

# JASMINE

TELECOM SYSTEMS PCL

ANNUAL  
REPORT

2017



# Contents

Financial Summary	2
General and Other Important Information	3
Message from the Board of Directors	5
Board of Directors	6
Policy and Overall Business Operation	13
Business of The Company and Subsidiary	15
Risk Factors	17
Shareholders	19
Dividend Policy	20
Management Structure	21
Corporate Governance	28
Corporate Social Responsibilities	43
Internal Control and Risk Management	44
Related Party Transaction	47
Financial Highlight	49
Management Discussion and Analysis (MD&A)	57
Report on the Responsibility of the Board of Directors for Financial Report	62
Independent Auditor's Report	63
Financial Statements	68
Notes to Consolidated Financial Statement	75

# Financial Summary

## Operating Results (Million Baht)

	2015	2016	2017
Sales and Services Income	70.58	125.21	77.70
Total Revenue	90.76	142.06	99.52
Cost of Sales and Services and Selling, Servicing and Administrative	121.35	106.48	83.07
Gross Profit*	38.19	77.90	40.20
Operating Profit	-48.20	23.34	10.09
Net Profit (Loss)	-43.57	-57.44	12.52
Total Assets	1,638.32	1,288.20	1,240.06
Total Liabilities	572.34	350.67	289.30
Shareholders' Equity	1,065.99	937.53	950.76

## Financial Ratio

	2015	2016	2017
Current Ratio (times)	3.51	3.66	4.34
Debt to Equity (times)	0.54	0.37	0.30
Return on Assets (%)	-2.57	-3.93	0.99
Return on Equity (%)	-4.01	-5.73	1.33

## Per Share Data (Baht)

	2015	2016	2017
Earnings (Loss) per share	-0.06	-0.08	0.02
Weighted Average Number of Ordinary Shares (shares)	706,457,300	706,457,300	706,457,300
Book Value	1.51	1.33	1.35
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.

# 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 <sup>th</sup> Fl. Jasmine International Tower, Chaengwattana Road, Tambon Pakkret, Amphoe Pakkret, Nonthaburi, 11120 Tel. (66) 0 2100 8300 Fax. (66) 0 2962 2523 Home Page : <a href="http://www.jts.co.th">http://www.jts.co.th</a>
Nature of Business	: Information & Communication Technology

### Total Amount and Type of issued share at December 31, 2017

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 <a href="http://www.set.or.th/tsd">www.set.or.th/tsd</a>
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 <sup>rd</sup> Floor, Lake Rajada Office Complex, Rajadapisek Road, Klongtoey, Bangkok 10110 Tel. (66) 0 2264 9090 Fax (66) 0 2264 0789-90 <a href="http://www.ey.com">www.ey.com</a>
Legal Advisor	: Vasu Prasannate Law office. No.12/76, Soi Chaengwatana 4, Khwaeng Anosaowaree, Khet Bang Khen, Bangkok 10200 Tel. 08 6004 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](http://www.sec.or.th). or [www.jts.co.th](http://www.jts.co.th)

# Message from the Board of Directors

Dear Shareholders,

In 2017, Jasmine Telecom Systems Public Company Limited (“JTS”) operated its business to accord with economic situations and technologies. We mostly serve the private sector and put emphasis on further developing our existing cloud computing business in order to achieve higher growth rate in every year, with confidence that cloud computing is useful for the ICT work support and can help saving the cost of ICT operators both in the governmental and the private sectors.

With efficient staff and strong intention to provide ICT services and one-stop cloud computing service, the Company has developed the services provided continuously; thus, it is always ready for building on new technologies such as “Internet of Things” or IOT and “Big Data” in order to confidently step into the innovation-driven economy or Thailand 4.0.

On behalf of JTS Board of Directors, I would like to take this opportunity to thank you all the shareholders, business partners and customers for your continued support. We promise to perform our duties with the best efforts for the Company to step forward firmly for sustainable growth.



(Mr. Pleumjai Sinarkorn)

Chairman of the Board of Directors

# Board of Directors



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**Mr. Pleumjai Sinarkorn**  
Chairman of the Board of Directors



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**Mr. Raks Unahabhokha**  
Independent Director



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**Acting Second Lieutenant  
Annop Suthakavatin**  
Independent Director



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**Major General Sunanta Sirisumpan**  
Independent Director



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**Mrs. Nonglug Pongsrihadulchai**  
Director



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**Mrs. Nitt Visesphan**  
Director



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**Mr. Dusit Srisangaoran**  
Director and President



# 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 Sinakorn (Chairman of the Board of Directors and Chairman of Remuneration Committee)	84 years	<ul style="list-style-type: none"> <li>- Ph.D. (Innovative Management), Suan Sunandha Rajabhat University</li> <li>- Bachelor and Master of Business Administration, Suan Sunandha Rajabhat University</li> <li>- MMP Chulalongkorn University</li> <li>- Bachelor of Electrical Engineering, Rajamongkol University</li> <li>- Directors Certification Program (DCP) Class No. 41/2004, Thai Institutions of Directors Association (IOD)</li> <li>- Role of The Compensation Committee (RCC), Thai Institutions of Directors Association (IOD)</li> <li>- DCP Refresher Course, Thai Institutions of Directors Association (IOD)</li> </ul>	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

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)	78 years	<ul style="list-style-type: none"> <li>- Ph.D. (Chemical Engineering), University College London, U.K.</li> <li>- Bachelor of Engineering (Honours) in Industrial Engineering, Chulalongkorn University</li> <li>- Director Certification Program (DCP) Thai Institute of Directors Association (IOD)</li> <li>- Audit Committee Program (ACP), Thai Institute of Directors Association (IOD)</li> <li>- Effective Audit Committee, Thai Institute of Directors Association (IOD)</li> <li>- Chartered Director Class, Thai Institute of Directors Association (IOD)</li> </ul>	-	-	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

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)	75 years	<ul style="list-style-type: none"> <li>- Bachelor of Accounting, Thammasat University</li> <li>- Directors Accreditation Program (DAP) Class No. 1/2003 and Director Certification Program (DCP) Class No. 51/2004, Thai Institute of Directors Association (IOD)</li> <li>- Audit Committee Program (ACP) Class No. 7/2005, MFR, MIR and MIA, Thai Institute of Directors Association (IOD)</li> <li>- National Defence College (Government and Private Sector 388)</li> </ul>	-	-	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.
						2000-2017	Advisor	Krung Thai Tractor Co., Ltd.
4	Major General Sunanta Sirisumpan (Independent Director and Member of Audit Committee)	67 Years	<ul style="list-style-type: none"> <li>- Bachelor of Arts (Political Science), Chiang Mai University</li> </ul>	-	-	1971-present	Auditor C.P.A. (Thailand)	Freelance
						2014-present	Independent Director and Audit Committee	JTS
						2007	Secretary	Royal Thai Army Radio and Television Station Channel 5
5.	Mrs. Nonglue Pongsrihadulchai (Director and Corporate Secretary)	62 Years	<ul style="list-style-type: none"> <li>- Master of Agricultural Economics, Kasetsart University</li> <li>- Master of Environmental Management, Mahidol University</li> <li>- Bachelor of Education, Chulalongkorn University</li> <li>- Directors Certification Program (DCP) Class No.147/2011, Thai Institutions of Directors Association (IOD)</li> </ul>	-	-	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.

No.	Name Position	Age (years)	Education	% of Holding No. of shares	Relationship	5 Years' Working Experience		
						Period	Position	Company
6.	Mrs. Nitt Visetphan (Director)	57 Years	- 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)	38 Years	- 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
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 Visesphan	/	/	//				/	
7. Mr. Dusit Srisangaoran	/, //							//

Associates Company

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

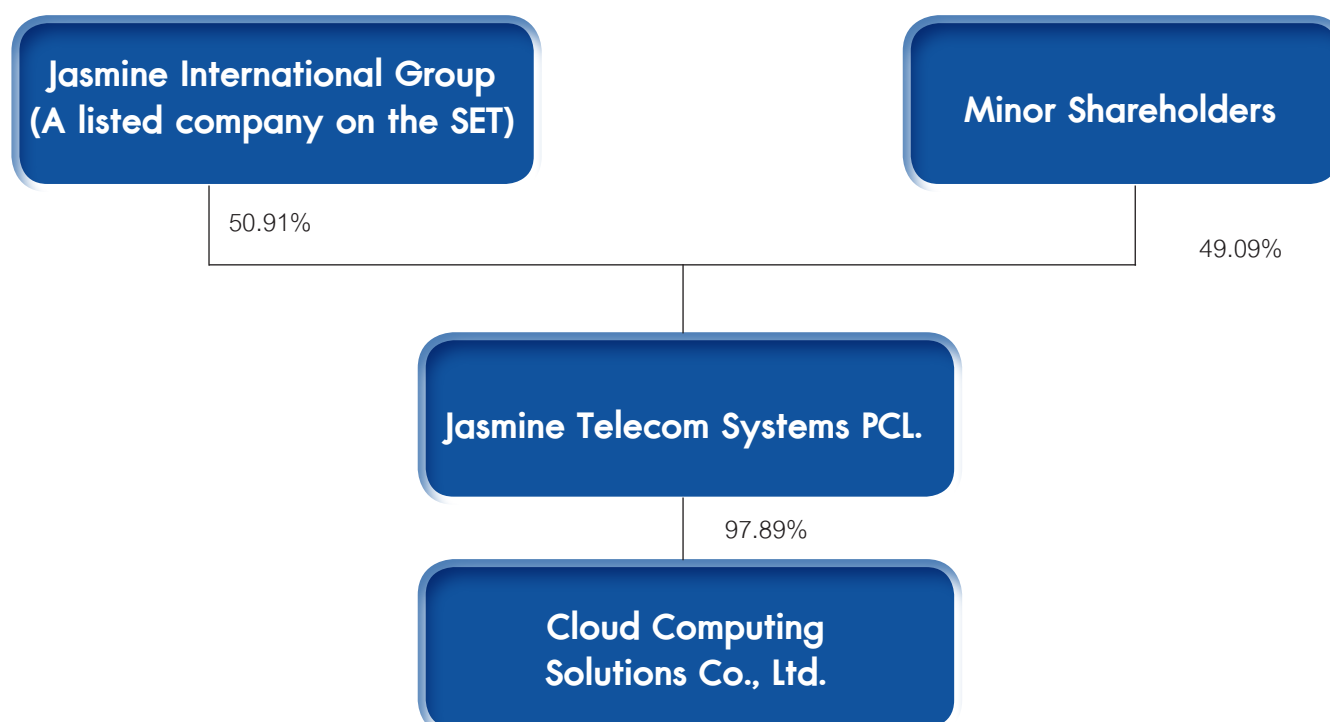
The Company completed the sale of its 5,000,000 newly issued shares on April 28, 2011. Later on, 1,457,300 warrants for buying the Company's ordinary shares were offered to the Company's directors and employees. On October 27, 2011, which was the completion date, 1,457,300 warrants were exercised; thus,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

As at December 31, 2017, 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 13, 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.

# 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 engages in the business of rented contact center system on Hosted Contact Center in the name “EasyConnect”, computer system integration business and cloud computing business.

Presently, the business of the Company and its subsidiary is classified into 2 segments as follows:-

## 1 Telecom Systems Integration and Telecom Service

The Company’s telecom systems integration and telecom service 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, Provincial Electricity Authority (“PEA”), State Railway of Thailand (“SRT”), Government Savings Bank (“GSB”), TTTBB and JasTel. In addition, the Company provides the products that support its project sale business and it also engages in providing the following services:-

- Turnkey security system service such as CCTV system, access control system, intrusion prevention system and fire alarm system, etc.
- Hosted Contact Center, which is a contact center rental service, under 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), assuring the customers with a quick and efficient service.

## 2 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 have limited 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					
		2015		2016		2017	
		Million Baht	%	Million Baht	%	Million Baht	%
Telecom Systems Integration and Telecom Service Business	Company	11.03	12.15	66.62	46.90	12.27	12.33
Computer Systems Integration Business and Cloud Computing Business	Subsidiary	59.55	65.61	58.59	41.24	65.43	65.75
<b>Total Sales &amp; Services Revenue</b>		<b>70.58</b>	<b>77.77</b>	<b>125.21</b>	<b>88.14</b>	<b>77.70</b>	<b>78.08</b>
Gain on Exchange Rate	Company	6.80	7.49	0.97	0.68	2.46	2.47
Interest Received	Company	12.88	14.19	5.29	3.72	8.28	8.32
Other Income	Company	0.50	0.55	10.59	7.46	11.08	11.13
<b>Total Revenue</b>		<b>90.76</b>	<b>100.00</b>	<b>142.06</b>	<b>100.00</b>	<b>99.52</b>	<b>100.00</b>

# Risk Factors

The Company realizes the importance of managing risks that arise from business operation due to both internal and external factors that have fickle nature and affect its operating results. Risk management is; thus, considered a significant tool that enables the Company to achieve its business goals efficiently and effectively. It not only helps invigorate the competitiveness, but also enhances good corporate governance of the Company. The Company has managed to have a systematic risk management, applying different measures to continuously mitigate risks organization-wide. Significant risks of the Company are as follows:-

## Business Operational Risks

### 1. Revenue

The Company's revenue comprises the contribution of cloud computing business, the maintenance service for CCTV system and the fire alarm system. Cloud computing business, the main revenue contributor, is the Company's long-term source of income that keeps on growing. Due to its applications and data saving service, including its easy accessibility that allows users to gain access to the service from everywhere and every device, cloud computing business has higher growth of both the customers and the revenue.

### 2. Market and Competition

In today's cloud market, people prefer leasing hardware and software cloud service to investing in this business for their own cloud usage; therefore, high competition has been found among cloud computing service providers in Thailand. The coming of a leading mobile phone operator of the country into this business also is a factor, apart from the above mentioned, that causes the Company to put strong emphasis on providing the best cloud service, utilizing the nation-wide and stable high-speed internet networks of Jasmine International Group to serve the demand of the customers.

### 3. Technological Change

Due to rapid and continuous technological changes and development of the ICT business, the Company has developed its services to support new technologies in order to appropriately serve the demand of the customers. The Company's cloud system has such systems as Security Information and Event Management (SIEM) and malware detection as basic mechanisms for data safety and cyber attack prevention.

