

INTERNET OF THINGS



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Financial Summary

Operating Results (Million Baht)

	2016	2017	2018
Sales and Services Income	125.21	77.70	130.64
Total Revenue	142.06	99.52	142.76
Cost of Sales and Services and Selling, Servicing and Administrative	109.61	83.07	122.80
Gross Profit*	77.91	40.20	53.80
Operating Profit	23.35	10.09	14.97
Net Profit (Loss)	-57.44	12.52	15.15
Total Assets	1,288.20	1,240.06	1,261.68
Total Liabilities	350.67	289.30	296.75
Shareholders' Equity	937.53	950.76	964.93

Financial Ratio

	2016	2017	2018
Current Ratio (times)	3.65	4.33	4.38
Debt to Equity (times)	0.37	0.30	0.31
Return on Assets (%)	-3.93	0.99	1.21
Return on Equity (%)	-5.73	1.33	1.58

Per Share Data (Baht)

	2016	2017	2018
Earnings (Loss) per share	-0.08	0.02	0.02
Weighted Average Number of Ordinary Shares (shares)	706,457,300	706,457,300	706,457,300
Book Value	1.33	1.35	1.37
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 th Fl. Jasmine International Tower, Chaengwattana Road, Tambon Pakkret, Amphoe Pakkret, Nonthaburi, 11120 Tel.(66) 0 2100 8300 Fax. (66) 0 2962 2523 Home Page : http://www.jts.co.th
Nature of Business	: Information & Communication Technology

Total Amount and Type of issued share at December 31, 2018

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.0 2009 9000 Fax 0 2009 9476 www.set.or.th/tsd
Auditor	: Mrs.Chonlaros Suntiasvaraporn, Certified Public Accountant (Thailand) No. 4523 or Mr.Supachai Phanyawattano, Certified Public Accountant (Thailand) No. 3930 or Miss Krongkaew Limkittikul, Certified Public Accountant (Thailand) No. 5874 EY Office Limited 193/136-137, 33 rd Floor, Lake Rajada Office Complex, Rajadapisek Road, Klongtoey, Bangkok 10110 Tel. 0 2264 9090 Fax 0 2264 0789-90 www.ey.com
Legal Advisor	: Vasu Prasannate Law office, No.12/76, Soi Chaengwatana 4, Khwaeng Anosaowaree, Khet Bang Khen, Bangkok 10200 Tel. 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. or www.jts.co.th

Message from the Board of Directors

Dear Shareholders,

Jasmine Telecom Systems Public Company Limited (“JTS”) has operated its business to accord with economic situations and technologies. We mainly serve the private sector and, as a leading system integrator of over 20 years of experiences with both the governmental and the private sectors, we put emphasis on turnkey ICT system and service business that included system design and implementation for computer system; cloud computing system; WiFi; smart building system; LAN and Fiber Optic.

With efficient staff and strong intention to provide one-stop ICT and cloud computing system services, we have continuously developed our services; thus, JTS is always ready for building on new technologies such as “Internet of Things” (IoT), “Big Data”, etc. in order to confidently step into the era of innovation-driven economy or Thailand 4.0.

On behalf of JTS Board of Directors, we would like to take this opportunity to thank you all the shareholders, business partners and customers for your continued trust and 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



Mr. Pleumjai Sinarkorn
Chairman of the Board of Directors



Mr. Raks Unahabhokha
Independent Director



**Acting Second Lieutenant
Annop Suthakavatin**
Independent Director



Major General Sunanta Sirisumpan
Independent Director



Mrs. Nonglug Pongsrihadulchai
Director



Mrs. Nitt Visesphan
Director



Mr. Parinya Sahaphatsombut
Director and President

BOARD OF DIRECTORS

No.	Name Position	Age	Education	% of Holding No. of shares	Relationship	5 Years' Working Experience		
						Period	Position	Company
1.	Mr. Pleumjai Sinarkorn (Chairman of the Board of Directors and Chairman of Remuneration Committee)	85 years	<ul style="list-style-type: none"> - Ph.D. (Innovative Management), Suan Sunandha Rajabhat University - Bachelor and Master of Business Administration, Suan Sunandha Rajabhat University - MMP Chulalongkorn University - Bachelor of Electrical Engineering, Rajamongkol University - Directors Certification Program (DCP) Class No. 41/2004, Thai Institutions of Directors Association (IOD) - Role of The Compensation Committee (RCC), Thai Institutions of Directors Association (IOD) - DCP Refresher Course, Thai Institutions of Directors Association (IOD) 	50,000	-	2016-Present	Chairman of the Board of Directors	JTS
						2014-Present	Chairman of Remuneration Committee	JTS
						2011-Present	Remuneration and Nomination Committee	Jasmine International PCL.
						2010-present	Director	Cloud Computing Solutions Co., Ltd.
						2009-Present	Advisor	Jastel Network Co., Ltd.
						2008-Present	Director	Jasmine International PCL.
						2004-Present	Director, Remuneration Committee	JTS

No.	Name Position	Age	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)	79 years	<ul style="list-style-type: none"> - Ph.D. (Chemical Engineering), University College London, U.K. - Bachelor of Engineering (Honours) in Industrial Engineering, Chulalongkorn University - Director Certification Program (DCP), Thai Institute of Directors Association (IOD) - Risk Management Program, The Institute of Internet Auditors of Thailand - Effective Audit Committee, Thai Institute of Directors Association (IOD) - Chartered Director Class, Thai Institute of Directors Association (IOD) 	-	-	2014-present	Chairman of Audit Committee and Remuneration Committee	JTS
						2016-present	Advisor	Assumption College Alumni
						2015-present	Advisor	Assumption College Parents and Teachers Association
						2013-present	Independent Director and Audit Committee	JTS

No.	Name Position	Age	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)	76 years	<ul style="list-style-type: none"> - Bachelor of Accounting, Thammasat University - Directors Accreditation Program (DAP) Class No. 1/2003 and Director Certification Program (DCP) Class No. 51/2004, Thai Institute of Directors Association (IOD) - Audit Committee Program (ACP) Class No. 7/2005, MFR, MIR and MIA, Thai Institute of Directors Association (IOD) - National Defence Collage (Government and Private Sector 388) 	-	-	2010-present	Remuneration Committee	JTS
						2004-Present	Independent Director and Audit Committee	JTS
						2004-2018	Independent Director and Chairman of Audit Committee	Chao Praya Insurance PCL.
						2001-2019	Independent Director and Audit Committee	Royal Orchid Hotel (Thailand) PCL.
						1971-2018	Auditor C.P.A. (Thailand)	Freelance
4.	Major General Sunanta Sirisumpan (Independent Director and Member of Audit Committee)	68 Years	- Bachelor of Arts (Political Science), Chiang Mai University	-	-	2014-present	Independent Director and Audit Committee	JTS

No.	Name Position	Age	Education	% of Holding No. of shares	Relationship	5 Years' Working Experience		
						Period	Position	Company
5.	Mrs. Nonglug Pongsrihadulchai (Director and Corporate Secretary)	63 Years	<ul style="list-style-type: none"> - Master of Agricultural Economics, Kasetsart University - Master of Environmental Management, Mahidol University - Bachelor of Education, Chulalongkorn University - Directors Certification Program (DCP) Class No.147/2011, Thai Institutions of Directors Association (IOD) 	-	-	2010-Present	<ul style="list-style-type: none"> - Director - Director - General Manager 	JTS Cloud Computing Solutions Co., Ltd. Acumen Co., Ltd.
						2009-Present	Director	Triple T Broadband PCL.
						2007-Present	Director	Triple T Internet Co., Ltd.
6.	Mrs. Nitt Visesphan (Director)	58 Years	<ul style="list-style-type: none"> - Master Business Administration (MBA) (Public Management), Burapha University - Bachelor of Arts, Chiang Mai University 	-	-	2010-Present	Director	JTS
						2012-Present	Director	In Cloud Co., Ltd.
						2010-Present	Director	Cloud Computing Solutions Co., Ltd.
						2008-Present	Vice President, Financial Department	Jasmine International PCL.
7.	Mr. Parinya Sahaphatsombut (Director and President)	45 Years	<ul style="list-style-type: none"> - Master of Management (Telecommunication), Asian Institute of Technology (AIT) - Bachelor of Engineering, (Electrical Engineering), King Mongkut's Institute of Technology Ladkrabang 	-	-	2018-Present	<ul style="list-style-type: none"> - Director and President - Directort 	JTS Cloud Computing Solutions Co., Ltd.
						2018-Present	- AVP	Jasmine Internet Co., Ltd.

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. Parinya Sahaphatsombut	/,//	/						//

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. In addition to Cloud Computing business, JTS provides system design and implementation for Wifi, smart buildings, computers, Fiber Optic and Lan and also is a distributor of all the peripheral equipment of the above-mentioned systems. The Company has created plans for running new businesses that will enhance the Company’s sustainable revenue growth.

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.

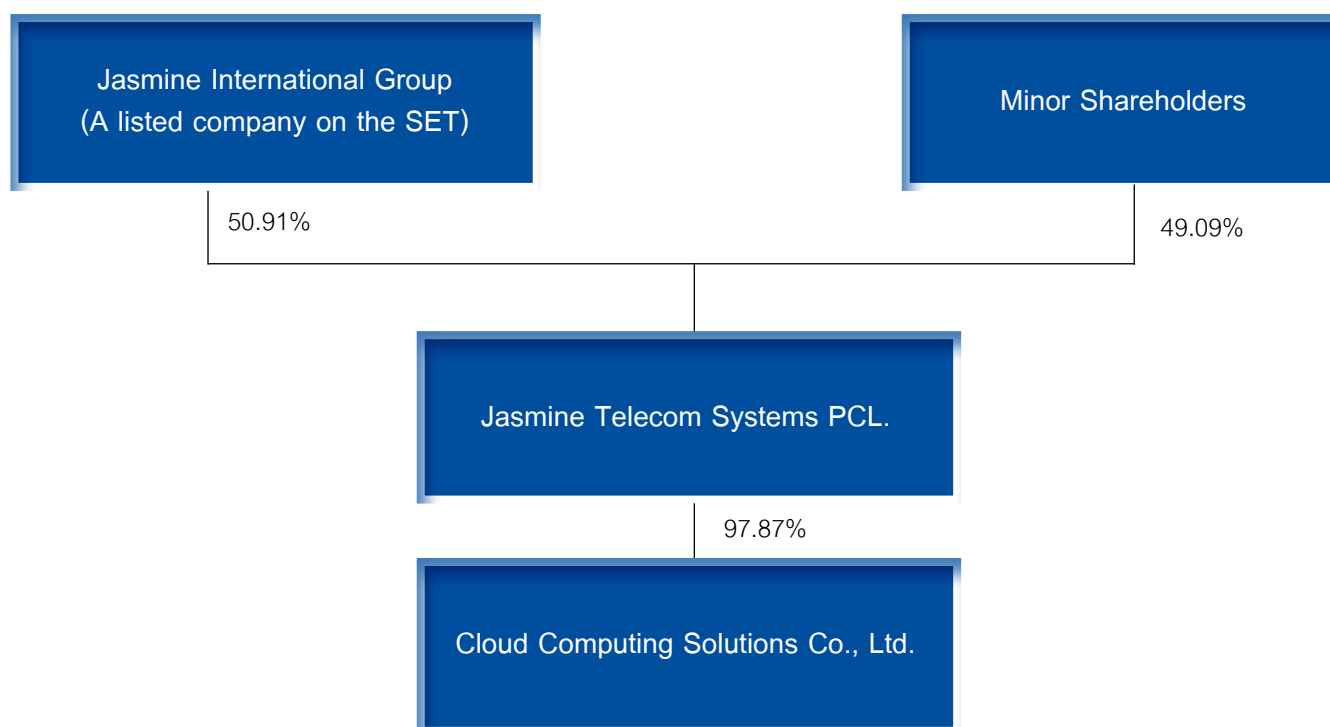
The Company completed the sale of its 5,000,000 newly issued shares on April 28, 2011. Later on, 1,457,300 warrants for buying the Company’s ordinary shares were offered to the Company’s directors and employees. On October 27, 2011, which was the completion date, 1,457,300 warrants were exercised; thus,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

As at December 31, 2018, 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 15, 2019



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, engage in ICT system integration service, providing system design and implementation for Wifi, smart buildings, computers, Fiber Optic and Lan and also is a distributor of all the peripheral equipment of the above-mentioned systems. The Company has created plans for new businesses that will enhance the Company's sustainable revenue growth.

