

THE POWER OF
SYNERGY
CHAPTER II

ANNUALREPORT 2016

JAYMART PUBLIC COMPANY LIMITED

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Financial Highlights

Summary of Key Financial Data

Unit: Million Baht

	2014	2015	2016
Financial Performance			
Sale and Services Revenues	8,957	9,511	10,701
Total Revenues	9,270	9,972	11,204
Gross Profit	1,357	1,454	1,972
Net Profit Attribute to Equity Shareholders of the Company	329	323	438
Total Assets	6,189	9,350	13,003
Total Liabilities	4,091	5,572	9,013
Shareholders' Equity	2,078	3,778	3,990
Key Financial Ratio^{1/}			
Profitability Ratio			
Gross Profit Margin	15.2%	15.3%	18.4%
Net Profit Margin to Total Revenues	3.5%	3.2%	3.9%
Return on Equity (ROE)	15.8%	8.5%	11.0%
Earning Per Share (Baht/Share) (EPS)	0.52	0.51	0.70
Efficiency Ratio			
Return on Asset (ROA)	5.32%	3.45%	3.37%
Financial Policy Ratio			
Interest Bearing D/E Ratio	1.64	1.33	2.00

^{1/} Financial ratio is calculated by using net profit attribute to Equity Shareholders at the Company

Message from the Board of Directors

Dear Shareholders,

2016 is the year-long period of melancholy for Thai people after our beloved King Bhumibol Adulyadej passed away. On behalf of the board of directors, management team, and staff, we would like to extend our deepest gratitude and highest appreciation for everything His Majesty did for us. We pray for His Majesty will rest in peace in heaven and we are determined to continue his royal remarks and duties for our nation in the future.

Despite last year was a mourning year, our board of directors, management team, and staff performed our duties with moral honesty and integrity. There were numerous changes in 2016, which include our company's structure, operation, and management. We improved largely in order to maximize shareholders' benefit and interest.

During fiscal 2016, we generated total revenues of 11,204 million baht with net income equal to 438 million baht, which is increased 36% from 2015. This is the best increase of net income for 25 years since 2012. We believe that this bottom line results from our "The Power of Synergy" strategy that is formed by several business groups, so the company could boost sales and utilize cost effectively.

Besides, we are restructuring to help support the potential growth of our businesses in the future. We partially transferred business units, which are comprised of our mobile phone and other equipment sales, to Jaymart Mobile. The transfer will be successful within 2017 and the company will be completely restructured into a holding company. In addition, in October 2016, we invested in personal loan by establishing J-Fintech. We expect that this new business will significantly increase shareholders' wealth in the future.

2017 is more or less challenging for us both for the current market condition and for the economy that has not improved to a satisfying extent. However, our company has prepared a new marketing strategy and actively looked for a new business opportunity in order to boost retail sales, which is our current main business.

For this opportunity, Jaymart would like to thank our shareholders, customers, business partners, management team, and all staff, who help support the continuous growth of the business. We insist that we will be professionally providing the best businesses for our customers, developing and keeping up the high standard as well as having a responsibility to the society. Hence, people will have a better quality of life



(Mr. Pisnu Pong-acha)
Chairman of the Board



(Mr. Adisak Sukumvitaya)
Chief Executive Officer

Directors Profile

Mr. Pisnu Pong-acha

Age 63

Position in the Company Chairman of the Board

Education

1994 Master of Business Administration, Rangsit University

Director Program

Director Accreditation Program (69/2008), Thai Institute of Directors Association

Previous Experience

1980 - 1984	General Manager	Chiang Inn Hotel
1984 - Present	Partner Manager	Hahdeng Trading Ltd., Part

Prohibited Qualification

- 1 No criminal record offenses in crimes against property, which was done in bad faith
2. Never enter into any transaction that may be controversial with the interest of the company in the past



Mr. Adisak Sukumvitaya

Age 61

Position in the Company Director and Chief Executive Officer

Education

1979	B.E. (Economics)	Kasetsart University
1981	MBA (Economics)	Kasetsart University

Director Program

2008	Director Accreditation Program (69/2008)	Thai Institute of Directors Association
2013	Executive Program (CMA15)	Capital Market Academy, SET

Previous Experience

1990 - Present	Director and Chief Executive Officer	Jaymart PCL.
2004 - Present	Chairman of the Executive Committee	Jaymart PCL.
2016 - Present	Chairman of the Board	Jaymart Mobile Co., Ltd
2016 - Present	Chairman of the Board	Singer Thailand PCL
2016 - Present	Chairman of the Board	SG Capital Co.,Ltd
2012 - Present	Chairman of the Board	JMT Network Services PCL.
1993 - 2011	Director	JMT Network Services PCL.
2013 - Present	Chairman of the Board	J Asset Management Co. Ltd
2013 - Present	Chairman of the Board	Jay Insurance Broker Co., Ltd
2012 - Present	Chairman of the Board	JAS Asset PCL.

Prohibited Qualification

- 1 No criminal record offenses in crimes against property, which was done in bad faith
2. Never enter into any transaction that may be controversial with the interest of the company in the past



Miss Yuvadee Pong-acha

Age 61

Position in the Company Director and Deputy Chief Executive Officer - Operations
Executive Committee, Nomination and Remuneration Committee

**Education**

1978	B.E. (Political Science)	Thammasat University
1980	MBA	Bridgeport University, U.S.A.

Director Program

2008	Director Accreditation Program (69/2008)	Thai Institute of Directors Association
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Previous Experience

2016 – Present	Director and Executive Committee	Jaymart Mobile Co., Ltd
2012 – Present	Chairman of the Executive Committee	JMT Network Services PCL.
1994 – Present	Director	JMT Network Services PCL.
2007 – 2011	Managing Director	JMT Network Services PCL.
2013 – Present	Director	J Asset Management Co., Ltd.
2013 – Present	Director	Jay Insurance Broker Co., Ltd.
2011 – Present	Chairman of the Board	J Fintech Co., Ltd
2012 – Present	Director	JAS Asset PCL.

Prohibited Qualification

- 1 No criminal record offenses in crimes against property, which was done in bad faith
2. Never enter into any transaction that may be controversial with the interest of the company in the past

Mr. Phisit Dachanabhirom

Age 76

Position in the Company Director (Independent Director), Chairman of Auditor Committee
Nomination and Remuneration Committee

**Education**

1964	B.E. (Accounting)	Thammasat University
	B.E. (Commerce)	Thammasat University
	CPA No.966	

Director Program

2004	Director Accreditation Program	Thai Institute of Directors Association
2005	Audit Committee Program (6/2005)	Thai Institute of Directors Association
2007	Director Certification Program (87/2007)	Thai Institute of Directors Association

Previous Experience

1963 - 2000	Chief Financial Officer, Deputy Managing Director Chairman of Audit Committee	Berli Jucker PCL.
2001 - Present	Chairman of Executive Committee	Professional Alliance Group Limited.
2007 - Present	Independent Director, Chairman of Auditor Committee	RS. PCL.
2013 - Present	Director	Donmuang Tollway PCL.

Prohibited Qualification

- 1 No criminal record offenses in crimes against property, which was done in bad faith
2. Never enter into any transaction that may be controversial with the interest of the company in the past

Mr. Suwit Kingkaew

Age 66

Position in the Company Director (Independent Director) and Audit Committee
Chairman of the Nomination and Remuneration Committee

**Education**

1974	Agricultural Economics B.E. (Science)	Kasetsart University
1995	Master of Business Administration	Kasetsart University
2010	Justice Executive Program	Justice Institute, Court of Justice

Director Program

2005	Director Certification Program	Thai Institute of Directors Association
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Previous Experience

1974-1980	Plan and Policy Analyst	Office of the National Economic and Social Development Board
1980-1992	Sale Manager	Charoen Pokphand Industry Co., Ltd.
1992-1994	General Manager	Charoen Pokphand Engineering Co., Ltd.
1994-1996	Assistant Vice President	C.P. Seven Eleven PLC.
1996-2007	Deputy Vice President	C.P. Seven Eleven PLC.
Since 2007	Senior Vice President	CP All PLC.

Prohibited Qualification

- 1 No criminal record offenses in crimes against property, which was done in bad faith
2. Never enter into any transaction that may be controversial with the interest of the company in the past

Mr. Pracha Tansaene

Age 56

Position in the Company Director (Independent Director)

Education

1984	BBA. (Accounting)	Ramkhamhaeng University
2004	MBA. (Management)	Ramkhamhaeng University
2007	Ph.D. (HR. Development)	Ramkhamhaeng University

**Seminar**

2007	Director Accreditation Program (66/2007)	Thai Institute of Directors Association
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Previous Experience

1999-2002	Technical Advisor (Financial Planning)	PT.Mobikom Telekomindo Jakarta Indonesia Subsidiary Company of Jasmine International Overseas Co., Ltd.
2002-2002	Chief Operating Officer (C.O.O.)	Yumark Bangkok Co., Ltd Subsidiary Company of Yumark Enterprise Corporation-Taiwan.
2002-2009	Chief Financial Officer (C.F.O.)	Jaymart PLC.
2009- 2013	Associate Dean for Administration	King Mongkut's University of Technology & Planning North Bangkok
2013 – Present	Lecturer	Ramkhamhaeng University

Prohibited Qualification

- 1 No criminal record offenses in crimes against property, which was done in bad faith
2. Never enter into any transaction that may be controversial with the interest of the company in the past

Mrs. Manee Soonthornvatin**Age** 61**Position in the Company** Director, Executive Committee and Chief Information Officer**Education**

1977 B.E. (Science) Ramkhamhaeng University

Seminar

2008 Director Accreditation Program (69/2008) Thai Institute of Directors Association

Previous Experience

1993-1997 Support Services Manager Digital Equipment Corporation (Thailand)

1997-2000 Business Operation Manager Compaq (Thailand) Co., Ltd



General Information

Jay Mart Public Company Limited

Stock Symbol:	JMART
Head office:	325/7-8 Jaymart Bldg., Ramkhamhaeng Rd., Sapansoong, Bangkok 10240
Telephone:	0-2308-8000
Fax:	0-2308-8117
Registration No. :	0107545000055
Website:	www.jaymart.co.th
Type of business:	Engaged in trading of mobile phone and related accessories
Registered Capital:	629,355,727 Baht
Paid-up Capital:	629,355,622 Baht Comprise of 629,355,622 common shares Par value 1 Baht per share

Subsidiary and Associated Companies

Jaymart Mobile Co., Ltd

Head office :	325/7 Jaymart Bldg., Ramkhamhaeng Rd., Sapansoong, Bangkok 10240
Telephone:	0-2308-9000
Fax:	0-2308-8162
Registration No:	0105559154546
Type of business:	Distributing mobile phone, accessories and other related equipment
Registered Capital:	480,000,000 baht
Paid-up Capital:	480,000,000 baht Comprise of 48,000,000 Common shares Par value 10 Baht per share

Shareholdings Percentage of JMART: 99.99%

J Fintech Co., Ltd

Head office :	325/8 Jaymart Bldg. Fl 3-4 ., Ramkhamhaeng Rd., Sapansoong, Bangkok 10240
Telephone:	0-2308-9000
Fax:	0-2308-8162
Registration No:	0105554042308
Type of business:	Leasing and Consumer Lending
Registered Capital:	1,220,000,000 baht
Paid-up Capital:	1,220,000,000 baht Comprise of 122,000,000 Common shares Par value 10 Baht per share

Share Holdings Percentage of JMART: 95.66% both direct and indirect holdings

J Capital Co., Ltd

Head office :	325/7 Jaymart Bldg. Fl 4, Ramkhamhaeng Rd., Sapansoong, Bangkok 10240
Telephone:	0-2308-9000
Fax:	0-2308-8162
Registration No:	0105556069297
Type of business:	Holding Company

Registered Capital: 81,000,000 baht
Paid-up Capital: 81,000,000 baht
Comprise of 8,100,000 Common shares
Par value 10 Baht per share

Share Holdings Percentage of JMART: 99.99%

Smart Item Co., Ltd

Head office: 325/7 Jaymart Bldg., Ramkhamhaeng Rd., Sapansoong, Bangkok 10240
Telephone: 0-2308-9000
Fax: 0-2308-8162
Registration No: 01505558162316
Type of business: Holding Company
Registered Capital: 1,000,000 baht
Paid-up Capital: 1,000,000 baht
Comprise of 100,000 Common shares
Par value 10 Baht per share

Share Holdings Percentage of JMART: 99.99%

JMT Network Services Public Company Limited

Head Office: 325/7 Fl. 4-6 Jaymart Bldg., Ramkhamhaeng Rd., Sapansoong, Bangkok
Tel : 0-2308-9999
Fax : 0-2308-9900
Registration No: 00107555000074
Website: www.jmtnetwork.co.th
Type of business: Debt Collection Business, Non-Performing Loan Management and Leasing
Services and Consumer Lending
Registered Capital: 444,000,000 Baht
Paid- up Capital: 369,999,930 Baht
Comprise of 369,999,930 common shares
Par value 1 Baht per share

Share Holdings Percentage of JMART: 55.88% (as of 31 December 2016)

JAS Asset Public Company Limited

Head Office: 325/7 Fl. 8 Jaymart Bldg., Ramkhamhaeng Rd., Sapansoong, Bangkok 10240
Tel : 0-2308-9000
Fax : 0-2308-8088
Registration No : 0105555000676
Website : www.jasasset.co.th
Type of business: Property Development
Registered Capital: 370,390,000 Baht
Paid- up Capital: 370,390,000 Baht
Comprise of 370,390,000 common shares
Par value 1 Baht per share

Share Holdings Percentage of JMART: 67.50%

E Y Office Company Limited

193/136-137 Lake Ratchada Office Complex, 33rd Fl., Ratchadapisek Road, Klongtoey, Bangkok 10110

Tel: 0-2264-0777 0-2661-9190 Fax: 0-2264-0789-90

Mr. Sophon Permsirivallop	Registration No.3182
Ms. Runnapa Lertsuwankul	Registration No.3516
Ms. Pimjai Manitkajohnkit	Registration No.4521
Ms. Rosaporn Decharkom	Registration No.5659
Ms. Sumana Punpongsanon	Registration No.5872

Legal Advisor

Thep Co., Ltd

1193 EXIM Building, 11th Floor, Room 1107-1108, Phaholyothin Rd, Samsennai, Phayathai Bangkok 10400

Telephone: 0-2278-1683-84

Fax: 0-2271-2367, 0-2271-2587

Investor Relations

Mr. Panya Chutisiriwong

Tel: 02 308 8196

Email: panya@jaymart.co.th

1. Business Operations

1.1 Vision and Mission

Vision:	Quality over Wireless Technology
Mission:	Leading in Retail Business, Mobile to satisfy customer need Striving to be a Good Corporate Governance for Shareholder, Partner, Customer and Employee

1.2 Company Background and Development

Founded on 27 December 1988 by Mr. Adisak Sukumvitaya and Miss. Yuvadee Pong-acha, Jay Mart Public Company Limited was first established with registered capital of Baht 2,000,000 initially selling only electrical appliances through financial installments. The Company later penetrated into wholesaling market with major products including television, VCR, and air conditioner. In 1992, the company started mobile phone retail business by installment and wholesale.

The Company currently operates retailing and wholesaling business for mobile phone and related products under all major brands from phone manufacturers and network operators. The Company also operates retail space rental business under the name “IT Junction”, subletting retail spaces to mobile phone retailers.

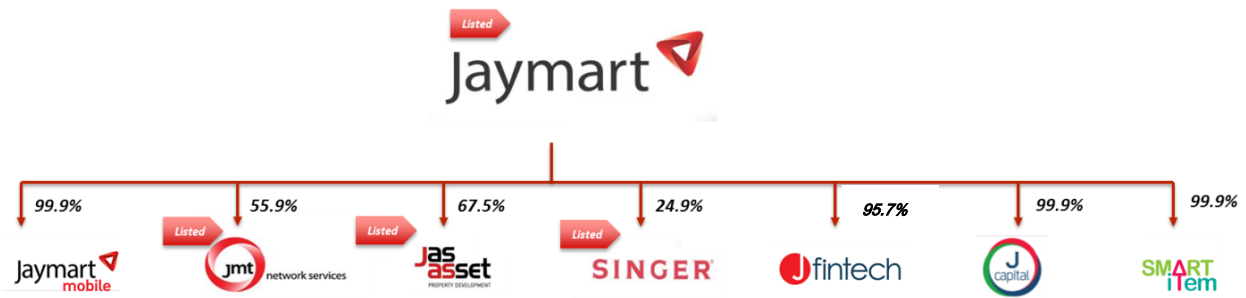
As for the current corporate structure, the Company holds 55.88% in its subsidiary, JMT Network Services Public Company Limited (“JMT”), which operates debt collection, provides legal services and auctions bad debt from financial institutions to manage and make collection and, in turn, pursuing new profit opportunities. Moreover, the company own 67.50% in JAS Asset Public Company Limited (“JAS Asset”) which engages in rental space for IT and mobile retailer under the brand “IT Junction” and Community Mall name “The JAS” and “The JAS Urban”. The company has acquired a major stake in Singer Thailand Public Company Limited 24.99% which engages in direct sale business under brand “Singer” in 2015. In 2016, the company invested in J Fintech Co., Ltd (former JMT Plus Co., Ltd) to expand to personal loan business.

On 25 June 2009, the company was listed on the Stock Exchange of Thailand (SET), and offering of increased its share capital amount of 75 million shares at 1.80 baht/share to the public investors. Presently, as of 31 December 2016 the Company has register capital of 629,355,727 shares and Paid-up capital of 629,355,622 shares.

Currently, the company’s business has rapidly grown by positon itself to be a leader in Retail Business with an extensive distribution network. The Company distribution network covers both Bangkok and upcountry area in Thailand. By strategy of “The Power of Synergy” which aim at to operate business together. Furthermore, the shareholder has resolved to approve the business reorganization of the company to be a Holding Company. And the core business of the Holding Company is Jaymart Mobile Co., Ltd which the company holds 99.99% of total paid-up share.

1.3 Business Operations of the Company and its subsidiary

Group Organization Structure as of 31 December 2016



The Company directly holds J Fintech 90.16% and indirect through JMT 9.84%

Currently, there are 6 subsidiaries carrying out their business as follows:

1. Jaymart Mobile Co., Ltd ("Jaymart Mobile") in which the company holds shares accounting for 99.99 percent with the the fully-paid registered capital of 480,000,000 million baht as of 31 December 2016. The Company engages in mobile and accessories both retail and wholesale. Jaymart mobile is a core company of the Jaymart.
2. JMT Network Services Public Company Limited ("JMT") in which the company holds shares accounting for 55.88 per cent with the paid-up capital of 369.9 million baht. JMT engages in Debts management and collection, providing finance leasing services and consumer lendings.
3. JAS Asset Public Limited Company in which the company holds shares accounting for 67.50 per cent with the fully-paid registered capital of 370.39 million baht.
4. J Fintech Co., Ltd in which the company holds shares accounting for 95.66 per cent with the fully-paid registered capital of 1,220 million baht, engages leasing and consumer lendings
5. J Capital Co., Ltd in which the company holds shares accounting for 99.99 per cent with the fully-paid registered capital of 81 million baht, runs a business relating to investment.
6. Smart Item Co., Ltd. in which the company holds shares accounting for 99.99 per cent with the fully-paid registered capital of 1 million baht, the company commercially runs an e-commerce business (selling goods via the Internet)

Subsidiary that the company holds shares indirectly (holding shares by JMT Network Services Public Limited Company).

7. J Insurance Broker Co., Ltd. (JMT holds 99.99% of total shares) in which the fully-paid registered capital of 5 million baht, the company commercially runs an insurance broker.
8. J Asset Management Co., Ltd (JMT holds 99.99% of total shares) in which the fully-paid registered capital of 25 million baht, the company commercially runs an non-performing debt management business.

Associated Company

9. Singer Thailand Public Company Limited in which the company holds 24.99% of total paid-up capital of 270 million baht.

1.4 Key major development in the past 3 years

Year	Major Development
2014	On 9 April 2014, Annual General Shareholder Meeting pass a resolution for dividend payment from net profit after tax of 2016 net profit. However, the company has already paid interim dividend at 0.31 baht/share for 417,454,229 shares. Therefore, there is still remaining dividend to pay out at 0.40 baht/share for 419,573,608 shares in stock dividend at 4 existing share: 1 stock dividend share or 0.25 baht account 104.89 baht and cash dividend at 0.15 baht.
2015	<p>The Board of Director No.2/2015 on 20 February 2015 pass a resolution to propose the shareholders to approve Right Offering not exceeding 104,897,300 shares with Warrant not exceeding 104,897,300 shares. The Annual General Meeting has approved as proposed by the Board on 9 April 2015.</p> <p>The Board of Director No.3/2015 on 5 June 2015 has resolved to approve a share acquisition of Singer Thailand PCL for 67,499,900 shares or 24.99% of total paid-up capital at 14.00 baht per share from Singer (Thailand) B.V.</p> <p>The Board of Director No.4/2015 on 11 June 2015 approved to sale the investment in subsidiaries “JMT” to private investors not exceeding 50 people for 37,000,000 shares for 10% of total paid-up capital at 14.20 baht per share. After complete the transaction the company has a lower shareholding proportion from 65.88% to 55.88%.</p> <p>The Board of Director No.6/2015 on 23 September 2015 approved to increase the share capital of JAS Asset Public Company Limited for Initial Public Offering to existing shareholders of the company and existing shareholders of the parent company. Jas Asset Public Company Limited listed on the Stock Exchange of Thailand on 10 November 2015 in Property Development Sector.</p> <p>The Board of Director No.7/2015 on 13 November 2015 approved for long-term leasehold of the JAS to development “The Jas Urban Srinakarin Project”</p>
2016	<p>The Board of Director No3/2016 on 11 August 2016 has passed a resolution to approve interim dividend in from stock dividend at rate 5 existing shares: 1 stock dividend. The Extraordinary General Shareholder Meeting No.1/2016 on 14 October 2016 has approved as the Board proposed. As a result the company registered capital increased from 524,463,106 shares to 629,355,727 shares.</p> <p>At the Extraordinary General Shareholder Meeting 1/2559 on 14 October 2016 has approved to cancel the registered share and Right Offering and Warrant by cancelling a non-allocating share for 209,794,600 share with par value of 1 baht from 734,257,706 baht. The new registered capital is 524,463,106 baht with par of 1 baht.</p> <p>On 21 October 2016, Jaymart Holding Co., Ltd has changed its company name to be J Capital Co., Ltd</p> <p>The company invested in JMT Plus Co., Ltd in which subsequently changes the company name to J Fintech Co., Ltd by subscript new issued share of 1,100 million shares in J Fintech. This</p>

Year	Major Development
	subscription of the capital increasing made J Fintech to be a subsidiary of the company by holding shareholder of 90.16%
	On 19 November 2016, the Extraordinary General Shareholder Meeting No.2/2016 has approved business reorganization the Partial Business Transfer: PBT in related to mobile and accessories business to Jaymart Mobile and transfer itself to be a Holding Company. The business transfer is expected to complete in 2017.

1.5 Business Operations of the Company and its subsidiary

Jay Mart Public Company Limited

1. Mobile phones, Mobile accessories, and IT-related business ("Mobile Phone Selling")

The Company engages in wholesale and retail-sales of mobile phones and all related products of major mobile phone producers such as Samsung, iPhone, Huawei, Oppo, Vivo, Lenovo, Wiko, Microsoft, HTC, Sony, Lava, Alcatel, Cherry, ZTE

The Company acts as the sales agent or distributor of SIM Card (Subscriber Identification Module) packages and prepaid SIM Card of mobile phone operators including GSM, DTAC and TRUE MOVE through various distribution channels.

As of 31 December 2016, the Company sells its product in 301 outlets covering Bangkok and its vicinities, as well as major cities in the country.

The Company sells mobile phones and mobile accessories as sales agents, distributor, or dealer with details of such operation as follow.

2. Wholesales Business (Wholesaler)

The Company is wholesaler of mobile phones to retail stores both in organized shop and non-organized shop. The Company has focused on sales through Jay Mart in IT Junction which is the retail stores center. The shops in IT junction can buy wholesale price with Jay Mart. In addition, the Company is a major wholesaler of Samsung, iPhone, HUAWEI, Lenovo, Acer, Lava, ZTE, Asus, Wiko

Moreover, the Company may have the right to be sale distributor of some product model as agreed between the Company and mobile phone manufacturer.

3. Retail Business (Retailers)

The Company orders mobile phones from distributor & dealer of various brands to sell in Company's retail shop or if there is no distributor & dealer in some brands, the Company will buy direct from manufacturers. The Company is top five major retailers of mobile phones, namely Samsung, iPhone, OPPO, Lenovo, Wiko, Microsoft, HTC, Sony, Lava, Alcatel, Cherry, ZTE.

In addition to be a retailer of new mobile phones, the Company also sells the phone accessories, phone refill cards along with selling the mobile phones.

Apart from a revenue from sales of mobile phones, mobile accessories and technology products as mentioned above, the Company also had revenue from using retailing network, composed of revenue from bill payments or

other services through shop or Company's network (Pay Point) by making agreement with business partner to pay this channel such as financial customers business, utilities and credit cards group. The revenue from brokerage receipt in seeking for cellular phone credit clients to Aeon, First Choice and J-Money and the revenue from selling of Enjoy Card.

In the year of 2016, the company has a strategy to push mobile sale in Signer which incurred revenues more than 500 million baht.

Sale Proportion between Wholesale and Retail

	2014		2015		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Retail	7,283	78%	7,667	78%	7,968	74%
Wholesale	2,091	22%	2,133	22%	2,743	26%

JMT Network Services Public Company Limited (Subsidiary)

Debt tracking and collection service business

Subsidiary is a service provider in tracking the distressed debt in which the creditor is unable to pursue or not wishes to pursue by himself as the income received is not worth the cost of the tracking. It covers all types of debt, such as personal loan group debt, credit card group debt, utilities group debt and service fees group debt. The employer, which including various creditors will send the name list and information of debtors to the subsidiary. The subsidiary then will search for additional information of the debtor, investigate and track the debtor and negotiate for each debtor to make the debt payment, under the terms which the subsidiary has been authorized by the employer. The subsidiary will receive the debt tracking service fee in the percent ratio of debt that the company able to track and agreed for the debtor to pay the debt.

As at December 31, 2016 the subsidiary has the amount of debt assigned to track from the employer in the amount of 18,291 million baht. The key employers are financial institutions and leasing companies.