### 4. Finance

The Company has managed its liquidity according to its financial plan, placing importance on business investment plan, management of excess liquidity remaining from investment plan and cash deposit with financial institutions that are stable and offer high rates of return. In addition, to manage its liquidity, the Company also takes into consideration the policy on providing financial assistance to the companies within Jasmine International Group and complies with it only for the case that the Company receives higher rate of return than depositing its cash with financial institutions.

## 5. Human Resources

It is the Company's policy to develop its personnel to have skills and always be adaptable to keep up with ever-changing technologies. With regard to training, the Company emphasizes arranging workshops on cloud, especially in the areas of security management and cloud computing system management, aiming for the optimum benefit of its cloud operation. Regarding personnel compensation, the Company's compensation rates are considered to be appropriate, fair and comparable to the rates of other companies in the same industrial segment.

## Risks that have Effects on the Rights or Investment of Security Holders

Shareholding structure of the Company comprises Jasmine International Group, holding 50.91 percent and minor shareholders, holding 49.09 percent. Jasmine International Group's shareholding proportion enables it to control almost all the resolutions of a shareholders' meeting, be it on an appointment of directors or any other matter that requires a majority vote of the shareholders' meeting; however, exceptions are such matters as approving a removal of a director before the expiration of his/her period of office; selling or transferring the whole or an essential part of the Company's business to other persons; purchasing or accepting a transfer of business of any other private company or public company; executing, amending or terminating 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; amending the Memorandum of Association or the Articles of Association; increasing or decreasing registered capital; winding up the Company; merging with another company; entering into a connected transaction as well as an acquisition or disposal of assets of which the transaction size is 50 percent and over as the resolutions of these matters require the votes of not less than  $\frac{3}{4}$  of the total votes of shareholders who are present and entitled to vote at a shareholders' meeting. The checks and balances for a matter proposed by the major shareholder can be done provided that a lot of shareholders attend the shareholders' meeting.

Moreover, the Company has complied with Corporate Governance Policy; it has 3 independent directors who are also audit committees, being responsible for overseeing the accuracy, the completeness and the reliability of financial reports as well as the compliance with the Securities and Exchange Act and other laws applicable to the business of the Company.

# Shareholders

List of top 10 major shareholders and shareholding structure as at March 13, 2018

Name of Shareholders	As at March 13, 2018	
	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	105,461,900	14.93
3. Mr. Soraj Asavaprapha	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 Eiamsudthiwat	8,250,000	1.17
8. Mr. Kiet Srichomkwan	3,686,200	0.52
9. Mr. Kosin Sansawat	3,255,000	0.46
10. Mr. Mek Kengbancha	3,000,000	0.42

**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).

# Dividend Policy

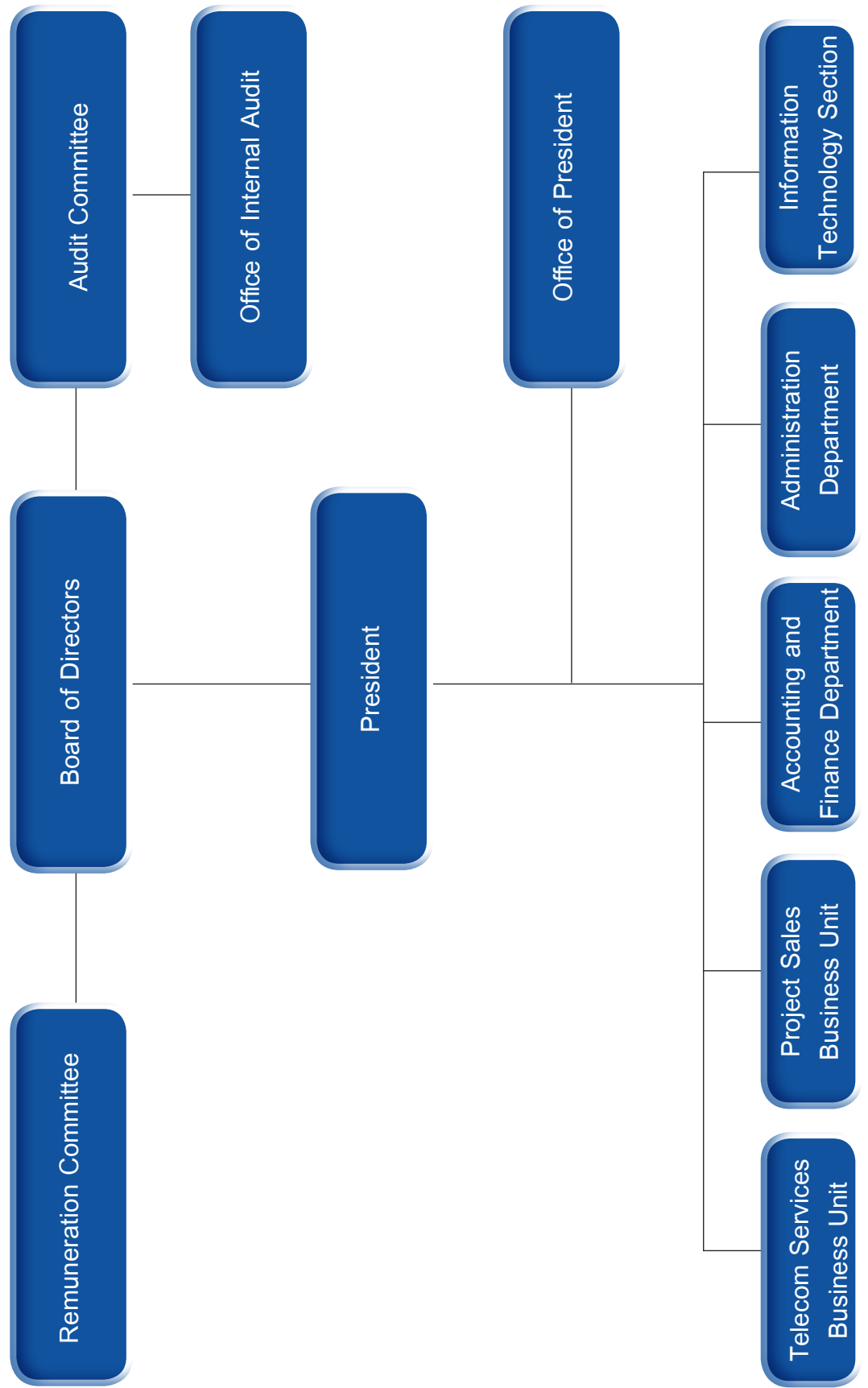
The Company has a policy of paying a dividend not less than 40 % of the Company's net profit after tax and such dividend payment shall have no significant effect on the Company's operations. However, the Company may pay a dividend less than the above rate when it is necessary to use some money from its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

The Company's Dividend Payment from 2015-2017

	2015	2016	2017
1. Net profit (loss) for the year (Baht)	-42,024,338	-54,964,151	-20,159,604
1.1 Unappropriated retained earnings as at September 30, 2016)	-	115,413,679	-
2. Number of Shares (Share)	706,457,300	706,457,300	706,457,300
3. Dividend paid/share (Baht/Share)			
3.1 Interim dividend	-	0.10	-
3.2 Annual dividend	Not paid	Not paid	Not paid
4. Total interim dividend payment (Baht)	-	70,645,730	-
5. Dividend Payment Ratio	-	61.21% of unappropriated retained earnings as at September 30, 2016	-
6. Interim dividend payment date	-	November 25, 2016	-

# Management Structure



## Management

### The Board of Directors

As at December 31, 2017, 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

In 2017, the Company had 7 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	7
2. Mr. Raks Unahabhokha	Independent Director	5
3. Acting Second Lieutenant Annop Suthakavatin	Independent Director	7
4. Major General Sunanta Sirisumpan	Independent Director	5
5. Mrs.Nonglug Pongsrihadulchai	Director	7
6. Mrs.Nitt Visesphan	Director	7
7. Mr. Dusit Srisangaoran	Director	7

### 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, 2017, 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 2017, 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 2017
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	2017
Number of Executives (person)	6
Total Remuneration for Executives (Baht)	9,049,247
Type of Remuneration	Salary and Bonus

#### Other Forms of Remuneration for Directors

- None -

#### Other Forms of Remuneration for Executives

In 2017, the Company contributed Baht 663,263.04 for the provident fund of the Executives.

#### Personnel

As at December 31, 2017, the Company and its subsidiary had 31 employees as detailed below:-

Department	Number of Personnel as at December 31, 2017 (persons)
Office of President and Office of Internal Audit	5
Information Technology Section	3
Accounting and Finance Department	7
Administration Department	4
Project Sales Business Unit and Telecom Services Business Unit	12
<b>Total</b>	<b>31</b>

#### Total Remuneration of the Personnel of the Company and the Subsidiary

Type of Remuneration for the Year 2017	(Million Baht)
Salary and Bonus	25.63
Contribution for Provident Fund	1.59

#### 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.

# Corporate Governance

## 1. Corporate Governance Policy

The Company's Board of Directors is entitled to set up Corporate Governance Policy 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 for the resolutions on the Company's significant matters; for instances, the dividend payment, the appointment or removal 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 to the Memorandum of Association or Articles of Association and so on.

In addition to the above mentioned fundamental rights, the Company manages to support and facilitate the shareholders' right exercise 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 letter together with the meeting agendas 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. Significant question-and-answer issues and opinions are recorded in the minutes of meeting to facilitate the shareholders' scrutiny.

4. After the meeting is cloud, the Company shall arrange the minutes that present the complete and accurate information for the shareholders' scrutiny.

## 2. The Equitable Treatment of Shareholders

The Company has a policy to treat all the shareholders equally whether they are 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 sequence of the agenda items 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 connected 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 the regulators of the 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.

<b>Shareholders :</b>	With the aim to bring about the highest satisfaction to its shareholders, the Company intends to be their ever efficient and trustworthy business representative, taking into account the long term growth of its value and the emphasis on transparent and honest information disclosure.
<b>Employees :</b>	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.
<b>Competitors :</b>	The Company commercially contends with other trade competitors on the fair and ethical competition basis.
<b>Customers :</b>	The Company is committed to responding and providing quality services for the highest satisfaction and confidence of the customers.
<b>Trade Counterparts and Creditors :</b>	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.
<b>Community and Public :</b>	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 attend 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. 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 connected 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 effective.

### **Risks Management**

The Company evaluates the adequacy of its existing internal control system on a yearly basis. Its Risk Management teamwork also forecasts internal and external risk factors, analyzes them and follows up the outcome besides finding measures to mitigate risks within the organization to propose to the Board of Directors to consider improving the task operation properly 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 auditor. 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, as chairman of the meeting, 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 attend the meeting and / or abstain from voting for it. In case of tie, the chairman of the meeting has the casting vote.

At 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 certification 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 its 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 to national 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](mailto:vasita.c@jasmine.com)
2. The Company's website : [www.jts.co.th/Contact Us/whistle blowing](http://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

Furthermore, the Company joined the Collective Action Coalition with private sector of Thailand, in the anti-corruption campaign on December 1, 2017.

## 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 2017, 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 2017 (the 2017 AGM) on April 28, 2017; all the Company's directors attended the meeting.

3. The Company organized the Extraordinary General Meeting of Shareholders No. 1/2017 (the EGM No. 1/2017) on December 25, 2017; two directors did not attend the meeting.

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

5. The Company provided the shareholders with adequate time to study detailed information of the documents for the 2017 AGM and the EGM No. 1/2017 beforehand by:

- posting the invitation letter to the 2017 AGM on its website ([www.jts.co.th](http://www.jts.co.th)) 30 days prior to the meeting date. It also posted the Minutes of the 2017 AGM on the website 14 days after the date of the meeting.
- posting the invitation letter to the EGM No. 1/2017 on its website ([www.jts.co.th](http://www.jts.co.th)) 25 days prior to the meeting date. It also posted the Minutes of the EGM No. 1/2017 on the website 14 days after the date of the meeting.

6. 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.

7. 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 2017 are as follows:-

- At the 2017 AGM, 19 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 Mrs. Nitt Viseshpan, the Company's director, to vote on their behalves.
- At the EGM No. 1/2017, 23 shareholders assigned the Company's Independent Director, namely, Acting Second Lieutenant Annop Suthakavatin to vote on their behalves. In the like manner, 2 shareholders assigned Mrs. Nitt Viseshpan, the Company's director, to vote on their behalves.

8. At both shareholders' meetings, all the shareholders were equitably allowed to express their opinions and raise questions to any of the management who attended the meetings. 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 or public 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.sharing

9. The Company complied with the policy on the prevention of the inside information usage. Details of this policy are disclosed in Form 56-1, Subsection 9.5: Control of Inside Information, Topic : Control Activities. In 2017, 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](http://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. Furthermore, the Company joined the Collective Action Coalition with private sector of Thailand, in the anti-corruption campaign on December 1, 2017.

#### 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](http://www.jts.co.th)) under "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 is 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 56-1 Form, Subsection 8.1 and 8.2 and herein 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  $\frac{1}{2}$  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, the 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 2017, the Company completely complied with the regulation on this matter. Throughout the year, 7 Board of Directors' meetings were held. The record of each Director's meeting attendance is shown in 56-1 Form, Subsection 8.1



and herein 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 56-1 Form, Subsection 9.2 and herein in Section Corporate Governance : Subsection 2 : the Subcommittee).

**During the year 2017, the Company's subcommittees arranged their meetings as summarized below:-**

- The Audit Committee held 6 meetings. All the committee members completed their attendance in 3 of the meetings. As for each of the other 3 meetings, it was not attended by Mr. Raks Unahabhokha and Major General Sunanta Sirisumpan.
- 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 56-1 Form, Section 11 and herein in Section Internal Control and Risk Management.