Currently, the businesses of the Company and its subsidiary are classified into 2 groups as follows:-

1. Telecom Systems Integration and Telecom Service

The Company provides turnkey ICT system service 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, JasTel, MONO Group, the Shell Company of Thailand Limited ("Shell"), Thai Mitsuwa Public Company Limited. ("Thai Mitsuwa"), Fashion Kingdom Company Limited ("Valiram"), Thammasat University and Bangkok Unitrade Company Limited. Main services under this business category are as follows:-

- **WiFi System Design and Implementation**

The Company provides quality WiFi system design and implementation. The target group includes corporate customers, hotels, schools, factories, etc. We also provide related systems such as solutions for Hotspot Authentication and System Log, in compliance with the "Computer-related Crime Act (No. 2) B.E. 2560 (2017)".

- **Smart Building System Design and Implementation**

A Smart Building is a building equipped with IoT-based devices. Computer system is used to function as a human brain, connecting all the building systems as well as collecting all the information relating to the building; thus, enabling automatic control only via a smart phone. The Smart Building services that the Company offers are as follows :-

- **Automated Building**

This service helps control the operation of the illumination and the air conditioning systems automatically or online;

- **Smart Access Control**

This is an intelligent automatic door access system. With a facial recognition program, the door will automatically open to welcome the faces it recognizes. Temporary access is allowed when using generated QR code.

- **Smart CCTV**

Our CCTV is smarter with "Motion Sensor" that can transmit signal for threat alert. It is also capable of keeping data in cloud storage to prevent data loss. JTS Smart CCTV includes such new features as Facial Recognition, People Counting, Age and Gender Statistics, Heatmap, POS Integration, etc.

- **LAN&Fiber Optic Installation**

With professional and well experienced teams of engineers and technicians, the Company provides Fiber Optic Connector termination service and system installation service for Optical Fiber Cable System and LAN, both indoor and outdoor.

2. Computer Systems Integration Business and Cloud Computing Business

This group of business is 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					
		2016		2017		2018	
		Million Baht	%	Million Baht	%	Million Baht	%
Telecom Systems Integration and Telecom Service Business	Company	66.62	46.90	12.27	12.33	68.71	48.13
Computer Systems Integration Business and Cloud Computing Business	Subsidiary	58.59	41.24	65.43	65.75	61.93	43.38
Total Sales & Services Revenue		125.21	88.14	77.70	78.08	130.64	91.51
Gain on Exchange Rate	Company	0.97	0.68	2.46	2.47	0.18	0.13
Interest Received	Company	5.29	3.72	8.28	8.32	8.20	5.74
Other Income	Company	10.59	7.46	11.08	11.13	3.74	2.62
Total Revenue		142.06	100.00	99.52	100.00	142.76	100.00

Risk Factors

The Company places importance on risk factors that may affect the Company's business operation. For the Company, risk management is regarded as a significant business management tool and is essential for the enhancement of corporate good governance. Risk management strategy formulation undergoes the stages of identifying risks; evaluating them accordingly, be they general risks or risks specific to the Company or of internal or external origin; and finally, choosing among the approaches of mitigating, transferring, or accepting risks to manage each risk appropriately in accordance with the Company's established policies and strategies. Significant risk factors of the Company are as follows:-

Business Operational Risks

1. Revenue

The Company's main revenue is from the contribution of cloud computing business, computer and computer peripherals distribution, WiFi system design and implementation, CCTV system and telecom system integration and service offering. The Company has adjusted its main revenue structure, aiming to increase its own competitiveness and to achieve more technology-related business opportunities.

2. Market and Competition

Nowadays, in cloud market, people prefer leasing hardware and software cloud service to investing in this business for their own cloud usage; therefore, the Company has put strong emphasis on providing the best cloud service, utilizing the nation-wide stable high-speed internet networks of Jasmine International Group to serve the demand of the customers. The Company's engineers has formed a team work, offering consulting service to the customers, closely assisting them in changing from their existing service to cloud service of the Company or even increasing data storage as quickly as they require in addition to notifying them of any problem occurs and quickly solving them.

3. Technological Change

Due to rapid and continuous technological changes and development of the ICT business, the Company has to keep pace with innovations and new technologies in order to develop its own products and services to be more efficient and meet the demand of the customers. To manage this risk, the Company works closely with its business partners for greater marketing competitiveness. As a cloud computing service provider, the Company is aware that cyber attacks may cause damage and loss to cloud business; therefore, it has managed to mitigate risks that may arise from such threats by not only setting up a policy and regulations on ICT usage, but also by relying on the Security Operation Center (SOC) system that operates 24-hours to detect cyber attacks that may occur to both the customers' and the Company's systems, ensuring network system monitoring and timely problem solving.

4. Finance

The Company has managed its liquidity by taking into consideration its demand of money, placing emphasis on business investment plan, management of excess liquidity remaining from investment plan and cash deposit with stable financial institutions that offer high rates of return. In addition, to manage its liquidity, the Company considers providing financial assistance to the companies within Jasmine International Group and in line with the Group's policy, but 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 quickly changing technologies. Thus, it encourages and supports its personnel to take both in-house and public training courses. Moreover, personnel of all levels have been developed to be well qualified according to the Company's standard to support business expansion policy and to be ready for domestic competition.

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 15, 2019

Name of Shareholders	As at March 15, 2019	
	Number of 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. Kosin Sansawat	4,360,000	0.62
9. Mr. Kiet Srichomkwan	3,686,200	0.52
10. Mrs. Piriya Apithanothai	2,350,000	0.33

หมายเหตุ *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.

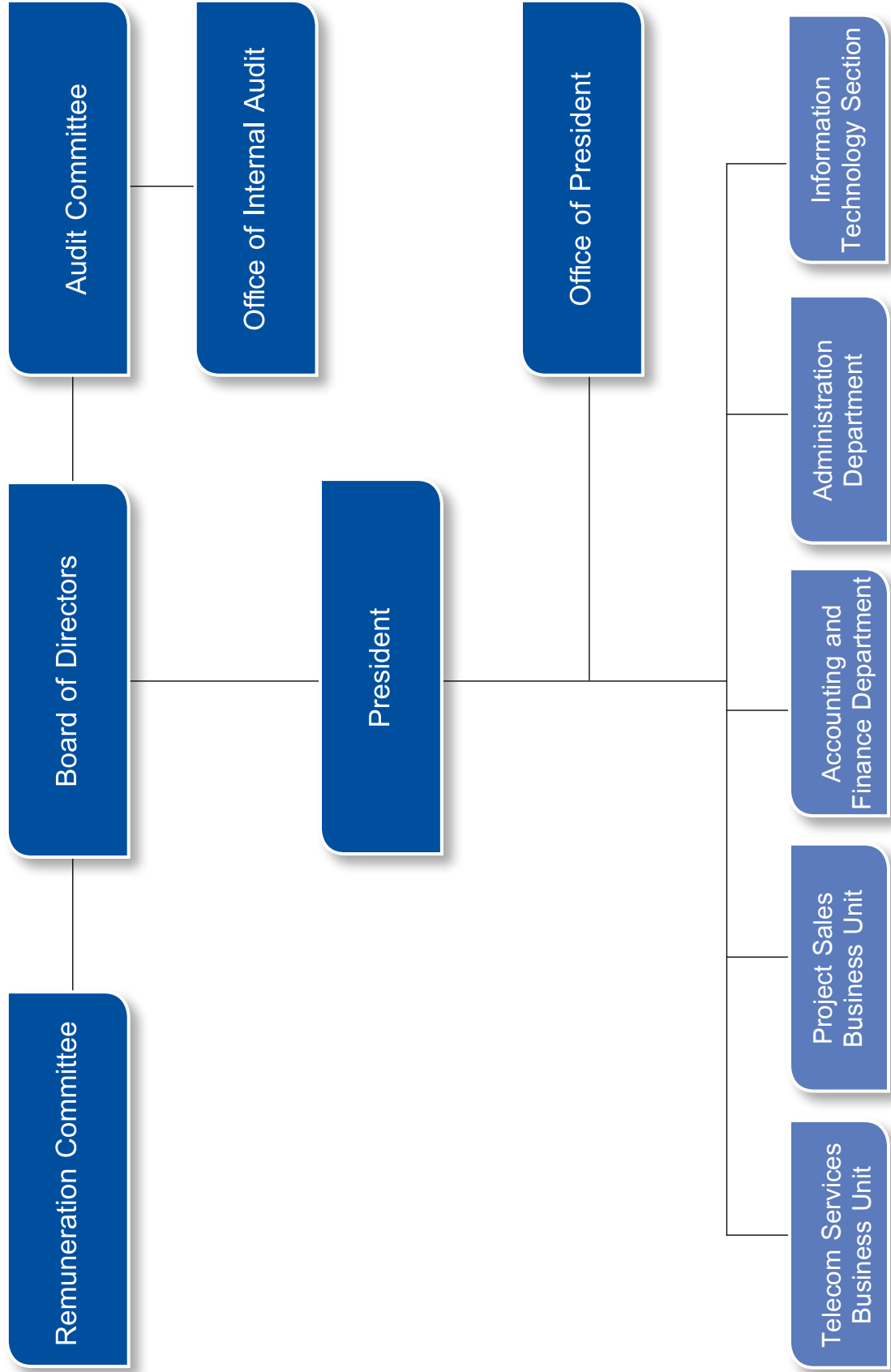
According to the dividend payment policy of the subsidiary, dividend payment is considered based on its operating results and liquidity at that time.

The Company's Dividend Payment from 2016-2018

	2016	2017	2018
1. Net profit (loss) for the year (Baht)	-54,964,151	-20,159,604	-4,705,024
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	-	-

Remark * Dividend payment for 2018 (paid / not-paid) must be approved by the Annual General Meeting of Shareholders for 2019

Management Structure



Management

The Board of Directors

As at December 31, 2018, 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. Parinya Sahaphatsombut* | Director |

Remarks : *Mr. Parinya Sahaphatsombut was appointed to replace Mr. Dusit Srisangaoran on November 7, 2018.

In 2018, the Company had 8 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	8
2. Mr. Raks Unahabhokha	Independent Director	8
3. Acting Second Lieutenant Annop Suthakavatin	Independent Director	7
4. Major General Sunanta Sirisumpan	Independent Director	6
5. Mrs.Nonglug Pongsrihadulchai	Director	8
6. Mrs.Nitt Visesphan	Director	8
7. Mr. Parinya Sahaphatsombut*	Director	2

Remarks : *Mr. Parinya Sahaphatsombut was appointed to replace Mr. Dusit Srisangaoran on November 7,2018. After the appointment, he attended the last 2 Board of Directors' meetings of the year 2018.

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, 2018, the Company had 6 executives as follows:-

- | | | |
|----|------------------------------|---|
| 1. | Mr. Parinya Sahaphatsombut* | 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 |

Remarks : *Mr. Parinya Sahaphatsombut was appointed a President to replace Mr. Dusit Srisangaoran on July 5, 2018.

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 2018, 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 2018
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	2018
Number of Executives (person)	7*
Total Remuneration for Executives (Baht)	9,199,294
Type of Remuneration	Salary and Bonus

Remarks : *Including Mr. Dusit Srisangaoran, the President, who resigned on June 29, 2018

Other Forms of Remuneration for Directors

- None -

Other Forms of Remuneration for Executives

In 2018, the Company contributed Baht 681,410.88 for the provident fund of the Executives.