The subsidiary also provides other services related to providing tracking and collection services, including legal services in connection with the execution of all types of debt and document delivery services (Mr. Speed Service). For legal services, is a lawyer serving to a third party. The team of lawyers is a team that acts in suing against the debtor who fails to pay the debts. As for the business operation of the debt tracking and collection and management of debt, the subsidiary will recognize the income as service fee and fees as percent ratio of the amount of repayment from the compulsory execution. For the document delivery service, is a service made available to third parties. The delivery of documents and goods is mainly by motorcycle and a pickup truck.

Non-performing Debt Management Business

The subsidiary operates the business of managing distressed debt resulting from the fact that financial institutions, including some of the leasing companies have a policy to reduce the proportion of the Non-performing debt and reduce their cost in tracking the debt. Hence, has a policy to distribute such distressed debt out from the account. The creditor will open for the company that specializes in debt tracking and collection to auction the distressed debt at a discount price of the full debt. The bidder shall have the obligation of managing and take on the risk of tracking and collection of the debt auctioned. From the fact that the subsidiary has the analysis data on personnel debt collection and expertise in debt tracking and collection for more than 20 years, it is an essential factor which causes

the subsidiary to be able to analyze and evaluate the opportunities in tracking and collection of debt effectively and succeed in operating such business.

As at December 31, 2016, the subsidiary has an accumulate distressed debt under management in the total book value of investments in Non-performing debt – net equivalent to 3,438 million baht.

Car Loan Service Business

The subsidiary provides auto leasing service by focusing loans for used cars and second hand cars for individual customers with good payment history and outstanding debt. As foreseeing the business opportunities which gives a high rate of return, even if there is a risk of default by the debtor but there is collateral to cover the risk at an acceptable level. Including that the subsidiary has experiences in the business of tracking and collection of debt service, which must investigate, monitor and track and negotiate with the distressed debt client throughout. Therefore we have procedures and expertise in the investigation, analysis and evaluation of an individual debtor prior to granting the loan to each client. As at December 31, 2016, the company and its subsidiary have the amount of debtor from the leases - net equals to 8.5 million baht.

Personal Loan Business

The subsidiary engages in personal loan business under The Bank of Thailand regulation. Due to the company have seen an opportunity for return in investment even there is a risk for bad debt. However, the subsidiary has an experience for debt tracking and credit approval. As of 31 December 2016, the company and subsidiaries debt loan amount of 2,154 million baht.

Insurance Broker Business

The subsidiary provides different types of non-life insurance broker. The revenue will come from the return of the commission from the premium customers. Which is the business with no risk of impairment of the goods. Because the business is not required to have insurance policies with the subsidiary or stock company. Act as brokers who engage in insurance between clients and insurance companies.

JAS Asset Company Limited (Subsidiary)

Retail space management business

The subsidiary is also operating rental area allocation and management business by leasing retail space from land owner and allocates and rents out the area to retail customers. In addition, the subsidiary will also look after and offer administrative service on the rental areas throughout the rental term. The allocation and management of rental areas are in shopping centers. The subsidiary will lease a space in the mobile phone or technology product section in large shopping centers such as Central Department Store, Big C etc. the objective is to manage the area to be distribution center for IT products under the name IT Junction and allocate the areas to small retailers. As at December 31, 2016, the Company has more than 52 branches of IT Junction with leasable area of 11,738 square meters and a total of 1,581 retail stores both in Bangkok and other provinces.

In 2016, the subsidiary also has 3 Community Malls including The JAS Wanghin, The JAS Ramindra and The Jas Urban Srinakarin in November 2016 with has space 30,000 square metre.

1.6 Revenues Structure of the Company and Subsidiaries

Revenue Structure of the Company and its subsidiary for the Year 2014 - 2016

Unit: Million Baht

Revenues Structure	2014		2015		2016	
	Value	%	Value	%	Value	%
1. Mobile Phone and Accessories						
- Mobile Phone Sale	8,059	86.93%	8,330	83.66%	9,082	84.5%
- Sale Promotion Income	273	2.95%	358	3.59%	438	4.1%
Sale Revenues	8,332	89.88%	8,688	87.25%	9,520	88.6%
2. Debt Collection and Debt Management						
- Debt tracking	93	0.93%	99	0.99%	135	1.3%
- Debt management	388	4.18%	571	5.73%	739	6.9%
- Personal Loan	6	0.15%	25	0.26%	219	2.0%
Revenues from Debt Collection and Management	488	5.26%	695	6.98%	1,093	10.2%
3. Retail Rental	410	4.43%	486	4.88%	525	1.3%
4. Other Revenues						
- Gain (Loss) from Fair Value Adjustment	(3)	0.03%	8	0.08%	(9)	-0.1%
- Other revenues	43	0.46%	80	0.81%	74	0.7%
Total Other Revenues	40	0.43%	88	0.89%	65	0.6%
Total Revenues	9,271	100%	9,957	100%	10,743	100.0%

Note: 1. Other business involving sales such as phone repair service, Support Hire Purchase.

2. Other business involving debt collecting operations such as legal services and product transport service.

1.7 Industry Overview and Business Objectives

Industry Overview

In the past 2 -3 years, the landscape of mobile phone sale has been changing by the transformation of technology from 2G technology to 3G/4G technology. With this factor, the mobile phone market was switching from feature phone to Smart phone. For Thailand, smart phone market value is contributed almost of mobile phone market. In the year of 2016, smart phone unit sold was 16.9 million unit which increase from 2015 1.3 million unit. In term of value, the value of smart phone market in 2016 was 93,720 million baht an increase from 2015 by 5%. This was because an impact of technology changing, trend of social media and the China mobile phone brand penetration in Thailand market.

Mobile phones, Mobile accessories and Technology products business

Company's policy is to expand the market share in retail markets in order to be a leader of mobile phone business, accessories and gadget products. The target is to expand the market share by enlarging the sale volume in existing branched along with expanding more branches, as well as reforming shops to extremely response clients' need.

- Products will be selected by quality and variety of appearances in order to thoroughly response a different demand of clients. Company's target is to increase products according to the change of technology, especially for technology of 3G/4G and company's policy is to expand the product line of accessories and technological products.
- The company will organize the selling events in order to attract consumers and continuously promote JMART brand.

- The company's staff will be constantly trained to develop their knowledge regarding products and qualities of services in each week.

Retail Space Rental Business

The subsidiary aims to operate in space management business in "IT Junction" by increasing its branches with will consider the return on investment and marketing plans in line with current economic conditions. It focuses on department stores, discount store and community mall which have areas for sales, marketing plan and the location for mobile phones and technology customer group.

Furthermore, JAS expanded the business to other area management services such as community mall, small shopping complex and fresh market if those stated businesses can provide returns justification for investment.

Debt tracking and collection service business

The subsidiary aims to maintain its leadership in the tracking and collection of debt service business, with a plan to maintain the volume of debtor tracked at the amount of 10,000 million baht, with an emphasis on expanding the services mainly to customers of financial institution, in both existing and new customers.

The company has operation strategy to achieve the goal as follows

- Focus on quality of service in tracking and collection of debt to achieve the standards and efficiency under the goal to make customers achieve the highest satisfaction. Moreover, every year there must be no complaints on quality of service from customers.
- Development of information systems and gathered of modern information with the goal to develop such a system to be up to date every year. In the year of 2016, overall of debt tracking portfolio increased from both existing and new clients. Especially, car hire purchase and personal loan group.

Non-performing Debt Management Business

The subsidiary aims to buy more Non-performing debt for management with the short-term goal to buy debt amount in full to manage, on average of no less than 20,000 million baht per year by focusing and managing as follows

- Conservative Bids under the careful growth policy
- Develop tracking database and carefully evaluate the result of the tracking and collection of debt prior to auctioning the debt.
- Capital spending and tracking costs are carefully monitored and evaluate the result of tracking and collection of debt compared to the cost in detailed regularly on a quarterly basis.

In the year of 2016, the subsidiary acquired distress debt for 19,600 million baht from bank and non-bank which is close to the target.

Insurance Broker Business

The subsidiaries aim at expanding into the insurance broker services by focusing on providing the disaster insurance services and will perform accordingly;

- Expanding the marketing channel in order to giving the feedback both to internal and external customers.
- Enlarging the market via an online channel, website channel, by beginning to providing services via the website channel since 2015.
- Expanding the channel via the J-Mart mobile phone stores in every branch.
- Expanding the channel via business partners.

- Enlarging the channel via telesales.

For entering into the insurance broker business, the company views this kind of business as the interesting one, and no risk in depreciation of the products and services.

Risk Factors

1. Risk Factors

The risk factors that for the company's operation that may significantly affect the company's performance as well as the risk prevention measures can be summarized as followed.

1.1 Risk from mobile phone distribution business

1.1.1 Risk from obsolete inventories

The company must keep adequate inventories to facilitate product distribution, particularly the product that the company represents. As of 31 December 2016 inventories accounted for 8.8% of the company's assets. The company's major products are mobile phone and accessories, which are technology product that rapidly improve and change to respond to diverse consumer's demand. Each model usually has shelf-life of approximately 40-50 days. Therefore, the company may face the risk of obsolete inventories due to the changes in technology and phone manufacturer issue newer and better model, or the changes in consumer's preferences, which may affect sales or impair value of existing inventories.

The company expects minimal impact from this risk factor as the company has regularly study and survey the customers' demand and behavior as well as any technological changes very carefully. The management has been in the mobile phone business for a long time and has good relationship with mobile phone manufacturers. The company also has good information technology that enables the management to review and analyze inventory at all time. Therefore, the company is confident that it can control and mitigate such risk effectively. It is evident from the time of inventory of the company in 2016, the Company has effectively managed inventories, therefore, the inventory turnover day was 57 days less than target (50 days) and The company also applies conservative policy in setting provision for obsolete stocks, which require the company to set full provision for any inventory has low turnover or has been stored for longer than one year As at 31 December 2016, the Company has provided allowance for only Baht 8.9 million (0.10%) Due to the Company has adopted the effective management policies, the average selling time decreased, affected the allowance for obsolete stock also decreased

For the new products, the company and mobile phone manufacturers will discuss and plan the sales budget to determine appropriate level of inventory. In case of the deviation from the estimates, the phone manufacturers usually take responsible through various means such as providing compensation, giving free gifts to promote products sales, etc. The compensation will depend on negotiation which may be compensated for part of the losses, or according to the outstanding inventories.

1.1.2 Risk from reliance on major suppliers

The company mainly buys most mobile phones from the phone manufacturers or dealers of the 5 major brands, Samsung, OPPO, iPhone, Vivo, Lenovo and Huawei. The company must rely on these phone manufacturers. During 2016, Samsung, iPhone, Oppo, Huawei and Vivo accounted for 54%, 14%, 9%, 7% and 5% respectively, of the company's mobile phone sales. Therefore, the company has weak bargaining power against the phone manufacturers. The company could face the risks of not be able to acquire substitute in case of any conflict with the above suppliers. The company may also face the risk in case the phone manufacturers decide to directly sell the products by themselves, both retailing and wholesaling.

Although the company is relying on major phone manufacturers, but the company believe such risk is minimal as most of the major phone manufacturers are large multinational firm who are not specialized in Thai distribution channel, which require them to rely on the local distributors and retailers for marketing planning, distribution and market survey. This make the relationship between retailers and manufacturers are more collaborative rather than one relying on another. The company also has good long-term relationship with manufacturers, which should enable the company to do business well with them. The risk of manufacturers conducting their own retailing activities is unlikely as they do not have expertise of the Thai market and cannot identify the suitable location properly. Moreover, this could risk damaging good relationship with large retailers, particularly with the distributors who has a lot of outlets. Therefore, the company believes that the phone manufacturers will not conduct its own retailing activities.

1.1.3 Risk from intense competition in the industry

The company could face risk of the new entrants entering into the mobile phone retailing business. The mobile phone industry does not require huge investment and has fairly simple business structure. The potential new entrants may include big multinational players, operators of the related business, such as mobile phone manufacturers or network operators, or retailers, etc. Therefore, the company may face risk of intense competition that may affect the company's operation. Moreover, the company also faces risk from the substitute products, such as second-hand phone, illegal products, or counterfeit. Due to fast changing technology, some consumers prefer to switch phone frequently, which cause a supply of relatively new used phone in good condition at cheaper price. The illegal and counterfeit products are cheap, which may cause some consumers to buy cheaper substitutes when the economic slowdown, which may risk on sales revenue.

However, the company believes such risk is not significant. There are two barriers to entry to the mobile phone distributing business, which are 1) inability to find suitable location as most suitable locations have all been taken up and 2) lack of trust from the phone manufacturers as the newcomers are not authorized representatives of the phone manufacturers, which put the newcomers at the disadvantage. For the concern that the operators of the related parties may come into the industry, we believe that the phone manufacturers will not conduct their own retailing activities as they are not familiar with the market, cannot find suitable location, and could damage good relationship with large retailers. The network operators usually do some retailing activities in their outlets, but the prime objective is just to support the core network business. Moreover, most wholesalers and distributors currently have their own retailing channels, thus we see very small room for any major entrants into the industry.

1.2 Risk from retail space rental business

1.2.1 Risk of dependent on Big C Supercenter Public Company Limited

Almost of the number of total 52 branches of IT Junction are located in the Big C Supercenter which is owned by Big C Supercenter Public Company Limited ("Big C"). Therefore, the Company has to rely on the rental area of Big C. If Big C revoked or discontinued the rental agreement or manage the rental area in place of the Company, this will significantly affect business operations of the Company. Similarly, if Big C reduced or changed its branch expansion plan, this could affect the Company's outlet expansion plan as well as the business operation of the Company.

Nonetheless, the Company has a good relationship and has been business partner with Big C for more than 10 years. In the past, the Company's rental agreement has never been revoked by Big C before. In addition, the Company has more experience and expertise in administration of mobile phones and technology products than Big C. This is evident in the success of the Company's area management in Big C Supercenter in the past. Moreover, Big C has issued letter of intent to allow the Company to extend rental agreement for IT Junction for another two periods with rental length of three years per period apart from the current rental agreement. This shows that Big C is still a

good business partner of the Company and does not have intention to compete the Company to administrate the rental area on mobile phones and technology products.

1.2.2 Risks related to Development and Returns of The Jas and J Market Project

The development and management of Community Mall (The Jas) would require relatively high investment and long payback period. The Company may not be able generate return from the project as planned due to intense competition or economic factors that affect the number of tenants in the project or reduction in occupancy rate. This could affect the operating results and financial position of the Company. In this regard, the Company has perceived the potential risks and has established a policy to conduct feasibility study to evaluate the project before developing the project. This includes suitability of the location, number of population, targeted customer group, consumer behavior and competitors around the project. Moreover, the Company would apply marketing strategy and business plans to suit each project. In addition, the Company will offer long-term rental agreement with tenants to more than three years so that tenants will rent a space in the project continuously.

In addition, the risk of J Market Project which has already been developed is the possibility that the Company cannot find number of tenants as expected or large number of tenants move out of the Project. This may affect returns of the project not to meet the target.

1.3 Risk from Debt collection and bad debt management business

1.3.1 Risk from lawsuit resulted from debt collection. The company may risk facing lawsuit from the debtor as a result from debt collection, which may cause conflict with the debtor.

The company has never been sued from the debtors under collection process, as the company provides training and ensures that the debt collection personnel treat debtors politely according to the company and employer's standard. The company believes the risk of being sued by the debtors is unlikely.

1.3.2 Risk from operations that lead to bad images in publics

As Company operates the debt collection therefore there is the negotiation with dispute and make the dissatisfaction with the debtors.

As well as there is some accelerated debts in business uses use un-appropriate way such as impolite words, creates a nuisance or harassment and step up to threat, as a result, the Company might be accused.

The Company has a strictly policy to follow debt in polite and give honor to debtor. From 8.00 am to 20.00 pm, Monday to Friday is the debt collection calling time and there is other polite measures in comply with the guidelines issued from Bank of Thailand in order not to interfere debtors. As well as there is the strictly polite debt collection process, so far, the Company has gained trust in service quality from employer group in high level. From past, the Company does not get any complain in term of un-appropriated accelerated debts.

1.4 Risk from bad debt management business

The Company operates in buying non-performed loans from leasing companies, finance companies and banks to collect and track debts by our own. The Company considers the quality of debt, outstanding periods and debtors. The Company may have risk that the Company cannot collect the debts as plan and have loss in operations.

However, the Company is planning to carefully manage the non-performed loans each time by checking the debts Information in detail both information from financial institutions and the existing Company's database including the external information in order to assess the possible collectible amount. As the Company has the long experience in collection debts and having a large number of debtor information available in Company's databases as well as the

Company will buy debts that Company has the collection experiences once or being engaged to follow-up this debt before together with having the regular monitor leading the Company has a confident in following up debt as planned effectively and will get the revenue covered risk which the risk level can be managed.

1.5 Insurance Broker Business

Potential risks from the competition within the industry

Insurance broker business is the business which contains several of both small and big broker companies. In 2016, there are about 61 corporations who exactly provide the disaster insurance and it is a real competitive in customer services providing. The main factors in the competition are based on the price of insurance premium and the insurance institutes. They are the factors which customers use in determining in taking the insurance broker services from any company. Car insurance department has the highest value of the insurance premium than any other type of the insurance that any insurance broker corporations possess.

Risks from the service complaints

According to the fact that the insurance broker business is under the govern of Office of Insurance Commission (OIC) which is the organization that governs and investigates services providing of every insurance and insurance broker companies. If there is any complaint from the consumer toward the insurance and insurance broker companies, the insurance or insurance broker company has to explain and control his or her business to fall within the predetermined standard. And if the company still does not perform according to the required regulation and be guilty under the severe imperative, the company might be considered in revocation of license in running the business.

1.6 Personal Loan Business

Potential risks from the competition within the industry

Personal Loan business has a severe competition especially in Bank and Non-Bank. The competition strategies of financial institutions are interest rate competition, sale promotion and flexible of qualification of customer to apply for personal loan. This might have impact on the company competitiveness. However, the company has an experience in car leasing in the past to run the business and form

Shareholding Structure

Shareholders

As at 31 December 2016 the Company's registered capital is 629,355,727 baht and paid-up capital of 629,355,622 baht. The list of shareholders and shares of registered capital and paid by the shareholders of record as follows.

List of Shareholder	No. of Share	Percentage
1. Mr. Adisak Sukumvitaya	93,510,741	14.9%
2. Miss Yuvadee Pong-acha	73,605,846	11.7%
3. Mr. Ekachai Sukumvitaya	59,340,000	9.4%
4. Miss Juthamas Sukumvitaya	49,943,636	7.9%
5. Mr. Chairat Kovitjindachai	16,980,960	2.7%
6. Mr. Jitiporn Jantarach	16,360,080	2.6%
7. Thai NVDR	14,486,388	2.3%
8. Mr. Peeranart Chockwattana	14,274,865	2.3%
9. Mr. Santi Kovijindachai	9,837,500	1.6%
10. Ms. Jarunee Chinwongwarakul	9,672,000	1.5%
11. Other Shareholders	271,343,606	43.1%
Total	629,355,622	100%

Dividend Policy

The Company has a dividend policy and the subsidiaries to shareholders not less than 50% of net profit after tax and legal reserved by considering the consolidated financial statements. The Board of Directors can authorize to exclude the implementation of policies or change it from time to time. Under conditions that the operation will cause best benefit to shareholders and its subsidiaries. Such as a reserve for loan repayment, investment to expand its business. Or in case of changes in market conditions that may affect the company's cash flow and its subsidiaries in the future

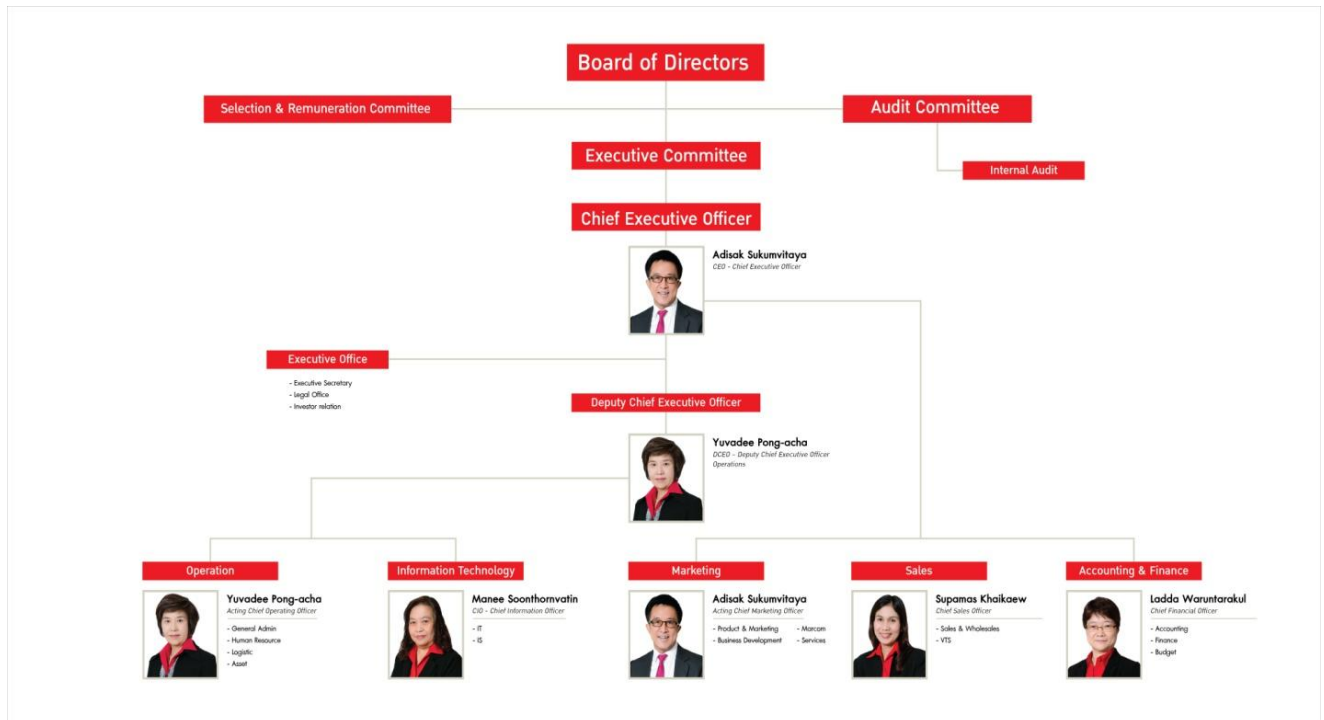
	2014	2015	2016 ^{1/}
Dividend Paid Per Share	0.48	0.47	0.40739
Earning Per Share	0.52	0.51	0.70
Dividend Payout	92.3%	92.2%	58.2%

^{1/}The right to received dividend is uncertain and subject to Annual General Shareholder meeting.

Organizational Structure

As of 31 December 2016, the Company's structure comprises of Board of Director and Sub-Committee, the Company's Committee consists of 4 groups, which are;

1. Board of Directors
2. Nomination and Remuneration Committee
3. Audit Committee
4. Executive Committee



Board of Directors

As of 31 December 2016, the Company's Board of Directors comprised of 7 members, which are;

1. Mr. Pisnu	Pong-acha	Chairman of the Board
2. Mr. Adisak	Sukumvitaya	Director
3. Miss Yuvadee	Pong-acha	Director
4. Mrs. Manee	Soonthornvatin	Director
5. Mr. Pracha	Tansaenee*	Audit Committee/Independent Director
6. Mr. Phisit	Dachanabhirom	Chairman of Audit Committee/Independent Director
7. Mr. Suwit	Kingkaew	Audit Committee/Independent Director
Miss Ladda	Waruntarakul is the secretary of the Board of Directors	

*Mr. Pracha Tansaenee has resigned from the board of directors effective since 31 December 2016 onwards. The Board of Director is now on the process of appointment of new director to replace Mr. Pracha Tansaenee.

Authorized directors according to the Company's certificate

To bind the Company in any obligation, Mr. Adisak Sukumvitaya or Miss. Yuvadee Pong-acha or Mr. Pisnu Pong-acha co-signs with Mrs. Manee Soonthornvatin with the Company's seal.

Scope of responsibilities of the Board of Director

1. To ensure that the business operation is consistent with the country's laws, the Company's objective and regulations, and shareholders resolution.
2. Authority to appoint the Company's directors and/or management. The Board may appoint other person to act on behalf of the Board and remain under the Board's supervision. The Board can cancel, withdraw, change, or amend those authorities as appropriate.
3. Determine goal, guideline, policy, operational plan and the Company's budget. The Board also supervises the management and other persons who are assigned to ensure that the Board's policies are carried out.
4. Review, inspect and approve policies, strategies, business plan and major investment projects proposed by the management.
5. Follow up to ensure that operations are in line with business plan and budget.
6. Approve investment in business expansion, merger with other operators or investment in other businesses.
7. Determine policies, business strategies, and supervise the business operations of the Company and/or subsidiaries.
8. Determine company's regulations.
9. Determine and approve affairs that are crucial to the Company or the activities that may benefit the Company.

Audit Committee

As of 31 December 2016, the Company's Audit Committee comprised of 3 members, which are;

- | | | |
|---------------|---------------|-----------------------------|
| 1. Mr. Phisit | Dachanabhirom | Chairman of Audit Committee |
| 2. Mr. Suwit | Kingkaew | Audit Committee |
| 3. Mr. Pracha | Tansaenee | Audit Committee |

Miss Kanlayakorn Pitiworawong is the secretary of the Audit Committee

Scope of responsibilities of the Audit Committee

1. To ensure that the Company has accurately and adequately disclosed its financial statements.
2. To set out guidance and to ensure that there are suitable and effective internal control and internal audit in the Company.
3. To ensure that the Company is operated in accordance with the laws concerning securities and stock exchange, stipulations of the Stock Exchange and other laws involving Company business.
4. To select and make suggestions of independent persons to be appointed as the Company's auditor together with the audition fee by taking into consideration the credibility, personnel sufficiency, work volume of auditing firm and experience of the personnel to be appointed as Company's auditor, as well as to attend a non-management meeting with an auditor at least once a year;
5. To consider and approve the Connected Transactions and/or Acquisition or Disposition of Assets of the Company or its subsidiaries, and to accurately and completely disclose the Company's information in case of related transactions or the transactions that may lead to conflicts of interests, as well as to approve such transactions to be proposed to the Board of Directors' meeting and/or the shareholders' meeting to be in compliance with the related laws;
6. To conduct other tasks as instructed by the Board of Directors and/or approved by the Audit Committee,
7. To prepare the audit committee activity reports by disclosing on Company's annual report.
8. To comply with the duties and responsibilities as assigned by the Board of Directors and as stipulated in the laws concerning securities and stock exchange, including other related rules and regulations;
9. To have a power to seek independent opinions from external advisors, at the expense of the Company, when necessary;
10. To have a power to request information from any divisions in the Company for supporting their consideration on any matters;
11. To undertake other matters as assigned by the Board of Directors, with the approval of the audit committee.

