The Company provided the supplies, equipment router for TTTI	0.005 48.35 0.11 0.07
2. The Subsidiary 1.) CCS	1.) The Company is a major shareholder of CCS, holding 97.87% 2.) Having the same directors as JTS, namely 1. Mr. Pleumjai Sinarkorn 2. Mrs.Nonglug Pongsrihadulchai 3. Mrs.Nitt Visesphan	- The subsidiary provided the Infrastructure-as-a-Service for JAS. - The subsidiary provided the infrastructure-as-a-Service for ACU. - The subsidiary sold equipment and developed Broadband Customer System (BCS) and provided infrastructure-as-a-Service for TTTBB. - The subsidiary provided the maintenance service for the Radius system and provided Infrastructure-as-a-Service for Triple T Internet Co., Ltd ("TTTI"). - The subsidiary provided the Infrastructure-as-a-Service for Ji-NET. - The subsidiary provided the Infrastructure-as-a-Service for Premium Asset Co., Ltd. ("PA").	1.41 0.05 28.37 5.30 1.52 0.23

2. In 2016, the Company and its subsidiary transacted the product and equipment procurement, including payment for leases and services from connected persons as follows :-

Connected Person	Relationship	Nature of Related Party Transaction	Amount (Million Baht) as at December 31, 2016
1. JAS Group 1.) PA 2.) TTTBB 3.) TTTI	1.) JAS is a major shareholder of the Company, holding 32.80% 2.) Having the same director as JAS, namely 1. Mr. Pleumjai Sinarkorn	- The Company entered into office space rental and service contract with JAS, including other expenses. - The Company entered into Security, Cleaning and Utilities service contract with PA. - The Company entered into the telephone system service contract and the CCTV maintenance service contract with TTTBB. - The Company executed the high-speed internet service contract with TTTI.	3.06 1.85 3.87 0.76
2. The Subsidiary 1.) CCS	1.) The Company is a major shareholder of CCS, holding 97.87% 2.) Having the same directors as JTS, namely 1. Mr. Pleumjai Sinarkorn 2. Mrs.Nonglug Pongsrihadulchai 3. Mrs.Nitt Visesphan	- The subsidiary entered into office space rental and service contract with JAS, including other expenses. - The subsidiary entered into Security, Cleaning and Utilities service contract with PA. - The subsidiary executed the high-speed internet service contract with TTTI. - The subsidiary entered into the contracts for space rental service for server and circuit rental service with JasTel. - The subsidiary entered into the SMS Gateway service contract with Ji-Net.	1.79 1.27 1.00 1.28 0.0001

Audit Report Summary

The auditor whose appointment was approved by the Company was Mrs. Chonlaros Suntiasvaraporn, Certified Public Accountant (Thailand) No.4523, or Mr.Supachai Phanyawattano, Certified Public Accountant (Thailand) No.3930 or Ms. Supanee Triyanantakul, Certified Public Accountant (Thailand) No.4498 of EY Office Limited, located at 193/136-137, 33rd Floor, Lake Rajada Office Complex, New Rajadapisek Road, Bangkok 10110 Tel. (66) 0 2264 0777 and (66) 0 2661 9190 Fax (66) 0 2664 0789-90 and (66) 0 2661 9192

According to the Audit Report, the Company's auditor had given Qualified Opinion on the Company's financial statements as of the years 2014, 2015 and 2016 due to a limitation imposed by the following circumstances:-

1. 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. The auditor 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, the auditor 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.

The auditor draw attention on this matter:-

The 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. Auditor's opinion is not qualified in respect of this matter.

Jasmine Telecom Systems Public Company Limited

Statements of financial positions

As at 31 December 2014 to 2016

(Unit: Thousand baht)