5. In 2017, the Board of Directors and the Audit Committee of the Company evaluated their own performances both as a party and an individual; the Board of Directors also evaluated the performance of the President, 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, the Audit Committee and the President 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
<b>Board of Directors</b> - As a party	<ol style="list-style-type: none"> <li>1. Structure and Qualifications of the Committee</li> <li>2. Roles and Responsibilities of the Committee</li> <li>3. The Committee Meetings</li> <li>4. Fulfillment of Duties of the Committee</li> <li>5. Relationship with the Management Support Team</li> <li>6. Self-development of the Committee and the Development of the Executives</li> </ol>	94.01
- As an Individual	<ol style="list-style-type: none"> <li>1. Structure and Qualifications of the Committee</li> <li>2. The Committee Meetings</li> <li>3. Roles and Responsibilities of the Committee</li> </ol>	100
<b>President</b>	<ol style="list-style-type: none"> <li>1. Leadership</li> <li>2. Strategic Planning</li> <li>3. Compliance to Strategic Planning</li> <li>4. Financial Planning and Compliance</li> <li>5. Relationship with the Board of Directors</li> <li>6. Relationship with Outside Party</li> <li>7. Management and Relationship with Personnel</li> <li>8. Succession</li> <li>9. Knowledge on Products and Services</li> <li>10. Personal Qualifications</li> </ol>	77.25
<b>Audit Committee</b> - As a party	<ol style="list-style-type: none"> <li>1. Structure and Qualifications of the Committee</li> <li>2. The Committee Meetings</li> <li>3. Roles and Responsibilities of the Committee</li> </ol>	97.78
- As an Individual	<ol style="list-style-type: none"> <li>1. Structure and Qualifications of the Committee</li> <li>2. The Committee Meetings</li> <li>3. Roles and Responsibilities of the Committee</li> </ol>	100

6. In 2017, the Board of Directors' meeting reviewed the Company's Corporate Governance Policy and approved the authority and duties of the Chairman of the Board of Directors.

## 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

As at December 31, 2017, the Company's Audit Committee comprises 3 directors as follows:-

- |    |   |                                 |
|----|---|---------------------------------|
| 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

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 effectiveness aside from considering independence of the internal audit office, 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 connected 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 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 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

As at December 31, 2017, the Company's Remuneration Committee comprises 3 directors as follows:-

- |    |               |                               |  |
|----|---------------|-------------------------------|--|
| 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

- 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 of the Company 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 a person with proper qualifications as specified by law, experiences and sufficient time to contribute their roles to the Company to propose to the shareholders' meeting for approval. The appointment must be supported by no less than  $\frac{1}{2}$  of the total number of shares of the shareholders, attending the meeting and eligible to vote. 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; the director who has the longest term in office shall firstly retire.

As for the appointment of executives from the Assistant Vice President level to the level lower than the President, it is the responsibility of the Board of Directors.

# 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, adhering 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 2017, 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 Phrong Khe School, Tha Yang District, Phetchaburi Province
2. Wat Ban More (Pracharangsi) School, Photharam District, Ratchaburi Province
3. Wat Progsuthammaram (Samakkee Pitthayakan) School, Amphawa District, Samut Songkhram Province
4. Wat Bang Yang (Bang Yang Pitthayakan) School, Krathum Baen District, Samut Sakhon Province
5. Ban Mae Klong Kao School, Umphang District, Tak Province
6. Ban Nam Lat School, Khiri Mat District, Sukhothai Province
7. Ban Khlong Pla Soi School, Pang Sila Thong District, Kamphaeng Phet 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



# Internal Control and Risk Management

## Opinion of the Board of Directors

The Board of Directors and the executives place importance on managing the Company to have good corporate governance; internal control system; risk management that enables the Company to achieve the goals of its operation; compliance with relevant rules, regulations and applicable laws; financial reports that are in conformity with the generally accepted accounting principles and adequate information disclosure in addition to overseeing the Company's connected transactions to be properly in accordance with business conditions and preventing conflicts of interest.

The Company reviews 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 are 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. For the year 2017, the internal control adequacy assessment of the Company can be reported as follows:-

### 1. Control Environment

The Company's internal control system was appropriate and adequate with the work manuals provided for every department organization-wide. In addition, the Company's segregation of duties and financial approval authority enhanced not only the checks and balances, but also the prevention of conflicts of interest. The Office of Internal Audit was assigned to be responsible for reviewing the compliance with the internal control system of all the work units, for the efficiency and the optimum effectiveness of the Company's business operation.

### 2. Risk Assessment

The Company has drawn up its risk management measures by taking both the internal and the external risk factors into consideration; thus, it was able to assess chances and impacts of risks that might occur in addition to preparing risk management plans to appropriately enable the Company to achieve its business goals.

### 3. Control Activities

The Company's internal control measures have been put into writing to cover all the work processes appropriately; the authority and the duties of the Company's executives, including hierarchies of authorization are clearly stated, enhancing not only the balance of power, but also the prevention of conflicts of interest and the compliance with the SEC regulations and the applicable laws.

### 4. Information and Communication

The Company communicated its policies, rules and information relating to work procedures to its personnel of all levels via its IT system. The IT safety policy has provided security for both IT usage and information storage. The Company communicated with its external stakeholders via appropriate communication procedures and many efficient communication channels.

### 5. Monitoring Activities

Regarding monitoring activities, the Company had its own monitoring and assessment systems. The Office of Internal Audit was responsible for following up improvements of the work systems in which they had previously found problems so as to prevent impacts that might occur to the Company's operation in due time. They reported significant findings and appropriate solutions to the problems they found to the Audit Committee; thus, ensuring the completeness, the appropriateness and the efficiency of the Company's internal control system.

The Board of Directors was of the opinion that the internal control system and the risk management of the Company were adequate and appropriate; 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 2017, the Company organized 6 Audit Committee meetings. The resolutions of every meeting were reported further to the BOD Meeting. The tasks accomplished by the Audit Committee in 2017 are summarized as follows:-

1. The verification of the quarterly and the annual financial statements of the Company and its subsidiary for the year 2017 that had been prudently audited by the Company's external auditor to ensure that they were correctly prepared in conformity with the generally accepted financial reporting principles and that they were reliable and adequately disclosed as required by the notifications of the SEC and the SET. The Audit Committee also considered the related-party transactions to be reasonable and in line with normal business practice conditions with respect to the Company's optimum benefit.
2. The verification of the adequacy of the internal control system and risk management to be in line with the goals, objectives, regulations and laws applicable to the businesses of the Company to ensure their efficiency and effectiveness.
3. The verification of the Company's good corporate governance and the compliance with the regulations and laws relevant to the Company's businesses. To this regard, the BOD encouraged both the executives and the personnel of all levels to be aware of the importance of ethics, moral principles and compliance with laws and the regulations of the SEC and the SET.
4. The nomination of the Company's external auditors and the proposal of the audit fee for the year 2018 based on the previous year's performance, knowledge, proficiency, independence and code of ethics of the auditors, including the appropriateness of the proposed audit fee. The Audit Committee deemed it appropriate to propose the BOD to consider appointing the auditors from EY Office Limited to be the Company's auditors for the year 2018 and to further submit this issue for the shareholders' approval at the Annual General Meeting of Shareholders.
5. 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 the relevant rules and regulations; the self assessment results would be used further as a guideline for the development of the Audit Committee's work performance.

In view of the Audit Committee, the Company's financial statements were properly prepared in accordance with the generally accepted financial reporting 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 businesses of the Company. The internal audit system, the internal control system and the risk management that suited the Company's businesses 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"><li>- Master of Social Development and Environment Management, National Institute of Development Administration</li><li>- Bachelor of Accounting, Chiang Mai University</li><li>- Federation of Accounting Professions</li><li>- Technology Learning Center(TLC.)</li></ul>						
Experiences	<table><tr><td>2012-Present</td><td>Assistant Vice President Internal Audit, Jasmine Telecom Systems Public Company Limited</td></tr><tr><td>2000-2012</td><td>Assistant Vice President Accounting Department, Jasmine Internet Co., Ltd</td></tr><tr><td>1993-2000</td><td>Senior Manager Accounting Department, T.J.P. Engineering Co., Ltd</td></tr></table>	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
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.						

# Related Party Transaction

The Company has the related party transactions as defined in the Notification of the SEC. The business transactions in the year 2017 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 2017). 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 2017, 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, 2017
1. JAS Group, comprising 1.) TTTBB 2.) TTTI 3.) Ji-NET 4.) PA 5.) JasTel 6.) ACU	1.) JAS is a major shareholder of JAS Group.	<ul style="list-style-type: none"> <li>- TTTBB executed contracts for the Installation and/or the expansion of the fiber optic cable and the maintenance of Veritas Netbackup program.</li> <li>- TTTBB executed contracts for developing the Broadband Customer System (BCS), supplying equipment and purchasing cloud service.</li> <li>- TTTI purchased equipment and the service of access point installation for servicing Thai Post Offices</li> <li>- TTTI purchased Radius maintenance service and related equipment and cloud service.</li> <li>- Ji-NET purchased cloud service.</li> <li>- JAS purchased cloud service.</li> <li>- PA purchased cloud service.</li> <li>- JasTel purchased cloud service</li> <li>- ACU rented public phones.</li> </ul>	<p>1.60</p> <p>32.85</p> <p>0.71</p> <p>6.88</p> <p>3.70</p> <p>3.02</p> <p>0.33</p> <p>0.05</p> <p>0.01</p>

Remarks : The Company provided JAS with a loan amounting to Baht 340 mil. on December 26, 2017.



2. In 2017, 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, 2017
1. JAS Group, comprising 1.) TTTBB 2.) TTTI 3.) Ji-NET 4.) PA 5.) JasTel 6.) ACU	1.) JAS is a major shareholder of JAS Group.	<ul style="list-style-type: none"> <li>- JAS entered into office space rental service contract and other expenses.</li> <li>- TTTBB entered into the contracts for telephone system service, the CCTV maintenance service and Call Center service.</li> <li>- PA entered into the contracts for security, cleaning and utilities service.</li> <li>- TTTI executed the high-speed internet service contract.</li> <li>- JasTel entered into the contracts for space server rental and circuit rental.</li> <li>- Ji-NET entered into the SMS Gateway service and Leased Line Internet contracts.</li> <li>- ACU entered into the Router contract.</li> </ul>	<p>3.27</p> <p>3.51</p> <p>1.86</p> <p>1.54</p> <p>1.30</p> <p>0.08</p> <p>0.04</p>

### 3 Policy and Trend of Future Related Party Transaction

Significant business transactions that the Company will enter into in the future, either with a person or any related party, will be in accordance with the policy of respecting commercial terms and conditions in a based agreement, which is considered a normal business practice. The Audit Committee is responsible for considering and verifying the appropriateness of prices, the reasonableness of each transaction and the disclosure of the information in connection with related party transactions, to be in compliance with the Securities and Exchange Act, rules, regulations, notifications and orders of the SET and the SEC.

# Financial Highlight

## 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, 33<sup>rd</sup> 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 2015 to 2017 due to a limitation imposed by the following circumstances:-

The Company was unable to deliver tablets to two government agencies as scheduled in the agreements, as a result of a massive fire at a production facility where tablet parts were produced. As stipulated in the sale and purchase agreements, the Company is obliged to pay a penalty for delayed shipment at a daily rate of 0.2 percent of the price of the unshipped tablets. In 2014, counterparties of the agreements submitted letters to the Company to terminate the sale and purchase agreements and requested the Company to pay penalties totaling Baht 5 million and Baht 142 million, respectively. However, the Company submitted letters to these counterparties objecting to the imposition of the penalty. The management of the Company clarified that the delay in shipment was due to force majeure and the Company did not breach the agreements. Subsequently, these counterparties filed lawsuits with the Central Administrative Court, petitioning the Court to order the Company to pay penalties and make payment under the letter of performance bond guarantee, together with interest, totaling approximately Baht 5 million and Baht 190 million, respectively. However, as a result of the execution of a sale and purchase of tablets agreement between the Company and a local counterparty, the Company received cash, amounting to Baht 38 million as a result of forfeiture of performance bond from this counterparty. The Company had a legal right to seize this amount as compensation for losses caused by this company or incurred as a result of a breach of agreement by this company. The Company recorded the cash receipt as a liability under the caption of trade and other payables in the statements of financial position and treated it as a provision for any penalties and losses that might be incurred, while the Company did not expect such penalties and losses to exceed the amount of the reserve. During the current year, the situation has not changed, except for the recent development on February 22, 2018, when the Central Administrative Court issued a judgement on the case between the Company and the government agency who filed the lawsuit, requesting the Company to pay penalties, totaling approximately Baht 5 million. The Central Administrative Court issued a judgement, ordering the Company to pay penalties, totaling approximately Baht 3 million. However, the Company has the right to file an appeal within 30 days after the Central Administrative Court issued a judgement. When the Company receives the official judgement of the Central Administrative Court, the legal advisor will consider details of the judgement in order to subsequently file an appeal. Therefore, the ultimate outcome of these lawsuits and disputes that are not finalised cannot be determined at this time. However, the Company's management and legal advisor are confident that no significant losses will be incurred as a result of these lawsuits and disputes, and therefore no further provision for

contingent liabilities have been recorded in the accounts. Consequently, the auditor was unable to perform audit procedures to obtain sufficient appropriate audit evidence, regarding the provision of Baht 38 million recorded for the penalties and losses that may be incurred as a result of the above circumstances. This provision was recorded under liabilities, as part of balance of trade and other payables, which amounted to Baht 107 million in the consolidated statements of financial position as at December 31, 2017 (2016: Baht 151 million) and Baht 77 million in the separate statement of financial position (2016: Baht 113 million). For the same reason, the auditor was unable to determine whether and to what extent any adjustments were required to be made to the provision for penalties and losses that may be incurred as a result of the above situation in the financial statements for the years ended December 31, 2017 and 2016. If adjustments were necessary, they would affect both the financial statements of the prior year presented herein for comparative purposes and the financial statements of the current year.