Nomination and Remuneration Committee

As of 31 December 2016, the Company's selection and remuneration committee comprised of 3 members, which are;

- | | | |
|-----------------|---------------|---|
| 1. Mr. Suwit | Kingkaew | Chairman of Nomination and Remuneration committee |
| 2. Mr. Phisit | Dachanabhirom | Nomination and Remuneration committee |
| 3. Miss Yuvadee | Pong-acha | Nomination and Remuneration committee |
- Miss Ladda Waruntarakul is the secretary of the Nomination and Remuneration committee

Scope of responsibilities of the nomination and remuneration committee

1. Recruit, select and propose candidates to take director positions and propose to directors and shareholders in the event of vacancy, retirement by rotation and other incidents.
2. Recruit, select and propose candidates to take chief executive officer positions in the event of vacancy and determine succession plan for top-level management.
3. Propose appropriate remuneration policy and remuneration and benefits guideline for the Board members, sub-committee, chief executive officer and management and consistent with the Company's performance and market condition.
4. Evaluate the Company's success to determine bonus and annual salary raise.
5. Review salary and benefit structure of the Company.
6. Other activities as assigned by the Company's Board of Directors.

Executive Committee

As of 31 December 2016, the Company's executive committee comprised of 4 members, which are;

- | | | |
|-----------------|----------------|-------------------------------------|
| 1. Mr. Adisak | Sukumvitaya | Chairman of the Executive Committee |
| 2. Miss Yuvadee | Pong-acha | Executive Committee |
| 3. Mrs. Manee | Soonthornvatin | Executive Committee |
| 4. Miss Ladda | Waruntarakul | Executive Committee |
- Miss Ladda Waruntarakul is the secretary of the Executive Committee

Scope of responsibilities of the executive committee

1. Consider and determine business policies, directions, strategies, management structure and principle, as well as follow up on the business progress.
2. Determine business plan, budget and management authority and propose the plan for Board approval.
3. Review, follow-up and act to ensure that the Company's policy and guideline are carried out efficiently.
4. Determine employee's remuneration and salary structure.
5. Determine the Company's corporate structure, and consider executive board member and top management appointment.
6. Review and approve budget allocation as approved by the Board.
7. Other activities as assigned by the Company's Board of Directors.

Directors and Executive' remuneration

1) Directors' Remuneration

Pursuant to the Board of Directors No.1/2015 on 19 February 2015 and the Annual General Meeting 2016 of Shareholders No.1/2016 on 8 April 2016 has approved the director's remuneration for the year of 2016 with budget not exceeding that 5 million baht. The Chairman of the Audit Committee and the Audit Committees are also eligible for the remuneration as part of the company's Board of Directors.

In 2016, the company pays for the Directors' remuneration in fixed payment and bonus

Name		Position	2015	2016
1. Mr. Pisnu	Pong-acha	Chairman of the Board	540,000	540,000
2. Mr. Adisak	Sukumvitaya	Director	300,000	300,000
3. Miss Yuvadee	Pong-acha	Director	300,000	300,000
4. Mrs. Manee	Soonthornvatin	Director	300,000	300,000
5. Mr. Pracha	Tansaenee	Director	540,000	540,000
6. Mr. Phisit	Dachanabhirom	Chairman of Audit Committee/Independent Director	300,000	300,000
7. Mr. Suwit	Kingkaew	Audit committee/Independent Director	300,000	300,000
Total			2,580,000	2,580,000

2) Executives' remuneration

Total remuneration for executives, the period ended 31 December 2015 and 2016

Remuneration**	2015	2016
Executive *** (Baht)	22,164,506.67	34,581,128.08
No. of Executive (Person)	5	5

** Executive refers to Executive Committee and the company's management according to the definition of the Office of Securities Exchange Commission.

***Remuneration comprised of salary, bonus and other remuneration such as commission, position fees, transportation, social securities, provident funds and other remuneration paid with the salary.

To comply with the Code of Best Practices, the Company has determined policies concerning corporate governance to ensure transparency in all level of organization, from operational employees to the Board of Directors. The policies lay a crucial foundation to improve efficiency and effectiveness of business operation that will benefit the Company and shareholders in a long run. Therefore, the Company has completely complied with all 15 Code of Best Practices guideline provided by the Stock Exchange of Thailand.

1. Policies concerning corporate governance

The Company's Board of Directors understands the importance of good corporate governance, internal standard and compliance with the policies of the Stock Exchange of Thailand. The Board appoints Audit Committee to audit and control the Company's affairs to promote good organization culture and business ethics. The Board is confident that good corporate governance practice will help support the Company's operation and is one of the key objectives that will maximize shareholders wealth.

The values that the Company expects every directors and employees to keep in mind in every mission are:

- 1.1 Operate professionally, faithfully and ethically.
- 1.2 Create harmonious and cooperative workplace.
- 1.3 Follow good work practices to develop the Company, nations and society.
- 1.4 Cooperate and be flexible to respond to every situation.

2. Rights and equitable treatments of shareholders

From 2002, after the Company has been converted into the public company limited status, the Company has sent meeting invitation along with documents at least 7 days prior to the meeting to comply with the legal requirement. Moreover, the Company has a policy to treat all shareholders on equitable basis. The shareholders can freely select director, vote on agendas and raised any comments and questions in the meeting according to the meeting regulation. Every shareholder will have equal right to receive complete and accurate information on timely basis. Every shareholder will be able to check out the information.

Moreover, after the Company is listed in the Stock Exchange of Thailand, the Company plan to increase options for the shareholders by appointing independent directors to receive proxy from the shareholders in case the shareholders cannot attend the meeting.

3. Rights of the stakeholders

The Company respects the rights of every stakeholder, whether the internal stakeholders such as employees and management of the Company and subsidiary, or external stakeholders such as customers, trade partners, competitors, creditors, regulators and other related agencies. The Company has complied with relevant laws and regulations to preserve rights of the above stakeholders. The Company has treated employees fairly by offering appropriate compensation; bought products and services from suppliers and acted according to the contract terms; cared and responsible for customers and keep their confidentiality, etc. The Company's code of ethics also indicates the practices that considered ethical competition that will not seek competitor's confidential information by unethical and inappropriate means. The Company has a policy to operate business and grow with the community.

4. The shareholders meeting

The Company sends meeting invitation and documents concerning relevant agendas to the shareholders at least 7 days prior to the shareholders' meeting. The Company has a policy to give shareholders equal rights to check on business operation, give suggestion or raise questions. The Company records important questions and comments in the shareholders' meeting minutes. Moreover, after the Company is listed in the Stock Exchange of Thailand, the Company has a policy to appoint independent directors to take proxy from the shareholders in case the shareholders

cannot participate in the meeting. The Chairman of the Audit Committee and the Chairman of the Board should participate in every Board meeting and Audit Committee meeting according to the good corporate governance practice.

5. Leadership and vision

The Board of Directors comprises of knowledgeable, skilled and experienced personnel in the business that determine policy, vision, strategies, objective, mission, business plan and the Company's budgets. The Board also ensures that the management performs in accordance with the stated policy efficiently and effectively within the scope of laws, the Company's regulation and the shareholders' resolution. The Board will perform duties responsibly and prudently according to the Code of Best Practices to maximize economic value and shareholders' value. Moreover, the Company gave importance to the internal audit system, internal audit process, appropriate risk management measures and traceable system to make sure the operation is in compliance with the law, and the Company has good audit system to maximize benefit for the Company. Moreover, the Board of Directors clearly determines the roles and responsibilities of the Board of Directors, Audit Committee, Executive Committee and Chief Executive Officers.

6. Conflict of Interest

The Board of Directors and management has prudently and ethically eliminate conflict of interest problem under the scope of good ethical guideline for the best interest of the Company. The guidelines are practiced to create transparency and prevent abusing authority for personal gain. The Company has regulations to prevent directors, management and operational employees to use undisclosed insider's information of the Company and subsidiary for personal benefit. Moreover, if there is related transaction or transaction concerning asset acquisition or disposal of the Company or subsidiary, the Company will carry out the transaction according to the criteria and procedures stated by the Stock Exchange of Thailand.

7. Business ethics

The Company is committed to act ethically. Every director, management and employee has obligation to perform duties with accountability within the scope of laws and personal responsibilities. Everyone must prudently act on any transaction and withhold from any action that may damage the Company and society, despite the action may perceived to benefit the Company. The Company provided director and employee code of conduct and code of business ethics for the employee to follow. Both codes were approved by the Board of Directors on 20 November 2007.

8. Balance of power and Diversity of the Board of Directors

The Board of Directors consists of 7 directors, which are

- 8.1 3 executive directors
- 8.2 1 non-executive director
- 8.3 3 independent directors and audit committees, or 37.50% of the Board of Directors.

The member of board of director was nominated by consider qualifications, experience and expertise which is approved by Nomination and Compensation Committee. The company's director has Accounting and Finance expertise is Mr. Pisit Dachanapirom and the composition of the board has 2 women which is account for 28.5% of the board number.

9. Position aggregation or segregation

The Chairman of the Board is not the same person as the Chief Executive Officer to enable balance of power and management audit process. Moreover, more than half of the Board comprises of non-executive director and

independent directors to efficiently determine business policy. Moreover, the Company clearly determines scope of responsibilities, duties and responsibilities of the Chief Executive Officer to prevent complete control over the Company.

10. Director and management's remuneration

The Company set up a committee to consider benefits and remuneration for the management staffs ranked Chief Executive Officer or higher. The remuneration committee will consider fair remuneration to benchmark with the Company in the same industry with similar size. The remuneration will also consider the Company's performance. The remuneration must be in appropriate level to retain staffs depending on their responsibilities. The Company also discloses remuneration paid to directors and managements as determined by the Office of Securities Exchange Commission and the Stock Exchange of Thailand.

11. Board meeting

Company's article of association stated the requirement to distribute the invitation to the Shareholders' Meeting with supporting documents to Board of Directors at least 7 days prior to the meeting for consideration and in order to comply with the minimum period required by the relevant law. In 2013-2014, having a written record of the meeting and kept the minutes of the meeting were approved by the Board of Directors and it can be audited by directors and related parties. Details of attendance of each director are as follows:

Board of Directors

Board of Directors' Meeting shall be held at least four times a year and will be recorded in written and having a data storage systems that can be monitored. During 2015 and 2016, the company held the board of directors' Meeting at 7 times and 6 times, respectively. Details of attendance of each member of the board of directors are as follows:

	Position	Position	2015	2016
1	Mr. Pisnu Pong-acha	Chairman of the Board	7/7	6/6
2	Mr. Adisak Sukumvitaya	Director	7/7	6/6
3	Miss Yuvadee Pong-acha	Director	6/7	6/6
4	Mrs. Manee Soonthornvatin	Director	7/7	6/6
5	Mr. Pracha Tansaene	Director	7/7	6/6
6	Mr. Phisit Dachanabhirom	Director	7/7	6/6
7	Mr. Suwit Kingkaew	Director	6/7	6/6

Audit Committee

Audit Committees' Meeting shall be held at least four 4 times a year and will be recorded in written and having a data storage systems that can be monitored. During 2014 and 2015, the company held the audit committees' meeting at 6 times and 4 times each year. Details of attendance of each member of the audit committee are as follows:

	Name	Position	2015	2016
1	Mr. Phisit Dachanabhirom	Chairman of Auditor Committee	6/6	4/4
2	Mr. Suwit Kingkaew	Audit Committee	5/6	4/4
3	Mr. Pracha Tansaene	Audit Committee	6/6	4/4

Executive Committee

Executive Committees' Meeting shall be held at least four (4) times a year and will be recorded in written and having a data storage systems that can be monitored. During 2015 and 2016, the company held the board of directors' Meeting at 4 times and 4 times, respectively. Details of attendance of each member of the executive committee are as follows:

	Name	Position	2015	2016
1	Mr. Adisak Sukumvitaya	Chairman of the Executive Committee	4/4	10/10
2	Miss Yuvadee Pong-acha	Executive Committee	4/4	10/10
3	Mrs. Manee Soonthornvatin	Executive Committee	4/4	10/10
4	Miss Ladda Waruntarakul	Executive Committee	4/4	10/10
5	Mrs. Supamat Kaikaew	Executive Committee	4/4	10/10

Directors and Executive' remuneration Committee

Directors and Executive 'remuneration Committees' Meeting shall be held at least four (2) times a year and will be recorded in written and having a data storage systems that can be monitored. During 2015 and 2016, the company held the board of directors' Meeting at 3 times and 2 times, respectively. Details of attendance of each member of the executive committee are as follows:

	Name	Position	2015	2016
1	Mr. Suwit Kingkaew	Chairman of Selection and remuneration committee	3/3	2/2
2	Mr. Phisit Dachanabhirom	Selection and remuneration committee	3/3	2/2
3	Miss Yuvadee Pong-acha	Selection and remuneration committee	3/3	2/2

12. Audit Committee

The Company appointed Audit Committee to oversee corporate governance activities. The Audit Committee comprises of 3 independent directors with one of them is knowledgeable in account or finance. The Audit Committee has scope of responsibilities and authorities as specified in the Responsibilities and Authorities of Audit Committee. Moreover, the Company also appoints other sub-committee to oversee various businesses.

13. Internal audit system

The Company determined duties, responsibilities and authorities of every operator and management in written. The Company ensures that the resources are used to benefit the Company; there is segregation of authorities of the operator, controller and evaluator to ensure appropriate check and balance. The Company has internal audit department to audit, plan, follow-up and coordinate to ensure that the Company's core operations are consistent with the determined guideline and are carried out efficiently. The internal audit department is independent and can perform audit responsibilities independently. The internal audit department reports directly to the Audit Committee. In 2012, the Company has hired outsource internal auditor is Earns & Young office Limited under the supervision of the Audit Committee. In every internal audit activities, the auditor must report findings and suggestions directly to the Audit Committee by having internal audit system plan in the company and also subsidiary company in every quarter.

14. Reports of the Board of Directors

The Board of Directors is responsible for the Company's consolidated financial statements of the Company and subsidiaries and any information appears in the annual report. The Board must provide adequate internal audit measures to ensure accurate, complete and adequate financial information to maintain the Company's assets, to understand the weakness and to prevent any fraud or any significant abnormal activities. The Board meeting no. 1/2002, dated 29 March 2002, the Board appointed the Audit Committee to responsible for quality of financial reports and internal audit system.

15. Investors' relation

After the Company is listed in the Stock Exchange of Thailand, the Company shall establish investors relation to ensure accurate, complete, transparent and equal information disclosure on the financial information and other information that may affect the Company's share price. The investors' relation unit will disseminate the Company's information to investors and public via various channels.

In the year of 2016, the Company appointed Mr. Panya Chutisiriwong as an investor relation of the company. Last year the company attends the Opportunity Day for 2 times and joins the Road show with brokerage to meeting with investor.

Regulations concerning the usage of insider's information

1. The Company's directors, managements, employees and staffs must preserve the Company's secret and/or insider's information.
2. The Company's directors, managements, employees and staffs must not disclose the Company's secret and/or insider's information or make personal or other people's gain, whether directly or indirectly, and whether being compensated or not.
3. The Company's directors, managements, employees and staffs must not trade, transfer or transferred the Company's securities base on the Company's secret and/or insider's information, and/or engage with any activities that use the Company's secret and/or insider's information that could potentially cause damage to the Company, whether directly or indirectly. The requirement shall cover spouse and immature children of the Company's directors, managements, employees and staffs. Violation shall be deemed a serious offense to the Company.

Since currently malpractice or corruption tends to increase while views of people in the society that corruption is perceived as a normal practice. In reality, the problem of corruption severely affects the society so that the company place high priority to anti-corruption actions. In the Meeting of the Board of Directors No. 6/2557 on 10th November 2014, the Board of Directors determined the anti-corruption policy as well as written guidelines which were approved by the Board of Directors, in order to announce the company's intention to resist all types of corruption and expect everyone in the organization to understand the same anti-corruption policy under the same policy as well as those who are related to the company acknowledges the company's intention to resist corruption.

Anti-corruption policy

Executive directors, employees and workers are not permitted to take any action that is related to all forms of corruption both directly or indirectly for the benefits of immediate family, friends and other persons regardless of being a receiver, a giver or a proposer of bribes which can be in monetary or non-monetary terms to a public agency or private companies that the company has conducted its business or made contact with. The anti-corruption policy should be strictly observed.

Duty and responsibilities of each agency

1. The Board of Directors is responsible for considering and approving the anti-corruption policy, and support any anti-corruption actions arising in the company so that everyone in the company realizes and is aware of the significance of the problem arisen from corruption. In case the Audit Committee has reported any corrupt actions that affect the company, the Board of Directors will be responsible for providing advice, suggestions, considering penalty and looking for solutions for the Chief Executive Officer.

2. The Audit Committee has the duty and responsibilities as follows:

- 2.1 Consider the anti-corruption policy proposed by the Chief Executive Office and ensure that such policy is suitable for the business pattern, the company's environments and organizational culture, and propose to the Board of Directors for approval;
- 2.2 Consider and review the appropriateness of the change in the anti-corruption policy obtained from the Chief Executive Officer, and propose to the Board of Directors for approval;
- 2.3 Verify the internal control system report and the assessment of risks involved in corruption that the Internal Audit Division has proposed. This is to ensure that such system has the least risks of corruption occurring that affects the financial position and performance of the company. In addition, such system should be consistent with the business pattern of the company.
- 2.4 Receive reports on corruption clues, that individuals in the organization are involved, examine the informed facts and propose the issue to the Board of Directors to jointly consider the penalty or look for solutions to the issue.

3. Internal Audit Division has the duty and responsibilities as follows:

- 3.1 Perform and ensure the duty and responsibilities follow the predetermined internal audit plan and propose the audit report, the internal control system and the assessments of corruption risks revealed from the internal control system examination to the Audit Committee for acknowledgement.
- 3.2 Perform work as assigned by the Audit Committee on the examination of corruption that relates to the organization in addition to the specified internal audit plan.

4. The Chief Executive Officer has the duty and responsibilities as follows:

- 4.1 Formulate the anti-corruption policy and propose to the Audit Committee.

- 4.2 Communicate with personnel in the organization and those related in order to acknowledge the anti-corruption policy.
- 4.3 Revise the appropriateness of the anti-corruption policy to be consistent with the changing business environments or legal requirements, and propose to the Audit Committee.
- 4.4 Assist the Audit Committee in investigating informed facts or tasks assigned by the Audit Committee on corruption investigation by delegating work to the capable management team.

Anti-corruption regulations

The company's directors, management and employees must strictly follow the anti-corruption policy and business ethics regardless of involving corruption directly or indirectly by:

1. Refrain from making any behaviors that indicate graft or offering a bribe to stakeholders in own responsibility either directly or indirectly in order to obtain benefits in a wrong way, as follows:

- 1.1 Do not receive or offer any gifts or souvenirs that are cash, cheques, bonds, gold, jewelry, real estate or any goods alike to related persons with whom the contact is made both in government and private agencies.
- 1.2 Do not receive any assets, goods, gifts, presents or other benefits that lead to omission of own duty. Before receiving gifts, one should examine to ensure compliance with relevant laws and the company's regulations. Goods or gifts exchanged in work should not have high prices and occasionally appropriate.
- 1.3 Do not offer any assets, goods, gifts or presents or other benefits as an incentive to decision making, or having influences such that a recipient is not following trade practices in the same way as other clients. Goods offered based on various occasions must not have excessive prices.
- 1.4 Do not act as a medium in offering money, assets, goods or other benefits to persons related to business, government agencies or any organizations in order to exchange for improper privileges or cause government officials to refrain from performing according to stipulated rules, regulations and legal practices.

2. With respect to procurement, it must be proceeded through procedures as specified by the company's regulations and must be transparent and accountable.

3. Expenses on entertainments and other expenses related to execution of contract can be carried out but at a reasonable and accountable manner.

4. Donations for charity must be carried out as follows:

4.1 Use of money or assets of the company to donate for charity must be carried under the name of the company only. The recipient of such donation for charity must be foundations, public charity organizations, temples, hospitals, infirmary or organizations for social purposes that are certified or reliable and accountable. The donation must follow the procedures specified in the company's regulations.

4.2 Personal donation for charity can be done but must not be related or cause any doubts of corruption for some benefits.

5. Use of money or assets of the company to support a project must be identified with the company's name only. The supporting amount must be paid with the objectives regarding the business, good image and reputation of the company. Disbursement of such amount must specify a clear objective and be provided with verifiable evidence and follow the procedures specified in the company's regulations.

6. Do not take any actions related to politics within the company, and do not use any resources of the company for such purposes. The company is an organization that adheres to political neutrality, encourages legal compliance and democracy, and does not have a policy to provide any assistance to any political party either directly or indirectly.

7. If any actions regarded within the scope of corruption or may lead to corruption that relates to the company either directly or indirectly are found, such actions must not be ignored or neglected, and should be reported to the Chief Executive Officer immediately or via trace notification channels specified in this policy.

8. Directors and executives must be aware of the importance of disseminating knowledge, providing advices in order to create understandings to senior officers regarding anti-corruption so that employees observe this anti-corruption policy. In addition, directors and executives should be a good model with respect to honesty, ethics and code of conduct.

Trace notification channels for corruption petition

The Audit Committee of the company shall be responsible for considering trace notification and petition on actions that may cause any doubts of corruption arising to the company, such notifications can be made through the following channels:

1. Through the company's website (business control: Petition subject); or
2. Through a telephone number 02-308-8079 (the management / the company's secretary); or
3. Through Trace Box (located in the human resource division room)

Those who make petition must specify details of the issue whose trace to be notified, or petition as well as name, address and telephone numbers that can be contacted conveniently.

Those, who can report traces or make petition relating to corruption, are every group of stakeholders of the company including shareholders, customers, trade competitors, account payables, the government sector, communities, society, the company's executives and employees. Regardless of any channel of notification as mentioned above, the company shall keep your report confidential according to the protection and secrecy measure.

Protection and secrecy measure

In order to protect the right of petitioner and those who provide information with good intention, the company shall conceal the names of those who provide such information or any information that can identify the petitioner or information providers, and store such information confidentially. Only those responsible for examining petitions can access the information.

In case the petition is made to the Chief Executive Officer, the Audit Committee shall act to protect those who have reported the trace, or the witness petitioner and information providers to be used in investigating the facts, so as to ensure they do not get into trouble or any dangers or any unjust situations resulting from the trace notification, being witnesses or providing information by asking the petitioner to submit the petition directly to the Audit Committee.

The Chief Executive Officer is responsible for providing judgment to proceed as seen appropriate in protecting those who have reported the trace, or the witness petitioner and information providers to be used in investigating the facts, so as to ensure they do not get into trouble or any dangers or any unjust situations resulting from the trace notification, being witnesses or providing information.

The Chief Executive President can assign work to any executive to act on behalf in using judgment to give security protection order for those who have reported the trace or the witness petitioner and information providers. The assigned executive must not involve with the issue reported or the petition either directly or indirectly (for example, the accused is a direct senior line officer). However, those, who receive the information on the petition from doing their related duty, are responsible to keep the information, petition and evidence documents of the petitioner and information providers as strictly confidential and do not disclose the information to others who do not have the related duty unless the information must be disclosed as stipulated in the relevant laws.

Dissemination of the anti-corruption policy

In order to ensure everyone in the organization acknowledge the anti-corruption policy, the company shall take actions as follows:

1. The company shall post the anti-corruption policy clearly in locations that everyone in the organization can read.
2. The company shall disseminate the anti-corruption policy through communication channels of the company such as E-mail, the company's website, and a report on annual disclosure of information.
3. The company shall arrange trainings on the anti-corruption policy to new employees.
4. The company shall revise the anti-corruption policy on an annual manner.

Number of Employee

The company has number of employee in 2015 and 2016

	2015	2016
Number of Employee	982	1,002

Provident Fund

The Company has set up provident fund for employee by having Tisco Asset Management Co., Ltd as a fund manager.

Policy and Guidelines for Employee Training and Development

Board of Directors and the Company has put important for employee development. The Company provided training and development in products knowledge and teamwork training for your staff. The training hour per person in 2016 was 1.27 hours. Moreover, for the new employee the Company also provides orientation training in order to get to know the organization culture and overview of group business.

Policy for Human Right

Board of Directors and the Company strive to the human right policy, individual, values and freedom of each employee. In order to develop human right, creativity and urges to have a common company culture. The policy for human right is contained in the Code of Ethic of the Company.

Policy for Intellectual Property Right

Board of Director and the Company has a policy to protect an intellectual property right. By put this policy in network using policy of the Company under Information Technology Policy of the Company. By prohibited management and employee to use illegal software or application. Moreover, employees require signing on the acknowledged letter to accept this policy.