	Separate financial statements						Consolidated financial statements					
	2014		2015		2016		2014		2015		2016	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
ASSETS												
CURRENT ASSETS												
Cash and cash equivalents	176,107	10.56	170,279	10.85	314,287	22.94	185,167	10.58	179,229	10.94	322,516	25.04
Current investments-bank deposits	542,082	32.51	525,709	33.50	100,679	7.35	542,229	30.98	525,864	32.10	100,808	7.83
Trade and other receivables	794,909	47.67	773,821	49.32	786,395	57.41	810,424	46.30	778,872	47.54	789,969	61.32
Unbilled receivables related parties	78	0.00	48	0.00	574	0.04	109	0.01	23	0.00	19	0.00
Unbilled receivables unrelated parties	38,922	2.33	11,679	0.74	5,467	0.40	42,523	2.43	15,606	0.95	11,112	0.86
Short-term loans to related party	-	-	-	-	-	-	-	-	-	-	-	-
Current portion of long-term loans to related party	-	-	-	-	16,000	1.17	-	-	-	-	-	-
Inventories	17,043	1.02	10,409	0.66	8,044	0.59	17,139	0.98	10,522	0.64	8,189	0.64
Accounts receivable under troubled debt restructuring	18,834	1.13	18,834	1.20	-	-	47,415	2.71	47,415	2.89	-	-
Prepaid project costs	110	0.01	91	0.01	62	0.00	133	0.01	438	0.03	1,230	0.10
other current assets	27,546	1.65	17,774	1.13	6,612	0.48	38,367	2.19	25,492	1.56	12,565	0.98
Total current assets	1,615,631	96.88	1,528,643	97.42	1,238,120	90.38	1,683,506	96.18	1,583,461	96.65	1,246,409	96.76
NON-CURRENT ASSETS												
Restricted bank deposits	29,753	1.78	28,444	1.81	27,849	2.03	32,388	1.85	31,067	1.90	30,409	2.36
Long-term loans to related party	-	-	-	-	101,000	7.37	-	-	-	-	-	-
Investment in subsidiary	-	-	-	-	-	-	-	-	-	-	-	-
Property , plant and equipment	20,270	1.22	10,946	0.70	1,871	0.14	31,680	1.81	21,782	1.33	9,541	0.74
Deposits	1,926	0.12	1,072	0.07	1,014	0.07	2,844	0.16	2,013	0.12	1,847	0.14
TOTAL NON- CURRENT ASSETS	51,949	3.12	40,462	2.58	131,734	9.62	66,912	3.82	54,862	3.35	41,796	3.24
TOTAL ASSETS	1,667,580	100.00	1,569,105	100.00	1,369,854	100.00	1,750,418	100.00	1,638,323	100.00	1,288,205	100.00

Jasmine Telecom Systems Public Company Limited
Statements of financial positions (continued)

As at 31 December 2014 to 2016

(Unit: Thousand baht)

	Separate financial statements						Consolidated financial statements					
	2014		2015		2016		2014		2015		2016	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
LIABILITIES AND SHAREHOLDERS' EQUITY												
CURRENT LIABILITIES												
Trade and other payable	233,161	13.98	188,100	11.99	113,105	8.26	264,958	15.14	231,716	14.14	151,305	11.75
Accrued project cost	20,725	1.24	14,512	0.92	12,301	0.90	165,258	9.44	163,468	9.98	157,641	12.24
Current portion of long-term loans	-	-	-	-	-	-	28,968	1.65	28,968	1.77	-	-
Advance received for goods and services	2,300	0.14	906	0.06	906	0.07	2,346	0.13	1,627	0.10	2,894	0.22
other current liabilities	17,417	1.04	16,839	1.07	19,635	1.43	26,719	1.53	25,569	1.56	28,351	2.20
TOTAL CURRENT LIABILITIES	273,603	16.41	220,356	14.04	145,947	10.65	488,248	27.89	451,348	27.55	340,191	26.41
NON CURRENT LIABILITIES												
Long-term loans- net of current portion	-	-	-	-	-	-	138,800	7.93	109,803	6.70	-	-
Provision for long-term employee benefits	16,655	1.00	9,720	0.62	10,483	0.77	17,627	1.01	11,190	0.68	10,483	0.81
TOTAL NON CURRENT LIABILITIES	16,655	1.00	9,720	0.62	10,483	0.77	156,427	8.94	120,993	7.39	10,483	0.81
TOTAL LIABILITIES	290,258	17.41	230,075	14.66	156,430	11.42	644,675	36.83	572,341	34.93	350,675	27.22
SHAREHOLDERS' EQUITY												
Share capital												
Registered: 1.00 Baht per share	706,457	-	706,457	-	706,457	-	706,457	-	706,457	-	706,457	-
Issued and fully paid-up	706,457	42.36	706,457	45.02	706,457	51.57	706,457	40.36	706,457	43.12	706,457	54.84
Share premium	420,269	25.20	420,269	26.78	420,269	30.68	420,269	24.01	420,269	25.65	420,269	32.62
Retained earnings												
Appropriated-statutory reserve	65,186	3.91	65,186	4.15	70,646	5.16	65,186	3.72	65,186	3.98	70,646	5.48
Unappropriated (deficit)	185,410	11.12	147,117	9.38	16,051	1.17	(86,960)	(4.97)	(126,794)	(7.74)	(260,338)	(20.21)
Other components of shareholders'equity	-	-	-	-	-	-	8,158	0.47	8,158	0.50	8,158	0.63
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	1,377,322	82.59	1,339,029	85.34	1,213,423	88.58	1,113,110	63.59	1,073,275	65.51	945,192	73.37
Non-controlling interests of the subsidiary	-	-	-	-	-	-	(7,368)	(0.42)	(7,293)	(0.45)	(7,662)	(0.59)
TOTAL SHAREHOLDERS' EQUITY	1,377,322	82.59	1,339,029	85.34	1,213,423	88.58	1,105,743	63.17	1,065,982	65.07	937,530	72.78
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,667,580	100.00	1,569,105	100.00	1,369,854	100.00	1,750,418	100.00	1,638,323	100.00	1,288,205	100.00

Jasmine Telecom Systems Public Company Limited
Statements of comprehensive income