Personnel

As at December 31, 2018, the Company and its subsidiary had 34 employees as detailed below:-

Department	Number of Personnel as at December 31, 2018 (persons)
Office of President and Office of Internal Audit	5
Information Technology Section	6
Accounting and Finance Department	7
Administration Department	4
Project Sales Business Unit and Telecom Services Business Unit	12
Total	34

Total Remuneration of the Personnel of the Company and the Subsidiary

Type of Remuneration for the Year 2018	(Million Baht)
Salary and Bonus	26.50
Contribution for Provident Fund	1.70

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 Office of the Securities and Exchange Commission (the “SEC”) has issued Corporate Governance Code for Listed Companies 2017, comprising 8 major principles, effective March, 2017. To this regard, in 2018, the Company continued complying well with its Corporate Governance Code (CG Code), that comprises 5 major principles in alignment with the guideline of the CG Code of the SEC, as detailed below.

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 closed, 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.

Shareholder :	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.
Employees :	The Company regards employees as its precious resources. So, it focuses on supporting human resources development which consequently leads to its maximum benefit. Besides, it encourages the employees to play a part in creating a good organization culture, strong teamwork and safe and pleasant working atmosphere. In addition, it provides the employees with welfares and good environment; meanwhile, implanting in them the awareness of working with loyalty, taking into the minds all the possible impacts on both the organization and outside people in general.
Competitors :	The Company commercially contends with other trade competitors on the fair and ethical competition basis.
Customers :	The Company is committed to responding and providing quality services for the highest satisfaction and confidence of the customers.
Trade Counterparts : and Creditors	The Company has the policy to treat both the counterparts and the creditors fairly in compliance with trading conditions and / or terms in the mutual contracts to enhance good business relationship, beneficial to all parties.
Community and Public:	On the regular basis, the Company joins and sponsors socially constructive projects and activities as exemplified by financial and material donations to several schools, foundations and organizations.
Environment :	The Company recognizes the importance of environment and is concerned about the impact of pollutions on communities. However, the Company's nature of business does not jeopardize the environment.

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

4. Disclosure and Transparency

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

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

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

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, 1 director 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
2. The Company's website : [www.jts.co.th/Contact Us/whistle blowing](http://www.jts.co.th/Contact%20Us/whistle%20blowing)
3. Telephone Number : 02 100 8234

Preventive and Confidential Measure

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

Promotion of Anti-corruption Policy

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

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

Gift Policy

The directors, the executives and/or the employees of the Company and its subsidiary are prohibited from receiving any benefit from government officers, government sector, private agencies, business partners, or people with whom the Company and its subsidiaries do business, be it in the form of money, assets or others for their own; except for the case of the International New Year or other generally accepted local customary or traditional practices. The gifts that the directors, the executives and/or the employees of the Company and its subsidiary may receive on those occasions should not be exceeding 3,000 Baht in value. In addition, the directors, the executives and/or the employees of the Company and its subsidiary are not permitted, in any case, to accept immoderate or inappropriate hospitality and reception.

Report on Compliance with Corporate Governance Policy

In 2018, 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 2018 (the 2018 AGM) on April 27, 2018; all the Company's directors attended the meeting.

3. 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.

4. The Company provided the shareholders with adequate time to study detailed information of the documents for the 2018 AGM beforehand by:

- posting the invitation letter to the 2018 AGM on its website (www.jts.co.th) 32 days prior to the meeting date.
- It also posted the Minutes of the 2018 AGM on the website 13 days after the date of the meeting.

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

6. The records of proxy in which the shareholders specified their intention to assign the Company's directors to attend the meetings and vote on their behalves at the shareholders' meetings in 2018 are as follows:-

- At the 2018 AGM, 21 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 Visesphan, the Company's director, to vote on their behalves.

7. 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.

8. 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 2018, 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) 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 2018, the Company completely complied with the regulation on this matter. Throughout the year, 8 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 2018, the Company's subcommittees arranged their meetings as summarized below:-
- The Audit Committee held 5 meetings. All the committee members completed their attendance in 3 of the meetings. As for each of the other 2 meetings, it was not attended by Acting Second Lieutenant Annop Suthakavatin and Major General Sunanta Sirisumpan.
- The Remuneration Committee held 2 meetings. All the committee members completed their attendance in 2 meetings.

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 2018, 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
Board of Directors - As a party	<ol style="list-style-type: none"> 1. Structure and Qualifications of the Committee 2. Roles and Responsibilities of the Committee 3. The Committee Meetings 4. Fulfillment of Duties of the Committee 5. Relationship with the Management Support Team 6. Self-development of the Committee and the Development of the Executives 	99.09
- As an Individual	<ol style="list-style-type: none"> 1. Structure and Qualifications of the Committee 2. The Committee Meetings 3. Roles and Responsibilities of the Committee 	100
President	<ol style="list-style-type: none"> 1. Leadership 2. Strategic Planning 3. Compliance to Strategic Planning 4. Financial Planning and Compliance 5. Relationship with the Board of Directors 6. Relationship with Outside Party 7. Management and Relationship with Personnel 8. Succession 9. Knowledge on Products and Services 10. Personal Qualifications 	100
Audit Committee - As a party	<ol style="list-style-type: none"> 1. Structure and Qualifications of the Committee 2. The Committee Meetings 3. Roles and Responsibilities of the Committee 	100
- As an Individual	<ol style="list-style-type: none"> 1. Structure and Qualifications of the Committee 2. The Committee Meetings 3. Roles and Responsibilities of the Committee 	100

6. In February 2018, the Board of Directors' meeting reviewed the Company's Corporate Governance Policy.

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, 2018, 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, 2018, 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 2018, 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 to students of the following schools :-

1. Ban Rai Pa School, Thong Pha Phum District, Kanchanaburi Province
2. Wat Nong Pla Lai (Panphol Uppatham) School, Kamphaeng Saen District, Nakhon Pathom Province
3. Klom Nakkawying 2 (Ban Bo Wee) School, Suan Phueng District, Ratchaburi Province
4. Ban Pa Lao (Prachanusorn) School, Song District, Phrae Province
5. Ban Mae Kued School, Soem Ngam District, Lampang Province
6. Song Pee Nong School, Chiang Khong District, Chiang Rai 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 Company's Board of Directors places a high value on a good and efficient internal control system; concurrently, it puts emphasis on conducting the Company's business to be in compliance with Good Corporate Governance Codes and with transparency that can be inspected at all time. Connected transactions, in particular, are to be entered into prudently based on reasonableness and without conflicts of interests. In addition, the Board of Directors attaches much weight to the Company's compliance with laws and relevant rules and regulations. For internal control system, the Company has completely reviewed the Adequacy Assessment Form for the Internal Control System, prepared based on the guidelines of the Office of the Securities and Exchange Commission (the "SEC") which in turn are defined based on the internal control guidelines of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) that comprises 5 major compositions with 17 principles. For the year 2018, the internal control adequacy evaluation of the Company can be reported as follows.

1. Control Environment

The Company reviewed and revised the internal control system systematically to enable it to be always good and efficient. In doing this, policies and regulations were defined and work manuals were prepared to cover every key work process of the organization. Also for effective control, duties of the personnel were segregated in keeping with the principle of check and balance. The Office of Internal Audit, an independent work unit directly reported to the Audit Committee, is in charged with monitoring the results of corrective actions of the Company's systems; it reported its audit performance, with the details on audit findings, observations, opinions and recommendations to the executives and the Audit Committee, ensuring that the Company had good and adequate internal control environment.

2. Risk Assessment

The Company had drawn up policies and framework for risk management by taking into account, risk factors, both internal and external; risk likelihood and risk impacts, with an aim to prepare itself to be ready for handling changes properly in time aside from mitigating risks that might impact its businesses to be at an acceptable level, unable to affect the established corporate goals.

3. Control Activities

The Company's internal control measures were put into writing to cover all the work processes appropriately; the authority and the duties of the Company's executives, including hierarchies of authorization were clearly defined, enhancing not only the balance of power, but also mechanisms for traceability, the prevention of transactions that might cause a conflict of interest and the compliance with the regulations of the SEC and the applicable laws.

4. Information & Communication

The Company placed importance on the IT system. It required that each work unit adequately have efficient material information for effective output of its operation. Data were well managed and the Company's executives were always provided with essential information for the right decision making. Moreover, IT safety policy on cyber attack prevention was defined. The Company communicated with its external stakeholders via appropriate communication procedures and many 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 internal auditors had found 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 had found to the Audit Committee; thus, ensuring the completeness, the appropriateness and the efficiency of the Company's internal control system.

The Audit Committee evaluated the internal control system of the Company and was of the opinion that it was adequate and suitable for the Company's business; the Company had provided enough manpower to efficiently implement the system.

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

Audit Committee Report

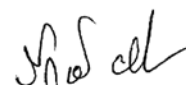
The Audit Committee of Jasmine Telecom Systems Public Company Limited (the "Company") consists of 3 qualified independent directors, chaired by Mr.Raks Unahabhokha with Acting Second Lieutenant Annop Suthakavatin and Major General Sunanta Sirisumpan as its members. Each of the independent directors in 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 2018, the Company organized 5 Audit Committee meetings upon consultation with the external and the internal auditors. The tasks accomplished by the Audit Committee in 2018 are summarized as follows:-

1. The verification of the quarterly and the annual financial statements of the Company and its subsidiary for the year 2018 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 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 2019, 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 to the BOD to consider appointing the auditors from EY Office Limited to be the Company's auditors for the year 2019 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 meetings, 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 material information was sufficient 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">• Master of Social Development and Environment Management, National Institute of Development Administration• Bachelor of Accounting, Chiang Mai University• Federation of Accounting Professions under the Royal Patronage of His Majesty the King : Internal Audit Practice II (Batch 36)• EY Office Limited : Revenue from Contracts with Customers (TFRS 15) and Leases (TFRS 16 - Draft)						
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 2018 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 Item 6 of Notes to the Financial Statements for the year 2018). The Company already carried out each transaction according to its procedures 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 had its own approval procedures for related party transactions which were similar to the procedures of 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 2018, 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, 2018
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.	TTTBB executed contracts for the Installation and/or the expansion of the fiber optic cables (OFC), the maintenance of Veritas Netbackup program and other services. - TTTBB executed contracts for developing the Broadband Customer System (BCS), supplying equipment and purchasing cloud service. - TTTI executed contracts for developing the Implement Radius Ministry of Natural Resources and Environment (MNRE), supplying equipment. - TTTI purchased Radius system maintenance service and related equipment and cloud service. - Ji-NET purchased equipment and installation services for HPE Server, Lan and Fiber Optic Cable and FortiGate equipment maintenance service. - Ji-NET purchased cloud service. - JAS purchased servers and cloud service. - PA purchased cloud service. - JasTel purchased cloud service. - ACU purchased equipment and cloud service.	12.96 65.59 1.12 6.76 1.91 5.20 3.96 0.33 0.22 0.04
2. MONO Group, comprising 1.) Mono Technology PCL. 2.) Mono Broadcast Co.Ltd. 3.) Mono Radio Co.,Ltd. 4.) Mono Play Co.,Ltd.	1.) Mr.Pete Bodharamik is a major shareholder and a director of MONO Group. 2.) Mr.Pete Bodharamik is a major shareholder and a director of JAS.	- Mono Group purchased equipment and cloud service.	1.01

2. In 2018, 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 Transactions	Amount (Million Baht) as at December 31, 2018
1. JAS Group, comprising 1.) TTTBB 2.) TTTI 3.) Ji-NET 4.) PA 5.) JasTel	1.) JAS is a major shareholder of JAS Group.	<ul style="list-style-type: none"> - JAS entered into office space rental service contract and other expenses. - TTTBB entered into the contracts for telephone system service, the CCTV system maintenance service and Call Center system service. - PA entered into the contracts for security, cleaning and utilities service. - TTTI executed the high-speed internet service contract. - Ji-NET entered into the Leased Line Internet service contracts. - JasTel entered into the contracts for server space rental service and circuit lease. 	<p>3.30</p> <p>3.19</p> <p>1.77</p> <p>0.83</p> <p>0.23</p> <p>2.19</p>

Necessity and Reasonableness of the Transactions

The businesses of Jasmine International Group comprise broadband business, telecom network & service provider business and other related businesses. Nature of businesses; products and services of the Group that support and complement one another are considered as strength in cost management and business operation of the Group. The product sales and service offerings that the Company entered into with the connected persons as stated above are; therefore, regarded as normal business practice based on the prices being agreed upon in accordance with commercial conditions. In addition, approval authority in connection with connected transactions is defined by the Board of Directors, taking into consideration the amount and the class of the transaction in order to enhance transparency and the prevention of conflicts of interest, for the optimum benefit of the Company.