Related Transactions

During 2016 and 2015, the Company has engaged in related transactions, all of which are considered rationally to ensure highest benefit for the Company and shareholders, as if the transactions are done with the third person to prevent any potential conflict of interest and to comply with the regulations stipulated by the Stock Exchange of Thailand. Details of the related transactions are as followed

Related Parties	Type	2016	2015	Price Condition / Necessary
1. Mr.Pisnu Pong-acha	Warehouse Rental	1.2	1.2	Market Rate
2. JMT Network Services PCL	Sold Products	0.3	0.3	Market Rate
	Management Revenues	1.8	1.4	Mutual agreed rate, relate to IT and finance
	Head Office Rental	16.6	14.9	Mutual agreed rate
	Deposit for Rental Service	2.9	2.9	Mutual agreed rate
	Promotion Support	-	0.1	Mutual agreed rate, market rate
	Other Revenues	0.6	0.5	Mutual agreed rate
	Dividend Income	33.1	42.7	As dividend announcement
3. J Fintech Co., Ltd	Loan	1,028.0	0.0	Subsidiaries need fund for operation
	Interest Received	2.3	0.0	Mutual agreed rate
	Head Office Rental	2.9	1.1	Mutual agreed rate
	Deposit for Rental Service	0.9	0.5	Mutual agreed rate
	Promotion Support	8.4	0.7	Mutual agreed rate, market rate
	Other Revenues	0.1	0.1	Mutual agreed rate
	Promotion Support	32.6	40.3	Mutual agreed rate, market rate
4. JAS Asset PCL	Sold Products	0.6	0.2	Market Rate
	Head Office Rental	0.4	0.8	Mutual agreed rate
	Deposit for Rental Service	0.1	0.1	Mutual agreed rate
	Management Revenues	2.6	1.8	Mutual agreed rate, management consult fee
	Other Revenues	0.3	0.5	Mutual agreed rate
	Dividend Income	17.5	22.5	As dividend announcement
	Branches Rental	16.7	17.7	Market Rate
	Deposit for Rental Service	4.8	4.0	Mutual agreed rate
	Sale Promotion Support	2.7	3.0	Mutual agreed rate
5. J Asset Management Co. Ltd	Head Office Rental	4.7	3.9	Market Rate
	Deposit for Rental Service	0.9	0.9	Mutual agreed rate
6. Singer Thailand	Sold Products	514.4	47.9	Market Rate
	Other revenues	0.1	-	Market Rate
	Purchased Products	-	1.7	Market Rate
	Sale Promotion Support	3.8	1.1	Mutual agreed rate,
	Logistic Services	0.2	-	Market Rate

Related Parties	Type	2016	2015	Price Condition / Necessary
	Dividend Payment	20.2	-	As dividend announcement
7. SG Services Plus	Other revenues	0.4	-	Market Rate
	Set up services	0.2	-	Market Rate
8. J Insurance Broker	Head Office Rental	-	0.1	Mutual agreed rate
	Deposit for Rental Service	0.2	-	Mutual agreed rate
9. Smart Item	Loan	1.2	-	Market Rate

Responsibilities of the Board toward Financial reports

Financial statements and consolidated financial statements of Jay Mart Public Company Limited and subsidiary are prepared according to the Board's policy to have financial statements prepared according to generally accepted accounting standard. The Company selects appropriate accounting policies and practices them consistently and prudently. The Company provides adequate and transparent information disclosure in the notes attached to the financial statements to the best interest of investors and shareholders.

The Board has provided appropriate and efficient risk management and internal audit systems to ensure that the disclosed accounting information is accurate, complete and adequate to maintain assets and prevent any fraud or significant abnormality.

Therefore, the Board has formed Audit Committee to review accounting policies, quality of financial statements, quality of internal audit system, internal control, risk management system and information disclosure. The comment of Audit Committee can be found in the Report of the Audit Committee as shown in the Company's annual report.

Financial statements and consolidated financial statements have been audited by the Company's accounting auditor, EY Office Company Limited. During the review process, the Board has provided any necessary data and documents to enable accounting auditors to be able to audit and express comment according to the accounting standard. The accounting auditor's comments are found in the Report of the Accounting Auditor as shown in the Company's annual report.

The Board believes that the Company's internal audit system are in the satisfactory level and should ensure that the financial statements of Jay Mart Public Company Limited and consolidated financial statements of Jay Mart Public Company Limited and subsidiary for the accounting year ended 31 December 2016 are reliable and are prepared according to the generally accepted accounting principles and any relevant laws and regulations.



Mr. Pisnu Pong-acha
Chairman of the Board



Mr. Adisak Sukumvitaya
Chairman of the Executive Committee

Report of the Audit Committee

The Audit Committee of Jaymart Public Company Limited comprised of 3 independent directors.

- | | |
|-------------------------------|----------------------------------|
| 1. Mr. Phisit Dachanabhirom | Chairman of Audit Committee |
| 2. Mr. Suwit Kingkaew | Audit Committee |
| 3. Mr. Pracha Tansaenee | Audit Committee |
| Miss Kanlayakorn Pitiworawong | Secretary of the Audit Committee |

During 2016, Audit Committee arranged 4 meetings and has carried out duties according to the relevant guideline, regulation, criteria and law. The committee also determines accounting auditor appointment proposal and remuneration.

The Audit Committee has hired P&L Internal Audit Limited to be the Company's Internal Auditors. The auditing of such shall cover important working system of the Company such as HR management. The Internal Control Division shall perform planning, auditing, and follow-up the results of the internal auditing, namely, general procurement. The results of the internal auditing can be confidently evaluated that the operational system of the Company and its subsidiaries has an efficient internal controlling. The internal control system is good, sufficient, and appropriate with the business situation with high competitiveness. The Audit Committee opined that the Board of Directors and Executives of the Company possess morality and determination to perform their duties to achieve the Company's goal with quality. However, the Audit Committee still determines to improve the Company's internal control system for better performance.

Although there are many factors affecting the Company's operation, the Audit Committee is confident that the Company could manage those factors effectively to result in long – term business growth.



Mr. Phisit Dachanabhirom
Chairman of Audit Committee

Management Discussion and Analysis: MD&A

Overview of 2016 Business and Factor that impact on financial performance

Overall of mobile handset industry which is mainly contribute to the Company revenues in 2016 growth at 5% with total value of industry was 93,720 billion baht. The growth stem from telecommunication platform has been transform to 4G technology (Data: KBank Research). In the year of 2017, the industry is expected to growth further at rate of 4.5%. This would support the Company performance in the year of 2017.

For the year of 2016, the Company achieved a remarkably success in mobile handset business by expanding distribution channels through its group of companies which cover nationwide. Last year, the Company sold mobile handset for 1.13 million devices that was almost the same with last year. However, the Company is able to sold mobile handset with higher average selling price as compare to the previous year. This would result the value of sale of the Company increased in the year of 2016.

The Company's business structure has been significantly changed in 2016 as detail explained below;

- 1) The Company completed partial business transfer (PBT) by transferred all mobile handset business to Jaymart Mobile Co., Ltd, a subsidiaries business which the Company holds 99.99%
- 2) The Company subscribed 1,100 million Baht for newly issued shares of J Fintech Co., Ltd which engages in Personal Loan business. This causes the Company holds 90.16% shareholding in J Fintech Co., Ltd since November of 2016.
- 3) The Company established J Ventures Co., Ltd which engages in development of software business and seeking an opportunities for investing in retail focusing Start-Up business.

The details of the Company's performance are explained as follows:

	2015		2016		Change	
	MN.Baht	%	MN.Baht	%	MN.Baht	%
Revenues from Sales and Services	9,511	100.0%	10,701	100.0%	1,190	12.5%
Cost of Sales and Services	8,057	84.7%	8,729	81.6%	672	8.3%
Gross Profit	1,454	15.3%	1,972	18.4%	518	35.6%
Sale Promotion Income	358	3.8%	438	4.1%	80	22.3%
Other Incomes	80	0.8%	74	0.7%	-6	-7.5%
Profit before Expenses	1,915	20.1%	2,475	23.1%	560	29.2%
Selling Expenses	765	8.0%	837	7.8%	72	9.4%
Administrative Expenses	561	5.9%	857	8.0%	296	52.8%
Total Expenses	1,326	13.9%	1,694	15.8%	368	27.8%
Profit Before Tax and Finance Cost	589	6.2%	782	7.3%	193	32.8%
Finance Cost	-136	-1.4%	-176	-1.6%	-40	-29.4%
Tax Expenses	-91	-1.0%	-120	-1.1%	-29	-31.9%
Net Profit Attribute to Equity Holders of the Company	323	3.4%	438	4.1%	115	35.6%

Revenues Analysis

Total revenue in 2016 totally was 10,701 million Baht higher than 2015 1,190 million Baht or 12.5% increase. An increasing of total revenues was fuel by an increasing of revenues in all subsidiaries business. The details are as following;

- 1) Mobile Handset and Accessories revenues were 9,082 million Baht higher than 752 million Baht or 9% increase from the year of 2015. This is because the company was able to sell the mobile handset through a distribution channels under group of companies and the average selling price is higher than the previous year.
- 2) Income from Debts Collection and other services increase to 1,094 million Baht which increase of 399 million Baht or 57.4% from the year before. This is because the subsidiaries was achieved its target.
- 3) Rental Income was 525 million Baht which increase 39 million Baht or 8% from last year. Due to the subsidiaries was able to expand leasable area to meet with target and an inauguration of new shopping mall in late of the year 2016.

The Company has Sale Promotion Incomes was 438 million Baht more than 2015 80 million Baht or 22.3% increased. These incomes were sale promotion support and commission. Moreover, the Company' other revenues were 74 million Baht lower than 2015 6 million Baht or 8%.

Mobile Handset and Accessories revenue contributed 84.9% in total revenues. Most of mobile business revenues are mobile devices supply by various renowned brands. Last year Chinese brand has gain more sale proportion in the Company sell revenues. However, major brands, Samsung and Apple were still performing well in last year.

For the distribution channels in 2016, the Company sold mobile devices not only in Jaymart Shop but also through distribution channels under group of companies' e.g. Singer Thailand and wholesale channel. This was caused the Company's sale in last year boosted up.

Cost of Sales and Services Analysis and Gross Profit Analysis

In 2016, the Company's Cost of Sales and Services was 8,729 million baht, increased from 2015 of 672 million baht or 8.3 increased. Cost of sales for Mobile business raised up 7.4% due to sale revenues increased. And cost of services and rental increased due to an expansion of business unit.

The Company's gross profit margin in 2016 was 18.4% more than 2015 of 3.1%. If consider for Mobile business retail's gross profit margin stood at 13% higher than 2015 of 1.3%. This was because the efficient of the Company's procurement of products and marketing strategy.

Selling and Administrative Expenses and Operating Profit

The Company's selling and administrative expenses stood at 1,694 million baht higher than 2015 of 27.8%. An increasing was mainly from administrative expenses which results from bad debt allowance and personal expense.

Operating profit in 2016 was 782 million baht more than 2015 of 193 million baht or 32.8%. The reasons for an increasing in operating profit were derived from the Company achieved target especially for mobile business and debt collection and management business.

Finance Cost

The Company's finance cost in 2016 was 176 million Baht higher than 2015 of 40 million Baht. Most of finance cost increasing mainly from subsidiaries especially for debt collection and management, personal loan and property development business.

Net Profit Attribute to Equity Holders of the Company

In 2016, the Company's net profit was 438 million Baht which increased from 2015 of 115 million Baht or 35.6%. This represents 4.1% of Net Profit margin and earning per share of 0.70. The increasing of net profit in 2016 was a result of the group of companies' synergies strategy. The amount of net profit in 2016 is a record high of net profit in a corporate history.

Analysis of Financial Statement of Position

The Company's financial statement of position can be summarizing as following;

	2015		2016		Change	
	MN.TH.B	%	MN.TH.B	%	MN.TH.B	%
Assets						
Cash and cash equivalents	169	1.8%	844	6.5%	675	399.4%
Trade and other accounts receivable	315	3.4%	355	2.7%	40	12.7%
Inventories	1,285	13.7%	1,149	8.8%	-136	-10.6%
Loan receivables – Current Portion	314	3.4%	1,822	14.0%	1,508	480.3%
Current Assets	2,798	29.9%	4,899	37.7%	2,101	75.1%
Investments in accounts receivable	2,830	30.3%	3,438	26.4%	608	21.5%
Investment in associated co.	997	10.7%	999	7.7%	2	0.2%
Investment Property	516	5.5%	507	3.9%	-9	-1.7%
Property, plant and equipment	769	8.2%	840	6.5%	71	9.2%
Intangible Asset	47	0.5%	148	1.1%	101	214.9%
Leasehold rights and prepaid rent	773	8.3%	1,499	11.5%	726	93.9%
Non-current Assets	6,553	70.1%	8,104	62.3%	1,551	23.7%
Total Assets	9,351	100.0%	13,003	100.0%	3,652	39.1%
Liabilities						
Band overdraft and Short term loan	2,450	26.2%	1,934	14.9%	-516	-21.1%
Trade accounts payable	294	3.1%	718	5.5%	424	144.2%
Long-term land – Current Portion	412	4.4%	372	2.9%	-40	-9.7%
Debenture – Current Portion	0	0.0%	609	4.7%	609	100%
Short term loan	860	9.2%	2,384	18.3%	1,524	177.2%
Current Liabilities	4,111	44.0%	6,119	47.1%	2,008	48.8%
Long-term – Net	675	7.2%	1,200	9.2%	525	77.8%
Debentures - Net	610	6.5%	1,497	11.5%	887	145.4%
Non-Current Liabilities	1,461	15.6%	2,894	22.3%	1,433	98.1%
Total Liabilities	5,572	59.6%	9,013	69.3%	3,441	61.8%
Total Shareholder's Equity	3,779	40.4%	3,990	30.7%	211	5.6%

Assets

As of the period ending 31 December 2016, the Company had total assets equal to 13,003 million Baht. Current assets was 4,899 million Baht or accounted 39.1% of total assets and Non-current assets was 8,104 million Baht accounted 62.3% of total assets. The Company's total assets increased 3,652 million Baht or 39.1% from the previous year. The details of major changing of total asset in 2016 are as following

1. Cash and Cash Equivalents increased 675 million or 398%.
2. Loan receivables were 1,822 million Baht more than 2015 of 1,508 million Baht or 480.3%.

3. Investments in accounts receivable increased was 3,438 million Baht from the previous year 608 million Baht due to the subsidiaries acquired more non-performing debt.
4. Leasehold rights and prepaid rent stood at 1,499 million Baht or increase 726 million Baht caused by new shopping mall project "The JAS Urban Srinakarin".

Liabilities

As for the period ending 31 December 2016, the Company had total liabilities equal to 9,013 million Baht higher than 2015 of 3,441 million Baht or 61.8%. The key changing of total liabilities in 2016 is explained as following;

1. Overdraft and Short-term loan from financial institution decline by 516 million Baht. Due to subsidiaries repayment of short-term loan.
2. Short-term Loan was 2,384 million Baht which increase 1,524 million Baht or 177.2%. Major of short-term are used in working capital and invest in subsidiaries.
3. Long-term Loan was 1,200 million Baht higher than 2015 of 525 million Baht or 77.9% increased.
4. Debentures amount at 1,497 million Baht more than 887 million Baht or 145.4% increase. The Company use debentures to investing subsidiaries.

Cash Flow Statement

For the year of 2016, the Cash flow of the Company was 674.5 million Baht. The details of cash flow movement are as following;

	2015	2016
Cash Flow from Operating Activities	(1,138.0)	(995.5)
Cash Flow from Investment Activities	(1,183.9)	(859.7)
Cash Flow from Financing Activities	2,354.7	2,529.7
Net increase (decrease) in cash and cash equivalents	32.8	674.5

Cash Flow from operation in 2016, the Company incurred cash outflow of 995.5 million Baht as a result of loan receivables and investment in account receivables.

Cash Flow from Investment in 2016, the Company posted cash outflow of 859.7 million Baht as a result of investment in The Jas Urban Srinakarin Project.

Cash Flow from Financing in 2016, the Company incurred cash inflow of 2,529.7 million Baht from short-term loan and long-term loan from financial institution and debentures.

The Company's liquidity ratio in 2016 was 0.80 times higher than 2015 which stood at 0.68 times due to the Company got more loan receivable to payback within one year.

Source of Fund and Capital Structure

The Company's source of fund was divided to share capital and short-term and long-term loan from financial institution. As of 31 December 2016, the Company's total shareholders' equity was 3,990 million baht higher than ending of 2015 of 211 million baht or 5.6% higher. This was because an increasing of retain earning of 77.5 million baht and paid-up capital increasing from stock dividend of 104.9 million baht.

For loan from financial institution and debentures, as of 31 December 2016 the amount was 7,996 million more than 2015 of 2,989 million Baht or 60%. The Company's Debt to Equity Ratio stood at 2.26 times increase from 2015 which was 1.47 times.

Forward Looking

In the of 2017, we are confident that the performance of the group of companies will continue grow by the factors and business plan as explained below;

1. Mobile and Accessories Distribution Business was fueled by overall industry growth. The Company has various unique distribution channels. The distribution channel through associated and subsidiaries distribution was performing well. Mobile suppliers plan to launch new model in accordance with the growth of Smart Phone demand trend.

The Company has a concrete business plan to grasp market share in Camera Market. Last year “Jaycamera” shop has been inaugurated and will open more in 2017. Moreover, the Company will grasp more opportunity on distribution arms among the group of companies

2. Business of subsidiaries both debt collection and debt management and rental space is expected to grow stronger in 2017. Especially for debt collection and debt management, the amount of face value of Non-Performing debt acquired was more than 1 hundred thousand million Baht. This was a key asset of the Company to grow further.
3. Personal Loan Business in 2017 is expected to recover.

Auditing Fee

The Company and its subsidiaries' 2015 and 2016 Auditing Fee paid to the auditors, personnel or business concerning the auditors or the office of the auditors from Grant Thornton Co., Ltd. in the previous year 2015 and EY Office Co., Ltd. in year 2016 amounted for Baht 4.7 million and Baht 5.1 million respectively.

Auditing Fee

	<u>2015</u>	<u>2016</u>
1. Financial Statement Auditing Fee		
Jay Mart Public Company Limited (million baht)	1.7	1.8
2. Financial Statement Auditing Fee		
Jay Mart Public Company Limited and its subsidiaries (million baht)	4.7	5.1

Research and Development Expenses

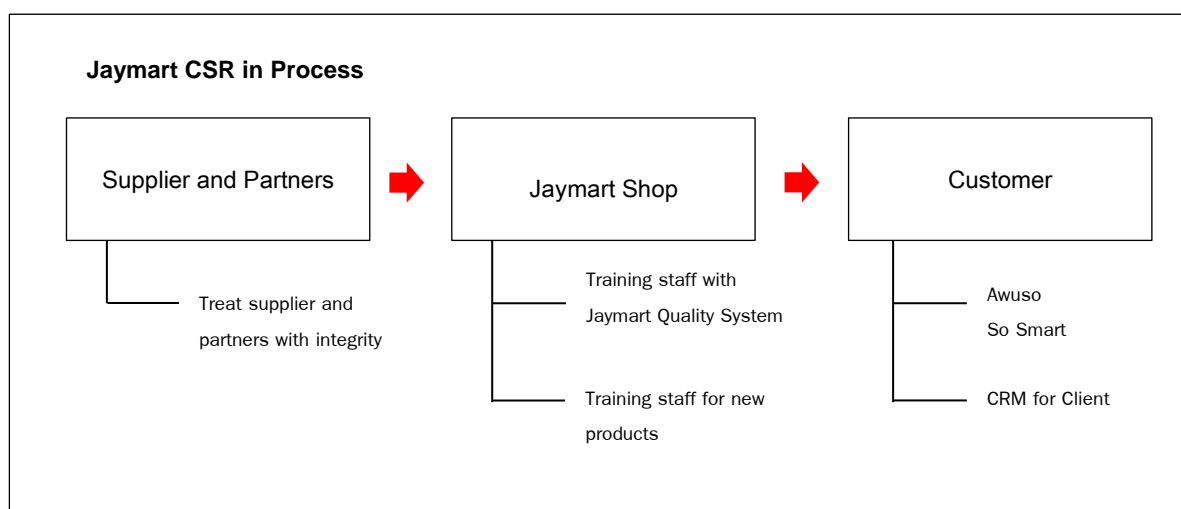
The Company does not have research and development expenses in 2016.

Corporate Social Responsibility

The Company has a policy to operate business with good corporate governance. We are well aware that the corporate social responsibility is important in doing business. To continue CSR program more intense and effective, the Company has stipulate the CSR guideline to be a practice guide for the Company.

1. Operate business with integrity
2. Anti-Corruption Policy
3. Respect of Human Right
4. Consumer Responsibility
5. Environment Responsibility
6. Social and Community Responsibility
7. CSR Innovation and sharing

For Jaymart, we are now incorporating the corporate social responsibility in our working process or CSR in Process as defined in the picture below;



"Awuso So Smart" Project

The Project is to provide knowledge about the use of mobile phone applications to the elders. Jay Mart Public Company Limited recognizes the importance of older populations which are likely to increase. According to the definition defined by the United Nations, it is prescribed that a country with more than 10% of population who are 60 years old and above or more than 7% of population who are 65 years old and above is entering aging society. The country will become aged society when the proportion of the population who are 60 years old reach 20% and population who are 65 years old and above reach 14%.

Thailand has entered an aging society since 2005 as the country has more than 10.5% of population who were 60 years and above. In addition, the tendency indicates that elderly population is increasing continuously as the birth rate is declining and average life expectancy of Thai population is increasing. This is resulting from the country's development in medical, public health, economic, social and environmental aspects etc.

Therefore, it is expected that the elderly population will continue to rise steadily. Both public and private organizations recognize the importance of the issue and have initiated various projects to provide particular care for the elders such as senior citizen card, pension fund and establishment of clinics and elderly clubs in various hospitals, etc. Moreover,

JMT also realizes the importance of mental and social aspects of elderly. Therefore, we initiated a project to provide education on usage of mobile application under the Project "Awuso So Smart" to help the elders to live happily in the society.

On August 11, 2015, Jaymart has organized the first project at Jaymart store at Siam Paragon. The atmosphere was filled with fun and attracted a lot of elders' attention about the use of smart phones and various mobile phone applications. Moreover, the organizing staffs also provide advice and answer questions from elders who participated in the event. Therefore, elders have better understanding of the use of smart phones and able to use the Applications to communicate with their children, grandchildren, family and friends in the same age group.

The 2nd "Awuso So Smart" project was held on September 11, 2015, at FU5 Coffee shop, The Jas Wanghin. The atmosphere in the event was filled with fun as ever. Many seniors attended the event to learn about applications. There were staffs to look after and answer questions of the seniors in a friendly manner.

In the year of 2016, the company held the 6th "Awuso So Smart" project on 11 June 2016 at the Company Head Office which gains a lot of attention from elders for 75 people.

Results from the Project;

- Elders gain more knowledge, learn proper way to use mobile phone and new mobile phone applications.
- Elders are able to have closer relationship with the family and friends in the same age group.

Things to be included in the next activities

1. Prepare curriculum for beginner, intermediate and advanced users.
2. Prepare classroom handouts
3. Improve sound system and allow speaker to use microphone.
4. Prepare teaching sequence. Speaker would finish the teaching first before allowing elders to ask questions.
5. Include topics which the elders are interested in such as method to select suitable mobile phone, precautions when using mobile phones, how to use Facebook or Line safely, Computer-related Crime Act etc.

Anti-corruption

In the year of 2016, the Company has declared its intention for Anti-corruption on 5 April 2016 which required company to engage in Anti-Corruption Plan.

"Awuso So Smart" Project



CAC Anti-corruption Declaration



CSR on Tour



"Jaymart Song Rak Pan Nam Jai Chuay Chao Na"



CSR Khao Phansa



CSR Kathin



Independent Auditor's Report

To the Shareholders of Jay Mart Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Jay Mart Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Jay Mart 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 Jay Mart Public Company Limited and its subsidiaries and of Jay Mart Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for 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 under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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 for each matter are described below.

Recognition of revenue from sales

The Group has disclosed its accounting policy relating to recognition of revenue from sales in Note 4.1 to the financial statements. In the year 2016, the Group recognised revenue from sales amounting to Baht 9,082 million, which represents 85% of total revenues. I identified recognition of revenue from sales to be an area of significant risk in the audit because revenue from sales is the most significant account in the statement of comprehensive income of the Group and it is a key performance indicator to which the management and users of the financial statements pay particular attention. In addition, the sales transactions were undertaken with a large number of retail customers. There is therefore a risk with respect to the completeness and the timing of revenue recognition.

I have examined the recognition of revenue from sales of the Group by

- Assessing and testing the Group's IT system and its internal controls related to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select sales agreements to assess whether revenue recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for sales transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes that the Group issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Recognition of revenue from collection of purchased accounts receivable

The Group's accounting policy on recognition of revenue from collection of purchased accounts receivable is described in Note 4.1 to the financial statements. The revenue from collection of purchased accounts receivables amounting to Baht 739 million, which was presented under "Service income from debts collection and others" in the statement of comprehensive income for the year 2016, represented 7% of total revenues. I focused on recognition for this revenue because such revenue was derived from a diverse range of retail customers, and the revenue recognition was made based on the effective interest rate method which relied on the estimation of the age of debts collected. There is therefore a risk with respect to the amount of revenue recognition.

I have examined the Group's recognition of revenue from collection of purchased accounts receivable by

- Assessing and testing the Group's IT systems and internal controls relevant to the revenue cycle for the collection of purchased accounts receivables by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select and test the cash flow projections and the calculation of effective interest rate (EIR) to assess whether the recognition of revenue from collection of purchased accounts receivables is in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for actual cash receipt transactions occurring during each period and the effective interest rate (EIR) table used in the calculation of recognised revenue to verify the actual amount of cash received which was applied in the calculation to adjust the effective interest rate (EIR) accordingly.
- Performing analytical procedures on disaggregated data of revenue from collection of purchased accounts receivables by identifying the revenue recognition ratio, and comparing the actual cash inflows and with the projected cash inflows to detect possible irregularities in revenue transactions throughout the period.

Allowance for loan losses

As discussed in Notes 4.3 and 4.7 to the financial statements, the estimation of allowance for loan losses relies on various assumptions. Therefore, the management is required to exercise judgment in determining the basis and policy to be used in calculating the allowance for loans losses, the methodology for determining the allowance, the estimation of losses expected to be incurred when debtors are unable to repay principal and interest, and the timing of such recognition. As the amount of loan is significant to the financial statements, I focused my audit on the adequacy of the allowance for loan losses.

I have examined the allowance for loan losses by

- Gaining an understanding of the procedures for estimating and recording the allowance for loan losses and assessing the internal controls relevant to the approval of credit limits, the debt collection, and the calculation and recording of allowance for loan losses.
- Assessing the basis and the policy used in estimating the allowance for loan losses and the method used in calculating the allowance for loan losses.
- Reviewing the completeness of data used in the calculation of the allowance and checking the correctness of the calculation of debtor aging and allowance for loan losses, and the accounting records.
- Performing analytical procedures on assumptions that the Group applied against historical data, checking the consistency of the application of such assumptions and evaluating the method used by the Group to estimate the allowance for each type of loan receivables.

Inventory

Estimating the net realisable values of inventory, as disclosed in Notes 4.4 and 10 to the financial statements, is an area of significant management judgment, particularly with regard to the estimation of provision for diminution in the value of obsolete or damaged inventory. This requires detailed analysis of the product life cycle, the competitive environment, the economic circumstances and the situation within the industry. There is thus a risk with respect to the amount of provision set aside for diminution in the value of inventory.

I assessed and tested the internal controls of the Group relevant to the estimation of provision for diminution in the value of inventory by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I assessed the method and the assumptions applied by the management in determining such provision. The procedures that I performed included:

- Gaining an understanding of the basis applied in determining the provision for diminution in value of inventory and reviewing the consistency of the application of that basis, and the rationale for the recording of specific provisions.
- Comparing the inventory holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover.
- Comparing net proceeds from sales transactions occurring after the date of the financial statements to the cost of inventory for each product line.