For year ended 31 December 2014 to 2016

(Unit: Thousand baht)

	Separate financial statements						Consolidated financial statements					
	2014		2015		2016		2014		2015		2016	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
PROFIT OR LOSS												
REVENUES												
Sales and service income	47,915	68.46	11,308	27.67	67,195	88.04	109,554	85.85	70,581	77.77	125,213	88.14
Exchange gains	-	-	9,423	23.05	756	0.99	0	-	6,804	7.50	966	0.68
Other income	22,079	31.54	20,143	49.28	8,374	10.97	18,052	14.15	13,374	14.74	15,880	11.18
TOTAL REVENUES	69,994	100.00	40,875	100.00	76,326	100.00	127,606	100.00	90,759	100.00	142,059	100.00
EXPENSES												
Cost of sales and services	32,914	47.02	8,040	19.67	20,469	26.82	54,604	42.79	32,388	35.69	47,303	33.30
Selling and Servicing expenses	9,537	13.63	1,403	3.43	-	-	11,290	8.85	3,042	3.35	1,533	1.08
Administrative expenses	100,750	143.94	70,868	173.38	44,769	58.66	114,216	89.51	85,921	94.67	57,641	40.58
Exchange losses	15,915	22.74	-	-	-	-	16,582	13.00	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-
Bad debt	-	-	-	-	-	-	-	-	-	-	1,725	1.21
Doubtful Debt	74,314	106.17	2,175	5.32	62,913	82.43	-	-	2,175	2.40	80,027	56.33
Loss on impairment of investment	83,899	119.87	-	-	-	-	-	-	-	-	-	-
Loss on impairment of asset	37,496	53.57	-	-	-	-	37,496	29.38	-	-	-	-
TOTAL EXPENSES	354,825	506.93	82,486	201.80	128,151	167.90	234,189	183.53	123,525	136.10	188,228	132.50
LOSS BEFORE FINANCE COST AND INCOME TAX EXPENSES	(284,830)	(406.93)	(41,611)	(101.80)	(51,825)	(67.90)	(106,583)	(83.53)	(32,766)	(36.10)	(46,169)	(32.50)
Finance Cost	(518)	(0.74)	(413)	(1.01)	(3,139)	(4.11)	(12,494)	(9.79)	(10,726)	(11.82)	(11,642)	(8.19)
LOSS BEFORE INCOME TAX EXPENSES	(285,348)	(407.67)	(42,024)	(102.81)	(54,964)	(72.01)	(119,077)	(93.32)	(43,492)	(47.92)	(57,811)	(40.69)
Income tax expense	(14,674)	(20.96)	-	-	-	-	(14,674)	(11.50)	-	-	-	-
PROFIT (LOSS) FOR THIS YEAR	(300,022)	(428.64)	(42,024)	(102.81)	(54,964)	(72.01)	(133,751)	(104.82)	(43,492)	(47.92)	(57,811)	(40.69)
Non-controlling interests of the subsidiary	-	-	-	-	-	-	172	0.13	75	0.08	(369)	(0.26)
LOSS FOR THIS YEAR	(300,022)	(428.64)	(42,024)	(102.81)	(54,964)	(72.01)	(133,923)	(104.95)	(43,566)	(48.00)	(57,442)	(40.43)
Basic earning per share (at par Baht 1)	(0.42)		(0.06)		(0.08)		(0.19)		(0.06)		(0.08)	
Other comprehensive income for the year												
Total comprehensive income for the year	(300,022)	(428.64)	(42,024)	(102.81)	(54,964)	(72.01)	(133,751)	(104.82)	(43,492)	(47.92)	(57,811)	(40.69)
Actuarial gain	-	-	3,731	9.13	-	-	-	-	3,731	4.11	-	0.00
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(300,022)	(428.64)	(38,293)	(93.68)	(54,964)	(72.01)	(133,751)	(104.82)	(39,760)	(43.81)	(57,811)	(40.69)

Jasmine Telecom Systems Public Company Limited

Cash flow statement

For year ended 31 December 2014 to 2016

(Unit: Thousands Baht)