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, 33rd Floor, Lake Rajada Office Complex, New Rajadapisek Road, Bangkok 10110 Tel. (66) 0 2264 0777 and (66) 0 2661 9190 Fax (66) 0 2664 0789-90 and (66) 0 2661 9192.

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 2018, 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, 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 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Statements of financial positions

As at December 31, 2016 to 2018

(Unit : Thousand baht)

	Separate financial statements						Consolidated financial statements					
	2016		2017		2018		2016		2017		2018	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
ASSETS												
CURRENT ASSETS												
Cash and cash equivalents	314,287	22.94	76,885	5.89	397,266	30.41	322,516	25.04	96,641	7.79	401,213	31.80
Current investments - bank deposits	100,679	7.35	20,692	1.59	4,744	0.36	100,808	7.83	20,816	1.68	4,750	0.38
Trade and other receivables	788,245	57.54	728,327	55.82	790,833	60.54	791,824	61.47	729,923	58.86	812,556	64.40
Unbilled receivables related parties	574	0.04	1,192	0.09	2,861	0.22	19	0.00	150	0.01	15	0.00
Unbilled receivables unrelated parties	5,467	0.40	5,460	0.42	10,261	0.79	11,112	0.86	8,266	0.67	13,274	1.05
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	16,000	1.22	-	-	-	-	-	-
Inventories	8,044	0.59	3,035	0.23	3,110	0.24	8,189	0.64	3,163	0.26	3,221	0.26
Prepaid project costs	62	0.00	299	0.02	483	0.04	1,230	0.10	445	0.04	819	0.06
Other current assets	3,567	0.26	2,532	0.19	1,474	0.11	6,910	0.54	4,100	0.33	3,451	0.27
Total current assets	1,236,924	90.30	1,194,420	91.54	1,227,032	93.93	1,242,609	96.46	1,203,504	97.05	1,239,298	98.23
NON-CURRENT ASSETS												
Restricted bank deposits	27,849	2.03	23,009	1.76	6,799	0.52	30,409	2.36	25,632	2.07	9,381	0.74
Long-term loans to subsidiary	101,000	7.37	85,000	6.51	69,000	5.28	-	-	-	-	-	-
Property, plant and equipment	1,871	0.14	724	0.06	431	0.03	9,541	0.74	7,766	0.63	9,721	0.77
Withholding tax deducted at source	1,196	0.09	684	0.05	2,106	0.16	3,800	0.30	1,948	0.16	2,106	0.17
Deposits	1,014	0.07	1,016	0.08	1,015	0.08	1,847	0.14	1,215	0.10	1,178	0.09
TOTAL NON- CURRENT ASSETS	132,930	9.70	110,433	8.46	79,351	6.07	45,596	3.54	36,560	2.95	22,387	1.77
TOTAL ASSETS	1,369,854	100.00	1,304,853	100.00	1,306,383	100.00	1,288,205	100.00	1,240,065	100.00	1,261,685	100.00

Statements of financial positions (Continued)

As at December 31, 2016 to 2018

(Unit : Thousand baht)

	Separate financial statements						Consolidated financial statements					
	2016		2017		2018		2016		2017		2018	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
LIABILITIES AND SHAREHOLDERS' EQUITY												
CURRENT LIABILITIES												
Trade and other payables	113,105	8.26	76,750	5.88	84,334	6.46	151,305	11.75	107,149	8.64	114,689	9.09
Accrued project cost	12,301	0.90	4,886	0.37	3,217	0.25	157,641	12.24	138,332	11.16	135,774	10.76
Income tax payable	-	-	-	-	-	-	-	-	1,683	0.14	1,371	0.11
Advance received for goods and services	906	0.07	575	0.04	477	0.04	2,894	0.22	3,273	0.26	3,471	0.28
Other current liabilities	19,635	1.43	18,096	1.39	17,692	1.35	28,351	2.20	27,586	2.22	27,936	2.21
TOTAL CURRENT LIABILITIES	145,947	10.65	100,307	7.69	105,721	8.09	340,191	26.41	278,022	22.42	283,241	22.45
NON CURRENT LIABILITIES												
Provision for long-term employee benefits	10,483	0.77	11,282	0.86	13,507	1.03	10,483	0.81	11,282	0.91	13,507	1.07
TOTAL NON CURRENT LIABILITIES	10,483	0.77	11,282	0.86	13,507	1.03	10,483	0.81	11,282	0.91	13,507	1.07
TOTAL LIABILITIES	156,430	11.42	111,589	8.55	119,228	9.13	350,675	27.22	289,304	23.33	296,748	23.52
SHAREHOLDERS' EQUITY												
Share capital												
Registered: 1.00 Baht per share	706,457		706,457		706,457		706,457		706,457		706,457	
Issued and fully paid-up	706,457	51.57	706,457	54.14	706,457	54.08	706,457	54.84	706,457	56.97	706,457	55.99
Premium on ordinary Share	420,269	30.68	420,269	32.21	420,269	32.17	420,269	32.62	420,269	33.89	420,269	33.31
Retained earnings												
Appropriated-statutory reserve	70,646	5.16	70,646	5.41	70,646	5.41	70,646	5.48	70,646	5.70	70,646	5.60
Unappropriated (deficit)	16,051	1.17	(4,108)	(0.31)	(10,218)	(0.78)	(260,338)	(20.21)	(247,818)	(19.98)	(234,074)	(18.55)
Other components of shareholders' equity	-	-	-	-	-	-	8,158	0.63	8,158	0.66	8,158	0.65
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	1,213,423	88.58	1,193,264	91.45	1,187,154	90.87	945,192	73.37	957,712	77.23	971,455	77.00
Non-controlling interests of the subsidiary	-	-	-	-	-	-	(7,662)	(0.59)	(6,951)	(0.56)	(6,519)	(0.52)
TOTAL SHAREHOLDERS' EQUITY	1,213,423	88.58	1,193,264	91.45	1,187,154	90.87	937,530	72.78	950,761	76.67	964,937	76.48
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,369,854	100.00	1,304,853	100.00	1,306,383	100.00	1,288,205	100.00	1,240,065	100.00	1,261,685	100.00

Jasmine Telecom Systems Public Company Limited

Statements of comprehensive income

For the year ended 31, 2016 to 2018

(Unit : Thousand baht)

	Separate financial statements						Consolidated financial statements					
	2016		2017		2018		2016		2017		2018	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
PROFIT OR LOSS												
REVENUES												
Sales and service income	67,195	88.04	22,110	60.99	84,351	84.68	125,213	88.14	77,704	78.08	130,642	91.51
Interest income	6,840	8.96	10,069	27.78	9,684	9.72	5,288	3.72	8,274	8.31	8,199	5.74
Exchange gains	756	0.99	-	-	-	-	966	0.68	2,459	2.47	180	0.13
Other income	1,535	2.01	4,073	11.23	5,574	5.60	10,592	7.46	11,079	11.13	3,742	2.62
TOTAL REVENUES	76,326	100.00	36,252	100.00	99,609	100.00	142,059	100.00	99,516	100.00	142,764	100.00
EXPENSES												
Cost of sales and services	20,469	26.82	14,367	39.63	64,342	64.60	47,303	33.30	37,502	37.68	76,844	53.83
Selling and Servicing expenses	-	-	-	-	-	-	1,533	1.08	-	-	-	-
Administrative expenses	47,909	62.77	41,840	115.42	39,958	40.11	60,780	42.78	45,563	45.78	45,958	32.19
Exchange losses	-	-	172	0.48	14	0.01	-	-	-	-	-	-
Other expenses												
Bad debt	-	-	-	-	-	-	1,725	1.21	-	-	-	-
Doubtful Debt	62,913	82.43	32	0.09	-	-	80,027	56.33	32	0.03	-	-
TOTAL EXPENSES	131,290	172.01	56,411	155.61	104,314	104.72	191,368	134.71	83,097	83.50	122,801	86.02
PROFIT (LOSS) BEFORE FINANCE COST AND INCOME TAX	(54,964)	(72.01)	(20,160)	(55.61)	(4,705)	(4.72)	(49,308)	(34.71)	16,419	16.50	19,962	13.98
Finance Cost	-	-	-	-	-	-	(8,502)	(5.99)	-	-	-	-
PROFIT (LOSS) BEFORE INCOME TAX	(54,964)	(72.01)	(20,160)	(55.61)	(4,705)	(4.72)	(57,811)	(40.69)	16,419	16.50	19,962	13.98
Income tax	-	-	-	-	-	-	-	-	(3,188)	(3.20)	(4,382)	(3.07)
PROFIT (LOSS) FOR THIS YEAR	(54,964)	(72.01)	(20,160)	(55.61)	(4,705)	(4.72)	(57,811)	(40.69)	13,231	13.30	15,580	10.91
Non-controlling interests of the subsidiary	-	-	-	-	-	-	(369)	(0.26)	711	0.71	432	0.30
PROFIT (LOSS) FOR THIS YEAR	(54,964)	(72.01)	(20,160)	(55.61)	(4,705)	(4.72)	(57,442)	(40.43)	12,520	12.58	15,148	10.61
Basic earning per share (at par Baht 1)	(0.08)		(0.03)		(0.01)		(0.08)		0.02		0.02	
Other comprehensive income for the year												
Total comprehensive income for the year	(54,964)	(72.01)	(20,160)	(55.61)	(4,705)	(4.72)	(57,811)	(40.69)	13,231	13.30	15,580	10.91
Actuarial gain	-	0.00	-	0.00	(1,405)	(1.41)	-	0.00	-	0.00	(1,405)	(0.98)
Income tax effect	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(54,964)	(72.01)	(20,160)	(55.61)	(6,110)	(6.13)	(57,811)	(40.69)	13,231	13.30	14,176	9.93

Jasmine Telecom Systems Public Company Limited

Cash flow statement

For the year ended 31, 2016 to 2018

(Unit : Thousand baht)