Other Matter

The Consolidated financial statements of Jay Mart Public Company Limited and its subsidiaries (the Group) and the separate financial statements of Jay Mart Public Company Limited for the year ended 31 December 2015 were audited by another auditor who, under his report dated 19 February 2016, expressed an unqualified opinion on those 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.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Sophon Permsirivallop.

Sophon Permsirivallop
Certified Public Accountant (Thailand) No. 3182

EY Office Limited
Bangkok: 20 February 2017

Jay Mart Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	7	843,948,114	169,467,117	106,700,088	98,408,690
Current investments	8	-	200,410,469	-	
Trade and other receivables	6,9	354,965,471	315,178,238	336,530,403	310,229,716
Short-term loans to subsidiaries	6	-	-	1,029,230,000	-
Inventories	10	1,148,703,149	1,285,061,027	1,148,572,229	1,285,061,027
Property development costs	11	96,479,872	-	-	-
Accrued income	6, 12	407,853,560	322,936,210	348,399,449	302,773,780
Current portion of hire purchase receivables	15	5,795,628	9,413,866	-	-
Current portion of loans to customers	16	1,822,390,704	314,368,198	-	-
Refundable value added tax		79,014,960	88,714,865	5,387,639	26,225,245
Advance payment for purchasing goods		28,509,946	445,627	28,509,946	445,627
Other current assets	13	110,995,728	91,530,871	37,165,659	66,750,028
Total current assets		4,898,657,132	2,797,526,488	3,040,495,413	2,089,894,113
Non-current assets					
Restricted bank deposits	14	1,915,935	2,058,720	-	-
Hire purchase receivables - net of current portion	15	2,671,650	13,931,307	-	-
Loans to customers - net of current portion	16	331,357,298	303,411,707	-	-
Loans receivable from purchase of accounts receivable	17	3,437,751,344	2,829,553,750	-	-
Advance payment for share subscription	18	-	-	36,000,000	-
Investments in subsidiaries	18	-	-	2,309,595,623	729,595,673
Investments in associates	19	999,235,434	996,954,611	946,017,308	946,017,308
Investment property	20	507,300,000	516,000,000	-	-
Property, building and equipment	21	840,452,009	768,600,971	649,939,410	656,405,265
Intangible assets	22	147,524,355	46,590,485	39,784,208	24,524,875
Leasehold rights and prepaid rent	23	1,499,160,695	773,055,733	238,246,598	253,043,023
Deferred tax assets	35	30,123,669	23,913,943	-	-
Other non-current assets	6, 24	306,992,788	278,440,595	168,676,464	160,397,026
Total non-current assets		8,104,485,177	6,552,511,822	4,388,259,611	2,769,983,170
Total assets		13,003,142,309	9,350,038,310	7,428,755,024	4,859,877,283

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

Jay Mart Public Company Limited and its subsidiaries
Statements of financial position (continued)
As at 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	25	1,933,636,080	2,449,757,764	1,920,357,797	2,007,257,764
Trade and other payables	6, 26	717,622,217	293,797,062	261,611,951	207,404,967
Current portion of liabilities under					
finance lease agreements	27	405,110	412,426	-	-
Current portion of long-term loans	28	371,739,750	412,288,845	196,695,998	29,029,595
Current portion of debentures	29	609,398,136	-	-	-
Short-term loans	25	2,384,192,913	860,000,000	1,405,189,380	400,000,000
Income tax payable		48,202,216	39,721,749	24,969,861	16,527,165
Other current liabilities		53,777,408	54,591,169	9,337,011	11,729,448
Total current liabilities		6,118,973,830	4,110,569,015	3,818,161,998	2,671,948,939
Non-current liabilities					
Liabilities under finance lease agreements					
- net of current portion	27	196,444	601,554	-	-
Long-term loans - net of current portion	28	1,200,154,236	674,618,125	440,003,567	139,077,998
Debentures - net of current portion	29	1,497,038,052	610,000,000	948,139,087	-
Provision for long-term employee benefits	30	30,145,336	27,882,269	22,871,992	20,575,723
Deferred tax liabilities	35	6,177,389	15,115,413	5,878,851	4,246,323
Other non-current liabilities	6, 31	160,467,568	132,897,109	13,962,716	13,139,469
Total non-current liabilities		2,894,179,025	1,461,114,470	1,430,856,213	177,039,513
Total liabilities		9,013,152,855	5,571,683,485	5,249,018,211	2,848,988,452

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

Jay Mart Public Company Limited and its subsidiaries
Statements of financial position (continued)
As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Shareholders' equity					
Share capital	32				
Registered					
629,355,727 ordinary shares of Baht 1 each					
(2015: 734,257,706 ordinary shares of Baht 1 each)		629,355,727	734,257,706	629,355,727	734,257,706
Issued and fully paid up					
629,355,622 ordinary shares of Baht 1 each					
(2015: 524,463,106 ordinary shares of Baht 1 each)		629,355,622	524,463,106	629,355,622	524,463,106
Share premium		548,019,741	548,019,741	548,019,741	548,019,741
Surplus from change in proportion of investment in subsidiaries		769,326,489	815,364,074	-	-
Retained earnings					
Appropriated - statutory reserve	33	73,425,771	73,425,771	73,425,771	73,425,771
Unappropriated		865,870,609	788,332,096	871,259,135	807,303,669
Other components of shareholders' equity		47,942,723	50,175,463	57,676,544	57,676,544
Equity attributable to owners of the Company		2,933,940,955	2,799,780,251	2,179,736,813	2,010,888,831
Non-controlling interests of the subsidiaries		1,056,048,499	978,574,574	-	-
Total shareholders' equity		3,989,989,454	3,778,354,825	2,179,736,813	2,010,888,831
Total liabilities and shareholders' equity		13,003,142,309	9,350,038,310	7,428,755,024	4,859,877,283

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

Jay Mart Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Profit or loss:					
Revenues from sales and services					
Sales		9,082,326,722	8,330,257,346	9,083,195,457	8,351,615,050
Service income from debts collection and others		1,093,915,858	694,875,423	-	
Rental and service income		524,713,846	485,857,578	-	-
Total revenues from sales and services		10,700,956,426	9,510,990,347	9,083,195,457	8,351,615,050
Cost of sales and services					
Cost of sales		7,900,089,378	7,352,902,578	7,900,088,519	7,352,902,578
Cost of services		382,139,228	314,787,193	-	-
Cost of rental and service		446,961,080	389,032,659	-	-
Total cost of sales and services		8,729,189,686	8,056,722,430	7,900,088,519	7,352,902,578
Gross profit		1,971,766,740	1,454,267,917	1,183,106,938	998,712,472
Sales promotion income		437,960,767	357,878,015	446,344,942	358,629,750
Dividend income	6, 18, 19	-	-	70,829,933	65,249,959
Management fee		-	-	4,446,000	3,144,000
Other income		74,011,179	80,197,391	84,112,203	70,547,484
Gain (loss) on fair value adjustment of investment property	20	(9,058,000)	8,187,306	-	-
Reversal of allowance for impairment of assets	21	800,000	14,600,000	-	-
Gain on disposal of investment in subsidiary	18	-	-	-	454,246,154
Profit before expenses		2,475,480,686	1,915,130,629	1,788,840,016	1,950,529,819
Selling expenses		836,548,470	764,739,163	844,868,826	791,555,346
Administrative expenses		857,108,768	561,201,582	367,080,342	327,156,274
Total expenses		1,693,657,238	1,325,940,745	1,211,949,168	1,118,711,620
Operating profit		781,823,448	589,189,884	576,890,848	831,818,199
Finance cost		(175,649,003)	(135,644,249)	(65,851,118)	(65,053,192)
Operating profit - net of finance cost		606,174,445	453,545,635	511,039,730	766,765,007
Share of profit (loss) from investments in associates	19	18,059,542	(1,561,616)	-	-
Profit before income tax expenses		624,233,987	451,984,019	511,039,730	766,765,007
Income tax expenses	35	(120,007,025)	(91,208,173)	(84,042,256)	(139,316,247)
Profit for the year		504,226,962	360,775,846	426,997,474	627,448,760

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

Jay Mart Public Company Limited and its subsidiaries
Statement of comprehensive income (continued)
For the year ended 31 December 2016

(Unit: Baht)					
		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Share of other comprehensive income of associate	19	(2,232,740)	(7,501,081)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods		(2,232,740)	(7,501,081)	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Surplus on revaluation of assets - net of income tax		-	33,248,000	-	33,248,000
Actuarial gain (loss) - net of income tax		-	(4,634,021)	-	(2,747,177)
Share of other comprehensive income of associate	19	2,328,990	-	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>		2,328,990	28,613,979	-	30,500,823
Other comprehensive income for the year		96,250	21,112,898	-	30,500,823
Total comprehensive income for the year		504,323,212	381,888,744	426,997,474	657,949,583
Profit attributable to:					
Equity holders of the Company		438,251,531	322,637,341	426,997,474	627,448,760
Non-controlling interests of the subsidiaries		65,975,431	38,138,505		
		504,226,962	360,775,846		
Total comprehensive income attributable to:					
Equity holders of the Company		438,347,781	344,026,893	426,997,474	657,949,583
Non-controlling interests of the subsidiaries		65,975,431	37,861,851		
		504,323,212	381,888,744		
		(Restated)		(Restated)	
Earnings per share	36				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.70	0.51	0.68	1.00

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

Jay Mart Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2016

(Unit: Baht)

Consolidated financial statements											
Equity attributable to owners of the Company											
						Other components of equity			Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
						Other comprehensive income					
						Exchange differences on translation of financial statements in foreign currency					
						Surplus on revaluation of assets					
Issued and fully paid-up share capital	Share premium	Surplus from change in proportion of investment in subsidiaries	Retained earnings				Total other components of shareholders' equity				
			Appropriated	Unappropriated							
Balance as at 1 January 2015	524,463,106	548,019,741	136,343,425	52,446,701	622,021,944	-	24,428,544	24,428,544	1,907,723,461	170,193,291	2,077,916,752
Profit for the year	-	-	-	-	322,637,341	-	-	-	322,637,341	38,138,505	360,775,846
Other comprehensive income for the year	-	-	-	-	(4,357,367)	(7,501,081)	33,248,000	25,746,919	21,389,552	(276,654)	21,112,898
Total comprehensive income for the year	-	-	-	-	318,279,974	(7,501,081)	33,248,000	25,746,919	344,026,893	37,861,851	381,888,744
Issued share capital subsidiary company	-	-	-	-	-	-	-	-	-	1,029,292,730	1,029,292,730
Disposal of investment in subsidiary	-	-	-	-	-	-	-	-	-	162,050,187	162,050,187
Surplus from change in proportion of investment in subsidiary (Note 18)	-	-	679,020,649	-	-	-	-	-	679,020,649	(406,573,445)	272,447,204
Statutory reserve (Note 33)	-	-	-	20,979,070	(20,979,070)	-	-	-	-	-	-
Dividend paid (Note 39)	-	-	-	-	(130,990,752)	-	-	-	(130,990,752)	(14,250,040)	(145,240,792)
Balance as at 31 December 2015	524,463,106	548,019,741	815,364,074	73,425,771	788,332,096	(7,501,081)	57,676,544	50,175,463	2,799,780,251	978,574,574	3,778,354,825
Balance as at 1 January 2016	524,463,106	548,019,741	815,364,074	73,425,771	788,332,096	(7,501,081)	57,676,544	50,175,463	2,799,780,251	978,574,574	3,778,354,825
Profit for the year	-	-	-	-	438,251,531	-	-	-	438,251,531	65,975,431	504,226,962
Other comprehensive income for the year	-	-	-	-	2,328,990	(2,232,740)	-	(2,232,740)	96,250	-	96,250
Total comprehensive income for the year	-	-	-	-	440,580,521	(2,232,740)	-	(2,232,740)	438,347,781	65,975,431	504,323,212
Surplus from change in proportion of investment in subsidiary (Note 18)	-	-	(46,037,585)	-	-	-	-	-	(46,037,585)	46,037,585	-
Advance receipt for shares subscription from the exercise of warrant	-	-	-	-	-	-	-	-	-	4,536	4,536
Stock dividend (Note 39)	104,892,516	-	-	-	(104,892,516)	-	-	-	-	-	-
Dividend paid (Note 39)	-	-	-	-	(258,149,492)	-	-	-	(258,149,492)	(34,543,627)	(292,693,119)
Balance as at 31 December 2016	629,355,622	548,019,741	769,326,489	73,425,771	865,870,609	(9,733,821)	57,676,544	47,942,723	2,933,940,955	1,056,048,499	3,989,989,454

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

Jay Mart Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity (continued)
For the year ended 31 December 2016

(Unit: Baht)

	Separate financial statements						
					Other component of equity		
					Other comprehensive income		Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Retained earnings		Surplus on revaluation of assets	Total other component of shareholders' equity	
			Appropriated	Unappropriated			
Balance as at 1 January 2015	524,463,106	548,019,741	52,446,701	334,571,908	24,428,544	24,428,544	1,483,930,000
Profit for the year	-	-	-	627,448,760	-	-	627,448,760
Other comprehensive income for the year	-	-	-	(2,747,177)	33,248,000	33,248,000	30,500,823
Total comprehensive income for the year	-	-	-	624,701,583	33,248,000	33,248,000	657,949,583
Statutory reserve (Note 33)	-	-	20,979,070	(20,979,070)	-	-	-
Dividend paid (Note 39)	-	-	-	(130,990,752)	-	-	(130,990,752)
Balance as at 31 December 2015	<u>524,463,106</u>	<u>548,019,741</u>	<u>73,425,771</u>	<u>807,303,669</u>	<u>57,676,544</u>	<u>57,676,544</u>	<u>2,010,888,831</u>
Balance as at 1 January 2016	524,463,106	548,019,741	73,425,771	807,303,669	57,676,544	57,676,544	2,010,888,831
Profit for the year	-	-	-	426,997,474	-	-	426,997,474
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	426,997,474	-	-	426,997,474
Stock dividend (Note 39)	104,892,516	-	-	(104,892,516)	-	-	-
Dividend paid (Note 39)	-	-	-	(258,149,492)	-	-	(258,149,492)
Balance as at 31 December 2016	<u>629,355,622</u>	<u>548,019,741</u>	<u>73,425,771</u>	<u>871,259,135</u>	<u>57,676,544</u>	<u>57,676,544</u>	<u>2,179,736,813</u>
	-	-	-	-	-	-	-

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

Jay Mart Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit before tax	624,233,987	451,984,019	511,039,730	766,765,007
Adjustments to reconcile profit before tax to				
net cash provided by (paid from) operating activities:				
Depreciation and amortisation	222,784,391	179,997,807	147,574,674	138,685,163
Allowance for doubtful accounts (reversal)	102,755,112	109,065,465	(7,531,744)	(1,082,859)
Bad debt	149,747,466	-	7,819,649	-
Allowance for diminution in value of inventories (reversal)	(6,123,126)	1,761,757	(6,123,126)	1,761,757
Loss on sales/write-off of property, plant and equipment				
and intangible assets	11,596,787	20,356,216	9,804,507	20,223,604
Reversal of allowance for loss on impairment assets	(800,000)	(14,600,000)	-	-
Write-off inventory	4,588	-	4,588	-
Gain on sales of leasehold rights	(337,415)	-	(337,415)	-
Decrease (increase) in fair value of investment properties	9,058,000	(8,187,306)	-	-
Gain on disposal of investment in subsidiary	-	-	-	(454,246,154)
Unrealised gain on exchange rate	(73,870)	(650,226)	(73,870)	(650,226)
Unrealised gain on changes in value of investments	-	(410,469)	-	-
Share of (profit) loss from investments in associates	(18,059,542)	1,561,616	-	-
Provision for long-term employee benefits	4,254,067	770,028	2,487,269	296,234
Dividend income	-	-	(70,829,933)	(65,249,959)
Interest income	(136,119,670)	(19,148,263)	(1,978,258)	(106,671)
Interest expenses	175,649,003	135,644,249	65,851,118	65,053,192
Profit from operating activities before				
changes in operating assets and liabilities	1,138,569,778	858,144,893	657,707,189	471,449,088
Operating assets (increase) decrease				
Trade and other receivables	(40,083,923)	(50,065,518)	(27,036,793)	(68,554,392)
Inventories	142,476,416	(177,091,809)	142,607,336	(177,091,809)
Accrued income	(52,346,832)	50,210,792	(45,625,669)	53,960,313
Refundable value added tax	9,699,905	(35,997,875)	20,837,606	(8,245,079)
Advance payment for purchasing goods	(28,064,319)	24,584,132	(28,064,319)	24,584,132
Real estate development costs	(96,479,872)	-	-	-
Other current assets	(5,649,250)	1,877,586	28,424,164	(11,175,999)
Hire purchase receivables	9,571,935	14,117,592	-	-
Loans to customers	(1,782,799,660)	(610,106,594)	-	-
Loans receivable from purchase of accounts receivable	(317,171,156)	(908,478,660)	-	-
Other non-current assets	(29,578,894)	39,677,931	(8,279,438)	13,686,765
Operating liabilities increase (decrease)				
Trade and other payables	62,177,828	(204,328,937)	42,849,016	(64,208,629)
Other current liabilities	(813,761)	13,578,055	(2,392,437)	(12,613,455)
Other non-current liabilities	26,733,512	15,349,694	(13,700)	3,698,962

Cash flows from (used in) operating activities	(963,758,293)	(968,528,718)	781,012,955	225,489,897
Interest income	103,997,353	17,466,644	2,426,459	168,829
Cash paid for employee benefit	(1,991,000)	-	(191,000)	-
Cash paid for corporate income tax	(133,777,074)	(186,919,080)	(73,967,032)	(129,556,891)
Net cash flows from (used in) operating activities	(995,529,014)	(1,137,981,154)	709,281,382	96,101,835

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

Jay Mart Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from investing activities				
Decrease in restricted bank deposits	142,785	102,063	-	-
Decrease (increase) in current investments	200,410,469	(200,000,000)	-	-
Increase in short-term loans to subsidiaries	-	-	(1,029,230,000)	-
Advance payment for shares subscription	-	-	(36,000,000)	-
Increase in investment in subsidiaries	-	-	(1,579,999,950)	(276,232,779)
Increase in investment in associates	(4,375,000)	(966,017,308)	-	(946,017,308)
Acquisition of property, plant and equipment and intangible assets	(363,584,923)	(147,795,846)	(131,668,549)	(79,176,319)
Increase in leasehold rights	(715,415,381)	(385,573,354)	(10,990,000)	-
Acquisition of investment properties	(358,000)	(13,173,902)	-	-
Proceeds from disposal of investment in subsidiary	-	525,400,000	-	525,400,000
Proceeds from sales of property, plant and equipment	1,842,580	1,215,407	817,226	745,836
Proceeds from sales of leasehold rights	1,401,869	1,945,525	1,401,869	1,945,525
Dividend received	20,249,969	-	70,829,933	65,249,959
Net cash flows used in investing activities	(859,685,632)	(1,183,897,415)	(2,714,839,471)	(708,085,086)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(516,121,684)	446,642,647	(86,899,967)	447,642,647
Increase in short-term loans	1,535,000,000	395,000,000	1,010,000,000	400,000,000
Cash receipt from long-term loans	900,000,000	437,190,000	500,000,000	-
Repayment of long-term loans	(412,929,383)	(285,310,821)	(29,324,427)	(27,637,107)
Repayment of liabilities under finance lease agreements	(412,426)	(735,422)	-	-
Proceeds from increase share capital of subsidiary - non controlling interests	-	1,029,292,730	-	-
Proceeds from the issuance of debentures	1,500,000,000	610,000,000	950,000,000	-
Cash paid for financial fee	(5,361,162)	-	(4,015,262)	-
Advance receipt for share subscription	4,536	-	-	-
Dividend paid	(292,693,119)	(145,240,792)	(258,149,492)	(130,990,752)
Cash paid for interest expenses	(177,791,119)	(132,091,257)	(67,761,365)	(65,606,240)
Net cash flows from financing activities	2,529,695,643	2,354,747,085	2,013,849,487	623,408,548
Net increase in cash and cash equivalents	674,480,997	32,868,516	8,291,398	11,425,297
Cash and cash equivalents at beginning of year	169,467,117	136,598,601	98,408,690	86,983,393
Cash and cash equivalents at end of year	843,948,114	169,467,117	106,700,088	98,408,690
	-	-	-	-

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

Jay Mart Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Supplemental cash flows information:				
Non-cash items				
Payable for acquisition of property, plant and equipment and intangible assets	28,694,494	18,186,199	19,905,993	10,143,575
Purchase of non-performing accounts receivable from financial institutions by installments not affecting the cash flows	291,345,458	27,366,003	-	-
Accounts payable for leasehold rights	45,000,000	-	-	-
Accounts payable for construction	11,365,227	-	-	-
Accounts payable for investment property	-	31,647,569	-	-
Interest expenses recorded as cost of project	4,323,555	6,383,314	-	-
Amortised leasehold rights recorded as cost of project	3,378,378	1,650,344	-	-
Issuance of stock dividend	104,892,516	-	104,892,516	-
Provision for decommissioning cost	836,947	-	836,947	-

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

Jay Mart Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2016

1. General information

Jay Mart Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the trading of mobile phone, and related accessories. The registered office of the Company is at 325/7-8, Jaymart Building, Ramkhamhaeng Road, Sapansoong Sub - District, Sapansoong District, Bangkok.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Jay Mart Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2016</u>	<u>2015</u>
			(%)	(%)
JMT Network Services Public Company Limited (JMT)	Debts management and collection, providing finance leasing services and consumer lendings	Thailand	55.88	55.88

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2016</u> (%)	<u>2015</u> (%)
JAS Asset Public Company Limited	Property development	Thailand	67.50	67.50
J Fintech Co., Ltd. (Formerly known as "JMT Plus Company Limited") (90.16% held by the Company and 9.84% held by JMT)	Leasing and consumer lendings	Thailand	95.66	-
J Capital Co., Ltd. (Formerly known as "Jay Mart Holding Company Limited")	Holding Company	Thailand	99.99	99.99
Smart Item Company Limited	E-Commerce Business	Thailand	99.99	99.99
Jay Mart Mobile Co., Ltd.	Trading of mobile phone, and related accessories	Thailand	99.99	-
<u>Indirect subsidiaries</u>				
J Fintech Co., Ltd. (Formerly known as "JMT Plus Company Limited") (99.99% held by JMT)	Leasing and consumer lendings	Thailand	-	55.87
Jay Insurance Broker Company Limited (99.99% held by JMT)	Insurance broker	Thailand	55.87	55.87
J Asset Management Company Limited (99.99% held by JMT)	Asset management	Thailand	55.87	55.87

- 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.
- 2.3 The separate financial statements present investments in subsidiaries and associates 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 (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements.

(b) Financial reporting standard that will become effective in the future

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

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

TAS 27 (revised 2016) Separate Financial Statements

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

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

Service income from debts collection and other service

The subsidiaries recognised service income from debts collection and other service when services are rendered to customers is recognised as income on accrual basis, based on the agreed rates.

Revenues from collection of purchased accounts receivable

The subsidiaries recognised revenues from collection of purchased accounts receivable by using the effective interest method (expected return on debts collection) calculated from outstanding loans receivable from purchase of accounts receivable. If actual cash flows from collection exceed calculated revenues, the remaining cash collection will be amortised from the value of loans receivable from purchase of accounts receivable for each period. If loans receivable from purchase of accounts receivable are fully amortised, the subsidiaries will recognise such cash collection as revenues and recognised loss on impairment immediately when there is an indication of significant decrease in estimated cash flows.

Penalty income, follow up fee from hire purchase receivables and loans to customers contracts

The subsidiaries recognised penalty income, follow up fee from hire purchase receivables and loans to customers contracts as revenues upon receipt of payment from customers.

Interest income from hire - purchase

The subsidiaries recognised hire - purchase interest income as income over the period of the agreement, using effective rate method, with income recognised when the installments fall due irrespective of when actual collection is made. The subsidiaries ceased recognising hire - purchase interest income when the contract receivables are overdue for more than 3 installment periods except where there is an indication of receivables' inability to repay, which income recognition is ceased immediately.

Interest income from loan

The subsidiaries recognised interest income from loan is recognised as income on an accrual basis, based on the effective interest method over the installment period. The subsidiaries ceased recognising interest income from loan when the contract receivables are overdue for more than 3 installment periods except where there is an indication of receivables' inability to repay, which income recognition is ceased immediately.

Rental and service income

Income from rental and related services are recognised as revenue in profit and loss on a straight-line basis over the lease term. Other service income is recognised when services have been rendered under conditions of the agreement, taking into account the stage of completion.

Sales promotion income and accrued subsidy income on goods purchases

Sales promotion income and accrued subsidy income on goods purchases are recognised on an accrual basis.

Insurance brokerage income

The subsidiary recognised insurance brokerage income on the date the insurance policy comes into effect, net of discount, and services have been completed.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

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 accounts receivable, hire purchase receivables and loans to customers

Trade accounts receivable

Trade accounts receivable 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.

Hire - purchase receivables

Hire - purchase receivables are presented at amount net of unearned interest income and allowance for doubtful accounts. The subsidiaries provided allowances for doubtful accounts based on receivables aging report which is calculated from hire - purchase receivables, after the deduction of unearned interest income and collaterals. The collaterals are calculated from the cash value as at agreement date, at the rate of 15% - 75% by considering the probability of collection from debtors and selling of collaterals. In addition, the subsidiaries will consider the repayment ability of each debtor for overdue amounts.

The subsidiaries used basis for determination of allowance for doubtful accounts are the number of overdue installment periods, less unearned interest income and collaterals as follows:

Overdue period	Allowance percentage
Current and overdue 1 period	1
Overdue 2 - 3 periods	2
Overdue 4 - 6 periods	20
Overdue 7 - 12 periods	50
Overdue more than 12 periods	100

Should the subsidiaries consider account receivables to be un-collectable, they will write them off from the accounts.

Foreclosed assets

Foreclosed assets are assets seised from hire - purchase receivables and presented at the lower of carrying amount (which mostly comprises the net outstanding balance) or fair value less costs to sell.

Loans to customers

Loan to customers would initially be recognised at an amount equal to the net investment.