	Separate financial statements			Consolidated financial statements		
	2014	2015	2016	2014	2015	2016
CASH FLOW FROM OPERATING ACTIVITIES						
Loss before tax	(285,348)	(42,024)	(54,964)	(119,077)	(43,492)	(57,811)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities						
Depreciation	10,364	9,640	9,054	18,748	16,241	13,600
Bad Debt	9,262	-	-	9,262	-	1,725
Doubtful debt	74,314	2,175	62,913	-	2,175	80,027
Reduction of inventory to net relisable value	-	4,014	-	-	4,014	-
Loss on impairment of investment	83,899	-	-	-	-	-
loss on impairment of asset	37,496	-	-	37,496	-	-
Gain on disposal of equipment	(107)	(58)	(24)	(106)	(54)	(25)
Provision for long- term employee benefits (reversal)	(1,221)	1,741	764	(1,095)	1,879	907
Unrealised exchange (gain) Losses	(37)	(110)	11	99	2,509	(199)
Interest income	(18,760)	(14,681)	(6,840)	(14,710)	(12,879)	(5,288)
Interest expenses	58	409	31	12,034	10,722	8,533
Profit(loss) from operating activities before changes in operating assets and liabilities	(90,082)	(38,896)	10,944	(57,350)	(18,885)	41,470
Operating assets (Increase) decrease						
Trade and other receivables	441,777	21,906	(43,263)	441,472	29,676	(40,832)
Unbilled receivables	22,697	27,273	5,686	25,023	27,003	4,498
Inventories	24,806	2,288	2,365	24,726	2,272	2,333
Prepaid project costs	21,869	19	29	22,352	(305)	(791)
Other current assets	21,989	2,474	483	21,964	2,252	494
Other assets	(30)	854	58	(5)	831	167
Operating liabilities increase (decrease)						
Trade and other payable	57,131	(45,249)	(74,980)	56,725	(33,430)	(80,396)
Accrued project costs	(103,681)	(6,213)	(2,211)	(110,677)	(1,790)	(5,617)
Advance received for goods and services	716	(1,395)	-	741	(718)	1,267
Other current liabilities	(12,850)	(577)	2,796	(13,155)	(3,406)	2,513
Transfer of long-term employee benefits	-	-	-	-	-	(1,613)
Provision for long- term employee benefits	-	(4,944)	-	-	(4,940)	-
Cash used in operating activities	384,341	(42,459)	(98,092)	411,817	(1,443)	(76,509)

Jasmine Telecom Systems Public Company Limited

Cash flow statement (Continue)

For year ended 31 December 2014 to 2016

(Unit: Thousands Baht)

	Separate financial statements			Consolidated financial statements		
	2014	2015	2016	2014	2015	2016
Cash paid for interest expenses	(57)	(411)	(31)	(12,037)	(10,729)	(8,264)
Cash paid for income tax	(9,396)	(1,196)	(684)	(8,866)	(2,513)	(1,946)
Refundable withholding tax	0	8,471	9,396		13,889	9,396
Net cash used in operating activities	374,889	(35,595)	(89,412)	390,914	(797)	(77,323)
Cash flows from investing activities						
Decrease(Increase) in current investment bank deposits	(460,507)	16,373	425,030	(460,429)	16,365	425,055
Decrease in restricted bank deposits	41,713	1,309	595	42,351	1,321	658
Increase in short-term loans to related party	-	-	(11,000)	-	-	-
Increase in long-term loans to related party	-	-	(117,000)	-	-	-
Interest income	16,014	12,011	6,391	11,191	12,127	5,644
Acquisition of equipment	(22)	-		(1,135)	(6,031)	(1,379)
Proceeds from sales of equipment	326	74	45	326	74	46
Net cash from investing activities	(402,476)	29,767	304,061	(407,697)	23,856	430,023
Cash flows from financing activities						
Decrease in trust receipts	(25,160)	-	-	(25,160)	-	
Repayment of long-term loans	-	-	-	(14,510)	(28,997)	(138,771)
Dividend paid	-	-	(70,642)	-	-	(70,642)
Net cash used in financing activities	(25,160)	-	(70,642)	(39,671)	(28,997)	(209,413)
Net increase (decrease) in cash and cash equivalents	(52,748)	(5,828)	144,008	(56,454)	(5,938)	143,287
Cash and cash equivalents at beginning of year	228,855	176,107	170,279	241,620	185,166	179,229
Cash and cash equivalents at the end of year	176,107	170,279	314,287	185,166	179,228	322,516