### **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.

**Statements of financial positions**

As at 31 December 2015 to 2017

(Unit: Thousand baht)

	Separate financial statements						Consolidated financial statements					
	2015		2016		2017		2015		2016		2017	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>ASSETS</b>												
<b>CURRENT ASSETS</b>												
Cash and cash equivalents	170,279	10.85	314,287	22.94	76,885	5.89	179,229	10.94	322,516	25.04	96,641	7.79
Current investments-bank deposits	525,709	33.50	100,679	7.35	20,692	1.59	525,864	32.10	100,808	7.83	20,816	1.68
Trade and other receivables	776,023	49.46	788,245	57.54	728,327	55.82	781,082	47.68	791,824	61.47	729,923	58.86
Unbilled receivables related parties	48	-	574	0.04	1,192	0.09	23	-	19	-	150	0.01
Unbilled receivables unrelated parties	11,679	0.74	5,467	0.40	5,460	0.42	15,606	0.95	11,112	0.86	8,266	0.67
Short-term loans to related parties	-	-	-	-	340,000	26.06	-	-	-	-	340,000	27.42
Current portion of long-term loans to subsidiary	-	-	16,000	1.17	16,000	1.23	-	-	-	-	-	-
Inventories	10,409	0.66	8,044	0.59	3,035	0.23	10,522	0.64	8,189	0.64	3,163	0.26
Accounts receivable under troubled debt restructuring	18,834	1.20	-	-	-	-	47,415	2.89	-	-	-	-
Prepaid project costs	91	0.01	62	0.00	299	0.02	438	0.03	1,230	0.10	445	0.04
other current assets	15,572	0.99	4,763	0.35	3,216	0.25	23,281	1.42	10,710	0.83	6,048	0.49
<b>Total current assets</b>	<b>1,528,643</b>	<b>97.42</b>	<b>1,238,120</b>	<b>90.38</b>	<b>1,195,104</b>	<b>91.59</b>	<b>1,583,461</b>	<b>96.65</b>	<b>1,246,409</b>	<b>96.76</b>	<b>1,205,452</b>	<b>97.21</b>
<b>NON-CURRENT ASSETS</b>												
Restricted bank deposits	28,444	1.81	27,849	2.03	23,009	1.76	31,067	1.90	30,409	2.36	25,632	2.07
Long-term loans to subsidiary	-	-	101,000	7.37	85,000	6.51	-	-	-	-	-	-
Property , plant and equipment	10,946	0.70	1,871	0.14	724	0.06	21,782	1.33	9,541	0.74	7,766	0.63
Deposits	1,072	0.07	1,014	0.07	1,016	0.08	2,013	0.12	1,847	0.14	1,215	0.10
<b>TOTAL NON- CURRENT ASSETS</b>	<b>40,462</b>	<b>2.58</b>	<b>131,734</b>	<b>9.62</b>	<b>109,748</b>	<b>8.41</b>	<b>54,862</b>	<b>3.35</b>	<b>41,796</b>	<b>3.24</b>	<b>34,612</b>	<b>2.79</b>
<b>TOTAL ASSETS</b>	<b>1,569,105</b>	<b>100.00</b>	<b>1,369,854</b>	<b>100.00</b>	<b>1,304,853</b>	<b>100.00</b>	<b>1,638,323</b>	<b>100.00</b>	<b>1,288,205</b>	<b>100.00</b>	<b>1,240,065</b>	<b>100.00</b>

# Statements of financial positions (continued)

As at 31 December 2015 to 2017

(Unit: Thousand baht)

	Separate financial statements						Consolidated financial statements					
	2015		2016		2017		2015		2016		2017	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>												
<b>CURRENT LIABILITIES</b>												
Trade and other payables	188,100	11.99	113,105	8.26	76,750	5.88	231,716	14.14	151,305	11.75	107,149	8.64
Accrued project cost	14,512	0.92	12,301	0.90	4,886	0.37	163,468	9.98	157,641	12.24	138,332	11.16
Current portion of long-term loans	-	-	-	-	-	-	28,968	1.77	-	-	-	-
Income tax payable	-	-	-	-	-	-	-	-	-	-	1,683	0.14
Advance received for goods and services	906	0.06	906	0.07	575	0.04	1,627	0.10	2,894	0.22	3,273	0.26
other current liabilities	16,839	1.07	19,635	1.43	18,096	1.39	25,569	1.56	28,351	2.20	27,586	2.22
<b>TOTAL CURRENT LIABILITIES</b>	<b>220,356</b>	<b>14.04</b>	<b>145,947</b>	<b>10.65</b>	<b>100,307</b>	<b>7.69</b>	<b>451,348</b>	<b>27.55</b>	<b>340,191</b>	<b>26.41</b>	<b>278,022</b>	<b>22.42</b>
<b>NON CURRENT LIABILITIES</b>												
Long-term loans- net of current portion	-	-	-	-	-	-	109,803	6.70	-	-	-	-
Provision for long-term employee benefits	9,720	0.62	10,483	0.77	11,282	0.86	11,190	0.68	10,483	0.81	11,282	0.91
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>9,720</b>	<b>0.62</b>	<b>10,483</b>	<b>0.77</b>	<b>11,282</b>	<b>0.86</b>	<b>120,993</b>	<b>7.39</b>	<b>10,483</b>	<b>0.81</b>	<b>11,282</b>	<b>0.91</b>
<b>TOTAL LIABILITIES</b>	<b>230,075</b>	<b>14.66</b>	<b>156,430</b>	<b>11.42</b>	<b>111,589</b>	<b>8.55</b>	<b>572,341</b>	<b>34.93</b>	<b>350,675</b>	<b>27.22</b>	<b>289,304</b>	<b>23.33</b>
<b>SHAREHOLDERS' EQUITY</b>												
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	45.02	706,457	51.57	706,457	54.14	706,457	43.12	706,457	54.84	706,457	56.97
Premium on ordinary Share	420,269	26.78	420,269	30.68	420,269	32.21	420,269	25.65	420,269	32.62	420,269	33.89
Retained earnings												
Appropriated-statutory reserve	65,186	4.15	70,646	5.16	70,646	5.41	65,186	3.98	70,646	5.48	70,646	5.70
Unappropriated (deficit)	147,117	9.38	16,051	1.17	(4,108)	(0.31)	(126,794)	(7.74)	(260,338)	(20.21)	(247,818)	(19.98)
Other components of shareholders'equity	-	-	-	-	-	-	8,158	0.50	8,158	0.63	8,158	0.66
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>1,339,029</b>	<b>85.34</b>	<b>1,213,423</b>	<b>88.58</b>	<b>1,193,264</b>	<b>91.45</b>	<b>1,073,275</b>	<b>65.51</b>	<b>945,192</b>	<b>73.37</b>	<b>957,712</b>	<b>77.23</b>
Non-controlling interests of the subsidiary							(7,293)	(0.45)	(7,662)	(0.59)	(6,951)	(0.56)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,339,029</b>	<b>85.34</b>	<b>1,213,423</b>	<b>88.58</b>	<b>1,193,264</b>	<b>91.45</b>	<b>1,065,982</b>	<b>65.07</b>	<b>937,530</b>	<b>72.78</b>	<b>950,761</b>	<b>76.67</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,569,105</b>	<b>100.00</b>	<b>1,369,854</b>	<b>100.00</b>	<b>1,304,853</b>	<b>100.00</b>	<b>1,638,323</b>	<b>100.00</b>	<b>1,288,205</b>	<b>100.00</b>	<b>1,240,065</b>	<b>100.00</b>

Jasmine Telecom Systems Public Company Limited

## Statements of comprehensive income

For year ended 31 December 2015 to 2017

(Unit: Thousand baht)

	Separate financial statements						Consolidated financial statements					
	2015		2016		2017		2015		2016		2017	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>PROFIT OR LOSS</b>												
<b>REVENUES</b>												
Sales and service income	11,308	27.67	67,195	88.04	22,110	60.99	70,581	77.77	125,213	88.14	77,704	78.08
Interest income	14,681	35.92	6,840	8.96	10,069	27.78	12,879	14.19	5,288	3.72	8,274	8.31
Exchange gains	9,423	23.05	756	0.99	-	-	6,804	7.50	966	0.68	2,459	2.47
Other income	5,462	13.36	1,535	2.01	4,073	11.23	496	0.55	10,592	7.46	11,079	11.13
<b>TOTAL REVENUES</b>	<b>40,875</b>	<b>100.00</b>	<b>76,326</b>	<b>100.00</b>	<b>36,252</b>	<b>100.00</b>	<b>90,759</b>	<b>100.00</b>	<b>142,059</b>	<b>100.00</b>	<b>99,516</b>	<b>100.00</b>
<b>EXPENSES</b>												
Cost of sales and services	8,040	19.67	20,469	26.82	14,367	39.63	32,388	35.69	47,303	33.30	37,502	37.68
Selling and Servicing expenses	1,403	3.43	-	-	-	-	3,042	3.35	1,533	1.08	-	-
Administrative expenses	71,282	174.39	47,909	62.77	41,840	115.42	86,334	95.12	60,780	42.78	45,563	45.78
Exchange losses	-	-	-	-	172	0.48	-	-	-	-	-	-
Other expenses												
Bad debt	-	-	-	-	-	-	-	-	1,725	1.21	-	-
Doubtful Debt	2,175	5.32	62,913	82.43	32	0.09	2,175	2.40	80,027	56.33	32	0.03
<b>TOTAL EXPENSES</b>	<b>82,899</b>	<b>202.81</b>	<b>131,290</b>	<b>172.01</b>	<b>56,411</b>	<b>155.61</b>	<b>123,939</b>	<b>136.56</b>	<b>191,368</b>	<b>134.71</b>	<b>83,097</b>	<b>83.50</b>
PROFIT (LOSS) BEFORE FINANCE COST AND INCOME TAX	(42,024)	(102.81)	(54,964)	(72.01)	(20,160)	(55.61)	(33,179)	(36.56)	(49,308)	(34.71)	16,419	16.50
Finance Cost	-	-	-	-	-	-	(10,313)	(11.36)	(8,502)	(5.99)	-	-
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>	<b>(42,024)</b>	<b>(102.81)</b>	<b>(54,964)</b>	<b>(72.01)</b>	<b>(20,160)</b>	<b>(55.61)</b>	<b>(43,492)</b>	<b>(47.92)</b>	<b>(57,811)</b>	<b>(40.69)</b>	<b>16,419</b>	<b>16.50</b>
Income tax	-	-	-	-	-	-	-	-	-	-	(3,188)	(3.20)
<b>PROFIT (LOSS) FOR THIS YEAR</b>	<b>(42,024)</b>	<b>(102.81)</b>	<b>(54,964)</b>	<b>(72.01)</b>	<b>(20,160)</b>	<b>(55.61)</b>	<b>(43,492)</b>	<b>(47.92)</b>	<b>(57,811)</b>	<b>(40.69)</b>	<b>13,231</b>	<b>13.30</b>
Non-controlling interests of the subsidiary	-	-	-	-	-	-	75	0.08	(369)	(0.26)	711	0.71
<b>PROFIT (LOSS ) FOR THIS YEAR</b>	<b>(42,024)</b>	<b>(102.81)</b>	<b>(54,964)</b>	<b>(72.01)</b>	<b>(20,160)</b>	<b>(55.61)</b>	<b>(43,566)</b>	<b>(48.00)</b>	<b>(57,442)</b>	<b>(40.43)</b>	<b>12,520</b>	<b>12.58</b>
Basic earning per share (at par Baht 1)	(0.06)		(0.08)		(0.03)		(0.06)		(0.08)		0.02	
<b>Other comprehensive income for the year</b>												
Total comprehensive income for the year	(42,024)	(102.81)	(54,964)	(72.01)	(20,160)	(55.61)	(43,492)	(47.92)	(57,811)	(40.69)	13,231	13.30
Actuarial gain	3,731	9.13	-	0.00	-	0.00	3,731	4.11	-	0.00	-	0.00
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(38,293)</b>	<b>(93.68)</b>	<b>(54,964)</b>	<b>(72.01)</b>	<b>(20,160)</b>	<b>(55.61)</b>	<b>(39,760)</b>	<b>(43.81)</b>	<b>(57,811)</b>	<b>(40.69)</b>	<b>13,231</b>	<b>13.30</b>

Jasmine Telecom Systems Public Company Limited

# Cash flow statement

For year ended 31 December 2015 to 2017

(Unit: Thousand baht)

	Separate financial statements			Consolidated financial statements		
	2015	2016	2017	2015	2016	2017
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
Profit (loss) before tax	(42,024)	(54,964)	(20,160)	(43,492)	(57,811)	16,419
Adjustments to reconcile Profit (loss) before tax to net cash provided by (paid from) operating activities						
Depreciation	9,640	9,054	1,229	16,241	13,600	5,503
Bad Debt	-	-	-	-	1,725	-
Doubtful debt	2,175	62,913	32	2,175	80,027	32
Reduction of inventory to net realisable value	4,014	-	2,158	4,014	-	2,158
Gain on disposal of equipment	(58)	(24)	(51)	(54)	(25)	(53)
Provision for compensation	-	-	-	-	-	1,130
Provision for long- term employee benefits (reversal)	1,741	764	798	1,879	(707)	798
Unrealised exchange (gain) Losses	(110)	11	118	2,509	(199)	(2,514)
Interest income	(14,681)	(6,840)	(10,069)	(12,879)	(5,288)	(8,274)
Interest expenses	-	-	-	10,313	8,502	-
Profit (loss) from operating activities before changes in operating assets and liabilities	(39,305)	10,913	(25,945)	(19,294)	39,826	15,200
Operating assets (Increase) decrease						
Trade and other receivables	21,906	(43,263)	58,047	29,676	(40,832)	60,046
Unbilled receivables	27,273	5,686	(611)	27,003	4,498	2,715
Inventories	2,288	2,365	2,853	2,272	2,333	2,869
Prepaid project costs	19	29	(237)	(305)	(791)	784
Other current assets	2,474	483	2,457	2,252	494	2,971
Other assets	854	58	(2)	831	167	632
Operating liabilities increase (decrease)						
Trade and other payable	(45,249)	(74,980)	(36,173)	(33,430)	(80,396)	(45,104)
Accrued project costs	(6,213)	(2,211)	(7,415)	(1,790)	(5,617)	(16,677)
Advance received for goods and services	(1,395)	-	(330)	(718)	1,267	379
Other current liabilities	(577)	2,796	(1,539)	(3,406)	2,513	(765)
Provision for long- term employee benefits	(4,944)	-	-	(4,940)	-	-
<b>Cash from (used in) operating activities</b>	<b>(42,868)</b>	<b>(98,123)</b>	<b>(8,895)</b>	<b>(1,852)</b>	<b>(76,540)</b>	<b>23,049</b>
Cash paid for interest expenses	(2)	-	-	(10,321)	(8,233)	-
Cash paid for income tax	(1,196)	(684)	(2,106)	(2,513)	(1,946)	(3,614)
Refundable withholding tax	8,471	9,396	1,196	13,889	9,396	3,800
<b>Net cash from (used in) operating activities</b>	<b>(35,595)</b>	<b>(89,412)</b>	<b>(9,805)</b>	<b>(797)</b>	<b>(77,323)</b>	<b>23,236</b>

Jasmine Telecom Systems Public Company Limited

## Cash flow statement (Continue)

For year ended 31 December 2015 to 2017

(Unit: Thousand baht)