The subsidiaries used basis for determination of allowance for doubtful accounts for loan receivables as follows:

Overdue period	Allowance percentage
Current and overdue 1 period	1
Overdue 2 - 3 periods	2
Overdue 4 - 6 periods	100
Overdue 7 - 12 periods	100
Overdue more than 12 periods	100

4.4 Inventories

Inventories are valued at the lower of cost (under the first-in, first-out method) and net realisable value. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attribute discounts and allowances. Net realisable value is the estimate of the selling price in the ordinary course of business, less necessary costs to make inventories ready for sales. The Company sets up allowance for obsolete, slow - moving and defective inventories, where necessary, from the consideration of market situation and the aged inventories as follows:

	<u>Allowance percentage</u>
Inventory aged between 181 - 270 days	25
Inventory aged between 271 - 365 days	50
Inventory aged over 1 year	100

4.5 Property development costs

Property development costs are stated at the cost less allowance for loss on impairment (if any). Cost comprises the acquisition costs, the cost of design, borrowing cost and related other cost.

4.6 Troubled debt restructuring

In cases where the debt restructuring involves modifications of the terms, the fair value of the receivables after restructuring is based on the net present value of expected future cash flows, discounted by the subsidiary's financial cost rate to be paid for holding receivable with the troubled debt restructuring over the period of the contract. Differences between the fair values of receivables as of the restructuring date and their previous book values is recorded in "Revaluation allowance for debt restructuring", and recognised as an expense in profit or loss in the statements of comprehensive income in the year in which the restructuring takes place. The subsidiary reviews such revaluation allowance based on the net present value of future cash flows over the remaining period to maturity, recognising adjustments to the allowance against impairment of loan receivable.

4.7 Loans receivable from purchase of accounts receivable

The loans receivable from purchase of accounts receivable represent the subsidiaries purchased non-performing receivables of financial institutions and credit service companies at discounted values from bidding for debts management and collection. Under the purchase contracts of non - performing receivables, the subsidiaries take all the risks in the collection without recourse. Such loans receivable from purchase of accounts receivable are presented at purchase cost less amortised costs and allowance for impairment (if any). The subsidiaries recognised loss on impairment of loans receivable from purchase of accounts receivable when it anticipates discounted cash flows to the present values of receivables are lower than carrying value.

4.8 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.9 Investment property

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value. Any gains or losses arising from changes in the value of investment property is recognised in profit or loss when incurred.

On disposal of investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.10 Property, building and equipment/Depreciation

Land is stated at revalued amount. Buildings and equipment are stated at cost less accumulated depreciation and allowance for impairment of assets (if any).

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Company's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "Revaluation surplus". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus" in respect of the same asset.

Depreciation of buildings and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings and building improvements	-	5 - 30 years
Office furniture	-	3 - 9 years
Office equipment	-	3 - 9 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided for land and assets under construction.

An item of property, building 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.

4.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.12 Intangible assets

Intangible assets are initially recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible asset with finite useful lives is as follows:

	<u>Useful lives</u>
Trademark	5 years
Computer software	3 - 5 years

4.13 Leasehold rights and amortisation

Leasehold rights are stated at cost less accumulated amortisation and any accumulated impairment losses (if any).

The Company and its subsidiaries amortised leasehold right on a systematic basis over the economic useful life of between 9 and 33 years.

The amortisation expense is charged to profit and loss.

4.14 Deferred financial fees

Financial expenses related to borrowings that are typically incurred on or before signing facility agreements and before actual draw down of the loans are recorded as deferred financial fees. A portion of deferred financial fees proportionate to the amount of the loan facility already drawn is presented as a deduction against the related loan account and amortised using the effective interest rate method over the term of the loans.

The amortisation of deferred financial fees is included in profit or loss.

4.15 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

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

4.16 Long-term leases

Leases of property, building or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of property, building or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.17 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's and its subsidiaries' functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

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.

4.18 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, building and equipment, intangible asset and leasehold rights whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of intangible asset with indefinite useful lives. 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss. However in cases where land was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

4.19 Customer loyalty programmes

The Company offers customer loyalty programmes for members card as a part of sales and services. The member will receive loyalty points that could be redeemed in the future by customers for selected goods, services or discount with no consideration paid based on terms and conditions as specified in the card.

Under TFRIC 13, credits granted to a customer are considered as a separately identifiable component of the sale transaction. The consideration received in respect of the sale transaction is allocated between the initial sale of goods or supply of services, for which the corresponding revenue is recognised immediately in income and credits awarded and redeemable in the future, for which the corresponding revenue is deferred until the customer redeems the awards and the Company fulfils its obligations to supply the awards.

The Company initially records loyalty points to deferred revenue and recognises as income when customer redeems the awards and the Company fulfils its obligation to supply the awards.

4.20 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

4.21 Provisions

Provisions are recognised when the Company and its subsidiaries has 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.

4.22 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 subsidiaries 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 subsidiaries 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 subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.23 Derivatives

Interest rate swap contracts

The net amount of interest to be received from or paid to the counterparty under an interest rate swap contract is recognised as income or expenses on an accrual basis.

4.24 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 subsidiaries 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 subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting 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:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for diminution in value of inventories

The determination of allowance for diminution in the value of inventories with regard to lost, damaged or obsolete inventories, requires management to make judgements and estimates. This requires detailed analysis of the product life cycle, useful life of each type of inventory, the competitive environment, economic circumstances and the situation within the industry.

Allowance for doubtful accounts for hire purchase receivables and loans to customers

In determining an allowance for doubtful accounts, the management has estimated the percentage of the allowance for doubtful accounts for each age of receivable on the basis of historical statistical data, assessment of the risk associated with the receivable, the nature of the collateral provided, and actual losses arising from such debtors in the past, while emphasising the principal of conservatism.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Investment property

The subsidiary presents investment property at the fair value estimated by an independent appraiser, and recognises changes in the fair value in profit or loss. The independent appraiser valued the investment property using the income approach, because there is no market price that could be used to apply a comparative approach. The key assumptions used in estimating the fair value are described in Note 20.

Property building and equipment/Depreciation

In determining depreciation of building and equipment, the management is required to make estimates of the useful lives and residual values of the building and equipment and to review estimate useful lives and residual values when there are any changes.

The Company measures land at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land. The valuation involves certain assumptions and estimates.

In addition, the management is required to review property, building and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Intangible assets

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimated cash in flows from loans receivable from purchase of accounts receivable

The subsidiaries estimate future cash collection from loans receivable from purchase of accounts receivable based on quality, type, aging of receivables and historical information of debt collection. The subsidiaries assess the periods of collection of loans receivable from purchase of accounts receivable for 5 - 10 years.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Litigation

The subsidiary has contingent liabilities as a result of litigation. The management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

6. Related party transactions

The relationships between the Company and its related parties are summarised below.

Companies	Relationship
JMT Network Services Public Company Limited (JMT)	Subsidiary
JAS Asset Public Company Limited	Subsidiary
J Fintech Co., Ltd. (formerly known as “JMT Plus Company Limited”)	Subsidiary (subsidiary of JMT until 26 October 2016)
J Capital Co., Ltd. (formerly known as “Jay Mart Holding Company Limited”)	Subsidiary
Smart Item Company Limited	Subsidiary
Jaymart Mobile Co., Ltd.	Subsidiary
Jay Insurance Broker Company Limited	Subsidiary (Held by subsidiary)
J Asset Management Company Limited	Subsidiary (Held by subsidiary)
Singer Thailand Public Company Limited	Associated company
J & P (Thailand) Company Limited	Associated company (held by subsidiary)
J & P (Myanmar) Company Limited	Associated company (held by associated company)
T.A.S. Assets Company Limited	Common shareholders and directors
Mr. Pisnu Pong-acha	Director

During the years, the Company and its subsidiaries 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 bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2016	2015	2016	2015	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales	-	-	0.9	0.6	Market price
Management income	-	-	4.4	3.1	Contract price
Sales promotion income	-	-	8.4	0.8	Mutually agreed rate
Dividend income	-	-	50.6	65.2	As declared
Other income	-	-	25.7	21.9	Contract price
Interest	-	-	2.3	-	Mutually agreed rate
Sales promotion expenses	-	-	35.3	43.3	Mutually agreed rate
Office and land rental and utilities	-	-	16.7	17.7	Market price
<u>Transactions with associates</u>					
Sales	514.4	47.9	514.4	47.9	Market price
Service income from debts collection	13.4	-	-	-	Market price
Dividend income	-	-	20.2	-	As declared
Purchase goods	0.3	1.7	-	1.7	Market price
Sales promotion expenses	4.0	1.1	3.8	1.1	Mutually agreed rate
<u>Transactions with management and director</u>					
Office and land rental and utilities	1.2	1.2	1.2	1.2	Market price

As at 31 December 2016 and 2015, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>Trade and other receivables - related parties (Note 9)</u>				
Subsidiaries	-	-	25,493	19,340
Associates	124,683	-	120,041	-
Total trade and other receivables - related parties	124,683	-	145,534	19,340
<u>Short-term loans to subsidiaries</u>				
Subsidiaries	-	-	1,029,230	-

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<u>Accrued income from sale and services - related parties (Note 12)</u>				
Subsidiaries	-	-	1,282	608
Associates	5,344	-	-	-
Total accrued income from sale and services				
- related parties	5,344	-	1,282	608
<u>Rental deposit receivable - related parties (Note 24)</u>				
Subsidiary	-	-	4,837	4,047
Director	164	164	164	164
Total rental deposit receivable - related parties	164	164	5,001	4,211
<u>Trade and other payables - related parties (Note 26)</u>				
Subsidiaries	-	-	14,981	8,832
Associates	2,588	3,209	2,571	3,209
Total trade and other payables - related parties	2,588	3,209	17,552	12,041
<u>Rental deposit from related parties (Note 31)</u>				
Subsidiaries	-	-	4,923	4,374

Loans to related parties

As at 31 December 2016 and 2015, the balance of loans between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)					
		Separate financial statements			
Loans to related parties	Relationship	Balance as at 31 December 2015	Increase during the year	Decrease during the year	Balance as at 31 December 2016
Short-term loans to subsidiaries					
Smart Item Company					
Limited	Subsidiary	-	1,230	-	1,230
J Fintech Co., Ltd.	Subsidiary	-	1,028,000	-	1,028,000
		-	1,029,230	-	1,029,230

Short-term loans to subsidiaries carry interest at 2.84% - 2.92% per annum and due at call.

Directors and management's benefits

During the year ended 31 December 2016 and 2015, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Short-term employee benefits	65,264	49,443	37,161	24,745
Post-employment benefits	3,166	791	1,558	546
Total	68,430	50,234	38,719	25,291

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2016	2015	2016	2015
Cash	47,786	35,796	43,756	35,763
Bank deposits	796,162	133,671	62,944	62,646
Total	843,948	169,467	106,700	98,409

As at 31 December 2016, bank deposits in saving accounts carried interests between 0.1% and 0.375% per annum (2015: between 0.1% and 0.50% per annum).

8. Current investments

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	2016	2015
<u>Investments in trading security</u>		
Cost	-	200,000
Add: Unrealised gain on changes in value of investments		
Fair value	-	410
	-	200,410

9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	122,394	-	121,047	1,552
Past due				
Up to 3 months	2,220	-	24,418	17,788
Total trade receivables - related parties	124,614	-	145,465	19,340
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	71,033	224,755	54,070	213,179
Past due				
Up to 3 months	62,451	48,178	42,101	38,281
3 - 6 months	1,629	2,553	310	151
6 - 12 months	592	2,076	-	1,666
Over 12 months	1,835	10,256	1,645	10,192
Total	137,540	287,818	98,126	263,469
Less: Allowance for doubtful debts	(787)	(7,904)	(311)	(7,843)
Total trade receivables - unrelated parties, net	136,753	279,914	97,815	255,626
Total trade receivable - net	261,367	279,914	243,280	274,966
<u>Other receivables</u>				
Other receivable - related party	69	-	69	-
Other receivables - unrelated parties	93,529	35,264	93,181	35,264
Total other receivables	93,598	35,264	93,250	35,264
Total trade and other receivables - net	354,965	315,178	336,530	310,230

10. Inventories

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Inventories	1,161,920	1,304,401	1,161,789	1,304,401
Less: Allowance for diminution in value				
of inventories	(13,217)	(19,340)	(13,217)	(19,340)
Inventories - net	1,148,703	1,285,061	1,148,572	1,285,061

Movements in the allowance of diminution in value of inventories account during the year ended 31 December 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2016	19,340	19,340
Add: Allowance for diminution in value of inventories made during the year	8,973	8,973
Less: Reversal of allowance for diminution in value of inventories during the year	(15,096)	(15,096)
Balance as at 31 December 2016	13,217	13,217

11. Property development costs

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2016	
Land	95,348	
Other costs	1,132	
Total	96,480	

12. Accrued income

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Accrued income from sale and services - related parties	5,344	-	1,282	608
Accrued income from sale and services - unrelated parties	21,370	45,597	1,320	27,599
Accrued subsidy income on goods purchases	227,862	221,509	227,862	221,509
Accrued promotion income	117,935	53,058	117,935	53,058
Others	35,343	2,772	-	-
Total	407,854	322,936	348,399	302,774

13. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash cards	2,444	27,305	2,444	27,305
Prepaid expenses	25,751	28,434	21,219	17,259
Undue input vat	4,950	3,813	2,074	2,066
Deposit for purchase of land	15,846	-	-	-
Others	62,005	31,979	11,429	20,120
Total	110,996	91,531	37,166	66,750

14. Restricted bank deposits

These represent fixed deposits pledged with the banks to secure operation in debt collection business and insurance brokerage services of subsidiaries.

15. Hire purchase receivables

15.1 As at 31 December 2016 and 2015, the subsidiaries had receivables under car hire purchases financing services totalling Baht 49.35 million and Baht 58.92 million, respectively. The terms of the agreements are generally between 3 to 6 years and bears interest at the fixed interest rate as stipulated in the agreement. Hire purchase receivables are stated at outstanding balances net of unearned financial income as follows:

(Unit: Thousand Baht)

	Consolidated financial statements							
	Portion due over one year						Total	
	Portion due within one year		but not over five years		Portion due over five years			
	2016	2015	2016	2015	2016	2015	2016	2015
Hire purchase and installment receivables	51,633	32,094	8,790	39,540	-	1	60,423	71,635
Less: Unearned hire purchase and installment income, net	(10,754)	(7,832)	(320)	(4,881)	-	(1)	(11,074)	(12,714)
Total	40,879	24,262	8,470	34,659	-	-	49,349	58,921
Less: Allowance for doubtful accounts	(35,083)	(14,848)	(5,799)	(20,728)	-	-	(40,882)	(35,576)
Net	5,796	9,414	2,671	13,931	-	-	8,467	23,345

15.2 At 31 December 2016 and 2015, aged of hire purchase receivables balances and details of allowance for doubtful accounts are as follows:

(Unit: Thousand Baht)

Consolidated financial statements						
31 December 2016						
Aging	Number of agreements	Net receivable of unearned financial income	Receivable used for computation of allowance for doubtful accounts	% of allowance for doubtful accounts	Allowance for doubtful accounts	Net
Not yet due	42	4,525	77	1	1	4,524
Overdue for 1 period	5	407	43	1	1	406
Overdue for 2 - 3 periods	13	1,805	104	2	2	1,803
Overdue for 4 - 6 periods	4	558	66	20	13	545
Overdue for 7 - 12 periods	15	2,232	2,225	50	1,112	1,120
Overdue more than 12 periods	198	39,822	39,753	100	39,753	69
Total	277	49,349	42,268		40,882	8,467

(Unit: Thousand Baht)

Consolidated financial statements						
31 December 2015						
Aging	Number of agreements	Net receivable of unearned financial income	Receivable used for computation of allowance for doubtful accounts	% of allowance for doubtful accounts	Allowance for doubtful accounts	Net
Not yet due	62	9,129	626	1	6	9,123
Overdue for 1 period	13	2,090	244	1	2	2,088
Overdue for 2 - 3 periods	36	6,909	836	2	17	6,892
Overdue for 4 - 6 periods	16	2,658	462	20	93	2,565
Overdue for 7 - 12 periods	25	5,228	5,208	50	2,604	2,624
Overdue more than 12 periods	154	32,907	32,854	100	32,854	53
Total	306	58,921	40,230		35,576	23,345

The subsidiaries provide allowances for doubtful accounts in accordance with the guidance of the Thai Hire Purchase Association, whereby the allowances for doubtful accounts are based on receivable aging report which is calculated from under hire purchase receivable agreements deducted by unearned financial income and collaterals (if any). The collaterals are calculated from the cash value as at agreement date, at the rate of 15% - 75% by considering the probability of collection from debtors and selling of collaterals. However, the above basis of allowance policy does not comply with the accounting guideline for the consumer finance business promulgated by of the Federation of Accounting Profession (FAP) with the approval of the Office of the Securities and Exchange Commission. The subsidiaries have a policy to set up allowances based on consideration of the current status, ability to make payments of receivables, statistic, experience and damage information. The management believes that the subsidiaries have set up allowances for doubtful accounts adequately. As at 31 December 2016, the recorded allowance for doubtful accounts are less than the amount computed under FAP guideline of Baht 1.65 million (2015: Baht 5.42 million).

- 15.3 As at 31 December 2016, the subsidiaries had hire purchase receivables (net of unearned hire purchase interest income) amounting to approximately Baht 42.5 million (2015: Baht 40.79 million), for which revenue recognition has been ceased.

16. Loans to customers

- 16.1 As at 31 December 2016 and 2015, the subsidiaries had loans to customers of Baht 2,273.94 million and Baht 632.97 million, respectively. The terms of the agreements are generally between 1 - 10 years and bears interest at the fixed interest rate as stipulated in the agreement. Loans to customers are as follows:

(Unit: Thousand Baht)

Consolidated financial statements								
	Portion due within one year		Portion due over one year but not over five years		Portion due over five years		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Loans to customers	2,017,771	405,256	402,546	341,454	508	644	2,420,825	747,354
Less: Unearned interest income	(110,596)	(77,272)	(36,170)	(36,929)	(121)	(185)	(146,887)	(114,386)
Total	1,907,175	327,984	366,376	304,525	387	459	2,273,938	632,968
Less: Allowance for doubtful accounts	(84,784)	(13,616)	(35,402)	(1,572)	(4)	-	(120,190)	(15,188)
Net	1,822,391	314,368	330,974	302,953	383	459	2,153,748	617,780

As at 31 December 2016 and 2015, loan to customers comprised the following:

(Unit: Thousand Baht)		
Consolidated financial statements		
	2016	2015
Revolving loan receivables	1,209,114	-
Term loan receivables	1,064,824	632,968
Total	2,273,938	632,968

Revolving loans are repayable at any time subject to a minimum monthly payment of 2.5% of the outstanding balances or Baht 200 as a minimum rate, as specified in the loan agreements. The subsidiaries classifies the total balance of revolving loan receivables within current assets.

Term loan receivables are repayable by monthly installments, as specified in the loan agreements. The subsidiaries classifies the balance of term loan receivables within current and non-current assets. As at 31 December 2016, this monthly repayment amount repayable within one year was Baht 698.06 million (2015: Baht 327.98 million).

16.2 As at 31 December 2016 and 2015, the balances of loan to customers (net of unearned interest income) and allowance for doubtful accounts aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)								
Consolidated financial statements								
Aging	Loans to customers		Percentage of allowance for doubtful account		Allowance for doubtful accounts		Accounts receivable of loans to customers - net	
	2016	2015	2016	2015	2016	2015	2016	2015
Not yet due	1,962,558	517,575	1 and 15	1	30,104	5,176	1,932,454	512,399
Overdue								
1 period	105,244	53,712	1 and 15	1	3,278	537	101,966	53,175
2 - 3 periods	124,884	53,272	2 and 15	2	5,556	1,066	119,328	52,206
4 - 6 periods	40,109	4,351	100	100	40,109	4,351	-	-
7 - 12 periods	25,284	3,803	100	100	25,284	3,803	-	-
More than 12 periods	15,859	255	100	100	15,859	255	-	-
Total	2,273,938	632,968			120,190	15,188	2,153,748	617,780

16.3 Troubled debt restructuring

During the year ended 31 December 2016, the subsidiary entered into contracts for troubled debt restructuring, which can be summarised as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	For the year ended 31 December 2016		
	Number of debtors	Amount	
		Before restructuring	After restructuring
Type of restructuring			
Modification of terms of payments	5,274	150,953	150,953
Total	5,274	150,953	150,953
Term of debt restructuring agreements			
Not over 5 years	5,274	150,953	150,953
Total	5,274	150,953	150,953

Supplemental information for the year ended 31 December 2016 relating to the restructured debts is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements
	For the year ended
	31 December 2016
Cash settlement by debtors	3,319

As at 31 December 2016, the subsidiary has the outstanding balances with troubled debt restructuring debtors, as follows:

	Consolidated financial statements	
	31 December 2016	
	Number of debtors	Outstanding balance
	(Number)	(Thousand Baht)
Troubled debt restructuring debtors	4,116	115,031

The subsidiary applied the financial costs rate to be paid for the holding of restructured loans over the period of the contracts to the discounted cash flow. By considering the form of modification of terms of payments to debtors, and the subsidiary's financial costs rate calculation, the subsidiary used the weighted average cost of borrowing.

17. Loans receivable from purchase of accounts receivable

As at 31 December 2016 and 2015, loans receivable portfolio classified by group of debtors are as follows:

(Unit: Thousand Baht)				
Consolidated financial statements				
	2016		2015	
	Number of contracts	Amount	Number of contracts	Amount
Hire purchase receivables	847,837	1,646,533	805,012	1,612,103
Personal loan receivables	2,198,134	1,893,670	1,725,748	1,319,584
Total	3,045,971	3,540,203	2,530,760	2,931,687
Less: Allowance for doubtful accounts		(102,452)		(102,133)
Net		3,437,751		2,829,554

The movements on loans receivable from purchase of accounts receivable during the year are as follows:

(Unit: Thousand Baht)	
Consolidated financial statements	
Balance as at 1 January 2016	2,829,554
Add: Purchase during the year	895,233
Less: Portion decrease from cash collection during the year	(284,682)
Increase of allowance for doubtful accounts	(319)
Reassignment	(2,035)
Balance as at 31 December 2016	3,437,751

As at 31 December 2016, the subsidiaries expect to collect cash from debtors from the loans receivable of Baht 1,080 million within one year.

18. Investments in subsidiaries

18.1 Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost	
	2016	2015	2016	2015	2016	2015
			(%)	(%)		
JMT Network Services Public Company Limited	370,000	370,000	55.88	55.88	397,596	397,596
JAS Asset Public Company Limited	370,390	370,390	67.50	67.50	250,000	250,000
J Fintech Co., Ltd.	1,220,000	-	90.16	-	1,100,000	-
J Capital Co., Ltd.	81,000	81,000	99.99	99.99	81,000	81,000
Smart Item Company Limited	1,000	1,000	99.99	99.99	1,000	1,000
Jaymart Mobile Co., Ltd.	480,000	-	99.99	-	480,000	-
Total					2,309,596	729,596

(Unit: Thousand Baht)

Company's name	Dividend received during the year	
	2016	2015
Investments in subsidiaries		
JMT Network Services Public Company Limited	33,080	42,750
JAS Asset Public Company Limited	17,500	22,500
Total	50,580	65,250

18.2 Details of investments in subsidiaries that have material non-controlling interests

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	2016	2015	2016	2015	2016	2015	2016	2015
	(%)	(%)						
JMT Network Services Public Company Limited	44.12	44.12	774,710	736,198	64,632	32,481	26,120	-
JAS Asset Public Company Limited	32.50	32.50	235,788	242,376	1,836	4,867	8,424	-
J Fintech Co., Ltd.	4.34	-	45,546	-	(492)	-	-	-

18.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

Summarised information about financial position

(Unit: Thousand Baht)

	JMT Network Services		JAS Asset Public		J Fintech Co., Ltd.	
	Public Company Limited		Company Limited			
	2016	2015	2016	2015	2016	2015
Current assets	1,496,340	1,677,104	230,794	232,965	1,940,355	-
Non-current assets	3,704,123	3,379,314	2,034,125	1,216,611	423,690	-
Current liabilities	2,672,437	2,545,088	629,762	130,622	1,313,429	-
Non-current liabilities	562,188	716,420	909,659	573,181	1,524	-

Summarised information about comprehensive income

(Unit: Thousand Baht)

	For the year ended 31 December					
	JMT Network Services		JAS Asset Public		J Fintech Co., Ltd.	
	Public Company Limited		Company Limited			
	2016	2015	2016	2015	2016	2015
Revenue	1,081,340	701,175	545,178	505,999	69,771	-
Profit (loss)	151,554	87,080	5,649	58,153	(11,338)	-
Other comprehensive income	-	(1,527)	-	(360)	-	-
Total comprehensive income	151,554	85,553	5,649	57,793	(11,338)	-

Summarised information about cash flow

(Unit: Thousand Baht)

	For the year ended 31 December					
	JMT Network Services		JAS Asset Public		J Fintech Co., Ltd.	
	Public Company Limited		Company Limited			
	2016	2015	2016	2015	2016	2015
Cash flow from (used in) operating activities	(25,244)	(1,426,004)	(21,211)	96,719	(1,761,467)	-
Cash flow from (used in) investing activities	1,313	(44,634)	(592,938)	(575,280)	1,019,535	-
Cash flow from financing activities	99,452	1,486,934	676,155	466,172	796,000	-
Net increase (decrease) in cash and cash equivalents	75,521	16,296	62,006	(12,389)	54,068	-

JMT Network Services Public Company Limited

On 9 April 2015, the Annual General Shareholders' Meeting of JMT Network Services Public Company Limited (JMT) approved an increase in its registered share capital from Baht 300 million (300,000,000 ordinary shares at a par value of Baht 1 per share) to Baht 444 million (444,000,000 ordinary shares at a par value of Baht 1 per share) to support the issue of 25,000,000 additional capital shares to the existing shareholders of shares, the issue of 45,000,000 shares by private placement, and the issue of 74,000,000 shares for the exercise of warrants. The Company made payment of Baht 13 per share for 18,749,983 shares, or a total of Baht 243.75 million, to JMT on 22 May 2015.

In May 2015, after the offer of shares by private placement, the Company's interest in JMT was reduced from 75.00% to 65.88%.

On 11 June 2015, meeting of the Company's Board of Directors No.4/2015 approved the sale of 37,000,000 ordinary shares of JMT at a price of Baht 14.20 per share, and the Company recognised gain on disposal of investment in JMT of Baht 454.25 million in the separate statements of comprehensive income for the year ended 31 December 2015. After completing the disposal of this investment, the Company's interest in JMT was reduced to 55.88%. The Company recognised "Surplus from change in proportion of investment in subsidiary" of Baht 594.05 million in the consolidated statement of financial position.