	Separate financial statement			Consolidated financial statement		
	2016	2017	2018	2018	2017	2018
CASH FLOW FROM OPERATING ACTIVITIES						
Profit (loss) before tax	(54,964)	(20,160)	(4,705)	(57,811)	16,419	19,962
Adjustments to reconcile Profit (loss) before tax to net cash provided by (paid from) operating activities						
Depreciation	9,054	1,229	556	13,600	5,503	4,751
Bad Debt	-	-	-	1,725	-	-
Doubtful account	62,913	32	-	80,027	32	-
Reduction of inventory to net relisable value	-	2,158	-	-	2,158	-
Gain on disposal of equipment	(24)	(51)	(911)	(25)	(53)	(911)
Provision for compensation from litigation	-	-	-	-	1,130	4,674
Provision for long-term employee benefits	764	798	821	(707)	798	821
Unrealised exchange losses (gains)	11	118	10	(199)	(2,514)	(184)
Interest income	(6,840)	(10,069)	(9,684)	(5,288)	(8,274)	(8,199)
Interest expenses	-	-	-	8,502	-	-
Profit (loss) from operating activities before changes in operating assets and liabilities	10,913	(25,945)	(13,913)	39,826	15,200	20,914
Operating assets decrease (Increase)						
Trade and other receivables	(43,263)	58,047	(62,674)	(40,832)	60,046	(82,802)
Unbilled receivables	5,686	(611)	(6,471)	4,498	2,715	(4,873)
Inventories	2,365	2,853	(75)	2,333	2,869	(58)
Prepaid project costs	29	(237)	(184)	(791)	784	(374)
Other current assets	(7,717)	1,946	857	(6,387)	1,118	(816)
Other assets	8,258	509	(1,420)	7,048	2,485	(122)
Operating liabilities increase (decrease)						
Trade and other payables	(74,980)	(36,173)	7,598	(80,396)	(45,104)	2,880
Accrued project costs	(2,211)	(7,415)	(1,669)	(5,617)	(16,677)	(2,364)
Advance received for goods and services	-	(330)	(98)	1,267	379	198
Other current liabilities	2,796	(1,539)	(404)	2,513	(765)	350
Cash from (used in) operating activities	(98,123)	(8,895)	(78,454)	(76,540)	23,049	(67,067)
Cash paid for interest expenses	-	-	-	(8,233)	-	-
Cash paid for income tax	(684)	(2,106)	(483)	(1,946)	(3,614)	(5,177)
Refundable withholding tax	9,396	1,196	684	9,396	3,800	1,948
Net cash from (used in) operating activities	(89,412)	(9,805)	(78,252)	(77,323)	23,236	(70,295)

Jasmine Telecom Systems Public Company Limited

Cash flow statement (Continued)

For the year ended 31, 2016 to 2018

(Unit : Thousand baht)

	Separate financial statement			Consolidated financial statement		
	2016	2017	2018	2016	2017	2018
Cash flows from investing activities						
Interest income	6,391	11,607	9,829	5,644	9,796	8,345
Decrease in current investment - bank deposits	425,030	79,987	15,947	425,055	79,992	16,067
Decrease in restricted bank deposits	595	4,840	16,210	658	4,777	16,251
Short-term loans to related party	(11,000)	(340,000)	-	-	(340,000)	-
Increase in long-term loans to subsidiary	(117,000)	-	-	-	-	-
Cash received from repayment of short-term to related party			340,000			340,000
Cash received from repayment of long-term loans made to subsidiary	-	16,000	16,000	-	-	-
Acquisition of equipment	-	(118)	(264)	(1,379)	(3,764)	(6,707)
Proceeds from sales of equipment	45	86	912	46	88	912
Net cash from (used in) investing activities	304,061	(227,597)	398,634	430,023	(249,111)	374,868
Cash flows from financing activities						
Repayment of long-term loans	-	-	-	(138,771)	-	-
Dividend paid	(70,642)	-	-	(70,642)	-	-
Net cash used in financing activities	(70,642)	-	-	(209,413)	-	-
Net increase (decrease) in cash and cash equivalents	144,008	(237,402)	320,382	143,287	(225,875)	304,572
Cash and cash equivalents at beginning of year	170,279	314,287	76,885	179,229	322,516	96,641
Cash and cash equivalents at the end of year	314,287	76,885	397,266	322,516	96,641	401,213

Jasmine Telecom Systems Public Company Limited

Financial Ratio

As at December 31, 2016 to 2018

	Separate financial statement			Consolidated financial statement		
	2016	2017	2018	2016	2017	2018
Liquidity ratio						
Current ratio (times)	8.48	11.91	11.61	3.65	4.33	4.38
Quick ratio (times)	8.29	8.30	11.41	3.60	3.08	4.35
Cash ratio (times)	(0.49)	(0.08)	(0.76)	(0.20)	0.08	(0.25)
Receivables turn over (times)	0.08	0.03	0.11	0.16	0.10	0.17
Collection period (days)	4,238	12,450	3,284	2,300	3,570	2,155
Inventory turnover (times)	2.22	2.59	20.94	5.06	6.61	24.08
Inventory turnover period (days)	162	139	17	71	54	15
Account payable turnover (times)	0.14	0.15	0.80	0.25	0.29	0.69
Payment period (days)	2,649	2,379	451	1,457	1,241	520
Cash Cycle (days)	1,751	10,210	2,851	913	2,384	1,650
Profitability ratio						
Gross profit margin (%)	69.54	35.02	23.72	62.22	51.74	41.18
Operating profit margin (%)	10.70	(90.25)	(5.56)	18.64	12.99	11.46
Cash to net profit ratio (%)	(1,243.22)	49.14	1,668.04	(331.23)	230.22	(469.64)
Net profit margin(%)	(72.01)	(55.61)	(4.72)	(40.43)	12.58	10.61
Return on equity (%)	(4.31)	(1.68)	(0.40)	(5.73)	1.33	1.58
Efficiency ratio						
Return on assets (%)	(3.74)	(1.51)	(0.36)	(3.93)	0.99	1.21
Return on fixed assets (%)	(716.40)	(1,459.21)	(718.74)	(279.93)	208.28	227.59
Asset turnover (times)	0.05	0.03	0.08	0.10	0.08	0.11
Financial policy ratio						
Return on assets (%)	0.13	0.09	0.10	0.37	0.30	0.31
Return on fixed assets (%)	-	-	-	(10.63)	-	-
Asset turnover (times)	(1.27)	(83.31)	(296.92)	(0.37)	6.17	(10.48)
Financial policy ratio						
Debt of equity (times)	1.00	1.00	1.00	1.00	1.00	1.00
Interest coverage (times)	1.72	1.69	1.68	1.33	1.35	1.37
Debt service coverage ratio (cash basis) (times)	(0.08)	(0.03)	(0.01)	(0.08)	0.02	0.02
Data per share						
Total assets (%)	(12.70)	(4.75)	0.12	(21.37)	(3.74)	1.74
Total liabilities(%)	(32.01)	(28.67)	6.85	(38.73)	(17.50)	2.57
Sales and service income (%)	494.22	(67.10)	281.51	77.40	(37.94)	68.13
Cost of sales and services (%)	154.58	(29.81)	347.85	46.05	(20.72)	104.91
Selling servicing and administrative expenses	(34.09)	(12.67)	(4.50)	(30.28)	(26.88)	0.87
Net profit (%)	30.79	(63.32)	(76.66)	31.85	(121.80)	20.99

Management Discussion and Analysis (MD&A)

Overview

In the year before, the private sector continuously invested in various technologies in order to not only keep pace with the so called “business disruption”, but also develop itself to be ready for transforming into the 4.0 Digital Era. The Company; therefore, took this as an opportunity to introduce its technologies and solutions, resulting in higher growth rate of business operation.

Operating Performance

In 2018, the Company and its subsidiary generated the operating profit of Baht 14.97 mil., compared to that of Baht 10.09 mil. in 2017, increasing by Baht 4.88 mil., or 48.36%. This amount, when included by the FX gain of Baht 0.18 mil., resulted in the net profit of the Company and its subsidiary of Baht 15.15 mil. in total, increasing by Baht 2.63 mil., or 21.01%, compared to the year 2017.

(Unit : Million Baht)

Item	Consolidated		Changed	% Changed
	Y2017	Y2018		
Operating profit	10.09	14.97	4.88	48.36
FX gain	2.46	0.18	(2.28)	(92.68)
Doubtful accounts	0.03	0.00	(0.03)	(100.00)
Net profit (loss)	12.52	15.15	2.63	21.01

Revenue

In 2018, the Company and its subsidiary generated total revenue of Baht 142.76 mil., compared to that of Baht 99.52 mil. in 2017, increasing by Baht 43.24 mil. or 43.45%. The total revenue comprised the followings:-

- The revenue obtained from Telecom Systems Integration and Telecom Service business of Baht 68.71 mil. or 48.13%
- The revenue obtained from Computer Systems Integration business and cloud computing business of Baht 61.93 mil. or 43.38%
- Other income of Baht 11.94 mil. or 8.36%
- FX gain of Baht 0.18 mil. or 0.13%

The increase in the revenue of Telecom Systems Integration and Telecom Service business, amounting Baht 56.44 mil. was due to the increase in the revenue obtained from sale of computer equipment, the survey and the implementation of telecom networks and the design and the implementation of computer networks of Baht 42.05 mil., Baht 10.98 mil. and Baht 3.41 mil., respectively. Detailed comparison of total revenue, obtained from each business is shown in Section : Business of the Company and Subsidiary, Topic : Revenue Structure.

(Unit : Million Baht)

Type of business	Consolidated		Changed	% Changed
	Y2017	Y2018		
Telecom Systems Integration and Telecom Service	12.27	68.71	56.44	459.98
Computer Systems Integration	65.43	61.93	(3.50)	(5.35)
Total sales and service income	77.70	130.64	52.94	68.13
FX gain	2.46	0.18	(2.28)	(92.68)
Other income	19.36	11.94	(7.42)	(38.33)
Total revenue	99.52	142.76	43.24	43.45

Expenses

In 2018, the operating expenses of the Company and its subsidiary were Baht 122.80 mil., compared to Baht 83.07 mil. in 2017, increasing by Baht 39.73 mil. or 47.83%.

(Unit : Million Baht)

Item	Consolidated		Changed	% Changed
	Y2017	Y2018		
Operating Expenses :				
- Cost of sales and services	37.50	76.84	39.34	104.91
- Administrative expenses	45.57	45.96	0.39	0.86
Total Operating Expenses	83.07	122.80	39.73	47.83
Doubtful accounts	0.03	0.00	(0.03)	(100.00)
Total Expenses	83.10	122.80	39.70	47.77

- In 2018, the cost of sales and services was Baht 76.84 mil., compared to that of Baht 37.50 mil. in 2017, increasing by Baht 39.34 mil. or 104.91%. Such increase was in line with increasing revenue obtained from sale of computer equipment, the survey and the implementation of telecom networks and the design and the implementation of computer networks of Baht 42.05 mil., Baht 10.98 mil. and Baht 3.41 mil., respectively. The gross margin for the year 2018 was at 41%, decreasing, when compared to the year 2017 in which it was at 52%. Such decrease was due to the gross margin of the sale of computer equipment being lower than that of the survey and the implementation of telecom networks and the design and the implementation of computer networks.
- In 2018, the administrative expenses were of Baht 45.96 mil., compared to Baht 45.57 mil. in 2017, increasing by Baht 0.39 mil. or 0.86%. Such increase was due to indemnity arising from the judgement of the court of Baht 5.92 mil., the decrease in the expenses on financial advisory service of Baht 3.00 mil., the decrease in depreciation of Baht 1.40 mil. and the decrease in traveling and office and service rental of Baht 1.13 mil.

Net Profit

In 2018, the Company and its subsidiary recorded the net profit of Baht 15.15 mil., compared to the net profit of Baht 12.52 mil. in 2017, increasing by Baht 2.63 mil. or 21.01%.