Jasmine Telecom Systems Public Company Limited

Financial Ratios

As at 31 December 2014 to 2016

	Separate financial statements			Consolidated financial statements		
	2014	2015	2016	2014	2015	2016
Liquidity ratio						
Current ratio (times)	5.91	6.94	8.48	3.45	3.51	3.66
Quick ratio (times)	5.67	6.72	8.27	3.24	3.32	3.60
Cash ratio (times)	1.19	(0.14)	(0.49)	0.74	(0.00)	(0.20)
Receivables turn over (times)	0.04	0.01	0.09	0.10	0.09	0.16
Collection period (days)	8,064	25,778	4,227	3,585	4,202	2,294
Inventory turnover (times)	1.31	0.59	2.22	2.17	2.34	5.06
Inventory turnover period (days)	274	615	162	166	154	71
Account payable turnover (times)	0.16	0.04	0.14	0.23	0.13	0.25
Payment period (days)	2,238	9,431	2,649	1,560	2,760	1,457
Cash Cycle (days)	6,100	16,962	1,741	2,191	1,595	907
Profitability ratio						
Gross profit margin (%)	31.31	28.90	69.54	50.16	54.11	62.22
Operating profit margin (%)	(184.49)	(435.73)	10.70	(72.88)	(68.28)	18.64
Cash to net profit ratio (%)	(424.09)	72.24	(1,243.22)	(489.59)	1.65	(331.23)
Net profit margin(%)	(428.64)	(102.81)	(72.01)	(104.95)	(48.00)	(40.43)
Return on equity (%)	(19.64)	(3.09)	(4.31)	(11.42)	(4.01)	(5.73)
Efficiency ratio						
Return on assets (%)	(16.13)	(2.60)	(3.74)	(7.16)	(2.57)	(3.93)
Return on fixed assets (%)	(1,825.23)	(269.25)	(857.68)	(425.37)	(162.98)	(366.77)
Asset turnover (times)	0.04	0.03	0.05	0.07	0.05	0.10
Financial policy ratio						
Debt of equity (times)	0.21	0.17	0.13	0.58	0.54	0.37
Interest coverage (times)	6,458.98	(90.61)	(2,910.14)	30.74	(1.31)	(10.59)
Debt service coverage ratio (cash basis) (times)	14.89	0.00	(0.45)	9.58	(0.02)	(0.37)
Data per share						
Par value (Baht)	1.00	1.00	1.00	1.00	1.00	1.00
Book value per share (Baht)	1.95	1.90	1.72	1.57	1.51	1.33
Basic earning per share (Baht)	(0.42)	(0.06)	(0.08)	(0.19)	(0.06)	(0.08)
Growth rate						
Total assets (%)	(18.76)	(5.91)	(12.70)	(12.09)	(6.40)	(21.37)
Total liabilities(%)	(22.67)	(20.73)	(32.01)	(14.24)	(11.22)	(38.73)
Sales and service income (%)	(80.12)	(76.40)	494.22	(64.80)	(35.57)	77.40
Cost of sales and services (%)	(75.96)	(75.57)	154.58	(68.15)	(40.69)	46.05
Selling servicing and administrative expenses	(5.03)	(34.47)	(38.05)	(3.83)	(29.12)	(33.48)
Net profit (%)	(5,536.88)	(85.99)	30.79	(1,215.14)	(67.47)	31.85

JTS Management Discussion and Analysis (MD&A)

Overview

In the previous year, the Company focused on providing its services to the private sector ; thus, resulting in an increase in the revenue from Telecom System Integration business. In addition, it also put more emphasis on promoting cloud computing service, a service under Computer System Integration business segment, resulting in a higher growth rate of cloud computing business.

Operating Performance

In 2016, the Company and its subsidiary generated the operating profit of Baht 23.34 mil., which when compared to the operating loss of Baht 48.20 mil. in 2015, the Company's operating profit increased by Baht 71.54 mil., or 148.42%. This amount , when included by the FX gain of Baht 0.97 mil. and deducted by bad debt of Baht 1.72 mil., the allowance for doubtful account of TT&T and a local company that sold tablets of Baht 80.03 mil., resulted in the net loss of the Company and its subsidiary , totaling Baht 57.44 mil., increasing by Baht 13.87 mil. when compared to the net loss for the year 2015.

(Unit : Million Baht)

Item	Consolidated		Changed	% Changed
	Y2015	Y2016		
Operating profit	(48.20)	23.34	71.54	148.42
FX gain	6.80	0.97	(5.83)	(85.74)
Bad debt	2.17	1.72	(0.45)	(20.74)
Doubtful accounts	-	80.03	80.03	100.00
Net loss	(43.57)	(57.44)	13.87	31.83

Revenue

In 2016, the Company and its subsidiary generated total revenue of Baht 142.06 mil. , compared to that of Baht 90.76 mil. in 2015, increasing by Baht 51.30 mil. or 56.52%. The total revenue comprised the followings:-

- The revenue obtained from Telecom System Integration business of Baht 65.95 mil. or 46.43%
- The revenue obtained from public payphone rental contract and Universal Service Obligation (USO) project of Baht 0.67 mil. or 0.47%
- The revenue obtained from Computer System Integration business and cloud computing business of Baht 58.59 mil. or 41.24%
- Other income of Baht 15.88 mil. or 11.18%
- FX gain of Baht 0.97 mil. or 0.68%

(Unit : Million Baht)

Type of business	Consolidated		Changed	% Changed
	Y2015	Y2016		
Telecom System Integration	8.79	65.95	57.16	650.28
Telecom Service Business	2.24	0.67	(1.57)	(70.09)
Computer System Integration	59.55	58.59	(0.96)	(1.61)
Total sales and service income	70.58	125.21	54.63	77.40
FX gain	6.80	0.97	(5.83)	(85.74)
Other income	13.38	15.88	2.50	18.68
Total revenue	90.76	142.06	51.30	56.52

Expenses

In 2016, the operating expenses of the Company and its subsidiary were Baht 106.48 mil., compared to Baht 121.35 mil. in 2015, decreasing by Baht 14.87 mil. The Company and its subsidiary also had bad debt of Baht 1.72 mil. and doubtful accounts of TT&T and a local company that sold tablets of Baht 80.03 mil. Thus, total expenses in 2016 were of Baht 188.23 mil., compared to Baht 123.52 mil. in 2015, Increasing by Baht 64.71 mil.