	Separate financial statements			Consolidated financial statements		
	2015	2016	2017	2015	2016	2017
<b>Cash flows from investing activities</b>						
Interest income	12,011	6,391	11,607	12,127	5,644	9,796
Decrease in current investment bank deposits	16,373	425,030	79,987	16,365	425,055	79,992
Decrease in restricted bank deposits	1,309	595	4,840	1,321	658	4,777
Increase in short-term loans to related parties	-	(11,000)	(340,000)	-	-	(340,000)
Increase in long-term loans to subsidiary	-	(117,000)	-	-	-	-
Cash received from repayment of long-term loans made to subsidiary	-	-	16,000	-	-	-
Acquisition of equipment	-	-	(118)	(6,031)	(1,379)	(3,764)
Proceeds from sales of equipment	74	45	86	74	46	88
<b>Net cash from (used in) investing activities</b>	<b>29,767</b>	<b>304,061</b>	<b>(227,597)</b>	<b>23,856</b>	<b>430,023</b>	<b>(249,111)</b>
<b>Cash flows from financing activities</b>						
Repayment of long-term loans	-	-	-	(28,997)	(138,771)	-
Dividend paid	-	(70,642)	-	-	(70,642)	-
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(70,642)</b>	<b>-</b>	<b>(28,997)</b>	<b>(209,413)</b>	<b>-</b>
Net increase (decrease) in cash and cash equivalents	(5,828)	144,008	(237,402)	(5,938)	143,287	(225,875)
Cash and cash equivalents at beginning of year	176,107	170,279	314,287	178,326	179,229	322,516
<b>Cash and cash equivalents at the end of year</b>	<b>170,279</b>	<b>314,287</b>	<b>76,885</b>	<b>172,388</b>	<b>322,516</b>	<b>96,641</b>



Jasmine Telecom Systems Public Company Limited

## Financial Ratios

As at 31 December 2015 to 2017

	Separate financial statements			Consolidated financial statements		
	2015	2016	2017	2015	2016	2017
<b>Liquidity ratio</b>						
Current ratio (times)	6.94	8.48	11.91	3.51	3.66	4.34
Quick ratio (times)	6.73	8.29	8.30	3.33	3.60	3.08
Cash ratio (times)	(0.14)	(0.49)	(0.08)	(0.00)	(0.20)	0.08
Receivables turn over (times)	0.01	0.08	0.03	0.09	0.16	0.10
Collection period (days)	25,813	4,238	12,450	4,207	2,300	3,570
Inventory turnover (times)	0.59	2.22	2.59	2.34	5.06	6.61
Inventory turnover period (days)	615	162	139	154	71	54
Account payable turnover (times)	0.04	0.14	0.15	0.13	0.25	0.29
Payment period (days)	9,431	2,649	2,379	2,760	1,457	1,241
Cash Cycle (days)	16,997	1,751	10,210	1,601	913	2,384
<b>Profitability ratio</b>						
Gross profit margin (%)	28.90	69.54	35.02	54.11	62.22	51.74
Operating profit margin (%)	(435.73)	10.70	(90.25)	(68.28)	18.64	12.99
Cash to net profit ratio (%)	72.24	(1,243.22)	49.14	1.65	(331.23)	230.22
Net profit margin(%)	(102.81)	(72.01)	(55.61)	(48.00)	(40.43)	12.58
Return on equity (%)	(3.09)	(4.31)	(1.68)	(4.01)	(5.73)	1.33
<b>Efficiency ratio</b>						
Return on assets (%)	(2.60)	(3.74)	(1.51)	(2.57)	(3.93)	0.99
Return on fixed assets (%)	(207.49)	(716.40)	(1,459.21)	(102.22)	(279.93)	208.28
Asset turnover (times)	0.03	0.05	0.03	0.05	0.10	0.08
<b>Financial policy ratio</b>						
Debt of equity (times)	0.17	0.13	0.09	0.54	0.37	0.30
Interest coverage (times)	(22,244.30)	-	-	(1.32)	(10.63)	-
Debt service coverage ratio (cash basis) (times)	-	(1.27)	(83.31)	(0.02)	(0.37)	6.17
<b>Data per share</b>						
Par value (Baht)	1.00	1.00	1.00	1.00	1.00	1.00
Book value per share (Baht)	1.90	1.72	1.69	1.51	1.33	1.35
Basic earning per share (Baht)	(0.06)	(0.08)	(0.03)	(0.06)	(0.08)	0.02
<b>Growth rate</b>						
Total assets (%)	(5.91)	(12.70)	(4.75)	(6.40)	(21.37)	(3.74)
Total liabilities(%)	(20.73)	(32.01)	(28.67)	(11.22)	(38.73)	(17.50)
Sales and service income (%)	(76.40)	494.22	(67.10)	(35.57)	77.40	(37.94)
Cost of sales and services (%)	(75.57)	154.58	(29.81)	(40.69)	46.05	(20.72)
Selling servicing and administrative expenses	(34.10)	(34.09)	(12.67)	(28.79)	(30.28)	(26.88)
Net profit (%)	(85.99)	30.79	(63.32)	(67.47)	31.85	(121.80)

# Management Discussion and Analysis (MD&A)

## Overview

In 2017, the Company focused on providing such services as the installation of access point, the installation of optic fiber for internet operators, cloud computing and server sale to the private sector. The offering of these services had a higher growth rate.

## Operating Performance

In 2017, the Company and its subsidiary generated the operating profit of Baht 10.09 mil., compared to that of Baht 23.35 mil. in 2016, decreasing by Baht 13.26 mil., or 56.79%. This amount, when included by the FX gain of Baht 2.46 mil. and deducted by allowance for doubtful accounts of Baht 0.03 mil., resulted in the net profit of the Company and its subsidiary, totaling Baht 12.52 mil., increasing by Baht 69.96 mil., or 121.80%, compared to the year 2016.

(Unit : Million Baht)

Item	Consolidated		Changed	% Changed
	Y2016	Y2017		
Operating profit	23.35	10.09	(13.26)	(56.79)
FX gain	0.97	2.46	1.49	153.61
Bad debt	1.73	-	(1.73)	(100.00)
Doubtful accounts	80.03	0.03	(80.00)	(99.96)
Net profit (loss)	(57.44)	12.52	69.96	121.80

## Revenue

In 2017, the Company and its subsidiary generated total revenue of Baht 99.52 mil., compared to that of Baht 142.06 mil. in 2016, decreasing by Baht 42.54 mil. or 29.95%. The total revenue comprised the followings:-

- The revenue obtained from Telecom Systems Integration and Telecom Service business of Baht 12.27 mil. or 12.33%
- The revenue obtained from Computer Systems Integration business and cloud computing business of Baht 65.43 mil. or 65.75%
- Other income of Baht 19.36 mil. or 19.45%
- FX gain of Baht 2.46 mil. or 2.47%

The decrease in the revenue of Telecom Systems Integration and Telecom Service business, amounting Baht 54.35 mil. was due to the decrease in the revenue obtained from the survey and the installation of telecom network, the improvement of the In-Building Antenna systems and the sale and installation of CCTV system of Baht 44.68 mil., Baht 3.00 mil. and Baht 6.67 mil., respectively. Detailed comparison of total revenue, obtained from each business is shown in Section : Business of the Company and Subsidiary, Topic : Revenue Structure of the Company and its Subsidiary

(Unit : Million Baht)

Type of business	Consolidated		Changed	% Changed
	Y2016	Y2017		
Telecom Systems Integration and Telecom Service	66.62	12.27	(54.35)	(81.58)
Computer Systems Integration	58.59	65.43	6.84	11.67
<b>Total sales and service income</b>	<b>125.21</b>	<b>77.70</b>	<b>(47.51)</b>	<b>(37.94)</b>
FX gain	0.97	2.46	1.49	153.61
Other income	15.88	19.36	3.48	21.91
<b>Total revenue</b>	<b>142.06</b>	<b>99.52</b>	<b>(42.54)</b>	<b>(29.95)</b>

## Expenses

In 2017, the operating expenses of the Company and its subsidiary were Baht 83.07 mil., compared to Baht 109.61 mil. in 2016, decreasing by Baht 26.54 mil. The Company and its subsidiary also had allowance for doubtful accounts of Baht 0.03 mil. Thus, total expenses in 2017 were of Baht 83.10 mil., compared to Baht 191.37 mil. in 2016, decreasing by Baht 108.27 mil. The decrease was due to the record of the allowance for doubtful accounts of TT&T and a local company that sold tablets of Baht 80.03 mil.

(Unit : Million Baht)

Item	Consolidated		Changed	% Changed
	Y2016	Y2017		
<b>Operating Expenses :</b>				
- Cost of sales and services	47.30	37.50	(9.80)	(20.72)
- Selling and servicing expenses	1.53	-	(1.53)	(100.00)
- Administrative expenses	60.78	45.57	(15.21)	(25.02)
<b>Total Operating Expenses</b>	<b>109.61</b>	<b>83.07</b>	<b>(26.54)</b>	<b>(24.21)</b>
Bad debt	1.73	-	(1.73)	(100.00)
Doubtful accounts	80.03	0.03	(80.00)	(99.96)
<b>Total Expenses</b>	<b>191.37</b>	<b>83.10</b>	<b>(108.27)</b>	<b>(56.58)</b>

- In 2017, the cost of sales and services was Baht 37.50 mil., compared to that of Baht 47.30 mil. in 2016, decreasing by Baht 9.80 mil. or 20.72%. Such decrease was in accordance with decreasing revenue obtained from Telecom Systems Integration and Telecom Service business. The gross margin for the year 2017 was at 52%, decreasing, when compared to the year 2016 in which it was at 62%. Such decrease was due to the gross margin of the sale of telecom equipment being lower than that of telecom service offering and also the reduced cost of inventories of the In Building Coverage Project by Baht 2.15 mil. to reflect the net realisable value which was included in the cost of sales and services.
- In 2017, the administrative expenses were of Baht 45.57 mil., compared to Baht 60.78 mil. in 2016, decreasing by Baht 15.21 mil. or 25.02%. Such decrease was due to the decrease in depreciation, completed project expenses and office and service rental of Baht 8.90 mil., Baht 5.70 mil and Baht 0.61 mil., respectively.

- Doubtful accounts were recorded at Baht 0.03 mil., compared to Baht 80.03 mil. in 2016. In 2016, doubtful account of TT&T of Baht 52.04 mil. was recorded. That was because the Central Bankruptcy Court ordered the absolute receivership against TT&T on March 15, 2016 that caused the settlement of this debt to be made in accordance with the process prescribed by bankruptcy laws. Apart from doubtful account of TT&T, the doubtful account of advance deposit to local company that sold tablets of Baht 27.99 mil. was also recorded. The Company already recorded the whole amount of doubtful accounts of the 2 aforementioned debtors.

## Financial Expenses

In 2017, the Company and its subsidiary didn't have financial expenses, compared to the year 2016 in which the Company's financial expenses were recorded at Baht 8.50 mil. That was, due to the subsidiary's repayment of long-term loan on December 29, 2016.

## Net Profit

In 2017, the Company and its subsidiary recorded the net profit of Baht 12.52 mil., compared to the net loss of Baht 57.44 mil. in 2016. Thus, the Company and its subsidiary had an increase in the net profit by Baht 69.96 mil. or 121.80%.

## Financial Position

### Assets

(Unit : Million Baht)

Item	Consolidated		Changed	% Changed
	31/12/2016	31/12/2017		
Current assets	1,246.41	1,205.45	(40.96)	(3.29)
Non-current assets	41.79	34.61	(7.18)	(17.18)
Property, plant and equipment-net	9.54	7.76	(1.78)	(18.66)
Other non-current assets	32.25	26.85	(5.40)	(16.74)
Total Assets	1,288.20	1,240.06	(48.14)	(3.74)

As at December 31, 2017, the Company and its subsidiary had total assets of Baht 1,240.06 mil., compared to that of Baht 1,288.20 mil. in 2016, decreasing by Baht 48.14 mil. or 3.74%. Details are as follows:

- Current assets decreased by Baht 40.96 mil. because :
  - Cash and current investments decreased by Baht 305.87 mil. due to short-term loans to related parties of Baht 340 mil. and the purchase of equipment of Baht 3.69 mil., in addition to cash received from the operation and interest income of Baht 33.04 mil. and restricted bank deposits of Baht 4.78 mil.
  - Trade and other receivables decreased by Baht 61.90 mil. due to the payment from trade receivables of Baht 61.87 mil. and the recorded allowance for doubtful accounts of Baht 0.03 mil.
  - Unbilled receivables and inventories decreased by Baht 7.74 mil.
  - Short-term loans to related parties increased by Baht 340 mil. due to short-term loans granted to Jasmine International PCL., approved by the Extraordinary General Meeting of Shareholders No.1/2017.
  - Other current assets decreased by Baht 5.45 mil. due to receipt of corporate tax of Baht 3.80 mil., the decrease in prepaid project costs of Baht 0.78 mil. and the decrease in prepaid expenses and good deposits of Baht 0.87 mil.

- Non-current assets decreased because:

- Property, plant and equipment-net decreased by Baht 1.78 mil. due to depreciation
- Other non-current assets decreased by Baht 5.40 mil. due to the decrease in restricted bank deposits of Baht 4.78 mil. and the decrease in deposits of Baht 0.64 mil.

## Liabilities

(Unit : Million Baht)

Item	Consolidated		Changed	% Changed
	31/12/2016	31/12/2017		
Current liabilities	340.19	278.02	(62.17)	(18.28)
Non-current liabilities	10.48	11.28	0.80	7.63
Provision for long-term employee benefits	10.48	11.28	0.80	7.63
<b>Total Liabilities</b>	<b>350.67</b>	<b>289.30</b>	<b>(61.37)</b>	<b>(17.50)</b>

As at December 31, 2017, the Company and its subsidiary had total liabilities of Baht 289.30 mil., compared to Baht 350.67 mil. in 2016, decreasing by Baht 61.37 mil. That was because:

- Current liabilities decreased by Baht 62.17 mil. due to the decrease in trade and other payables of Baht 45.10 mil., the decrease in accrued projects cost of Baht 16.68 mil., and the decrease in advances received for goods and services of Baht 0.39 mil.
- Non-current liabilities increased by Baht 0.80 mil. due to the provision for long-term employee benefits.

## Shareholders' Equity

(Unit : Million Baht)

Item	Consolidated		Changed	% Changed
	31/12/2016	31/12/2017		
Paid up share capital	706.46	706.46	-	-
Share premium	420.27	420.27	-	-
Retained earnings	(189.70)	(177.18)	12.52	6.60
Appropriated-statutory reserve	70.64	70.64	-	-
Unappropriated	(260.34)	(247.82)	12.52	4.81
Other components of shareholders' equity	8.16	8.16	-	-
Non-controlling interests of the subsidiary	(7.66)	(6.95)	0.71	9.27
<b>Total Shareholders' Equity</b>	<b>937.53</b>	<b>950.76</b>	<b>13.23</b>	<b>1.41</b>
Book value	1.33	1.35	-	-

As at December 31, 2017, the Company and its subsidiary had total shareholders' equity of Baht 950.76 mil., compared to that of Baht 937.53 mil. in 2016, increasing by Baht 13.23 mil. or 1.41%. due to an increase in the net profit of the Company and its subsidiary.