Financial Position

Assets

(Unit : Million Baht)

Item	Consolidated		Changed	% Changed
	31/12/2017	31/12/2018		
Current assets	1,203.50	1,239.30	35.80	2.97
Non-current assets	36.56	22.38	(14.18)	(38.79)
Restricted bank deposits	25.63	9.38	(16.25)	(63.40)
Property, plant and equipment-net	7.77	9.72	1.95	25.10
Other non-current assets	3.16	3.28	0.12	3.80
Total Assets	1,240.06	1,261.68	21.62	1.74

As at December 31, 2018, the Company and its subsidiary had total assets of Baht 1,261.68 mil., compared to that of Baht 1,240.06 mil. in 2017, increasing by Baht 21.62 mil. or 1.74%. Details are as follows:

- Current assets increased by Baht 35.80 mil. because :
 - Cash and current investments increased by Baht 288.50 mil. due to repayment of short-term loans made by a related party of Baht 340 mil., interest receivables of Baht 8.34 mil. and non-restricted bank deposits of Baht 16.25 mil., cash paid in operating activities of Baht 64.20 mil., acquisition of equipment of Baht 6.71 mil. and income tax payment of Baht 5.18 mil.
 - Trade and other receivables increased by Baht 82.63 mil.
 - Unbilled receivables increased by Baht 4.87 mil.
 - Short-term loans to related parties decreased by Baht 340 mil. due to repayment of the short –term loan made by Jasmine International PCL.
 - Inventories increased by Baht 0.06 mil. ; most of them were inventories for the maintenance of CCTV system and fire alarm system.
 - Prepaid project costs increased by Baht 0.37 mil.
 - Other current assets decreased by Baht 0.65 mil. due to the increase in revenue department receivable of Baht 0.42 mil., suspense input vat of Baht 0.40 mil., prepaid expenses of Baht 0.16 mil., withholding tax for the year 2017 of Baht 0.48 mil.; the withholding tax for the year 2017 of Baht 2.11 mil was transferred to the withholding tax of non-current assets.

- Non-current assets decreased because:
 - Restricted bank deposits decreased by Baht 16.25 mil. due to the return of bank guarantee to bank.
 - Property, plant and equipment-net increased by Baht 1.95 mil. due to investment in server for cloud service of Baht 6.45 mil. , the purchase of computer equipment of Baht 0.26 mil.; and the depreciation of Baht 4.76 mil.
 - Withholding tax increased by Baht 0.16 mil. due to the withholding tax of the year 2018 of Baht 2.11 mil. and refundable withholding tax of Baht 1.95 mil.
 - Deposits decreased by Baht 0.04 mil. due to router deposit refund.

Liabilities

(Unit : Million Baht)

Item	Consolidated		Changed	% Changed
	31/12/2017	31/12/2018		
Current liabilities	278.02	283.24	5.22	1.88
Non-current liabilities	11.28	13.51	2.23	19.77
Provision for long-term employee benefits	11.28	13.51	2.23	19.77
Total Liabilities	289.30	296.75	7.45	2.58

As at December 31, 2018, the Company and its subsidiary had total liabilities of Baht 296.75 mil., compared to Baht 289.30 mil. in 2017, increasing by Baht 7.45 mil. or 2.58% . That was because:

- Current liabilities increased by Baht 5.22 mil. due to the increase in trade and other payables of Baht 7.54 mil., the decrease in accrued projects cost of Baht 2.56 mil., accrued income tax of Baht 0.31 mil. and the increase in advances received for goods and services of Baht 0.20 mil. and other current liabilities of Baht 0.35 mil.
- Non-current liabilities increased by Baht 2.23 mil. due to the provision for long-term employee benefits.

In addition to liabilities as shown in the statements of financial position, commitments and contingent liabilities of the Company and its subsidiary were disclosed in Notes to the Financial Statements, Item 22.

Shareholders' Equity

(Unit : Million Baht)

Item	Consolidated		Changed	% Changed
	31/12/2017	31/12/2018		
Paid up share capital	706.46	706.46	-	-
Share premium	420.27	420.27	-	-
Retained earnings	(177.18)	(163.44)	13.74	7.75
Appropriated-statutory reserve	70.64	70.64	-	-
Unappropriated	(247.82)	(234.08)	13.74	5.54
Other components of shareholders' equity	8.16	8.16	-	-
Non-controlling interests of the subsidiary	(6.95)	(6.52)	0.43	6.19
Total Shareholders' Equity	950.76	964.93	14.17	1.49
Book value	1.35	1.37	0.02	1.48

As at December 31, 2018, the Company and its subsidiary had total shareholders' equity of Baht 964.93 mil., compared to that of Baht 950.76 mil. in 2017, increasing by Baht 14.17 mil. or 1.49%. The retained earnings increased by Baht 13.73 mil. due to an increase in the net profit of the Company and its subsidiary of Baht 15.15 mil. and actuarial loss of Baht 1.41 mil.

Return on equity for the year 2018 was 1.42%, compared to that of 1.32% in 2017; that was due to an increase in net profit of Baht 2.63 mil.

Capital Structure

As at December 31, 2018, the Company and its subsidiary had total liabilities of Baht 296.75 mil. and total shareholders' equity of Baht 964.63 mil. Debt to equity ratio was 0.31 time, compared to that of 0.30 time in 2017, mainly due to an increase in trade and other payables and a decrease in accrued project cost. Thus, debt to equity ratio in 2018 increased by only 0.01time, compared to the year 2017. The increase was quite little, hence having no impact on finance and the ability to make debt repayment of the Company and the subsidiary.

Cash flow

As at December 31, 2018, the Company and its subsidiary had cash and cash equivalent of Baht 401.21 mil., increasing by Baht 304.57 mil. from the year 2017. The summary of net cash received and paid is as follows:-

Net cash paid in operating activities	Baht	(70.30)	mil.
Net cash from investing activities	Baht	374.87	mil.

Details about cash, received and paid, are shown in Statement of Cash Flows.

Liquidity

As at December 31, 2018, the Company and its subsidiary had current ratio of 4.38 times, compared to 4.33 times in 2017, increasing by 0.05 time.

As at December 31, 2018, the Company and its subsidiary had quick ratio (only for cash and liquid current assets) of 4.35 times, compared to 3.08 times in 2017, increasing by 1.27 time mainly due to short-term loan repayment from related party by Baht 340 mil. (As explained in Item 6 of Notes to Consolidated Financial Statements).

Commitments and off-balance sheet transactions

Operating lease and service contract commitments

As at December 31, 2018, the Company and its subsidiary had the commitment under the agreements of office building space lease and related services amounting Baht 2 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 Item 22, "Commitments and contingent liabilities."

Factors which may impact upon business operation in the future

The Company has focused more on working with the private sector than bidding for projects from the government sector. It has also increased its investment in cloud computing business which is an IT business in order to serve the private sector and its major shareholder's business group. The fact that the major shareholder's business group comprises the leading companies that engage in providing efficient telecom network services enhances effective resources-sharing and cost reduction.

In addition, the Company has followed significant technological trends of 2019 such as Internet of Things (IoT), Smart Systmen, Big Data and AI for businessss data analysis. To increase competitiveness and bring about sustainable growth of its operating results and financial position, the Company has synergized with other companies of its major shareholder's business group and chosen to engage with business partners that are considered experts in the above mentioned technologies.

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 2018 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

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 2018, 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, 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 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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 opinion.

Emphasis of Matters

I draw attention to Note 22.3 of the consolidated financial statements, which describes the litigation claim between the Company and two government agencies, who demanded the Company pay penalties for its failure to deliver tablets according to the agreements. However, during the current year, the Central Administrative Court issued a judgement ordering the Company to pay penalties totaling approximately Baht 10 million. A provision for penalties and compensation that might be incurred that the Company has recorded in the past are sufficient to the amount of the penalties according to the judgement of the Central Administrative Court.

However, the Company and the two government agencies filed appeals to the Supreme Administrative Court. At present, the cases are under consideration by the Courts. In addition, I draw attention to Note 22.4 of the consolidated financial statements, which describes disputes between the subsidiary and an unrelated company. My opinion is not qualified in respect of these matters.

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.

Key audit matters and how audit procedures respond to each matter are described below.

Net realisable value of trade receivables from a related party

As discussed in Note 8 to the consolidated financial statements, as at 31 December 2018, the Company and its subsidiary have balances of trade receivables from a related party amounting to Baht 802 million which account for 64% of total assets and the Company's amounting to Baht 777 million which account for 59% of total assets. The balances are long outstanding. As most of these receivables are more than 1 year 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 Emphasis of Matters 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 2018 the Company and its subsidiary had litigation claims and commercial disputes with unrelated parties, and business partners. 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 management and legal department of the Company and its subsidiary 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 followings.

- 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 courts 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.

C. stjs

Chonlaros Suntiasvaraporn

Certified Public Accountant (Thailand) No. 4523

EY Office Limited

Bangkok: 28 February 2019

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of financial position

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	7	401,213,199	96,640,828	397,266,183	76,884,556
Current investments - bank deposits		4,749,532	20,816,202	4,744,235	20,691,514
Trade and other receivables	8	812,556,415	729,923,305	790,832,759	728,327,000
Unbilled receivables					
Related parties	6	15,327	150,353	2,861,387	1,191,700
Unrelated parties		13,273,581	8,265,898	10,260,691	5,459,822
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	9	3,220,546	3,162,762	3,109,653	3,034,536
Account receivable under troubled debt restructuring	10	-	-	-	-
Prepaid project costs		818,982	445,315	483,208	299,280
Other current assets		3,450,735	4,099,724	1,473,786	2,531,745
Total current assets		1,239,298,317	1,203,504,387	1,227,031,902	1,194,420,153
Non-current assets					
Restricted bank deposits		9,380,987	25,632,235	6,798,736	23,008,513
Long-term loans to subsidiary	6	-	-	69,000,000	85,000,000
Investment in subsidiary	11	-	-	-	-
Property, plant and equipment	12	9,720,940	7,765,624	430,907	723,614
Withholding tax deducted at source		2,106,371	1,947,953	2,106,371	684,233
Deposits		1,178,424	1,214,609	1,014,638	1,016,320
Total non-current assets		22,386,722	36,560,421	79,350,652	110,432,680
Total assets		1,261,685,039	1,240,064,808	1,306,382,554	1,304,852,833

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	13	114,689,339	107,148,669	84,334,143	76,749,844
Accrued project cost		135,773,692	138,331,714	3,216,984	4,886,319
Income tax payable		1,371,181	1,683,138	-	-
Advances received for goods and services	6	3,470,735	3,272,848	477,480	575,210
Other current liabilities		27,935,903	27,585,549	17,692,337	18,095,877
Total current liabilities		283,240,850	278,021,918	105,720,944	100,307,250
Non-current liabilities					
Provision for long-term employee benefits	14	13,507,453	11,281,745	13,507,453	11,281,745
Total non-current liabilities		13,507,453	11,281,745	13,507,453	11,281,745
Total liabilities		296,748,303	289,303,663	119,228,397	111,588,995
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	15	70,645,730	70,645,730	70,645,730	70,645,730
Deficit		(234,074,272)	(247,817,787)	(10,217,951)	(4,108,270)
Other components of shareholders' equity	2.2	8,157,637	8,157,637	-	-
Equity attributable to owners of the Company		971,455,473	957,711,958	1,187,154,157	1,193,263,838
Non-controlling interests of the subsidiary		(6,518,737)	(6,950,813)	-	-
Total shareholders' equity		964,936,736	950,761,145	1,187,154,157	1,193,263,838
Total liabilities and shareholders' equity		1,261,685,039	1,240,064,808	1,306,382,554	1,304,852,833

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit or loss:					
Revenues					
Sales and services income		130,642,379	77,703,887	84,350,733	22,109,828
Interest income		8,198,844	8,274,077	9,683,661	10,069,111
Exchange gains		180,103	2,459,395	-	-
Other income		3,742,238	11,079,044	5,574,416	4,072,576
Total revenues		142,763,564	99,516,403	99,608,810	36,251,515
Expenses					
Cost of sales and services		76,843,822	37,501,812	64,342,471	14,366,933
Administrative expenses		45,957,597	45,563,245	39,957,630	41,839,763
Exchange losses		-	-	13,733	172,323
Doubtful debt		-	32,100	-	32,100
Total expenses		122,801,419	83,097,157	104,313,834	56,411,119
Profit (loss) before income tax		19,962,145	16,419,246	(4,705,024)	(20,159,604)
Income tax	18	(4,381,897)	(3,188,091)	-	-
Profit (loss) for the year		15,580,248	13,231,155	(4,705,024)	(20,159,604)
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Actuarial loss	14	(1,404,657)	-	(1,404,657)	-
Other comprehensive income for the year		(1,404,657)	-	(1,404,657)	-
Total comprehensive income for the year		14,175,591	13,231,155	(6,109,681)	(20,159,604)
Profit (loss) attributable to:					
Equity holders of the Company		15,148,172	12,519,932	(4,705,024)	(20,159,604)
Non-controlling interests of the subsidiary		432,076	711,223		
		15,580,248	13,231,155		
Total comprehensive income attributable to:					
Equity holders of the Company		13,743,515	12,519,932	(6,109,681)	(20,159,604)
Non-controlling interests of the subsidiary		432,076	711,223		
		14,175,591	13,231,155		
Basic earnings (loss) per share	19				
Profit (loss) attributable to equity holders of the Company		0.02	0.02	(0.01)	(0.03)