(Unit : Million Baht)

Item	Consolidated		Changed	% Changed
	Y2015	Y2016		
Operating Expenses :				
- Cost of sales and services	32.39	47.31	14.92	46.06
- Selling and servicing expenses	3.04	1.53	(1.51)	(49.67)
- Administrative expenses	85.92	57.64	(28.28)	(32.91)
Total Operating Expenses	121.35	106.48	(14.87)	(12.25)
Bad debt	2.17	1.72	(0.45)	(20.74)
Doubtful accounts	0	80.03	80.03	100.00
Total Expenses	123.52	188.23	64.71	52.39

- In 2016, cost of sales and services was Baht 47.31 mil. , compared to that Baht 32.39 mil. in 2015, increasing by Baht 14.92 mil. or 46.06%. Such increase was in accordance with increasing revenue obtained from Telecom System Integration business. The gross margin for the year 2016 was at 62%, increasing, when compared to the year 2015 in which it was at 54%.
- In 2016, administrative expenses were of Baht 57.64 mil. , compared to Baht 85.92 mil. in 2015, decreasing by Baht 28.28 mil. or 32.91%. Such decrease was due to the decrease in employee expenses.
- Bad debt recorded at Baht 1.72 mil.
- Doubtful accounts recorded at Baht 80.03 mil. ; comprising doubtful account of TT&T of Baht 52.04 mil. and doubtful account of a local company that sold tablets of Baht 27.99 mil.

Financial Expenses

In 2016, the financial expenses of the Company and its subsidiary were Baht 11.64 mil., compared to Baht 10.73 mil. in 2015, increasing by Baht 0.91 mil. or 8.48% due to an increase in bank guarantee fee of Baht 3.10 mil. However, interest expense decreased by Baht 2.19 mil. as a result of the repayment of long-term loan.

Net Loss

In 2016, the Company and its subsidiary recorded the net loss of Baht 57.44 mil., compared to that of Baht 43.57 mil. in 2015, increasing by Baht 13.87 mil.

Financial Position

Assets

(Unit : Million Baht)

Item	Consolidated		Changed	% Changed
	31/12/2015	31/12/2016		
Current assets	1,583.46	1,246.41	(337.05)	(21.29)
Non-current assets	54.86	41.79	(13.07)	(23.82)
Property, plant and equipment-net	21.78	9.54	(12.24)	(56.20)
Other non-current assets	33.08	32.25	-0.83	(2.51)
Total Assets	1,638.32	1,288.20	(350.12)	(21.37)

As at 31 December 2016, the Company and its subsidiary had total assets of Baht 1,288.20 mil., compared to that of Baht 1,638.32 mil. in 2015, decreasing by Baht 350.12 mil. or 21.37%. Details are as follows:

- Current assets decreased by Baht 337.05 mil. because :
 - Cash and current investments decreased by Baht 281.77 mil. due to the payment to trade account payable, interim dividend payment and loan to the subsidiary.
 - Trade and other receivables increased by Baht 11.10 mil. due to an increase in the completed work delivered to receivables of Baht 39.09 mil. and the recorded doubtful accounts of Baht 27.99 mil.
 - Unbilled receivables and inventories decreased by Baht 6.04 mil.
 - Account receivable under troubled debt restructuring decreased by Baht 47.41 mil. due to the Central Bankruptcy Court's issuance of an absolute receivership order.
 - Other current assets decreased by Baht 12.93 mil. due to the Company's receipt of corporate tax and the decrease in accrued interest
- Non-current assets decreased because:
 - Property, plant and equipment-net decreased by Baht 12.24 mil. due to depreciation
 - Other non-current assets decreased by Baht 0.83 mil. due to the decrease in restricted bank deposits of Baht 0.66 mil. and the decrease in deposits of Baht 0.17 mil.

Liabilities

(Unit : Million Baht)

Item	Consolidated		Changed	% Changed
	31/12/2015	31/12/2016		
Current liabilities	451.35	340.19	(111.16)	(24.63)
Non-current liabilities	120.99	10.48	(110.51)	(91.34)
Long-term loan	109.80	0.00	(109.80)	(100.00)
Provision for long-term employee benefits	11.19	10.48	(0.71)	(6.34)
Total Liabilities	572.34	350.67	(221.67)	(38.73)

As at 31 December 2016, the Company and its subsidiary had total liabilities of Baht 350.67 mil., compared to Baht 572.34 mil. in 2015, decreasing by Baht 221.67 mil. That was because:

- Current liabilities decreased by Baht 111.16 mil. due to the decrease in trade and other payables of Baht 80.41 mil., the repayment of current portion of long-term loans of Baht 28.97 mil. and the decrease in accrued projects cost of Baht 1.78 mil.
- Non-current liabilities decreased by Baht 110.51 mil. due to the repayment of the long-term loans of Baht 109.80 mil. and the decrease in provision for long-term employee benefits of Baht 0.71 mil.