Return on equity for the year 2017 was 1.33%, compared to that of -5.73% in 2016, due to an increase in net profit of Baht 69.96 mil.

## Capital Structure

As at December 31, 2017, the Company and its subsidiary had total liabilities of Baht 289.30 mil. and total shareholders' equity of Baht 950.76 mil. Debt to equity ratio was 0.30 time, compared to that of 0.37 time in 2016, mainly due to a decrease in trade and other payables, accrued projects cost and advances received for goods and services and an increase in unappropriated retained earnings. Thus, debt to equity ratio in 2017 decreased by 0.07 time, compared to the year 2016. This signifies that the Company had more shareholders' equity than debts; thus, having no financial risks.

### Cash flow

As at December 31, 2017, the Company and its subsidiary had cash and cash equivalent of Baht 96.64 mil., decreasing by Baht 225.88 mil. from the year 2016. The summary of net cash generated and used is as follows:-

- Net cash from operating activities	Baht	23.24	mil.
- Net cash used in investing activities	Baht	(249.11)	mil.

### Liquidity

As at December 31, 2017, the Company and its subsidiary had current ratio of 4.34 times, compared to 3.66 times in 2016, increasing by 0.68 time.

As at December 31, 2017, the Company and its subsidiary had quick ratio (only for cash and liquid current assets) of 3.08 times, compared to 3.60 times in 2016, decreasing by 0.52 time due to short-term loans granted to related party by Baht 340 mil. (As described in No. 6 of Notes to Consolidated Financial Statements)

## Commitments and off-balance sheet transactions

### Operating lease commitments

As at December 31, 2017, the Company and its subsidiary had the commitment under the agreements of office building space lease and related services amounting Baht 5 mil. The term of these agreements was 3 years and non-cancellable.

In addition, the Company and its subsidiary had commitments which may affect their financial statements and operating results as described in Notes to Consolidated Financial Statements No. 22, "Commitments and contingent liabilities."

### Factors which may impact upon business operation in the future

Presently, the Company has focused more on working with the private sector than bidding for projects from the government sector. With expertise in ICT technology integration, the Company provides its services not only to the private sector, but also to its major shareholder's business group, resulting in effective resources-sharing and cost reduction.

In addition, to increase its competitiveness, the Company has invested in cloud computing business, which is an IT business, to serve both the private sector and its major shareholder's business group; enabling sustainable growth of the Company's operating result and financial position.

# 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 2017 present the Company's financial situation and operation results in a reliable and accurate manner.



(Mr. Pleumjai Sinarkorn)

Chairman of the Board of Directors

# 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 2017, 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 the possible effects on the matter as described in 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 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Qualified Opinion

As described in Note 22.3 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 tablet parts were produced. As stipulated in the sale and purchase agreements, the Company is obliged to pay a penalty for delayed shipment at a daily rate of 0.2 percent of the price of the unshipped tablets. In 2014, counterparties of the agreements submitted letters to the Company to terminate the sale and purchase agreements and requested the Company to pay penalties totaling Baht 5 million and Baht 142 million, respectively. However, the Company submitted letters to these counterparties objecting to the imposition of the penalty. The management of the Company clarified that the delay in shipment was due to force majeure and the Company did not breach the agreements. Subsequently, these counterparties filed lawsuits with the Central Administrative Court, petitioning the Court to order the Company to pay penalties and make payment under the letter of performance bond guarantee, together with interest totaling approximately Baht 5 million and Baht 190 million, respectively. However, as a result of the execution of a sale and purchase of tablets agreement between the Company and a local counterparty, the Company received cash amounting to Baht 38 million as a result of forfeiture of performance bond from this counterparty. The Company had a legal right to seize this amount as compensation for losses caused by this company or incurred as a result of a breach of agreement by this company. The Company recorded the cash receipt as a liability under the caption of trade and other payables in the statements of financial position and treated it as a provision for any penalties and losses that might be incurred, while the Company did not expect such penalties and losses to exceed the amount of the reserve. I was consequently unable to perform audit procedures to satisfy myself as to the provision for penalties and losses that might be incurred due to the Company's inability to deliver the tablets and my opinion on the consolidated financial statements of the Company and its subsidiary and the separate financial statements of the Company for the year ended 31 December 2016 were therefore qualified with respect to this matter, due to a limitation imposed by circumstance. During the current year, the situation has not changed, except for the recent development on 22 February 2018, when the Central Administrative Court issued a judgement on the case between the Company and the government agency who filed the lawsuit, requesting the Company



to pay penalties totaling approximately Baht 5 million. The Central Administrative Court issued a judgement ordering the Company to pay penalties totaling approximately Baht 3 million. However, the Company has the right to file an appeal within 30 days after the Central Administrative Court issued a judgement. When the Company receives the official judgement of the Central Administrative Court, the legal advisor will consider details of the judgement in order to subsequently file an appeal. Therefore, the ultimate outcome of these lawsuits and disputes that are not finalised cannot be determined at this time. However, the Company's management and legal advisor are confident that no significant losses will be incurred as a result of these lawsuits and disputes, and therefore no further provision for contingent liabilities have been recorded in the accounts. Consequently, I was unable to perform audit procedures to obtain sufficient appropriate audit evidence regarding the provision of Baht 38 million recorded for the penalties and losses that may be incurred as a result of the above circumstances. This provision was recorded under liabilities, as part of balance of trade and other payables, which amounted to Baht 107 million in the consolidated statements of financial position as at 31 December 2017 (2016: Baht 151 million) and Baht 77 million in the separate statement of financial position (2016: Baht 113 million). For the same reason, I was unable to determine whether and to what extent any adjustments were required to be made to the provision for penalties and losses that may be incurred as a result of the above situation in the financial statements for the years ended 31 December 2017 and 2016. If adjustments were necessary, they would affect both the financial statements of the prior year presented herein for comparative purposes and the financial statements of the current year. 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 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 22.4 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 from a related party*

As discussed in Note 7 to the consolidated financial statements, as at 31 December 2017, the Company and its subsidiary have balances of trade receivables from a related party amounting to Baht 725 million which account for 58% of total assets and the Company's amounting to Baht 725 million which account for 56% of total assets. The balances are long outstanding. As most of these receivables are more than 12 months past due and the balances are material to the financial statements, therefore I focused on the net realisable value of this account.

I assessed the method and gaining an understanding of the basis applied in determination of the allowance for doubtful accounts. 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, 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 litigation and commercial disputes*

As discussed in the Basis for Qualified Opinion section and the Emphasis of Matter section which described the significant commercial disputes and as discussed in Note 22.3, Note 22.4 and Note 22.5 to the consolidated financial statements as at 31 December 2017, 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 litigation and commercial disputes 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.

- a) 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.
- b) 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.
- c) 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.
- d) Reviewed the disclosure of information relating to litigation and commercial disputes in the notes to the consolidated financial statements.

## 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.

I am responsible for the audit resulting in this independent auditor's report.

Chonlaros Suntiasvaraporn

Certified Public Accountant (Thailand) No. 4523

*C. stis*

EY Office Limited

Bangkok: 26 February 2018

# Jasmine Telecom Systems Public Company Limited and its subsidiary

## Statement of financial position

### As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		96,640,828	322,516,287	76,884,556	314,286,621
Current investments - bank deposits		20,816,202	100,808,370	20,691,514	100,678,745
Trade and other receivables	7	729,923,305	791,824,165	728,327,000	788,244,715
Unbilled receivables					
Related parties	6	150,353	18,972	1,191,700	574,000
Unrelated parties		8,265,898	11,112,304	5,459,822	5,466,884
Short-term loans to related parties	6	340,000,000	-	340,000,000	-
Current portion of long-term loans to subsidiary	6	-	-	16,000,000	16,000,000
Inventories	8	3,162,762	8,189,366	3,034,536	8,044,296
Account receivable under troubled debt restructuring	9	-	-	-	-
Prepaid project costs		445,315	1,229,567	299,280	61,784
Other current assets		6,047,677	10,709,915	3,215,978	4,762,787
<b>Total current assets</b>		<b>1,205,452,340</b>	<b>1,246,408,946</b>	<b>1,195,104,386</b>	<b>1,238,119,832</b>
<b>Non-current assets</b>					
Restricted bank deposits		25,632,235	30,408,762	23,008,513	27,848,657
Long-term loans to subsidiary	6	-	-	85,000,000	101,000,000
Investment in subsidiary	10	-	-	-	-
Property, plant and equipment	11	7,765,624	9,540,592	723,614	1,871,054
Deposits		1,214,609	1,846,531	1,016,320	1,014,340
<b>Total non-current assets</b>		<b>34,612,468</b>	<b>41,795,885</b>	<b>109,748,447</b>	<b>131,734,051</b>
<b>Total assets</b>		<b>1,240,064,808</b>	<b>1,288,204,831</b>	<b>1,304,852,833</b>	<b>1,369,853,883</b>

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

**Jasmine Telecom Systems Public Company Limited and its subsidiary**  
**Statement of financial position (continued)**  
**As at 31 December 2017**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	12	107,148,669	151,305,447	76,749,844	113,105,474
Accrued project cost		138,331,714	157,640,876	4,886,319	12,301,288
Income tax payable		1,683,138	-	-	-
Advances received for goods and services	6	3,272,848	2,894,260	575,210	905,607
Other current liabilities		27,585,549	28,350,915	18,095,877	19,634,729
<b>Total current liabilities</b>		<b>278,021,918</b>	<b>340,191,498</b>	<b>100,307,250</b>	<b>145,947,098</b>
Non-current liabilities					
Provision for long-term employee benefits	13	11,281,745	10,483,343	11,281,745	10,483,343
<b>Total non-current liabilities</b>		<b>11,281,745</b>	<b>10,483,343</b>	<b>11,281,745</b>	<b>10,483,343</b>
<b>Total liabilities</b>		<b>289,303,663</b>	<b>350,674,841</b>	<b>111,588,995</b>	<b>156,430,441</b>
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
Premium on ordinary shares		420,269,078	420,269,078	420,269,078	420,269,078
Retained earnings					
Appropriated-statutory reserve	14	70,645,730	70,645,730	70,645,730	70,645,730
Unappropriated (deficit)		(247,817,787)	(260,337,719)	(4,108,270)	16,051,334
Other components of shareholders' equity	2.2	8,157,637	8,157,637	-	-
<b>Equity attributable to owners of the Company</b>		<b>957,711,958</b>	<b>945,192,026</b>	<b>1,193,263,838</b>	<b>1,213,423,442</b>
Non-controlling interests of the subsidiary		(6,950,813)	(7,662,036)	-	-
<b>Total shareholders' equity</b>		<b>950,761,145</b>	<b>937,529,990</b>	<b>1,193,263,838</b>	<b>1,213,423,442</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,240,064,808</b>	<b>1,288,204,831</b>	<b>1,304,852,833</b>	<b>1,369,853,883</b>

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 2017**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit or loss:					
<b>Revenues</b>					
Sales and service income		77,703,887	125,213,436	22,109,828	67,194,886
Interest income		8,274,077	5,288,225	10,069,111	6,839,863
Exchange gains		2,459,395	966,040	-	756,441
Other income		11,079,044	10,591,736	4,072,576	1,534,636
<b>Total revenues</b>		<b>99,516,403</b>	<b>142,059,437</b>	<b>36,251,515</b>	<b>76,325,826</b>
<b>Expenses</b>					
Cost of sales and services		37,501,812	47,303,014	14,366,933	20,468,783
Selling and servicing expenses		-	1,532,655	-	-
Administrative expenses		45,563,245	60,780,049	41,839,763	47,908,634
Exchange losses		-	-	172,323	-
Bad debt		-	1,725,000	-	-
Doubtful debt	7, 9	32,100	80,026,908	32,100	62,912,560
<b>Total expenses</b>		<b>83,097,157</b>	<b>191,367,626</b>	<b>56,411,119</b>	<b>131,289,977</b>
<b>Profit (loss) before finance cost and income tax</b>		<b>16,419,246</b>	<b>(49,308,189)</b>	<b>(20,159,604)</b>	<b>(54,964,151)</b>
Finance cost		-	(8,502,393)	-	-
<b>Profit (loss) before income tax</b>		<b>16,419,246</b>	<b>(57,810,582)</b>	<b>(20,159,604)</b>	<b>(54,964,151)</b>
Income tax	17	(3,188,091)	-	-	-
<b>Profit (loss) for the year</b>		<b>13,231,155</b>	<b>(57,810,582)</b>	<b>(20,159,604)</b>	<b>(54,964,151)</b>
<b>Total comprehensive income for the year</b>		<b>13,231,155</b>	<b>(57,810,582)</b>	<b>(20,159,604)</b>	<b>(54,964,151)</b>
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		12,519,932	(57,441,539)	(20,159,604)	(54,964,151)
Non-controlling interests of the subsidiary		711,223	(369,043)		
		<b>13,231,155</b>	<b>(57,810,582)</b>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		12,519,932	(57,441,539)	(20,159,604)	(54,964,151)
Non-controlling interests of the subsidiary		711,223	(369,043)		
		<b>13,231,155</b>	<b>(57,810,582)</b>		
<b>Basic earnings (loss) per share</b>	<b>18</b>				
Profit (loss) attributable to equity holders of the Company		0.02	(0.08)	(0.03)	(0.08)

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 2017

(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	Premium on ordinary shares	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 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 21)	-	-	-	(70,641,700)	-	-	(70,641,700)	-	(70,641,700)
Transferred unappropriated retained earnings to statutory reserve	-	-	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
Balance as at 1 January 2017	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
Total comprehensive income for the year	-	-	-	12,519,932	-	-	12,519,932	711,223	13,231,155
Balance as at 31 December 2017	706,457,300	420,269,078	70,645,730	(247,817,787)	8,157,637	8,157,637	957,711,958	(6,950,813)	950,761,145

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 2017

(Unit: Baht)