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

(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 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	
Balance as at 1 January 2018	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	
Profit for the year	-	-	-	15,148,172	-	-	15,148,172	432,076	15,580,248	
Other comprehensive income for the year	-	-	-	(1,404,657)	-	-	(1,404,657)	-	(1,404,657)	
Total comprehensive income for the year	-	-	-	13,743,515	-	-	13,743,515	432,076	14,175,591	
Balance as at 31 December 2018	706,457,300	420,269,078	70,645,730	(234,074,272)	8,157,637	8,157,637	971,455,473	(6,518,737)	964,936,736	

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 2018

(Unit: Baht)

	Separate financial statements				
	Issued and fully paid-up share capital	Premium on ordinary shares	Retained earnings		Total shareholders' equity
			Appropriated	Unappropriated	
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
Balance as at 1 January 2018	706,457,300	420,269,078	70,645,730	(4,108,270)	1,193,263,838
Loss for the year	-	-	-	(4,705,024)	(4,705,024)
Other comprehensive income for the year	-	-	-	(1,404,657)	(1,404,657)
Total comprehensive income for the year	-	-	-	(6,109,681)	(6,109,681)
Balance as at 31 December 2018	706,457,300	420,269,078	70,645,730	(10,217,951)	1,187,154,157

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit (loss) before tax	19,962,145	16,419,246	(4,705,024)	(20,159,604)
Adjustments to reconcile profit (loss) before tax to net cash				
provided by (paid from) operating activities				
Depreciation	4,751,073	5,502,698	556,015	1,228,764
Doubtful account	-	32,100	-	32,100
Reduction of inventory to net realisable value	-	2,158,109	-	2,158,109
Gains on disposal of equipment	(911,462)	(52,547)	(911,462)	(50,982)
Provision for compensation from litigation	4,673,665	1,130,233	-	-
Provision for long-term employee benefits	821,051	798,402	821,051	798,402
Unrealised exchange losses (gains)	(184,089)	(2,513,897)	9,747	117,820
Interest income	(8,198,844)	(8,274,077)	(9,683,661)	(10,069,111)
Profit (loss) from operating activities before changes in				
operating assets and liabilities	20,913,539	15,200,267	(13,913,334)	(25,944,502)
Operating assets decrease (increase)				
Trade and other receivables	(82,802,316)	60,045,680	(62,674,175)	58,046,909
Unbilled receivables	(4,872,657)	2,715,025	(6,470,556)	(610,638)
Inventories	(57,784)	2,869,357	(75,117)	2,852,513
Prepaid project costs	(373,667)	784,252	(183,928)	(237,496)
Other current assets	(816,002)	1,117,838	856,690	1,946,017
Other assets	(122,233)	2,484,793	(1,420,456)	509,485
Operating liabilities increase (decrease)				
Trade and other payables	2,880,484	(45,104,008)	7,597,778	(36,172,627)
Accrued project costs	(2,364,186)	(16,677,446)	(1,669,335)	(7,414,969)
Advances received for goods and services	197,887	378,588	(97,730)	(330,397)
Other current liabilities	350,354	(765,366)	(403,540)	(1,538,852)
Cash from (used in) operating activities	(67,066,581)	23,048,980	(78,453,703)	(8,894,557)
Cash paid for income tax	(5,176,817)	(3,613,650)	(482,963)	(2,106,371)
Refundable withholding tax	1,947,953	3,800,226	684,233	1,195,698
Net cash from (used in) operating activities	(70,295,445)	23,235,556	(78,252,433)	(9,805,230)

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Interest income	8,344,825	9,796,334	9,828,850	11,606,994
Decrease in current investments - bank deposits	16,066,670	79,992,168	15,947,279	79,987,231
Decrease in restricted bank deposits	16,251,248	4,776,527	16,209,777	4,840,144
Short-term loans to related party	-	(340,000,000)	-	(340,000,000)
Cash received from repayment of short-term loans to related party	340,000,000	-	340,000,000	-
Cash received from repayment of long-term loans to subsidiary	-	-	16,000,000	16,000,000
Acquisition of equipment	(6,706,628)	(3,764,124)	(263,547)	(117,694)
Proceeds from sales of equipment	911,701	88,080	911,701	86,490
Net cash from (used in) investing activities	374,867,816	(249,111,015)	398,634,060	(227,596,835)
Net increase (decrease) in cash and cash equivalents	304,572,371	(225,875,459)	320,381,627	(237,402,065)
Cash and cash equivalents at beginning of year	96,640,828	322,516,287	76,884,556	314,286,621
Cash and cash equivalents at end of year	401,213,199	96,640,828	397,266,183	76,884,556
Supplemental cash flow information				
Non-cash transaction:				
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 2018

1. Corporate information

Jasmine Telecom Systems Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. Its parent company is Jasmine International Public Company Limited, which is incorporated in Thailand. The Company is principally engaged in the design and installation of telecommunication systems, telecom service business, and other businesses. The registered office of the Company is at 200 Moo 4, 9th Floor, Jasmine International Tower, Chaengwatana Road, Pakkred, Nonthaburi.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 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 subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

b. **Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019**

During the current year, the Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertisin Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

- c. **Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020**

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

- TFRS 7 Financial Instruments: Disclosures
- TFRS 9 Financial Instruments

Accounting standard:

- TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

- TFRIC 16 Hedges of a Net Investment in a Foreign Operation
- TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

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

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 determining income.

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 plan

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

Defined benefit plans

The Company has obligations in respect of the severance payments. The Company must make to employees upon retirement under labor law. The Company treats this severance payment obligation 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
Mono Group	Common 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
	2018	2017	2018	2017	
<u>Transactions with parent company</u>					
Sales and services income	3,960	3,112	108	-	Contract price or at prices normally charged to other customers
Interest income	6,936	3,166	6,936	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	3,246	3,148	3,148	Contract price or at prices normally charged to other customers
Other expenses	51	20	50	14	Contract price or at prices normally charged to other customers
<u>Transactions with subsidiary</u> (eliminated from the consolidated financial statements)					
Sales and services income	-	-	15,644	9,835	Contract price or at prices normally charged to other customers
Interest income	-	-	1,573	1,839	The rate referenced to fixed deposits interest rate plus 0.5 percent per annum
Management income			2,396	2,280	Contract price
Cost of sales and services	-	-	177	89	Contract price or at prices normally charged to other customers
<u>Transactions with related companies</u>					
Sales and services income	94,962	46,136	55,302	2,318	Contract price or at prices normally charged to other customers
Other income	182	130	182	130	Contract price or at prices normally charged to other customers
Cost of sales and services	3,847	4,792	2,550	2,973	Contract price or at prices normally charged to other customers
Office rental and services expenses	252	252	252	252	Contract price or at prices normally charged to other customers
Other expenses	4,115	3,290	1,970	1,832	Contract price or at prices normally charged to other customers

The balances of the accounts between the Company and its subsidiary and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade receivables - related parties (Note 8)				
Parent company	101	128	-	-
Subsidiary	-	-	11,045	221
(eliminated from the consolidated financial statements)				
Related companies				
Jasmine Group	808,889	725,359	778,235	724,819
Mono Group	78	-	-	-
Total trade receivables - related parties	809,068	725,487	789,280	725,040
Other receivables - related parties (Note 8)				
Parent company	-	116	-	116
Subsidiary	-	-	3,480	3,480
(eliminated from the consolidated financial statements)				
Related companies				
Jasmine Group	395	139	395	139
Total	395	255	3,875	3,735
Less: Allowance for doubtful account	-	-	(3,480)	(3,480)
Total other receivables - related parties - net	395	255	395	255
Unbilled receivables from related parties				
Subsidiary	-	-	2,861	1,192
(eliminated from the consolidated financial statements)				
Related companies				
Jasmine Group	12	150	-	-
Mono Group	3	-	-	-
Total unbilled receivables from related parties	15	150	2,861	1,192
Short-term loans to related parties				
Parent company	-	340,000	-	340,000
Subsidiary	-	-	80,347	80,347
(eliminated from the consolidated financial statements)				
Total	-	340,000	80,347	420,347
Less: Allowance for doubtful account	-	-	(80,347)	(80,347)
Total short-term loans to related parties - net	-	340,000	-	340,000
Long-term loans to subsidiary				
Subsidiary	-	-	85,000	101,000
(eliminated from the consolidated financial statements)				
Less: Current portion of long-term loans	-	-	(16,000)	(16,000)
Total long-term loans to subsidiary - net of current portion	-	-	69,000	85,000

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade payables - related parties (Note 13)				
Subsidiary	-	-	47	-
(eliminated from the consolidated financial statements)				
Related companies				
Jasmine Group	353	694	3	3
Total trade payables - related parties	353	694	50	3
Other payables - related parties (Note 13)				
Parent company	18,617	20,099	-	-
Related companies				
Jasmine Group	5,917	6,928	5	129
Total other payables - related parties	24,534	27,027	5	129
Advances received from related parties				
Parent company	64	52	-	-
Related companies				
Jasmine Group	2,897	1,986	344	202
Total advances received from related parties	2,961	2,038	344	202

Loans to related parties

The balances of loans between the Company, its subsidiary and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated/Separate financial statements		
	Balance as at 31 December 2017	Decrease during the year	Balance as at 31 December 2018
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 2017	Decrease during the year	Balance as at 31 December 2018
Short-term loans to the subsidiary	80,437	-	80,437
Long-term loans to the subsidiary	101,000	(16,000)	85,000

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 had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	2018	2017
Short-term employee benefits	11,398	11,285
Post-employment benefits	1,039	993
Total	12,437	12,278

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash	115	115	105	105
Bank deposits	15,653	34,194	11,816	14,448
Bills of exchange	385,445	62,332	385,345	62,332
Total	401,213	96,641	397,266	76,885

As at 31 December 2018, bank deposits in saving accounts, fixed deposits and bills of exchange of the Company and its subsidiary carried interests between 0.37 and 1.30 percent per annum (2017: between 0.37 and 1.00 percent per annum) and the Company only carried interests between 0.37 and 1.20 percent per annum (2017: between 0.37 and 1.00 percent per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade receivables - related parties (Note 6)	809,068	725,487	789,280	725,040
Trade receivables - unrelated parties	184,506	185,565	15,551	17,395
Other receivables - related parties (Note 6)	395	255	3,875	3,735
Other receivables - unrelated parties	40,485	40,514	40,480	40,510
Total	1,034,454	951,821	849,186	786,680
Less: Allowance for doubtful accounts	(221,898)	(221,898)	(58,353)	(58,353)
Trade and other receivables - net	812,556	729,923	790,833	728,327

The outstanding balances of trade receivables, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	11,130	1,191	8,327	548
Past due				
Up to 3 months	42,826	1,158	40,072	1,354
Longer than 3 - 6 months	16,797	795	11,059	795
Longer than 6 - 12 months	17,010	-	8,516	-
Longer than 12 months	721,305	722,343	721,306	722,343
Total trade receivables - related parties (Note 6)	809,068	725,487	789,280	725,040

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	1,113	2,927	146	2,775
Past due				
Up to 3 months	1,793	1,030	830	45
Longer than 3 - 6 months	-	8	-	-
Longer than 6 - 12 months	-	-	-	-
Longer than 12 months	181,600	181,600	14,575	14,575
Total	184,506	185,565	15,551	17,395
Less: Allowance for doubtful accounts	(181,600)	(181,600)	(14,575)	(14,575)
Total trade receivables - unrelated parties - net	2,906	3,965	976	2,820
Total trade receivables - net	811,974	729,452	790,256	727,860

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Other receivables - related parties				
Accrued interest income	-	116	3,480	3,596
Others	395	139	395	139
Total	395	255	3,875	3,735
Less: Allowance for doubtful account	-	-	(3,480)	(3,480)
Total other receivables - related parties - net (Note 6)	395	255	395	255
Other receivables - unrelated parties				
Accrued interest income	12,500	12,529	12,495	12,525
Others	27,985	27,985	27,985	27,985
Total	40,485	40,514	40,480	40,510
Less: Allowance for doubtful accounts	(40,298)	(40,298)	(40,298)	(40,298)
Total other receivables - unrelated parties - net	187	216	182	212

9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Finished goods	9,393	9,335	(6,172)	(6,172)	3,221	3,163

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Finished goods	9,282	9,207	(6,172)	(6,172)	3,110	3,035

During the year 2017, the Company reduced cost of inventories by Baht 2 million (2018: None) to reflect the net realisable value. This was included in cost of sales and services.

