

DIGITALIZATION

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annual report 2017

jaymart public company limited

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## Financial Highlights

### Summary of Key Financial Data

Unit: Million Baht

	2015	2016	2017
<b>Financial Performance</b>			
Sale and Services Revenues	9,511	10,715	12,634
Total Revenues	9,972	11,204	13,237
Gross Profit	1,454	1,983	2,546
Net Profit Attribute to Equity Shareholders of the Company	323	438	490
Total Assets	9,350	13,003	16,444
Total Liabilities	5,572	9,013	11,780
Shareholders' Equity	3,778	3,990	4,664
<b>Key Financial Ratio<sup>1/</sup></b>			
<b>Profitability Ratio</b>			
Gross Profit Margin	15.28%	18.51%	20.15%
Net Profit Margin to Total Revenues	3.24%	3.91%	3.70%
Return on Equity (ROE)	11.03%	11.28%	11.33%
Earning Per Share (Baht/Share) (EPS)	0.44	0.60	0.67
<b>Efficiency Ratio</b>			
Return on Asset (ROA)	4.16%	3.92%	3.33%
<b>Financial Policy Ratio</b>			
Interest Bearing D/E Ratio	1.33	2.00	2.31

1/ All of key financial ratio calculation based on Net Profit  
Attributed to Equity Shareholders of the Company

## Message from the Board of Directors

Dear Shareholders,

2017 is the year in remembrance of Thai people and the year of our history due to Royal Funeral of the beloved late king Bhumibol Adulyadej, following a year of mourning. 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.

In the year of 2017, there are vast developments in the Company, after the Company has change to be a Holding Company which invests in other business by focusing on retail and finance business. The Company has an initiation to bring a technology to apply in business process. The performance of the year 2017 has proved that the Company revenue was 13,237 million Baht and Net Profit of 490 million Baht or increasing of 12% from 2016. This was a record high of the company profit in the history in a second year. This was because the “Power of Synergy” strategy among the group of companies.

Apart from the expansion of business, the Company has set up the subsidiary – J Ventures Co., Ltd (JVC) which engages in software application development and investing in a potential Started-up Company. JVC will bring a technology to Jaymart Group for example last year JVC developed “J Money” application for J Fintech Co., Ltd. The customer can access financial services from J Fintech easier. There are projects on the pipeline for using technology in our group of companies. So, 2018 is also be a challenge year for Jaymart as a leader in using technology to apply in business such as Initial Coin Offering or Big Data Analysis to our retail 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 64

**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 62

**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.
2017 – Present	Director	J Ventures Co., Ltd

#### 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 62

**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.
2017 – Present	Director	J Ventures Co., Ltd

**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 77

**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	Berli Jucker PCL.
	Chairman of Audit Committee	
Present	President of Berli Jucker Employee Corporative	
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 67

**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. Somsak Nontakanok**

Age 62

**Position in the Company** Director (Independent Director)

**Education**

1978	B.E. (Accounting)	Thammasat University
1981	Certificate of Accounting	Thammasat University
1987	Master of Accounting	Thammasat University
1999	MBA (Finance)	Manchester University, UK
2008	CAIA	Chartered Alternative Investment Analyst
2010	FRM	Global Association of Risk Professional

**Seminar**

2015	CGI 5/2015 Corporate Governance for Capital Market Intermediaries, Thai IOD
1999	Company Director Course, Singapore Institution of Directors

**Previous Experience**

2010 – 2013	Lecturer	Mahidol University
2013 – Present	Lecturer	Siam University
2013 – Present	Independent Committee / Audit Committee,	Apple Wealth Public Company Limited

**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** 62

**Position in the Company** Director, Executive Committee and Chief Operating 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

<b>Stock Symbol:</b>	JMART
<b>Head office:</b>	187, 189 Jaymart Bldg., Ramkhamhaeng Rd., Ratpatthana, Sapansoong, Bangkok 10240
<b>Telephone:</b>	0-2308-8000
<b>Fax:</b>	0-2308-8117
<b>Registration No. :</b>	0107545000055
<b>Website:</b>	www.jaymart.co.th
<b>Type of business:</b>	Holding Company invest in potential business
<b>Registered Capital:</b>	897,414,498 Baht
<b>Paid-up Capital:</b>	734,249,341 Baht Comprise of 734,249,341 common shares Par value 1 Baht per share

### Subsidiary and Associated Companies

#### Jaymart Mobile Co., Ltd

<b>Head office :</b>	187 Jaymart Bldg., Ramkhamhaeng Rd., Ratpatthana, Sapansoong, Bangkok 10240
<b>Telephone:</b>	0-2308-9000
<b>Fax:</b>	0-2308-8162
<b>Registration No:</b>	0105559154546
<b>Type of business:</b>	Distributing mobile phone, accessories and other related equipment
<b>Registered Capital:</b>	480,000,000 baht
<b>Paid-up Capital:</b>	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