	Separate financial statements					Total shareholders' equity
	Issued and fully paid-up share capital	Premium on ordinary shares	Retained earnings		Unappropriated	
			Appropriated	Unappropriated		
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 21)	-	-	-	(70,641,700)		(70,641,700)
Transferred unappropriated retained earnings to statutory reserve	-	-	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
Balance as at 1 January 2017	706,457,300	420,269,078	70,645,730	16,051,334		1,213,423,442
Total comprehensive income for the year	-	-	-	(20,159,604)		(20,159,604)
Balance as at 31 December 2017	706,457,300	420,269,078	70,645,730	(4,108,270)		1,193,263,838

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

# Jasmine Telecom Systems Public Company Limited and its subsidiary

## Statement of cash flows

### For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	16,419,246	(57,810,582)	(20,159,604)	(54,964,151)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities				
Depreciation	5,502,698	13,600,384	1,228,764	9,054,145
Bad debt	-	1,725,000	-	-
Doubtful debt	32,100	80,026,908	32,100	62,912,560
Reduction of inventory to net realisable value	2,158,109	-	2,158,109	-
Gain on disposal of equipment	(52,547)	(24,934)	(50,982)	(24,216)
Provision for compensation	1,130,233	-	-	-
Provision for long-term employee benefits (reversal)	798,402	(706,540)	798,402	763,746
Unrealised exchange (gains) losses	(2,513,897)	(198,865)	117,820	10,735
Interest income	(8,274,077)	(5,288,225)	(10,069,111)	(6,839,863)
Interest expenses	-	8,502,393	-	-
Profit (loss) from operating activities before changes in operating assets and liabilities	15,200,267	39,825,539	(25,944,502)	10,912,956
Operating assets (increase) decrease				
Trade and other receivables	60,045,680	(40,832,364)	58,046,909	(43,262,830)
Unbilled receivables	2,715,025	4,498,181	(610,638)	5,685,634
Inventories	2,869,357	2,332,750	2,852,513	2,364,734
Prepaid project costs	784,252	(791,387)	(237,496)	29,316
Other current assets	2,970,709	493,998	2,457,482	483,300
Other assets	631,922	166,943	(1,980)	57,560
Operating liabilities increase (decrease)				
Trade and other payables	(45,104,008)	(80,395,709)	(36,172,627)	(74,979,614)
Accrued project costs	(16,677,446)	(5,617,458)	(7,414,969)	(2,210,567)
Advances received for goods and services	378,588	1,266,860	(330,397)	-
Other current liabilities	(765,366)	2,512,796	(1,538,852)	2,796,152
Cash from (used in) operating activities	23,048,980	(76,539,851)	(8,894,557)	(98,123,359)
Cash paid for interest expenses	-	(8,233,159)	-	-
Cash paid for income tax	(3,613,650)	(1,945,626)	(2,106,371)	(684,233)
Refundable withholding tax	3,800,226	9,395,647	1,195,698	9,395,647
<b>Net cash from (used in) operating activities</b>	<b>23,235,556</b>	<b>(77,322,989)</b>	<b>(9,805,230)</b>	<b>(89,411,945)</b>

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

**Jasmine Telecom Systems Public Company Limited and its subsidiary**  
**Statement of cash flows (continued)**  
**For the year ended 31 December 2017**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from investing activities				
Interest income	9,796,334	5,643,592	11,606,994	6,391,201
Decrease in current investments - bank deposits	79,992,168	425,055,391	79,987,231	425,030,185
Decrease in restricted bank deposits	4,776,527	657,937	4,840,144	595,145
Increase in short-term loans to related parties	(340,000,000)	-	(340,000,000)	(11,000,000)
Increase in long-term loans to subsidiary	-	-	-	(117,000,000)
Cash received from repayment of long-term loans made to subsidiary	-	-	16,000,000	-
Acquisition of equipment	(3,764,124)	(1,379,426)	(117,694)	-
Proceeds from sales of equipment	88,080	45,598	86,490	44,860
Net cash from (used in) investing activities	(249,111,015)	430,023,092	(227,596,835)	304,061,391
Cash flows from financing activities				
Repayment of long-term loans	-	(138,770,955)	-	-
Dividend paid	-	(70,641,700)	-	(70,641,700)
Net cash used in financing activities	-	(209,412,655)	-	(70,641,700)
Net increase (decrease) in cash and cash equivalents	(225,875,459)	143,287,448	(237,402,065)	144,007,746
Cash and cash equivalents at beginning of year	322,516,287	179,228,839	314,286,621	170,278,875
Cash and cash equivalents at end of year	96,640,828	322,516,287	76,884,556	314,286,621
Supplemental cash flow information				
Non-cash transactions				
Transfer equipment to inventories	862	-	862	-

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

# Jasmine Telecom Systems Public Company Limited and its subsidiary

## Notes to consolidated financial statements

### For the year ended 31 December 2017

#### 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, 9<sup>th</sup> 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 11 October 2016, 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 the Company and Cloud Computing Solutions Company Limited (“the subsidiary”), which is incorporated in Thailand. The subsidiary is principally engaged in the computer system and software development and design services, sales of computer products and cloud computing services. 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 subsidiaries 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) Subsidiaries are 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 subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries 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.

In 2005, the Company purchased investment in the subsidiary at a price of approximately Baht 8 million lower than the attributable net asset value of the subsidiary. 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 the 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 its subsidiary have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are 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 adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiary's financial statements.

#### **b. Financial reporting standards that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiary believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

### **4. Significant accounting policies**

#### **4.1 Revenue recognition**

Sales of goods 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, installation of telecommunication systems and computer systems including supply of related equipment is recognised by reference to the stage of completion as assessed by engineers or project managers.

Maintenance service revenue is recognised when service is rendered.

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

Investment in subsidiary is accounted for in the separated financial statements using the cost method net of allowance for impairment loss.

The weighted average method is used for computation of 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 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 defined benefit plans 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.

## 5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements 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 judgements 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 and commercial disputes

The Company and its subsidiary have contingent liabilities as a result of litigation and commercial disputes. 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: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	2017	2016	2017	2016	
<b><u>Transactions with parent company</u></b>					
Sales and service income	3,112	1,502	-	-	Contract price or at prices normally charged to other customers
Interest income	3,166	-	3,166	-	The rate reference to the average weighted of 12-month fixed deposits interest rate quoted by three commercial banks plus 0.6 percent per annum and 2.08 percent per annum
Office rental and service expenses	3,246	4,827	3,148	3,049	Contract price or at prices normally charged to other customers
Other expenses	20	19	14	13	Contract price or at prices normally charged to other customers
<b><u>Transactions with subsidiary</u></b> (eliminated from the consolidated financial statements)					
Sales and service income	-	-	9,835	574	Contract price or at prices normally charged to other customer
Interest income	-	-	1,839	1,604	The rate referenced to fixed deposits interest rate plus 0.5 percent per annum
Management income	-	-	2,280	380	Contract price
Cost of sales and services	-	-	89	89	Contract price or at prices normally charged to other customers
<b><u>Transactions with related companies</u></b>					
Sales and service income	46,136	83,998	2,318	48,533	Contract price or at prices normally charged to other customers
Other income	130	-	130	-	Contract price or at prices normally charged to other customers
Cost of sales and services	4,792	4,187	2,973	4,187	Contract price or at prices normally charged to other customers
Office rental and service expenses	252	252	252	252	Contract price or at prices normally charged to other customers
Other expenses	3,290	5,606	1,832	2,056	Contract price or at prices normally charged to other customers

The balances of the accounts as at 31 December 2017 and 2016 between the Company and its subsidiary and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Trade accounts receivable - related parties (Note 7)</b>				
Parent company	128	113	-	-
Subsidiary	-	-	221	-
(eliminated from the consolidated financial statements)				
Related companies				
Jasmine Group	725,359	778,981	724,819	775,994
<b>Total trade accounts receivable - related parties</b>	<b>725,487</b>	<b>779,094</b>	<b>725,040</b>	<b>775,994</b>
<b>Other receivable - related parties (Note 7)</b>				
Parent company	116	-	116	-
Subsidiary	-	-	3,480	3,495
(eliminated from the consolidated financial statements)				
Related companies				
Jasmine Group	139	-	139	-
<b>Total</b>	<b>255</b>	<b>-</b>	<b>3,735</b>	<b>3,495</b>
Less: Allowance for doubtful account	-	-	(3,480)	(3,480)
<b>Total other receivables - related parties - net</b>	<b>255</b>	<b>-</b>	<b>255</b>	<b>15</b>
<b>Unbilled receivable from related parties</b>				
Subsidiary	-	-	1,192	574
(eliminated from the consolidated financial statements)				
Related companies				
Jasmine Group	150	19	-	-
<b>Total unbilled receivable from related parties</b>	<b>150</b>	<b>19</b>	<b>1,192</b>	<b>574</b>
<b>Short-term loans to related parties</b>				
Parent company	340,000	-	340,000	-
Subsidiary	-	-	80,347	80,347
(eliminated from the consolidated financial statements)				
<b>Total</b>	<b>340,000</b>	<b>-</b>	<b>420,347</b>	<b>80,347</b>
Less: Allowance for doubtful account	-	-	(80,347)	(80,347)
<b>Total short-term loans to related parties - net</b>	<b>340,000</b>	<b>-</b>	<b>340,000</b>	<b>-</b>

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Long-term loans to subsidiary</b>				
Subsidiary	-	-	101,000	117,000
(eliminated from the consolidated financial statements)				
Less: Current portion of long-term loans	-	-	(16,000)	(16,000)
<b>Total long-term loans to subsidiary - net of current portion</b>	<b>-</b>	<b>-</b>	<b>85,000</b>	<b>101,000</b>
<b>Trade accounts payable - related parties (Note 12)</b>				
Related companies				
Jasmine Group	694	421	3	3
<b>Total trade accounts payable - related parties</b>	<b>694</b>	<b>421</b>	<b>3</b>	<b>3</b>
<b>Other payables - related parties (Note 12)</b>				
Parent company	20,099	22,523	-	-
Related companies				
Jasmine Group	6,928	8,273	129	81
<b>Total other payables - related parties</b>	<b>27,027</b>	<b>30,796</b>	<b>129</b>	<b>81</b>
<b>Advance received from related parties</b>				
Parent company	52	22	-	-
Related companies				
Jasmine Group	1,986	1,117	202	-
<b>Total advance received from related parties</b>	<b>2,038</b>	<b>1,139</b>	<b>202</b>	<b>-</b>

Loans to related parties

During the year, movements of loans to related parties were as follows:

(Unit: Thousand Baht)

	Consolidated/Separate financial statements		
	Balance as at 31 December 2016	Increase during the year	Balance as at 31 December 2017
Short-term loans to parent company	-	340,000	340,000

On 25 December 2017, an Extraordinary General Meeting of the Company's Shareholders passed a resolution approving the offer of financial assistance to parent company in form of a short-term loan in the amount of Baht 340 million. Short-term loans to parent company carry interest at the rate of 2.08 percent per annum. Interest is repayable at each quarter-end, with the term of loan for 6 months with an extension right for another 6 months.

(Unit: Thousand Baht)

	Separate financial statements		
	Balance as at 31 December 2016	Decrease during the year	Balance as at 31 December 2017
Short-term loans to the subsidiary	80,437	-	80,437
Long-term loans to the subsidiary	117,000	(16,000)	101,000

Short-term loans to the subsidiary is subject to interest at the rate referenced to the 12-month fixed deposits interest rate plus 0.5 percent per annum and due for repayment at call.

Long-term loans to the subsidiary 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, the Company and its subsidiary had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term employee benefits	10,956	13,097	10,956	10,580
Post-employment benefits	993	1,544	993	1,394
Total	11,949	14,641	11,949	11,974

## 7. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade receivables - related parties (Note 6)	725,487	779,094	725,040	775,994
Trade receivables - unrelated parties	185,565	192,443	17,395	24,929
Other receivables - related parties (Note 6)	255	-	3,735	3,495
Other receivables - unrelated parties	40,514	42,153	40,510	42,148
Total	951,821	1,013,690	786,680	840,566
Less: Allowance for doubtful debts	(221,898)	(221,866)	(58,353)	(58,321)
Trade and other receivables - net	729,923	791,824	728,327	788,245

The outstanding balances of trade accounts receivable as at 31 December 2017 and 2016, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	1,191	5,728	548	2,676
Past due				
Up to 3 months	1,158	24,785	1,354	24,785
Longer than 3 - 6 months	795	26,716	795	26,673
Longer than 6 - 12 months	-	673	-	668
Longer than 12 months	722,343	721,192	722,343	721,192
Total trade receivables - related parties (Note 6)	725,487	779,094	725,040	775,994
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	2,927	3,099	2,775	2,763
Past due				
Up to 3 months	1,030	161	45	12
Longer than 3 - 6 months	8	6,610	-	6,610
Longer than 6 - 12 months	-	-	-	-
Longer than 12 months	181,600	182,573	14,575	15,544
Total	185,565	192,443	17,395	24,929
Less: Allowance for doubtful debts	(181,600)	(181,568)	(14,575)	(14,543)
Total trade receivables - unrelated parties - net	3,965	10,875	2,820	10,386
Total trade receivables - net	729,452	789,969	727,860	786,380
<u>Other receivables - related parties</u>				
Accrued interest income	116	-	3,596	3,495
Others	139	-	139	-
Total	255	-	3,735	3,495
Less: Allowance for doubtful debts	-	-	(3,480)	(3,480)
Total other receivables - related parties - net (Note 6)	255	-	255	15
<u>Other receivables - unrelated parties</u>				
Accrued interest income	12,529	14,168	12,525	14,163
Others	27,985	27,985	27,985	27,985
Total	40,514	42,153	40,510	42,148
Less: Allowance for doubtful debts	(40,298)	(40,298)	(40,298)	(40,298)
Total other receivables - unrelated parties - net	216	1,855	212	1,850

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 2017 and 2016, 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	
	2017	2016	2017	2016
Aged on the basis of due dates				
Not yet due	2,886	3,026	2,775	2,763
Past due				
Up to 3 months	888	-	34	-
Longer than 3 - 6 months	-	6,610	-	6,610
Longer than 6 - 12 months	-	-	-	-
Longer than 12 months	32	1,001	32	1,001
Total	3,806	10,637	2,841	10,374
Less: Allowance for doubtful account	(32)	-	(32)	-
Total trade receivables - government agencies - net	3,774	10,637	2,809	10,374

## 8. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2017	2016	2017	2016	2017	2016
Finished goods	9,335	12,203	(6,172)	(4,014)	3,163	8,189

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2017	2016	2017	2016	2017	2016
Finished goods	9,207	12,058	(6,172)	(4,014)	3,035	8,044

During the year 2017, the Company reduced cost of inventories by Baht 2 million (2016: none) to reflect the net realisable value. This was included in cost of sales and services.