Shareholders' Equity

(Unit : Million Baht)

Item	Consolidated		Changed	% Changed
	31/12/2015	31/12/2016		
Paid up share capital	706.46	706.46	0.00	0.00
Share premium	420.27	420.27	0.00	0.00
Retained earnings	(61.61)	(189.69)	(128.08)	(207.89)
Appropriated-statutory reserve	65.18	70.65	5.47	8.39
Unappropriated	(126.79)	(260.34)	(133.55)	(105.33)
Other components of shareholders' equity	8.16	8.16	0.00	0.00
Non-controlling interests of the subsidiary	(7.29)	(7.66)	(0.37)	(5.08)
Total Shareholders' Equity	1,065.99	937.53	(128.46)	(12.05)
Book value	1.51	1.33	(0.18)	(11.92)

As at 31 December 2016, the Company and its subsidiary had total shareholders' equity of Baht 937.53 mil., compared to that of Baht 1,065.99 mil. in 2015, decreasing by Baht 128.46 mil. or 12.05%. The Company and its subsidiary had net loss of Baht 57.44 mil. In addition, the Company paid dividend of Baht 70.64 mil to its shareholders.

Liquidity

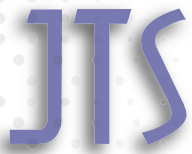
Cash flow

As at 31 December 2016, the Company and its subsidiary had cash and cash equivalent of Baht 322.52 mil., increasing by Baht 143.29 mil. from the year 2015. The summary of net cash generated and used is as follows:-

- Net cash used in operating activities	Baht	(77.32)	mil.
- Net cash generated from investing activities	Baht	430.02	mil.
- Net cash used in financing activities	Baht	(209.41)	mil.

Liquidity Ratio and Capital Structure

Item	31/12/2015	31/12/2016
<u>Liquidity Ratio</u>		
Current Ratio (Time)	3.51	3.66
Quick Ratio (Time)	3.32	3.60
<u>Capital Structure</u>		
Debt to Equity Ratio (Time)	0.54	0.37



Report on the Responsibility of the Board of Directors for Financial Report

The Board of Directors is responsible for ensuring that the financial statements of Jasmine Telecom Systems Public Company Limited and the consolidated financial statement of the Company and its subsidiary are made in accordance with the generally accepted accounting principles. The accounting policies chosen are suitable and adhered consistently. The information is sufficiently disclosed in the notes attached to the financial statements for the benefit of the shareholders and the investors.

The consolidated financial statement and the Company's financial statements are prepared in accordance with the principles of generally accepted accounting principles and they are reviewed, audited and given financial opinion by the Audit Committee and trustworthy and independent auditor. The Company's internal control has been evaluated to ensure the sufficiency and to determine whether any fraud or irregularities occurred by the Audit Committee.

The Board of Director is convinced that the consolidated financial statements and the Company's financial statement for the year 2016 present the Company's financial situation and operation results in a reliable and accurate manner.

A handwritten signature in black ink, appearing to read 'P. Sinarkorn', is centered on the page.

(Mr. Pleumjai Sinarkorn)

Chairman of the Board of Directors

JTS 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.

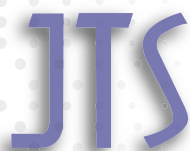


Chonlaros Suntiasvaraporn

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)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
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		340,191,498	451,347,950	145,947,098	220,355,702
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		10,483,343	120,992,838	10,483,343	9,719,597
Total liabilities		350,674,841	572,340,788	156,430,441	230,075,299

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		706,457,300	706,457,300	706,457,300	706,457,300
Issued and fully paid-up					
706,457,300 ordinary shares of Baht 1 each		706,457,300	706,457,300	706,457,300	706,457,300
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	8,157,637	8,157,637	-	-
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		(7,662,036)	(7,292,993)	-	-
Total shareholders' equity		937,529,990	1,065,982,272	1,213,423,442	1,339,029,293
Total liabilities and shareholders' equity		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 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		142,059,437	90,759,317	76,325,826	40,874,785
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		188,228,411	123,525,044	128,150,761	82,485,626
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		(57,810,582)	(43,491,855)	(54,964,151)	(42,024,338)
Income tax expenses	18	-	-	-	-
Loss for the year		(57,810,582)	(43,491,855)	(54,964,151)	(42,024,338)
Other comprehensive income :					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Actuarial gains		-	3,731,465	-	3,731,465
Other comprehensive income for the year		-	3,731,465	-	3,731,465
Total comprehensive income for the year		(57,810,582)	(39,760,390)	(54,964,151)	(38,292,873)

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

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



Jasmine Telecom Systems Public Company Limited and its subsidiary

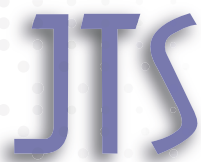
Statement of changes in shareholders' equity