10. 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.

11. Investment in subsidiary

(Unit: Thousand Baht)

Company's name	Paid-up capital		Cost	
	2018	2017	2018	2017
Could Computing Solution Company Limited	55,000	55,000	83,899	83,899
Less: Allowance for loss on investment			(83,899)	(83,899)
Total investment in subsidiary - net			-	-

12. 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
Cost					
1 January 2017	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
Additions	-	-	6,706	-	6,706
Disposals	-	(6,001)	(408)	(2,805)	(9,214)
31 December 2018	19,267	18,708	76,954	3,843	118,772
Accumulated depreciation					
1 January 2017	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
Depreciation for the year	2	-	4,563	186	4,751
Depreciation on disposals	-	(6,001)	(408)	(2,805)	(9,214)
31 December 2018	17,262	18,708	69,238	3,845	109,051
Net book value					
31 December 2017	2,007	-	5,573	186	7,766
31 December 2018	2,005	-	7,716	-	9,721
Depreciation for the year					
2017 (Baht 3 million included in cost of sales and services, and the balance in administrative expenses)					5,502
2018 (Baht 4 million included in cost of sales and services, and the balance in administrative expenses)					4,751

(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
Cost					
1 January 2017	12,129	26,151	28,105	6,152	72,537
Additions	-	-	117	-	117
Disposals	-	(1,442)	(493)	-	(1,935)
Transfers out	-	-	(8)	-	(8)
31 December 2017	12,129	24,709	27,721	6,152	70,711
Additions	-	-	263	-	263
Disposals	-	(6,001)	(408)	(2,805)	(9,214)
31 December 2018	12,129	18,708	27,576	3,347	61,760
Accumulated depreciation					
1 January 2017	12,129	26,137	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 transfer	-	-	(7)	-	(7)
31 December 2017	12,129	24,709	27,182	5,967	69,987
Depreciation for the year	-	-	371	185	556
Depreciation on disposals	-	(6,001)	(408)	(2,805)	(9,214)
31 December 2018	12,129	18,708	27,145	3,347	61,329
Net book value					
31 December 2017	-	-	539	185	724
31 December 2018	-	-	431	-	431
Depreciation for the year					
2017 (Included in administrative expenses)					1,228
2018 (Included in administrative expenses)					556

As at 31 December 2018, 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 (2017: Baht 104 million) and the Company's Baht 61 million (2017: Baht 67 million).

13. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade payables - related parties (Note 6)	353	694	50	3
Trade payables - unrelated parties	43,031	33,419	42,317	32,522
Other payables - related parties (Note 6)	24,534	27,027	5	129
Other payables - unrelated parties	46,771	46,009	41,962	44,096
Total trade and other payables	114,689	107,149	84,334	76,750

14. Provision for long-term employee benefits

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	2018	2017
Provision for long-term employee benefits at beginning of year	11,282	10,483
Included in profit or loss		
Current service cost	511	510
Interest cost	310	289
Included in other comprehensive income:		
Actuarial loss (gain) arising from		
Demographic assumptions changes		
Financial assumptions changes	217	-
Experience adjustments	(473)	-
Provision for long-term employee benefits at end of year	1,660	-
Provision for long-term employee benefits at end of year	13,507	11,282

The Company expects to pay Baht 1 million of long-term employee benefits during the next year (2017: None).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefits of the Company is 11 years (2017: 10 years).

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated/Separate financial statements	
	2018 (% per annum)	2017 (% per annum)
Discount rate	3.25	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 are summarised below:

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	2018	2017
Discount rate		
Increase 50 basis points (3.75%)	(443)	(414)
Decrease 50 basis points (2.75%)	471	441
Salary increase rate		
Increase 100 basis points (6.00%)	1,083	1,233
Decrease 100 basis points (4.00%)	(974)	(1,090)

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company has an additional liability for long-term employee benefits of Baht 4 million. The Company will reflect the effect of the change by recognising past services costs as expenses in profit or loss of the period in which the law is effective.

15. Statutory reserve

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

16. Expenses by nature

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Inventories used	49,481	11,720	48,519	4,248
Salary and wages and other employee benefits	29,703	27,457	29,703	27,457
Subcontracting expenses	16,924	6,775	11,439	4,243
Depreciation	4,751	5,503	556	1,229
Rental expenses from operating lease agreements	3,497	3,497	3,400	3,400
Reduction of inventories to net realisable value	-	2,158	-	2,158

17. Service income under the license

During the year 2018, the Company had service income under the license, granted by the National Telecommunications Commission ("NBTC"), for telecommunication service Type I amounting to Baht 0.42 million (2017: Baht 0.16 million).

In addition, the Company had expenses payable to other licensees, concessionaires or foreign telecommunication service providers for the year ended 31 December 2018 amounting to Baht 0.25 million (2017: Baht 0.09 million) that can be used to deduct income in accordance with the notification of the NBTC Re: Criteria and Procedures on Revenue Collection for Universal Service Obligation, dated 30 May 2017.

18. Income tax

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Accounting profit (loss) before tax	19,962	16,419	(4,705)	(20,160)
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	3,992	3,284	(941)	(4,032)
Non-deductible expense	20	231	4	4
Additional expense deductions allowed	(302)	(78)	(2)	(4)
Unrecognised deferred tax asset:				
Allowance for diminution in value of inventories	-	432	-	432
Allowance for doubtful accounts and bad debt	-	6	-	6
Provision for long-term employee benefits	164	160	164	160
Tax loss of current year	508	3,167	508	3,167
Tax loss of prior years that is used to reduce tax expenses	-	(4,014)	-	-
Others	-	-	267	267
Income tax expenses reported in the statement of comprehensive income	4,382	3,188	-	-

As at 31 December 2018, the Company and its subsidiary have deductible temporary differences and unused tax losses totaling Baht 848 million (2017: Baht 843 million) and the Company only of Baht 578 million (2017: Baht 573 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 112 million will gradually expire between 2019 - 2023 (2017: Baht 110 million will gradually expire between 2019 - 2022).

19. 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.

20. Segment information

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

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.

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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Sales and services income										
Revenue from external customers	68	12	40	47	23	19	-	-	131	78
Inter-segment revenues	16	10	-	-	-	-	(16)	(10)	-	-
Total revenues	84	22	40	47	23	19	(16)	(10)	131	78
Segment operating profit (loss)	5	(2)	35	31	14	11			54	40
Unallocated income and expenses:										
Interest income									8	8
Exchange gains									-	2
Other income									4	11
Administrative expenses									(46)	(45)
Income tax									(4)	(3)
Profit for the year									16	13

Major customer

For the year 2018, the Company and its subsidiary have revenue from a major customer in amount of Baht 78 million (2017: three major customers in amount of Baht 52 million) and the Company only from two customers in amount of Baht 67 million (2017: two customers in amount of Baht 18 million).

21. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and its 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 2018, the Company contributed Baht 2 million (2017: Baht 2 million), to the fund.

22. Commitments and contingent liabilities

22.1 Operating lease and service agreements commitments

The Company has 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.

Future minimum lease payments required under these non-cancellable operating leases and service agreements were as follows.

(Unit: Million Baht)

	Consolidated/Separate financial statements	
	2018	2017
Payable:		
In up to 1 year	2	3
In over 1 and up to 3 years	-	2

22.2 Guarantees

As at 31 December 2018, there were outstanding bank guarantees of Baht 75 million (2017: Baht 79 million) issued by banks on behalf of the Company and its subsidiary, and the Company only of Baht 51 million (2017: Baht 53 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 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. In 2014, the counterparties under the agreements submitted letters to the Company to request the termination of the sale and purchase of tablet agreements with the Company as they considered that the Company was unable to deliver the tablets as scheduled 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 November 2014 and March 2015, the two counterparties filed lawsuits with the Central Administrative Court, requesting the Company to pay a penalty for its inability to deliver tablet as stipulated in the agreements and to make payment under the performance bonds, together with interest at the rate of 7.5% per annum, totaling approximately Baht 5 million and

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

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 2018 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. The Company is required to pay penalties amounting to Baht 18 million for two cases of unfair termination. On 16 January 2018, the Central Labour Court issued a judgement ordering the subsidiary to pay severance together with interest, totaling approximately Baht 1 million. The subsidiary recorded full provision for severance payment in accordance with the Central Labour Court's order in 2017 and paid in February 2018. For the two cases of the Company, the Central Labour Court dismissed both of them. Former employees, who were the plaintiffs, filed an appeal to the Courts. In 2018, the Courts dismissed the case. The cases were finalised.
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 Central Administrative Court, requesting the Company to pay the amount of Baht 8 million under the letter of guarantee. On 28 September 2018, the Central Administrative Court dismissed the case and ordered MEA to return the guarantee amount and pay guarantee fee to the Company. MEA filed an appeal to the Supreme Court. Currently, the Company's legal advisor is considering submit an appeal to the Supreme 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 October 2015, the Court of First Instance issued a judgement ordering the subsidiary to pay compensation totaling approximately Baht 0.2 million. The subsidiary then filed an appeal. In September 2016, the Appeal Court issued a judgement ordering the subsidiary to pay compensation together with interest, totaling approximately Baht 0.5 million. The subsidiary filed a petition appealing to the Supreme Court. On 18 July 2018, the Supreme Court rejected the appeals files by the plaintiff and the defendant, and therefore the case is deemed final. On 7 September 2018, the subsidiary settled the damages following the judgement of the Appeal Court.
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 judgement 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. On 18 July 2018, the Appeal Court rendered the judgement ordering the subsidiary to pay the compensation together with fines and interest, totaling approximately Baht 5 million. At present, the subsidiary dose not filed a petition. The subsidiary therefore recorded full provision for compensation in accordance with the Appeal Court's order.

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 service transactions that are denominated in foreign currencies.

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

Foreign currency	Consolidated financial statements				Average exchange rate as at 31 December	
	Financial assets		Financial liabilities			
	2018	2017	2018	2017	2018	2017
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.1	0.1	0.9	0.9	32.4498	32.6809

Foreign currency	Separate financial statements				Average exchange rate as at 31 December	
	Financial assets		Financial liabilities			
	2018	2017	2018	2017	2018	2017
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.1	0.1	0.1	0.1	32.4498	32.6809

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 2018, the Group's debt to equity ratio was 0.31 : 1 (2017: 0.30 : 1) and the Company was 0.10 : 1 (2017: 0.09 : 1).

25. Events after the reporting period

On 26 February 2019, 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 300 million. The short-term loan to parent company carries interest at the rate of 2.08 percent per annum. Interest is repayable at each quarter-end, with the term of loan for 12 months with an extension right for another 12 months.

26. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2019.



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