## 9. Account receivable under troubled debt restructuring

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

## 10. Investment in subsidiary

Details of investment in subsidiary as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Cost	
	2017	2016	2017	2016
Could Computing Solution Company Limited	55,000	55,000	83,899	83,899
Less: Allowance for loss on investments			(83,899)	(83,899)
Total investment in subsidiary - net			-	-

## 11. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements				
	Land, buildings, buildings and leasehold improvement	Public telephones and related equipment	Furniture, fixtures and office equipment	Motor vehicles	Total
<b>Cost</b>					
1 January 2016	19,258	26,151	67,166	6,648	119,223
Additions	9	-	1,370	-	1,379
Disposals	-	-	(1,078)	-	(1,078)
31 December 2016	19,267	26,151	67,458	6,648	119,524
Additions	-	-	3,763	-	3,763
Disposals	-	(1,442)	(557)	-	(1,999)
Transfers out	-	-	(8)	-	(8)
31 December 2017	19,267	24,709	70,656	6,648	121,280
<b>Accumulated depreciation</b>					
1 January 2016	17,197	18,832	55,444	5,968	97,441
Depreciation for the year	60	7,305	5,988	247	13,600
Depreciation on disposals	-	-	(1,058)	-	(1,058)
31 December 2016	17,257	26,137	60,374	6,215	109,983
Depreciation for the year	3	12	5,240	247	5,502
Depreciation on disposals	-	(1,440)	(524)	-	(1,964)
Depreciation on transfers	-	-	(7)	-	(7)
31 December 2017	17,260	24,709	65,083	6,462	113,514
<b>Net book value</b>					
31 December 2016	2,010	14	7,084	433	9,541
31 December 2017	2,007	-	5,573	186	7,766
<b>Depreciation for the year</b>					
2016 (Baht 2 million included in cost of sales and services, and the balance in selling, servicing and administrative expenses)					13,600
2017 (Baht 3 million included in cost of sales and services, and the balance in selling, servicing and administrative expenses)					5,502

(Unit: Thousand Baht)

	Separate financial statements				
	Public telephones and related equipment	Buildings and leasehold improvement	Furniture, fixtures and office equipment	Motor vehicles	Total
<b>Cost</b>					
1 January 2016	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
Additions	-	-	117	-	117
Disposals	(1,442)	-	(493)	-	(1,935)
Transfers out	-	-	(8)	-	(8)
31 December 2017	24,709	12,129	27,721	6,152	70,711
<b>Accumulated depreciation</b>					
1 January 2016	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
Depreciation for the year	12	-	968	248	1,228
Depreciation on disposals	(1,440)	-	(460)	-	(1,900)
Depreciation on transfers	-	-	(7)	-	(7)
31 December 2017	24,709	12,129	27,182	5,967	69,987
<b>Net book value</b>					
31 December 2016	14	-	1,424	433	1,871
31 December 2017	-	-	538	185	724
<b>Depreciation for the year</b>					
2016 (Included in selling, servicing and administrative expenses)					9,054
2017 (Included in selling, servicing and administrative expenses)					1,228

As at 31 December 2017, 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 104 million (2016: Baht 85 million) and the Company's Baht 67 million (2016: Baht 55 million).

## 12. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade payables - related parties (Note 6)	694	421	3	3
Trade payables - unrelated parties	33,419	71,637	32,522	65,469
Other payables - related parties (Note 6)	27,027	30,796	129	81
Other payables - unrelated parties	46,009	48,451	44,096	47,552
Total trade and other payables	107,149	151,305	76,750	113,105



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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Provision for long-term employee benefits at beginning of year	10,483	11,190	10,483	9,719
Included in profit or loss:(Include in administrative expenses)				
(Include in administrative expenses)				
Current service cost	510	610	510	497
Interest cost	289	297	289	267
Reversal of long-term employee benefits	-	(1,614)	-	-
Provision for long-term employee benefits at end of year	11,282	10,483	11,282	10,483

During the year 2016, the subsidiary recorded a reversal of provision for long-term employee benefits as a result of the transfer of all of its employees to a related party in Jasmine Group.

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit of the Company is 10 years (2016: 11 years).

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated/Separate financial statements	
	2017 (% per annum)	2016 (% 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 obligations as at 31 December 2017 and 2016 are summarised below:

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	2017	2016
Discount rate		
Increase 50 basis points (3.25%)	(414)	(430)
Decrease 50 basis points (2.25%)	441	460
Salary increase rate		
Increase 100 basis points (6.00%)	1,233	1,138
Decrease 100 basis points (4.00%)	(1,090)	(1007)

### 14. Statutory reserve

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

## 15. Expenses by nature

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Salary and wages and other employee benefits	27,457	33,271	27,457	26,683
Inventories used	11,720	5,754	4,248	1,834
Subcontracting expenses	6,775	8,625	4,243	4,760
Depreciation	5,503	13,600	1,229	9,054
Rental expenses from operating lease Agreements	3,497	5,079	3,400	3,300
Reduction of inventories to net realisable value	2,158	-	2,158	-
Doubtful debt	32	80,027	32	62,913
Bad debt	-	1,725	-	-

## 16. Service income under the license

During the year 2017, the Company had service income under the license, granted by the National Telecommunications Commission ("NBTC"), for telecommunication service Type I amounting to Baht 0.16 million (2016: Baht 0.04 million).

As at 31 December 2017, the Company had expenses payable to other licensees, concessionaires or foreign telecommunication service providers amounting to Baht 0.09 million (2016: Baht 0.02 million) in accordance with the notification of the NBTC Re: Criteria and Procedures on Revenue Collection for Universal Service Obligation, dated 30 May 2017.

## 17. Income tax

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Accounting profit (loss) before tax	16,419	(57,811)	(20,160)	(54,964)
Applicable tax rate	20%	20%	20%	20.00%
Accounting profit (loss) before tax multiplied by income tax rate	3,284	(11,562)	(4,032)	(10,993)
Non-deductible expense	231	45	4	5
Additional expense deductions allowed	(78)	-	(4)	-
Unrecognised deferred tax asset:				
Allowance for diminution in value of inventories	432	-	432	-
Allowance for doubtful accounts and bad debt	6	16,351	6	12,583
Accumulated depreciation	-	1,145	-	1,145
Provision for long-term employee benefits	160	153	160	153
Tax loss of current year	3,167	-	3,167	-
Tax loss of prior years that is used to reduce tax expenses	(4,014)	(6,132)	-	(2,990)
Others	-	-	267	97
Income tax expenses reported in the statement of comprehensive income	3,188	-	-	-

As at 31 December 2017, the Company and its subsidiary have deductible temporary differences and unused tax losses totaling Baht 843 million (2016: Baht 845 million) and the Company only of Baht 573 million (2016: Baht 554 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 of the Company amounting to Baht 110 million will gradually expire from 2019 - 2022 (2016: the Company and its subsidiary amounting to Baht 114 million will gradually expire from 2017 - 2020 and the Company only of Baht 94 million will gradually expire from 2019 - 2020).

## 18. Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing profit (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.

## 19. 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.

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.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

*Inter-segment revenues are eliminated on consolidation.*

During the current year, the Company and its subsidiary have separately presented design and installation of telecommunication system segments, computer systems integration business and cloud computing business segment because its income is material to 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 of the Company and its subsidiary by segment.

(Unit: Million Baht)

	Design and installation of telecommunication systems segment		Computer systems integration business segment		Cloud computing business segment		Elimination of inter-segment transactions		Consolidation	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Sales and services income										
Revenue from external customers	12	66	47	45	19	14	-	-	78	125
Inter-segment revenues	10	1	-	-	-	-	(10)	(1)	-	-
Total revenues	22	67	47	45	19	14	(10)	(1)	78	125
Segment operating profit (loss)	(2)	46	31	25	11	7			40	78
Unallocated income and expenses:										
Interest income									8	5
Exchange gains									2	1
Other income									11	11
Selling and servicing expenses									-	(1)
Administrative expenses									(45)	(61)
Bad debts									-	(2)
Doubtful debts									-	(80)
Finance cost									-	(9)
Income tax									(3)	-
Profit (loss) for the year									13	(58)

### Major customer

For the year 2017, the Company and its subsidiary have revenue from three major customers in amount of Baht 52 million (2016: Baht 107 million) and the Company only from two customers in amount of Baht 18 million (2016: Baht 63 million).

## 20. 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 2017, the Company contributed Baht 1 million (2016: the Company and its subsidiary contributed Baht 1.8 million, and the Company only contributes Baht 1.5 million), to the fund.

## 21. Dividends

On 28 October 2016, the Board of Directors' Meeting No.10/2016 of the Company passed a resolution approving the payment of an interim dividend from the retained earnings as at 30 September 2016 to the shareholders at the rate of 0.1 Baht per share, a total of Baht 70.6 million.

## 22. Commitments and contingent liabilities

### 22.1 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 2017 and 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	
	2017	2016	2017	2016
Payable:				
In up to 1 year	3	3	3	3
In over 1 and up to 3 years	2	5	2	4

### 22.2 Guarantees

As at 31 December 2017, there were outstanding bank guarantees of Baht 79 million (2016: Baht 243 million) issued by banks on behalf of the Company and its subsidiary, and the Company only of Baht 53 million (2016: Baht 218 million), in respect of certain bid bonds and performance bonds.

### 22.3 Contingent liability arising from the sale and purchase of tablet agreements

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

amounting to Baht 40 million to the two counterparties. However, in November 2014 and March 2015, the two counterparties filed lawsuits with the Central Administrative Court, requesting the Company to pay a penalty for its inability to deliver tablet as stipulated in the agreements and to make payment under the performance bonds, together with interest at the rate of 7.5% per annum, totaling approximately Baht 5 million and Baht 190 million, respectively. During 2014, the Company submitted a notice of breach of the agreement to a local company claiming that it had failed to deliver tablets in accordance with the agreement, and the Company exercised its right to terminate the agreement with this company. In addition, the Company requested the bank who issued a bank guarantee on behalf of this company in the form a performance bond for the sale of tablets to pay Baht 38 million to the Company under the performance bond. The Company received the payment and retained the legal right to seize this amount as compensation for losses caused by this company or incurred as a result of a breach of agreement by this company. 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 it as a provision for any penalties and losses that might be incurred. Moreover, in the event that the Company is required to pay penalties and compensation to the government agencies, the Company can reclaim all losses from this local company who is the seller of the tablets to the Company, in accordance with a condition stipulated in the sale and purchase of tablet agreements. However, on 22 February 2018, the Central Administrative Court issued a judgement on the case between the Company and the government agency who filed the lawsuit, requesting the Company to pay penalties totaling approximately Baht 5 million for its inability to deliver tablets as stipulated in the agreement. The Central Administrative Court issued a judgement ordering the Company to pay penalties totaling approximately Baht 3 million. However, the Company has the right to lodge an appeal within 30 days after the Central Administrative Court issued a judgement. When the Company receives the official judgement of the Court, the legal advisor will consider details of the judgement in order to file an appeal. Therefore, the ultimate outcome of these lawsuits and disputes that are not finalised cannot be determined at this time. In addition, the Company's legal advisor is of the opinion that the facts of this case are different from those of the case with another government agency, who demanded the Company pay penalties for its failure to deliver tablets according to the agreement and to make payment under the performance bond, together with interest, or a total of approximately Baht 190 million. As a result, it cannot be confirmed that the Central Administrative Court will issue the same judgement as above. However, the Company's management and legal advisor still believe that no significant losses will be incurred as a result of these lawsuits and disputes, and therefore no further provision for contingent liabilities was recorded in the accounts.

#### 22.4 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 2017 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. 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. 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 law. However, TT&T is in the process of following legal procedures with respect to bankruptcy law implemented by the Official Receiver.

## 22.5 Litigation and other disputes

1. In 2015 and 2016, the Company and its subsidiary were sued by former employees who were laid off, claiming compensation totaling approximately Baht 20 million and the Company's amounting to Baht 18 million for unfair termination. The cases are under consideration of the courts. However, the legal advisor and the management of the Company believe the Company will not suffer any losses as a result of these cases because the Company had made full severance payment in accordance with the law. On 16 January 2018, the Labour Court issued a judgment ordering the subsidiary to pay severance together with interest, totaling approximately Baht 1 million. For prudent reasons, the subsidiary therefore recorded full provision for severance payment in accordance with the Labour Court's order in the current year.
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 any payment under the letter of guarantee provided to MEA. The Company 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, the case is being considered by the Administrative Court.
3. In 2014, the subsidiary was sued for a total of approximately Baht 1 million in respect of breach of an employment contract. In September 2016, the Appeal Court 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 Supreme Court. For prudent reasons, the subsidiary therefore recorded full provision for compensation in accordance with the Appeal Court's order.

4. In 2016, the subsidiary was sued for a total of approximately Baht 7 million in respect of the breach of a sale and purchase contract. In March 2017, the Court of First Instance issued a judgment ordering the subsidiary to pay compensation together with a fine and interest, totaling approximately Baht 4 million. The subsidiary then filed an appeal and a request to suspend execution. At present, this case is under consideration by the Appeal Court. However, the legal advisor and the management of the subsidiary believe that the subsidiary did not breach the contract and will therefore not suffer any losses as a result of this case.

## 23. Financial instruments

### 23.1 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, restricted bank deposits, current investments, trade and other receivables, trade and other payables and 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 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.



As at 31 December 2017 and 2016, 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		Financial liabilities			
	2017	2016	2017	2016	2017	2016
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.1	0.1	0.9	0.9	32.6809	35.8307

Foreign currency	Separate financial statements				Average exchange rate as at 31 December	
	Financial assets		Financial liabilities			
	2017	2016	2017	2016	2017	2016
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.1	0.1	0.1	0.1	32.6809	35.8307

## 23.2 Fair values of financial instruments

Since the majority of financial instruments of the Company and its subsidiary are short-term in nature or long term loan 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.

## 24. Capital management

The primary objective of the capital management of the Company and its subsidiary is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2017, the Group's debt to equity ratio was 0.30 : 1 (2016: 0.37 : 1) and the Company was 0.09 : 1 (2016: 0.13 : 1).

## 25. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2018.



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200 Moo 4, 9 Floor, Jasmine International Tower, Chaengwatana Road, Tambon Pakkret  
Amphoe pakkret, Nonthaburi 11120 Tel : (66) 0 2100 8300 Fax : (66) 0 2962 2523