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements								
	Equity attributable to owners of the Company							Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other component of shareholders' equity		Total equity attributable to owners of the Company		
			Appropriated	Unappropriated (deficit)	Difference between the purchase price of investment in subsidiary under common control and its net book value	Total other components of shareholders' equity			
Balance as at 1 January 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	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
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	706,457,300	420,269,078	70,645,730	(260,337,719)	8,157,637	8,157,637	945,192,026	(7,662,036)	937,529,990

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				
	Issued and fully paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
			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	706,457,300	420,269,078	65,185,714	147,117,201	1,339,029,293
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	706,457,300	420,269,078	70,645,730	16,051,334	1,213,423,442

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

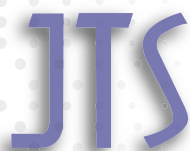


Jasmine Telecom Systems Public Company Limited and its subsidiary
Cash flow statement
For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
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)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
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	430,023,092	23,855,753	304,061,391	29,766,767
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	(209,412,655)	(28,996,921)	(70,641,700)	-
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	179,228,839	185,166,742	170,278,875	176,106,832
Cash and cash equivalents at end of year	322,516,287	179,228,839	314,286,621	170,278,875
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.



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.

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

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2016	2015	2016	2015	
<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 financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>Trade accounts receivable - related parties (Note 7)</u>				
Parent company	113	27	-	-
Related companies				
Jasmine Group	778,981	737,886	775,994	732,633
Total trade accounts receivable - related parties	779,094	737,913	775,994	732,633
<u>Other receivables - related party</u>				
Subsidiary	-	-	3,495	2,694
(eliminated from the consolidated financial statements)				
Less: Allowance for doubtful account	-	-	(3,480)	-
Total other receivables - related party - net	-	-	15	2,694
<u>Advance - related party</u>				
Parent company	-	-	-	-
Total advance - related party	-	-	-	-

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Unbilled receivable from related parties				
Subsidiary	-	-	574	48
(eliminated from the consolidated financial statements)				
Related companies				
Jasmine Group	19	23	-	-
Total unbilled receivable from related parties	19	23	574	48
Short-term loans to related party				
Subsidiary	-	-	80,347	69,347
(eliminated from the consolidated financial statements)				
Less: Allowance for doubtful account	-	-	(80,347)	(69,347)
Total short-term loans to related party - net	-	-	-	-
Long-term loans to related party				
Subsidiary	-	-	117,000	-
(eliminated from the consolidated financial statements)				
Less: Current portion of long-term loans	-	-	(16,000)	-
Total long-term loans to related party – net of current portion	-	-	101,000	-
Trade accounts payable - related parties (Note 12)				
Related companies				
Jasmine Group	421	336	3	26
Total trade accounts payable - related parties	421	336	3	26
Other payables - related parties (Note 12)				
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
Advance received from related parties				
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 31 December 2015	Increase during the year	Decrease during the year	Balance as at 31 December 2016
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 31 December 2015	Increase during the year	Balance as at 31 December 2016
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 31 December 2015	Increase during the year	Balance as at 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 financial statements		Separate 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 financial statements		Separate 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 financial statements		Separate 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)	779,094	737,913	775,994	732,633

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<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	10,875	8,716	10,386	6,344
Total trade receivables - net	789,969	746,629	786,380	738,977
<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)	-	-	15	2,694
<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	-	32,243	-	32,150

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:

(Unit: Thousand Baht)

Age of receivables	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
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	10,637	2,110	10,374	1,637

8. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2016	2015	2016	2015	2016	2015
Finished goods	12,203	14,536	(4,014)	(4,014)	8,189	10,522

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2016	2015	2016	2015	2016	2015
Finished goods	12,058	14,423	(4,014)	(4,014)	8,044	10,409

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	
	2016	2015	2016 (%)	2015 (%)	2016	2015	2016	2015
Could Computing Solution Company Limited	55,000	55,000	98	98	83,899	83,899	-	-
Less, Provision for loss on investments					(83,899)	(83,899)		
Total investments in subsidiary, net					-	-		

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				
	Public telephones and related equipment	Leasehold improvement	Furniture, fixtures and office equipment	Motor vehicles	Total
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 financial statements		Separate 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	151,305	231,716	113,105	188,100

13. Long-term loans

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Long-term loans	-	138,771	-	-
Less: Current portion	-	(28,968)	-	-
Long-term loans - net of current portion	-	109,803	-	-

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 financial statements		Separate 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	10,483	11,190	10,483	9,719

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)

	Consolidated/Separate financial statements
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 financial statements		Separate financial statements	
	2016	2015	2016	2015
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	
	2016	2015
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 financial statements		Separate financial statements	
	2016	2015	2016	2015
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				Average exchange rate as at 31 December	
	Financial assets as at 31 December		Financial liabilities as at 31 December			
	2016	2015	2016	2015	2016	2015
	(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				Average exchange rate as at 31 December	
	Financial assets as at 31 December		Financial liabilities as at 31 December			
	2016	2015	2016	2015	2016	2015
	(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.



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