On 30 December 2016, the Company exercised 2,000,000 warrants to purchase ordinary shares of JMT at an exercise price of Baht 18 per share, totaling Baht 36 million. JMT registered the increase of its share capital with the Ministry of Commerce on 5 January 2017. As at 31 December 2016, the Company presented the payment for shares subscription of Baht 36 million in "Advance payment for share subscription" in the separate statement of financial position.

On 21 July 2016, the Extraordinary General Shareholders' Meeting of Jay Insurance Broker Co., Ltd. No. 1/2016, a subsidiary of JMT, passed a resolution to increase its registered share capital from Baht 2 million (200,000 ordinary shares at a par value of Baht 10 each) to Baht 3 million (300,000 ordinary shares at a par value of Baht 10 each) through the issuance of 100,000 new ordinary shares, par value of Baht 10 each, to JMT at the par value of Baht 10 each. Jay Insurance Broker Co., Ltd. received payment for all of the newly issued shares from JMT, or Baht 1 million, and registered the increase in its registered share capital with the Ministry of Commerce on 29 July 2016.

On 1 September 2016, the Extraordinary General Shareholders' Meeting No. 2/2016 of Jay Insurance Broker Co., Ltd. (a subsidiary of JMT) passed a resolution to increase its registered share capital from Baht 3 million (300,000 ordinary shares at a par value of Baht 10 each) to Baht 5 million (500,000 ordinary shares at a par value of Baht 10 each) through the issuance of 200,000 new ordinary shares, par value of Baht 10 each, to JMT at the par value of Baht 10 each. Jay Insurance Broker Co., Ltd. received payment for all of the newly issued shares from JMT, or Baht 2 million, and registered the increase in its registered share capital with the Ministry of Commerce on 5 September 2016.

JAS Asset Public Company Limited

On 9 April 2014, the Annual General Shareholders' Meeting of JAS Asset Public Company Limited (JAS) passed to increase the registered share capital from Baht 50 million (50,000,000 shares at Baht 1 par value) to Baht 370.39 million (370,390,000 shares at Baht 1 par value), for the Initial Public Offering to existing shareholders of the Company and existing shareholders of parent company. On 26 October 2015, the Securities and Exchange Commission approved the public offering of the subsidiary shares of 120,390,000 shares. The subsidiary company received all payment of this share capital increment. As a result of this capital increased, the proportion of the subsidiary company's shareholding decreased to 67.50 percent as at 31 December 2015. The Company recognised "Surplus from change in proportion of investment in subsidiary" totalling Baht 84.97 million in the consolidated statement of financial position.

J Fintech Co., Ltd.

On 11 August 2016, the meeting of the Company's Board of Directors No. 3/2016 passed the resolutions to approve a subscription to 110,000,000 of the additional ordinary shares of JMT Plus Co., Ltd. (JMTP), a subsidiary of JMT, with a par value of Baht 10 each, or a total of Baht 1,100 million, and to approve the change of the name of JMTP from "JMT Plus Co., Ltd." to "J Fintech Co., Ltd.". On 26 October 2016, the Company made payment for the share subscription of JMTP. As a result, the Company held 90.16% of the registered share capital of JMTP. The Company recognised "Surplus from change in proportion of investment in subsidiary" totalling Baht 46.04 million in the consolidated statement of financial position. JMTP registered the increase of its share capital and the change of its name with the Ministry of Commerce on 27 October 2016.

J Capital Co., Ltd.

On 21 October 2016, the Extraordinary General Shareholders' Meeting No. 1/2016 of Jay Mart Holding Company Limited (JH) (a subsidiary of the Company) passed a resolution to approve the change of the name from “Jay Mart Holding Company Limited” to “J Capital Co., Ltd.”. JH registered the change of its name with the Ministry of Commerce on 4 November 2016.

Jaymart Mobile Co., Ltd.

On 28 September 2016, the meeting of the Company's Board of Directors No. 4/2016 approved the incorporation of a new subsidiary, Jaymart Mobile Co., Ltd. (J Mobile), with a registered share capital of Baht 1,000,000, comprising 100,000 ordinary shares of Baht 10 each. Its business is trading of mobile phones, mobile accessories and technology products. J Mobile registered the incorporation with the Ministry of Commerce on 29 September 2016 and the Company invested in 99.99% of its registered share capital.

On 16 November 2016, the Extraordinary General Meeting of the Company's shareholders passed to approve a restructuring in order to achieve strategic targets of the Company, involving a partial business transfer (PBT) to Jaymart Mobile Co., Ltd. (J Mobile). Following completion of the restructuring, the Company will retain its status as a company listed on the Stock Exchange of Thailand, with the nature of its operations changing to those of a holding company. On 14 December 2016, the Company submitted a notification to change the VAT registration with the Revenue Department regarding the PBT to J Mobile which is effective on 1 January 2017.

On 14 December 2016, the Extraordinary General Shareholders' Meeting No. 1/2016 of J Mobile passed a resolution to increase its registered share capital from Baht 1 million (100,000 ordinary shares at a par value of Baht 10 each) to Baht 480 million (48,000,000 ordinary shares at a par value of Baht 10 each) through the issuance of 47,900,000 new ordinary shares, to the Company at the par value of Baht 10 each. J Mobile received payment of all newly issued shares from the Company amounting to Baht 479 million, and registered the increase in its registered share capital with the Ministry of Commerce on 22 December 2016.

J Ventures Co., Ltd.

On 22 December 2016, the meeting of the Company's Board of Directors No. 6/2016 approved the incorporation of a new subsidiary, J Ventures Co., Ltd. (J Ventures), with a registered share capital of Baht 100,000,000, comprising 10,000,000 ordinary shares of Baht 10 each, in which the Company will hold 80.00% of its registered share capital. Its business is software development and software implement and investment. J Ventures registered the incorporation, with the Ministry of Commerce on 5 January 2017, with a registered share capital of Baht 1,000,000, comprising 100,000 ordinary shares of Baht 10 each.

19. Investments in associates

19.1 Details of associates:

(Unit: Thousand Baht)								
Associates	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2016	2015	2016	2015	2016	2015
			(%)	(%)				
J & P (Thailand) Company Limited	Investment in Myanmar	Thai	48.58	40.00	64,375	40,000	32,934	39,172
Singer Thailand Public Company Limited	Sales electrical appliances, commercial products and others	Thai	24.99	24.99	946,017	946,017	966,301	957,783
Total					1,010,392	986,017	999,235	996,955

(Unit: Thousand Baht)						
Associate	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			2016	2015	2016	2015
			(%)	(%)		
Singer Thailand Public Company Limited	Sales electrical appliances, commercial products and others	Thai	24.99	24.99	946,017	946,017
Total					946,017	946,017

During the fourth quarter of the year 2015, Jaymart Holding Company Limited (JH), a subsidiary of the Company, additionally purchased 2 million ordinary shares of J & P (Thailand) Company Limited (J&P), at a purchase price of Baht 10 per share, a total of Baht 20 million. J&P registered the increase of its registered share capital with the Ministry of Commerce on 12 January 2016. Thus, the investment proportion in J&P increased from 40% to 45.28%.

During the third quarter of the year 2016, JH additionally purchased 437,500 ordinary shares of J&P at a purchase price of Baht 10 per share, a total of Baht 4.38 million. Thus, the investment proportion in J&P increased from 45.28% to 48.58%.

19.2 Share of comprehensive income and dividend received

During the years, the Company has recognised its share of profit (loss) from investments in associate companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

					(Unit: Thousand Baht)	
Associates	Consolidated financial statements				Separate financial statements	
	Share of profit (loss) from investments in associates during the year		Share of other comprehensive income from investments in associates during the year		Dividend received during the year	
	2016	2015	2016	2015	2016	2015
J & P (Thailand) Company Limited	(8,380)	(13,327)	(2,233)	(7,501)	-	-
Singer Thailand Public Company Limited	26,439	11,766	2,329	-	20,250	-
Total	18,059	(1,561)	96	(7,501)	20,250	-

19.3 Fair value investment in listed associate

In respect of investment in associated company that are listed company on the Stock Exchange of Thailand, its fair value is as follow:

Associate	(Unit: Thousand Baht)	
	Fair values as at 31 December	
	2016	2015
Singer Thailand Public Company Limited	776,249	597,374
Total	776,249	597,374

19.4 Summarised financial information about material associates

Summarised information about financial position

	(Unit: Thousand Baht)			
	J & P (Thailand) Company Limited		Singer Thailand Public Company Limited	
	2016	2015	2016	2015
Current assets	64,478	97,386	2,081,580	2,095,190
Non-current assets	6,614	8,594	1,063,588	1,246,403
Current liabilities	(3,264)	(8,050)	(765,213)	(1,308,474)
Non-current liabilities	(35)	-	(753,788)	(455,083)
Net assets	67,793	97,930	1,626,167	1,578,036
Shareholding percentage (%)	48.58%	40.00%	24.99%	24.99%
Share of net assets	32,934	39,172	406,379	394,351
Goodwill	-	-	498,831	498,831
Customer base	-	-	76,364	80,751
Deferred tax	-	-	(15,273)	(16,150)
Carrying amounts of associates based on equity method	32,934	39,172	966,301	957,783

Summarised information about comprehensive income

(Unit: Thousand Baht)

	For the year ended 31 December			
	J & P (Thailand) Company Limited		Singer Thailand Public Company Limited	
	2016	2015	2016	2015
Revenue	191,960	220,679	2,545,629	3,394,598
Profit (loss)	(17,658)	(20,185)	119,811	143,152
Other comprehensive income	(4,596)	-	9,320	-
Total comprehensive income	(22,254)	(20,185)	129,131	143,152

20. Investment property

(Unit: Thousand Baht)

	Consolidated financial statements	
	2016	2015
Net book value at beginning of year	516,000	498,200
Addition during the year	358	4,628
Transfers	-	4,985
Net income (loss) from revaluation to fair value	(9,058)	8,187
Net book value at end of year	507,300	516,000

The investment property represents a community mall held for rent. Its fair value has been determined based on the valuation performed by an independent valuer, using the income approach.

Key assumptions used in the valuation are summarised below:

	Consolidated financial statements		Result to fair value
	As at 31 December		where as an increase
	2016	2015	in assumption value
Discount rate (%)	10	10	Decrease in fair value
Rental rate per square meter per month (Baht)	600	623	Increase in fair value

During the year 2016, the subsidiary recognised rental and service income that are related to investment property of Baht 47 million in profit or loss (2015: Baht 55 million) and recognised direct operations expenses arise from investment property that generated income of Baht 19 million (2015: Baht 24 million).

The subsidiary has pledged the investment property amounting to Baht 507 million (2015: Baht 516 million) as collateral against bank overdrafts and long-term loan, building as described in Note 25 and 28.

21. Property, building and equipment

Movement of the property, building and equipment during the year ended 31 December 2016 are summarised below.

(Unit: Thousand Baht)

Consolidated financial statements							
	Revaluation	Cost basis					
	basis						
		Buildings and					
	Land	building improvement	Office furniture	Office equipment	Motor vehicles	Assets under installation	Total
Cost / Revalued amount:							
1 January 2015	114,290	282,366	362,764	274,792	47,847	5,171	1,087,230
Additions	-	-	55,228	46,079	12,654	15,434	129,395
Disposals/write-off	-	-	(37,254)	(13,166)	(9,113)	-	(59,533)
Revaluations	41,560	-	-	-	-	-	41,560
Transfer in (out)	-	-	10,621	1,389	-	(16,958)	(4,948)
31 December 2015	155,850	282,366	391,359	309,094	51,388	3,647	1,193,704
Additions	-	636	78,487	75,661	5,200	85,017	245,001
Disposals/write-off	-	-	(26,244)	(30,869)	(5,032)	-	(62,145)
Transfer in (out)	-	387	30,620	1,575	1,661	(34,387)	(144)
31 December 2016	155,850	283,389	474,222	355,461	53,217	54,277	1,376,416
Accumulated depreciation:							
1 January 2015	-	30,292	111,883	141,416	33,777	-	317,368
Depreciation for the year	-	14,704	68,440	51,083	5,210	-	139,437
Depreciation on disposals/write-off	-	-	(16,513)	(12,564)	(8,907)	-	(37,984)
Transfer in (out)	-	-	(51)	(67)	-	-	(118)
31 December 2015	-	44,996	163,759	179,868	30,080	-	418,703
Depreciation for the year	-	14,757	81,128	57,432	7,081	-	160,398
Depreciation on disposals/write-off	-	-	(16,164)	(27,817)	(4,756)	-	(48,737)
31 December 2016	-	59,753	228,723	209,483	32,405	-	530,364

(Unit: Thousand Baht)

Consolidated financial statements

	Revaluation basis	Cost basis					
	Land	Buildings and building improvement	Office furniture	Office equipment	Motor vehicles	Assets under installation	Total
Allowance for impairment loss:							
1 January 2015	-	-	21,000	-	-	-	21,000
Decrease during the year	-	-	(14,600)	-	-	-	(14,600)
31 December 2015	-	-	6,400	-	-	-	6,400
Decrease during the year	-	-	(800)	-	-	-	(800)
31 December 2016	-	-	5,600	-	-	-	5,600
Net book value:							
31 December 2015	155,850	237,370	221,200	129,226	21,308	3,647	768,601
31 December 2016	155,850	223,636	239,899	145,978	20,812	54,277	840,452
Depreciation for the year							
2015 (Baht 14 million included in cost of services and cost of rental and the balance in selling and administrative expenses)							139,437
2016 (Baht 21 million included in cost of services and cost of rental and the balance in selling and administrative expenses)							160,398

(Unit: Thousand Baht)

Separate financial statements

	Revaluation						
	basis	Cost basis					
		Buildings and					
	Land	improvement	furniture	equipment	vehicles	installation	Total
Cost / Revalued amount:							
1 January 2015	114,290	282,366	300,303	203,053	35,028	2,778	937,818
Additions	-	-	32,644	15,647	11,318	14,619	74,228
Disposals/write-off	-	-	(36,642)	(8,820)	(7,966)	-	(53,428)
Revaluations	41,560	-	-	-	-	-	41,560
Transfer in (out)	-	-	13,295	1,384	-	(14,679)	-
31 December 2015	155,850	282,366	309,600	211,264	38,380	2,718	1,000,178
Additions	-	636	44,323	33,488	43	43,313	121,803
Disposals/write-off	-	-	(21,462)	(29,734)	(1,538)	-	(52,734)
Transfer in (out)	-	387	18,863	2,219	1,661	(23,274)	(144)
31 December 2016	155,850	283,389	351,324	217,237	38,546	22,757	1,069,103

(Unit: Thousand Baht)

	Separate financial statements						
	Revaluation						
	basis	Cost basis					
		Buildings and					
	Land	building improvement	Office furniture	Office equipment	Motor vehicles	Assets under installation	Total
Accumulated depreciation:							
1 January 2015	-	30,292	97,158	111,857	27,170	-	266,477
Depreciation for the year	-	14,703	57,830	34,143	3,111	-	109,787
Depreciation on disposals/write-off	-	-	(16,055)	(8,487)	(7,949)	-	(32,491)
31 December 2015	-	44,995	138,933	137,513	22,332	-	343,773
Depreciation for the year	-	14,757	63,632	34,369	4,746	-	117,504
Depreciation on disposals/write-off	-	-	(13,687)	(27,061)	(1,365)	-	(42,113)
31 December 2016	-	59,752	188,878	144,821	25,713	-	419,164
Net book value:							
31 December 2015	155,850	237,371	170,667	73,751	16,048	2,718	656,405
31 December 2016	155,850	223,637	162,446	72,416	12,833	22,757	649,939
Depreciation for the year							
2015 (included in selling and administrative expenses)							109,787
2016 (included in selling and administrative expenses)							117,504

The Company arranged for an independent professional valuer to appraise the value of land in 2015 by using the market approach.

Had the land been carried in the financial statements on a historical cost basis, its net book value as of 31 December 2016 and 2015 would have been as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	83,754	83,754	83,754	83,754

As at 31 December 2016, the subsidiary had vehicles with net book value of Baht 1 million (2015: Baht 2 million) which were acquired under finance lease agreements.

As at 31 December 2016, certain items of building and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 110 million (2015: Baht 97 million) (The Company only: Baht 88 million, 2015: Baht 84 million).

The Company has pledged their land and construction as collateral against long-term loans from financial institutions as described in Note 28.

22. Intangible assets

The net book value of intangible assets as at 31 December 2016 and 2015 is presented below.

	Consolidated financial statements			Separate financial statements		
	Trademark	Computer		Trademark	Computer	
		software	Total		software	Total
As at 31 December 2016						
Cost	16,480	176,452	192,932	16,480	46,755	63,235
Less: Accumulated amortisation	(1,316)	(44,092)	(45,408)	(1,316)	(22,135)	(23,451)
Net book value	15,164	132,360	147,524	15,164	24,620	39,784
As at 31 December 2015						
Cost	-	84,600	84,600	-	47,612	47,612
Less: Accumulated amortisation	-	(38,010)	(38,010)	-	(23,087)	(23,087)
Net book value	-	46,590	46,590	-	24,525	24,525

A reconciliation of the net book value of intangible assets for the years 2016 and 2015 is presented below.

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	46,590	37,423	24,525	23,894
Acquisition of computer software	96,765	18,401	3,984	4,948
Acquisition of right to use trademark	16,480	-	16,480	-
Amortisation	(12,425)	(9,088)	(5,349)	(4,317)
Write-off	(30)	-	-	-
transfer in (out)	144	(146)	144	-
Net book value at end of year	147,524	46,590	39,784	24,525

23. Leasehold rights and prepaid rent

Movements of the leasehold rights and prepaid rent during the year ended 31 December 2016 are summarised below.

	Consolidated financial statements	(Unit: Thousand Baht) Separate financial statements
Cost:		
1 January 2015	485,455	341,744
Additions	385,573	-
Transfer out	(4,740)	(4,740)
31 December 2015	866,288	337,004
Additions	777,130	10,990
Disposals	(1,950)	(1,950)
31 December 2016	1,641,468	346,044
Accumulated amortisation:		
1 January 2015	64,522	62,143
Amortisation for the year	31,472	24,580
Transfer out	(2,762)	(2,762)
31 December 2015	92,232	83,961
Amortisation for the year	49,961	24,722
Disposals	(886)	(886)
31 December 2016	142,307	107,797
Net book value:		
31 December 2015	773,056	253,043
31 December 2016	1,499,161	238,247
Amortisation for the year		
2015 (Baht 7 million included in cost of services and cost of rental, and the balance in administrative expenses) (the Company only: Baht 25 million included in administrative expenses)	31,472	24,580
2016 (Baht 25 million included in cost of services and cost of rental, and the balance in administrative expenses) (the Company only: Baht 25 million included in administrative expenses)	49,961	24,722

Leasehold rights comprise leasehold rights to land and buildings on leased land under long-term operating leases.

During the year 2016, the subsidiary included borrowing cost of Baht 4 million (2015: Baht 6 million) as cost of leasehold rights. These were determined by applying a capitalisation rate of 4.40%.

The subsidiary has pledged its leasehold rights with net book value as at 31 December 2016 of Baht 1,223 million (2015: Baht 487 million) are used as collateral against bank overdrafts and long-term loans, as described in Notes 25 and 28.

24. Other non-current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Rental deposit receivables -				
related parties	164	164	5,001	4,211
Prepaid construction costs	3,274	4,301	-	-
Deposits	302,050	273,754	163,675	156,186
Other	1,505	222	-	-
Total	306,993	278,441	168,676	160,397

25. Bank overdrafts and short-term loans from financial institutions/Short-term loans

(Unit: Thousand Baht)

	Interest rate		Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015	2016	2015
	(% p.a.)	(% p.a.)				
<u>Bank overdrafts and short-term loans</u>						
<u>from financial institutions</u>						
Bank overdrafts	MOR	-	3,278	-	-	-
Trust receipts	2.25 - 2.75	2.65 - 2.90	759,230	904,258	759,230	904,258
Promissory notes	2.25 - 3.53,	2.71 - 4.20	1,171,128	1,545,500	1,161,128	1,103,000
	MLR-1					
			1,933,636	2,449,758	1,920,358	2,007,258
<u>Short-term loans</u>						
Bills of exchange	2.10 - 4.50	3.10 - 3.30	2,395,000	860,000	1,410,000	400,000
Less: Prepaid interest			(10,807)	-	(4,811)	-
Net			2,384,193	860,000	1,405,189	400,000

As at 31 December 2016 and 2015, the Company and its subsidiaries had the following unused overdraft lines from banks and other credit facilities:

	2016	2015
<u>Currencies</u>	(Million)	(Million)
Baht	1,763	1,376
USD	2	2

On 10 August 2016, a meeting of the Board of Directors of the subsidiary passed a resolution approving an increase in facilities of bills of exchange of the subsidiary from the amount not exceeding Baht 100 million to the amount not exceeding Baht 1,000 million.

On 11 August 2016, the meeting of the Company's Board of Directors passed the resolutions to approve an increase in facilities of bills of exchange of the Company from the amount not exceeding Baht 1,000 million to the amount not exceeding Baht 2,000 million.

The Company and its subsidiaries are subject to certain financial covenants including debt to equity ratio. As at 31 December 2016, the Company and its subsidiaries determined it was in compliance with these covenants.

Bank overdraft of a subsidiary is secured by investment property and leasehold rights of the subsidiary.

26. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Trade payables - related party	-	3,209	-	3,209
Trade payables - unrelated parties	465,153	160,204	162,009	125,540
Accrued interest to unrelated parties	10,082	-	3,786	-
Other payables - related parties	2	-	12,672	2,040
Other payables - unrelated parties	94,964	33,248	25,908	33,193
Construction payable	11,365	-	-	-
Accrued expenses - related parties	2,586	-	4,880	6,792
Accrued expenses - unrelated parties	133,470	97,136	52,357	36,631
Total	717,622	293,797	261,612	207,405

27. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	2016	2015
Liabilities under finance lease agreements	632	1,096
Less: Deferred interest expenses	(30)	(82)
Total	602	1,014
Less: Portion due within one year	(405)	(412)
Liabilities under finance lease agreements - net of current portion	197	602

The subsidiary has entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 4 years.

Future minimum lease payments required under the finance lease agreements were as follows:

	(Unit: Thousand Baht)		
	As at 31 December 2016		
	Less than 1 year	1 - 4 years	Total
Future minimum lease payments	432	200	632
Deferred interest expenses	(27)	(3)	(30)
Present value of future minimum lease payments	405	197	602

	(Unit: Thousand Baht)		
	As at 31 December 2015		
	Less than 1 year	1 - 4 years	Total
Future minimum lease payments	464	632	1,096
Deferred interest expenses	(52)	(30)	(82)
Present value of future minimum lease payments	412	602	1,014

28. Long-term loans

			(Unit: Thousand Baht)			
Loan	Interest rate (%)	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2016	2015	2016	2015
1	MLR minus 2.375%	Repayment of principal and interest monthly of Baht 3 million as from March 2012 to March 2021	138,783	168,108	138,783	168,108
2	MLR minus 2.375%	Repayment of principal and interest monthly of Baht 3.85 million, as from on October 2014 to September 2021	175,264	213,017	-	-
3	MLR minus 1%	Repayment of principal and interest monthly of Baht 2.85 million, as from February 2016 to July 2024	258,650	290,000	-	-
4	3.40	Repayment of principal and interest every 3 months for seventh installments. First and second installment repayments are 20% of total withdrawal amount, third to seventh installments repayment are 12% of total withdrawal amount and repay within 24 months starting after first withdrawal	-	204,782	-	-
5	THBFIX plus 1.35%	Repayment of principal and interest every 3 months for seventh installments. First and second installment repayment are 20% of total withdrawal amount, third to seventh installments repayment are 12% of total withdrawal amount and repay within 24 months starting after first withdrawal	101,280	211,000	-	-
6	Period 1st - 24th: MLR minus 2% Period 24th onwards: MLR minus 1.50%	Repayment of principal and interest monthly of Baht 4.83 million, as from January 2018 to June 2026	400,000	-	-	-
7	6-month THBFIX plus 1.35%	Repayment of principal for twelve installments. First to eleventh installment repayment are Baht 41.67 million of total withdrawal amount, and twelfth installment repayment all remaining, as from March 2017 to December 2019	500,000	-	500,000	-
Total			1,573,977	1,086,907	638,783	168,108
Less: Deferred financial fee			(2,083)	-	(2,083)	-
Long-term loans - net of current portion			1,571,894	1,086,907	636,700	168,108
Less: Current portion			(371,740)	(412,289)	(196,696)	(29,030)
Long-term loans - net of current portion			1,200,154	674,618	440,004	139,078

Movement in the long-term loans account during the year ended 31 December 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2016	1,086,907	168,108
Add: Additional borrowing	900,000	500,000
Less: Payment for borrowing	(412,930)	(29,325)
Balance as at 31 December 2016	<u>1,573,977</u>	<u>638,783</u>

The loans are secured by mortgages of land and construction thereon of the Company and investment property and leasehold rights thereon of the subsidiary.

The loan agreements contain covenants as specified in the agreements that, among other things, require the Company and its subsidiaries to maintain certain debt to equity and debt service coverage ratios according to the agreements. As at 31 December 2016, the Company and its subsidiaries determined it was in compliance with these covenants.

29. Debentures

Balances of debentures as at 31 December 2016 and 2015 are as follows:

						(Unit: Thousand Baht)	
Debentures	Terms	Date of issuance	Due date	Interest	Number of	Consolidated financial statement	
				rate	debentures	2016	2015
				(% p.a.)	(Thousand units)		
1	2 years	23 July 2015	24 July 2017	4.40	400	400,000	400,000
2	2 years	11 September 2015	11 September 2017	4.35	100	100,000	100,000
3	2 years	22 October 2015	5 November 2017	4.30	110	110,000	110,000
4	3 years	17 June 2016	17 June 2019	4.00	300	300,000	-
5	2 years	26 July 2016	30 July 2018	3.40	100	100,000	-
6	3 years	29 July 2016	29 July 2019	3.85	150	150,000	-
7	3 years	15 November 2016	15 November 2019	3.85	200	200,000	-
8	3 years	18 November 2016	18 November 2019	3.85	150	150,000	-
9	3 years	16 December 2016	16 December 2019	3.85	600	600,000	-
Total debentures - par value						2,110,000	610,000
Less: Deferred financial fee						(3,564)	-
Total debentures - net						2,106,436	610,000
Less: Current portion						(609,398)	-
Total debentures - net of current portion						<u>1,497,038</u>	<u>610,000</u>

							(Unit: Thousand Baht)
Debentures	Terms	Date of issuance	Due date	Interest rate	Number of debentures	Separate financial statement	
						2016	2015
				(% p.a.)	(Thousand units)		
1	3 years	15 November 2016	15 November 2019	3.85	200	200,000	-
2	3 years	18 November 2016	18 November 2019	3.85	150	150,000	-
3	3 years	16 December 2016	16 December 2019	3.85	600	600,000	-
Total debentures - par value						950,000	-
Less: Deferred financial fee						(1,861)	-
Total debentures - net						948,139	-

The above debentures are unsecured, unsubordinated, registered debentures which have terms of payment of interest every 3 months throughout the terms of debentures.

The Company used proceeds from issuance of debentures for business expansion. The subsidiary used proceeds from issuance of debentures for working capital.

Movements in debentures account during the year ended 31 December 2016 are summarised below.

			(Unit: Thousand Baht)
	Consolidated	Separate	
	financial statements	financial statements	
Balance as at 1 January 2016	610,000	-	
Add: Issuance of debentures during the year	1,500,000	950,000	
Balance as at 31 December 2016	2,110,000	950,000	

Such debentures contain certain covenants and restrictions regarding the maintenance of debt to equity ratio and restriction on dividend payment. As at 31 December 2016, the Company and its subsidiary determined it was in compliance with these covenants.

30. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2016	2015	2016	2015
Provision for long-term employee benefits at beginning of year	27,882	21,077	20,575	16,704
Included in profit or loss:				
Current service cost	3,373	770	1,879	296
Interest cost	881	342	609	141
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	(3,337)	-	912
Financial assumptions changes	-	8,419	-	5,629
Experience adjustments	-	611	-	(3,107)
Benefits paid during the year	(1,991)	-	(191)	-
Provision for long-term employee benefits at end of year	30,145	27,882	22,872	20,575

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2016	2015	2016	2015
Cost of rental and services	246	131	-	-
Selling and administrative expenses	4,008	981	2,488	437
Total expenses recognised in profit or loss	4,254	1,112	2,488	437

The Company and its subsidiaries expect to pay Baht 0.4 million of long-term employee benefits during the next year (the Company only: Baht 0.2 million) (2015: Baht 2 million, the Company only: Baht 0.2 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 11 - 24 years (the Company only: 11 years) (2015: 10 - 24 years, the Company only: 11 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Discount rate	2.57 - 3.81	2.57 - 3.81	2.71	2.71
Salary increase rate	8.08 - 9.94	8.08 - 9.94	8.08	8.08

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

(Unit: Thousand Baht)

	31 December 2016			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(1,060)	1,122	(757)	799
Salary increase rate	1,158	(1,103)	842	(805)

(Unit: Thousand Baht)

	31 December 2015			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(1,022)	1,083	(761)	804
Salary increase rate	991	(947)	739	(708)

31. Other non-current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Rental deposit - related parties	-	-	4,923	4,374
Rental deposit - unrelated parties	149,044	130,712	6,432	7,010
Deposit from employees	10,587	2,185	1,771	1,755
Others	837	-	837	-
Total	<u>160,468</u>	<u>132,897</u>	<u>13,963</u>	<u>13,139</u>

32. Share capital

On 14 October 2016, the Extraordinary General Meeting of the Company's shareholders No. 1/2016 passed the following resolutions.

- Approved a decrease in the Company's registered share capital from Baht 734 million to Baht 524 million by canceling Baht 210 million (209,794,600 ordinary shares of Baht 1 each) of registered shares that had not yet been allocated, and registered the decrease in share capital with the Ministry of Commerce on 17 October 2016.
- Approved an increase in the Company's registered share capital from Baht 524 million to Baht 629 million by issuing Baht 105 million of additional ordinary shares (104,892,621 shares of Baht 1 each) to support the distribution of the stock dividend, and registered the increase in share capital with the Ministry of Commerce on 18 October 2016.
- Approved a resolution to pay an interim dividend from the Company's net profit for the period as from 1 January 2016 to 30 June 2016 to the Company's shareholders, comprising a cash dividend and stock dividend totaling Baht 0.2222 per share as detailed below:
 - a) A cash dividend of Baht 0.0222 per share
 - b) A stock dividend distributed at a rate of 1 dividend share for every 5 existing shares. The dividend shall be converted as dividend payment at Baht 0.2 per share.

The Company made payment for interim dividend on 10 November 2016.

Reconcile of number of ordinary shares

	(Unit: share)
	Consolidated/Separate financial statements
<u>Registered ordinary shares</u>	
Number of ordinary shares as at 1 January 2016	734,257,706
Decrease in the Company's registered share from resolution of the Extraordinary General Meeting of the Company's shareholders No. 1/2016	(209,794,600)
Increase in the Company's registered share from resolution of the Extraordinary General Meeting of the Company's shareholders No. 1/2016	104,892,621
Number of ordinary shares as at 31 December 2016	629,355,727
<u>Issued and paid-up ordinary shares</u>	
Number of ordinary shares as at 1 January 2016	524,463,106
Increase during the year	104,892,516
Number of ordinary shares as at 31 December 2016	629,355,622

33. 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.

34. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2016	2015	2016	2015
Salaries and wages and other employee benefits	692,610	545,309	335,205	293,713
Depreciation	160,398	139,437	117,504	109,787
Amortisation expenses	62,386	40,560	30,071	28,897
Assets written-off	10,277	20,893	9,546	20,882
Allowance for diminution in value of inventories	(6,123)	1,762	(6,123)	1,762
Promotion expense	286,692	168,864	192,112	199,049
Rental expenses from operating lease agreements	658,400	545,934	330,979	274,656
Advertising expenses	3,333	1,878	200	72
Changes in inventories of finished goods	142,481	(177,092)	142,612	(177,092)
Purchases of finished goods	7,763,731	7,528,233	7,763,600	7,528,233

35. Income tax

Income tax expenses for the year ended 31 December 2016 and 2015 are made up as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2016	2015	2016	2015
Current income tax:				
Interim corporate income tax charge	135,156	102,267	82,409	139,771
Deferred tax:				
Relating to origination and reversal of temporary differences	(15,149)	(11,059)	1,633	(455)
Income tax expense reported in the statements of comprehensive income	120,007	91,208	84,042	139,316

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Deferred tax on actuarial gain	-	(1,059)	-	(687)
Deferred tax on gain from revaluation of land	-	8,312	-	8,312
	-	7,253	-	7,625

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Accounting profit before tax	624,234	451,984	511,040	766,765
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	124,847	90,397	102,208	153,353
Temporary differences and unused tax losses which deferred tax asset have not been recognised	29,679	4,328	-	-
Effects of:				
Change in value of investment accounted for the equity method	10,802	11,882	-	-
Additional revenues	45,701	63,422	-	-
Exempt income	(13,615)	(13,762)	(13,615)	(13,762)
Non-deductible expenses	1,168	854	310	304
Additional expense deductions allowed	(78,575)	(65,913)	(4,861)	(579)
Total	(34,519)	(3,517)	(18,166)	(14,037)
Income tax expense reported in the statement of comprehensive income	120,007	91,208	84,042	139,316

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated financial		Separate financial	
	statements		statements	
	2016	2015	2016	2015
Deferred tax assets				
Allowance for doubtful accounts	157	1,284	62	1,271
Allowance for diminution in value of inventories	1,725	2,767	1,725	2,767
Allowance for doubtful accounts from hire-purchase receivable	1,036	918	-	-
Allowance for doubtful accounts from loans to customers	7,753	1,873	-	-
Allowance for doubtful accounts from loans receivable from purchase of accounts receivable	20,490	20,426	-	-
Allowance for asset impairment	1,120	1,280	-	-
Allowance for doubtful account from loan to employees	133	94	-	-
Accrued cost rental under long-term leases	9,130	5,257	1,925	2,020
Provision for long-term employee benefits	5,774	5,471	4,574	4,115
Provisions	254	-	254	-
Unused tax loss	7,732	-	-	-
Total	55,304	39,370	8,540	10,173
Deferred tax liabilities				
Investment property at fair value	13,737	12,599	-	-
Surplus on revaluation of land	14,419	14,419	14,419	14,419
Share of profit from investment in associate	-	3,233	-	-
Cost of issuing debentures	353	321	-	-
Accrued cost rental under long-term lease recorded as asset	2,848	-	-	-
Total	31,357	30,572	14,419	14,419
Deferred tax assets (liabilities) - net	23,947	8,798	(5,879)	(4,246)
Transaction in statements of financial position				
Deferred tax assets	30,124	23,914	-	-
Deferred tax liabilities	(6,177)	(15,116)	(5,879)	(4,246)
Deferred tax assets (liabilities) - net	23,947	8,798	(5,879)	(4,246)

As at 31 December 2016, the subsidiaries have deductible temporary differences and unused tax losses totaling Baht 95 million (2015: Baht 10 million), on which deferred tax assets have not been recognised as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses amounting to Baht 94 million will expire by year 2020.

36. Earnings per share

Basic earnings per share is calculated by dividing profit 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. The number of ordinary shares of the prior period used for the calculation, as presented for comparative purposes, has also been adjusted in proportion to the change in the number of shares as a result of the distribution of the stock dividend of 104.8 million shares on 10 November 2016, as if the shares comprising such stock dividends had been issued at the beginning of the earliest period reported.

	Consolidated financial statements		Separate financial statements	
	2016	2015 (Restated)	2016	2015 (Restated)
Profit attributable to equity holders of the Company (Thousand Baht)	438,252	322,637	426,997	627,449
Weighted average number of ordinary shares (Thousand shares)	629,356	629,356	629,356	629,356
Earnings per share (Baht per share)	0.70	0.51	0.68	1.00

37. Segment information

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

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have three reportable segments as follows:

- Trading business
- Debt collection business
- Rental business

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

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

The following tables present revenue and profit information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2016 and 2015, respectively.

(Unit: Thousand Baht)

	For year ended 31 December 2016					Consolidated financial statements
	Trading business	Debt collection business	Rental business	Total reportable segments	Eliminations	
Revenue						
External customers	9,082,327	1,093,915	524,714	10,700,956	-	10,700,956
Inter-segment	870	57,195	20,464	78,529	(78,529)	-
Total revenue	9,083,197	1,151,110	545,178	10,779,485	(78,529)	10,700,956
Results						
Gross profit	1,183,108	747,570	98,217	2,028,895	(57,128)	1,971,767
Sales promotion income						437,961
Other income						74,011
Loss on fair value adjustment of investment property						(9,058)
Reversal of allowance for impairment assets						800
Selling expenses						(836,549)
Administrative expenses						(857,109)
Finance cost						(175,649)
Share of profit from investment in associates						18,060
Income tax expenses						(120,007)
Profit for the year						504,227

(Unit: Thousand Baht)

For the year ended 31 December 2015

	Trading business	Debt collection business	Rental business	Total reportable segments	Eliminations	Consolidated financial statements
Revenue						
External customers	8,330,257	694,875	485,858	9,510,990	-	9,510,990
Inter-segment	21,358	6,300	20,141	47,799	(47,799)	-
Total revenue	<u>8,351,615</u>	<u>701,175</u>	<u>505,999</u>	<u>9,558,789</u>	<u>(47,799)</u>	<u>9,510,990</u>
Results						
Gross profit	998,712	383,421	116,886	1,499,019	(44,751)	1,454,268
Sales promotion income						357,878
Other income						80,197
Gain on fair value adjustment of investment property						8,187
Reversal of allowance for impairment assets						14,600
Selling expenses						(764,739)
Administrative expenses						(561,202)
Finance cost						(135,644)
Share of loss from investment in associates						(1,561)
Income tax expenses						(91,208)
Profit for the year						<u>360,776</u>

Geographic information

The Company and its subsidiaries operate in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

Major customers

For the year 2016 and 2015, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

38. Provident fund

The Company and its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiaries contribute to the fund monthly at the rate of 3 to 5 percent of basic salary. The fund, which is managed by TISCO Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During the year 2016, the Company and its subsidiaries recognised the contributed approximately Baht 4.3 million (the Company only: Baht 3.0 million) (2015: Baht 3.5 million (the Company only: Baht 2.5 million)).

39. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2015	Annual General Meeting of the shareholders on 8 April 2016	246	0.4700
Interim dividends for the operating results for the period as from 1 January 2016 to 30 June 2016	Extraordinary General Meeting of the shareholders No. 1/2016 on 14 October 2016	12	0.0222
Total dividends payment		258	0.4922
Interim stock dividend for the operating result for the period as from 1 January 2016 to 30 June 2016	Extraordinary General Meeting of the shareholders No. 1/2016 on 14 October 2016	105	0.2000
Total for 2016		363	0.6922
Final dividends for 2014	Annual General Meeting of the shareholders on 9 April 2015	131	0.2500
Total for 2015		131	0.2500

40. Commitments and contingent liabilities

40.1 Capital commitments

As at 31 December 2016 and 2015, the Company and its subsidiaries had capital commitments under the following agreements:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Construction of projects	Baht 52.60 million	-	-	-
Purchase land for development of future project agreements	Baht 93.40 million	-	-	-
Installation and development system agreements	Baht 4.48 million	Baht 2.69 million	Baht 4.48 million	Baht 1.51 million
Acquisition of computer software	JPY 650 million	-	-	-

40.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of office building space, services, motor vehicles and others. The terms of the agreements are generally between 1 and 30 years.

Future minimum lease payments required under these operating leases contracts were as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Payables:				
In up to 1 year	548	507	271	240
In over 1 and up to 5 years	532	528	266	235
In over 5 years	493	149	42	47

As at 31 December 2016, future minimum sublease payments expected to be received under subleases totaled approximately Baht 8 Million (2015: Baht 11 million). During the year 2016, the Company recognised rental expenses of Baht 3 million (2015: Baht 3 million) and subleasing revenue of Baht 11 million (2015: Baht 11 million).

40.3 As at 31 December 2016, the Company and its subsidiaries had outstanding commitments in respect of service agreements which are payable in the future, software license and system maintenance agreement with a foreign software development company totaling approximately Baht 32.38 million and JPY 3,290 million (2015: Baht 3.41 million) (the Company only: Baht 8.46 million, 2015: Baht 3.41 million). These agreements will terminate within January 2017 to December 2025 (2015: June 2016 to November 2016) (the Company only: January 2017 to December 2017, 2015: June 2016 to November 2016).

40.4 As at 31 December 2016, the Company had a commitment under leasehold rights which has to be paid in the future approximately Baht 33.25 million (2015: Baht 72.66 million).

40.5 Guarantees

As at 31 December 2016, there were outstanding bank guarantees of approximately Baht 117.70 million and USD 1 million (2015: Baht 87.53 million) (the Company only: Baht 111.42 million and USD 1 million, 2015: Baht 84.52 million) were issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business.

As at 31 December 2016, the Company issued corporate guarantees of Baht 1,152 million and USD 2 million (2015: None) to financial institutions to secure credit facilities of its subsidiary.

As at 31 December 2016, the Company secured credit facilities of its subsidiary of Baht 382.35 million (2015: None) to a financial institution.

As at 31 December 2016, a subsidiary issued corporate guarantees of Baht 760 million (2015: None) to a financial institution to secure credit facilities of the Company.

As at 31 December 2016, the Company had commitments in respect of its guarantee of liabilities of the subsidiary at least amounting to Yen 3,940 million (2015: None) with a foreign financial institution.

40.6 Litigation

During the year 2016, a company sued a subsidiary for compensatory damages from breach of agreement with respect to the operation of a market place totaling Baht 125 million plus interest at a rate of 7.5% per annum, commencing from prosecution until the full amount is paid. The lawsuit is currently in the judicial process. However, the management believes that there will be no material impact to the subsidiary.

41. Fair value hierarchy

As at 31 December 2016 and 2015, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

				(Unit: Million Baht)
As at 31 December 2016				
Consolidated Financial Statements				
Level 1	Level 2	Level 3	Total	
Assets measured at fair value				
Land	-	156	-	156
Investment property	-	-	507	507

(Unit: Million Baht)

As at 31 December 2016				
Consolidated Financial Statements				
	Level 1	Level 2	Level 3	Total
Asset for which fair value is disclosed				
Investment in associate	776	-	-	776
Liabilities for which fair value are disclosed				
Debentures	-	2,111	-	2,111
Derivative				
Interest rate swap agreement	-	3	-	3

(Unit: Million Baht)

As at 31 December 2015				
Consolidated Financial Statements				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment in unit trust	-	200	-	200
Land	-	156	-	156
Investment property	-	-	516	516
Asset for which fair value is disclosed				
Investment in associate	597	-	-	597
Derivative				
Foreign currency forward contracts	-	1	-	1
Liability for which fair value is disclosed				
Debentures	-	612	-	612

(Unit: Million Baht)

As at 31 December 2016				
Separate Financial Statements				
	Level 1	Level 2	Level 3	Total
Asset measured at fair value				
Land	-	156	-	156
Asset for which fair value is disclosed				
Investment in associate	776	-	-	776
Liabilities for which fair value are disclosed				
Debentures	-	949	-	949
Derivative				
Interest rate swap agreement	-	3	-	3

(Unit: Million Baht)

As at 31 December 2015				
Separate Financial Statements				
	Level 1	Level 2	Level 3	Total
Asset measured at fair value				
Land	-	156	-	156
Assets for which fair value are disclosed				
Investment in associate	597	-	-	597
Derivative				
Foreign currency forward contracts	-	1	-	1

42. Financial instruments

42.1 Financial risk management

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, other receivable, hire purchase receivables, loans to customers, loans receivable from purchase of accounts receivable, loans, investments, restricted bank deposits, bank overdrafts and short-term loans from financial institutions, short-term loans, long-term loans, liabilities under finance lease agreements, and debentures. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, other receivable, hire purchase receivables, loans to customers, loans receivable from purchase of accounts receivable and loans. The Company and its subsidiaries manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivable, other receivable, hire purchase receivables, loans to customers, loans receivable from purchase of accounts receivable and loans as stated in the statement of financial position.

Interest rate risk

The Company's and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, hire purchase receivables, loans to customers, loans receivable from purchase of accounts receivable, bank overdrafts and short-term loans from financial institutions, debentures and long-term loans and most of the Company's and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2016 and 2015, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statement as at 31 December 2016						
	Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
<u>Financial assets</u>							
Cash and cash equivalent	-	-	-	647	197	844	0.10 - 0.375
Trade and other receivables	-	-	-	-	355	355	-
Restricted bank deposits	2	-	-	-	-	2	2.00
Hire purchase receivables	6	2	-	-	-	8	4.00 - 14.00
Loans to customers	1,823	331	-	-	-	2,154	17.28 - 27.86
Loans receivable from purchase of accounts receivable	-	-	-	3,438	-	3,438	Note 17
<u>Financial liabilities</u>							
Bank overdrafts and short-term							
loans from financial institutions	1,921	-	-	13	-	1,934	2.25 - 7.38
Trade and other payables	-	-	-	-	718	718	-
Short-term loans	2,384	-	-	-	-	2,384	2.10 - 4.50
Liabilities under finance lease							
agreements	1	-	-	-	-	1	6.89
Long-term loans	-	-	-	1,572	-	1,572	2.10 - 5.25
Debentures	610	1,497	-	-	-	2,107	3.40 - 4.40

(Million Baht)

Consolidated financial statement as at 31 December 2015

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
<u>Financial assets</u>							
Cash and cash equivalent	-	-	-	30	139	169	0.10 - 0.50
Current investments	-	-	-	-	200	200	-
Trade and other receivables	-	-	-	-	315	315	-
Restricted bank deposits	2	-	-	-	-	2	0.50 - 2.13
Hire purchase receivables	9	14	-	-	-	23	4.00 - 14.00
Loans to customers	314	304	-	-	-	618	17.28 - 27.86
Loans receivable from purchase of accounts receivable	-	-	-	2,830	-	2,830	Note 17
<u>Financial liabilities</u>							
Bank overdrafts and short-term loans from financial institutions	2,450	-	-	-	-	2,450	2.65 - 4.20
Trade and other payables	-	-	-	-	294	294	-
Short-term loans	860	-	-	-	-	860	3.10 - 3.30
Liabilities under finance lease agreements	-	1	-	-	-	1	6.89
Long-term loans	205	-	-	882	-	1,087	2.78 - 5.75
Debentures	-	610	-	-	-	610	4.30 - 4.40

(Million Baht)

Separate financial statement as at 31 December 2016

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
<u>Financial assets</u>							
Cash and cash equivalent	-	-	-	8	99	107	0.10 - 0.375
Trade and other receivables	-	-	-	-	337	337	-
Short-term loans to subsidiaries	1,029	-	-	-	-	1,029	2.84 - 2.92
<u>Financial liabilities</u>							
Bank overdrafts and short-term loans from financial institutions	1,920	-	-	-	-	1,920	2.25 - 3.53
Trade and other payables	-	-	-	-	262	262	-
Short-term loans	1,405	-	-	-	-	1,405	2.10 - 2.30
Long-term loans	-	-	-	637	-	637	2.84 - 4.23
Debentures	-	948	-	-	-	948	3.85

(Million Baht)

Separate financial statement as at 31 December 2015

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalent	-	-	-	13	85	98	0.10 - 0.50
Trade and other receivables	-	-	-	-	310	310	-
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	2,007	-	-	-	-	2,007	2.65 - 3.00
Trade and other payables	-	-	-	-	207	207	-
Short-term loans	400	-	-	-	-	400	3.10 - 3.20
Long-term loans	-	-	-	168	-	168	4.48

Interest rate swap transaction agreements

The Company has the detail of the interest rate swap agreements outstanding as at 31 December 2016 as follow:

As at 31 December 2016				
	Principal amount	Interest Revenue Rate Swap agreement	Interest Expense Rate Swap agreement	Termination date
1	Baht 500 million	Floating rate 6-month THBFIX plus 1.35%	Fixed rate 3.40%	December 2019

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2016 and 2015, the balances of financial liabilities denominated in foreign currency are summarised below.

Foreign currency	Financial liabilities		Average exchange rate	
	<u>2016</u> (Thousand)	<u>2015</u> (Thousand)	<u>2016</u> (Baht per 1 foreign currency unit)	<u>2015</u>
USD	-	255	-	36.25

As at 31 December 2015, foreign exchange contracts outstanding are summarised below.

31 December 2015			
Foreign currency	Bought amount (Thousand)	Contractual exchange rate	
		Bought amount	Contractual maturity date
USD	904	33.34 - 35.80 Baht against USD	May 2016 - October 2016

42.2 Fair values of financial instruments

Since the majority of the Company's and subsidiaries' financial instruments is carrying interest at rates close to the market interest rates, their fair value except debentures and derivatives are not expected to be materially different from the amounts presented in statement of financial position. The estimated fair value of debentures, in comparison with the related amounts carried in the statement of financial position, is as follows:

(Unit: Million Baht)

	Consolidated financial statement			
	As at 31 December 2016		As at 31 December 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liability				
Debentures	2,106	2,111	610	612

(Unit: Million Baht)

	Separate financial statement			
	As at 31 December 2016		As at 31 December 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liability				
Debentures	948	949	-	-

The estimated fair value of the derivatives is as follows:

(Unit: Million Baht)		
Consolidated/Separate financial statement		
As at 31 December		
	2016	2015
Derivatives: Gain (loss)		
Forward exchange contracts	-	1
Interest rate swap agreement	(3)	-

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, trade accounts receivable, other receivable, hire purchase receivables, loans to customers, loans receivable from purchase of accounts receivable, loans, bank overdrafts and short-term loans from financial institutions and short-term loans their carrying amounts in the statement of financial position approximate their fair value.
- For equity securities, their fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.
- For hire purchase receivables and loans to customers, their fair value stated net of unearned interest income and allowance for doubtful accounts.
- For fixed rate debentures and long-term loans, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- For long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.
- For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies and interest rate yield curves. The Company had considered to counterparty credit risk when determining the fair value of derivatives.

During the current year, there were no transfers within the fair value hierarchy.

43. Capital management

The primary objective of the Company's and its subsidiaries' capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Group's debt-to-equity ratio was 2.26:1 (2015: 1.47:1) and the Company's was 2.41:1 (2015: 1.42:1).

44. Events after the reporting period

The Company

On 20 February 2017, the meeting of the Company's Board of Directors passed the following resolutions to be proposed to the Annual General Meeting of the Company's shareholders.

- Approved a decrease in the Company's registered share capital from Baht 629,355,727 to Baht 629,355,622 by canceling Baht 105 (105 ordinary shares of Baht 1 each) of registered shares that had not yet been allocated.
- Approved an increase in the Company's registered share capital from Baht 629,355,622 to Baht 897,414,498 by issuing Baht 268,058,876 of additional ordinary shares (268,058,876 shares of Baht 1 each) to support the distribution of the stock dividend and reserve for the issuance of warrants.
- Approved a resolution to pay a dividend from operating results of 2016 to the Company's shareholders, comprising a cash dividend and stock dividend totaling Baht 0.18519 per share, as detailed below:
 - a) A cash dividend of Baht 0.01853 per share.
 - b) A stock dividend distributed at a rate of 1 dividend share for every 6 existing shares. The dividend shall be converted as dividend payment at Baht 0.16666 per share.

The payment of dividend shall be made on 3 May 2017.

- Approved the issuance and allotment of warrants "JMART-W2" with free of charge to existing shareholders totaling 163,166,272 units. 1 unit of warrant is exercisable to purchase 1 ordinary share at Baht 15 each within 2 years.
- Approved the issuance and offering of up to Baht 1,000 million of debentures with a tenor of not exceeding 20 years from the issue date, to procure fund for future business expansion.

Moreover, a meeting of the Company's Board of Directors approved an increase in facilities of bills of exchange of the Company from the amount not exceeding Baht 2,000 million to the amount not exceeding Baht 3,000 million.

The subsidiary

On 20 February 2017, the meeting of the Board of Directors of a subsidiary passed the following resolutions:

- Approved to be proposed to the Annual General Meeting of the subsidiary's shareholders for approval of dividend payment from operating results of 2016. The dividend will be paid by cash at the rate of Baht 0.66 per share, or a total of Baht 246,846,105. The payment of cash dividend shall be made on 3 May 2017.
- Approved the investment in a new 100% subsidiary, with registered share capital of KHR 3,379,148,000 (equivalent to Baht 30.6 million) to engage in providing debts collection services and call center. This subsidiary is in the process of establishment.

45. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2017.

THE POWER OF **SYNERGY**

CHAPTER II

ANNUALREPORT2016

JAYMART PUBLIC COMPANY LIMITED

บริษัท เจมาร์ก จำกัด (มหาชน)

Jaymart Public Company Limited

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