<b>Head office :</b>	189 Jaymart Bldg. Fl 3-4 ., Ramkhamhaeng Rd., Ratpatthana, Sapansoong, Bangkok 10240
<b>Telephone:</b>	0-2308-9000
<b>Fax:</b>	0-2308-8162
<b>Registration No:</b>	0105554042308
<b>Type of business:</b>	Leasing and Consumer Lending
<b>Registered Capital:</b>	1,220, 000,000 baht
<b>Paid-up Capital:</b>	1,220,000,000 baht Comprise of 122,000,000 Common shares Par value 10 Baht per share

**Share Holdings Percentage of JMART:** 95.77% (Both Direct and Indirect)

#### J Capital Co., Ltd

<b>Head office :</b>	187 Jaymart Bldg. Fl 4, Ramkhamhaeng Rd., Ratpatthana Sapansoong, Bangkok 10240
<b>Telephone:</b>	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%

**JMT Network Services Public Company Limited**

**Head Office:** 187 Fl. 4-6 Jaymart Bldg., Ramkhamhaeng Rd., Ratpatthana, Bangkok  
**Tel :** 0-2308-9999  
**Fax :** 0-2308-9900  
**Registration No:** 00107555000074  
**Website:** www.jmntnetwork.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:** 379,976,470 Baht  
Comprise of 379,976,470 common shares  
Par value 1 Baht per share

**Share Holdings Percentage of JMART:** 57.04% (as at 31 December 2017)

**JAS Asset Public Company Limited**

**Head Office:** 187 Fl. 8 Jaymart Bldg., Ramkhamhaeng Rd., Ratpatthana, 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:** 518,546,000 Baht  
**Paid- up Capital:** 480,847,012 Baht  
Comprise of 480,847,012 common shares  
Par value 1 Baht per share

**Share Holdings Percentage of JMART:** 67.51%

**J Ventures Co., Ltd**

**Head Office:** 191 Jaymart Bldg., Ramkhamhaeng Rd., Ratpatthana, Sapansoong, Bangkok 10240  
**Tel:** 0-2308-9000  
**Fax:** 0-2308-8088  
**Registration No:** 0105555000676  
**Website:** www.jventures.co.th  
**Type of business:** Software Development and Invest in Started-up business

Registered Capital: 100,000,000 Baht  
Paid-up Capital: 75,000,000 Baht comprise of 7,500,000 shares  
Par Value 10 Baht/Share  
Share Holdings Percentage of JMART: 80.00%

**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. Runghana 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](mailto:panya@jaymart.co.th)

## Business Operations

### 1. Business Operations

#### 1.1 Vision and Mission

- Vision: Be the leading in Retail Business with Synergy and Innovative Technology to Sustainable Growth
- Mission:
1. We strive to deliver a sustainable growth by focusing on retail business using Synergy and sharing resources among our group.
  2. We engage in good corporate governance to conduct our business and take care of shareholders and stakeholders to bring a worthy return. Together with being a part of social responsibility and social development.

#### 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.

In 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 2017 the Company has register capital of 897,414,498 shares and Paid-up capital of 734,249,341 shares.

As for the current corporate structure, the Company holds 57.04% 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 67.51% 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 2016, the company invested in J Fintech Co., Ltd (former JMT Plus Co., Ltd) to expand to personal loan business.

The Company aims to apply technology to its business by foresee that there will be disrupt in financial and retail. So, the Company is preparing to change its business to coup with the disruption and turn it to be a sustainable growth. In the year of 2017 the Company established a subsidiary "J Ventures Co.,Ltd" with registered capital of 100 million Baht by holding shareholding for 80%. This subsidiary will engage in process of Digitalization of Jaymart Group which already begin last year.

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 2017



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 paid-up capital of 480 million Baht as of 31 December 2017. 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 57.04 per cent with the fully-paid registered capital of 379.98 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 67.51 per cent with the fully-paid registered capital of 480.85 million baht.
4. J Fintech Co., Ltd in which the company holds shares accounting for 95.77 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. J Ventures Co., Ltd which the company holds shares accounting for 80.00 per cent with registered capital of 100 million baht, engage in software development and investing in Started-up business.

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 300 million baht, the company commercially runs an non-performing debt management business.
9. JMT Cambodia Co., Ltd (JMT holds 100% of total shares) in which the registered capital of KHR 1,139,700,000 , the JMT Cambodia runs debt collection business in Cambodia.

Subsidiary that the company holds shares indirectly (holding shares by JAS Asset Public Limited Company).

10. Bean and Brown Co., Ltd with registered and paid-up capital of 43 million baht. Selling food and beverage and runs coffee shop brand Casa Lapin and Rabb coffee.

#### Associated Company

11. 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
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 67.5% to 55.88%.</p> <p>The Board of Director No.6/2015 on 23 September 2015 approved for Initial Public Offering for JAS Asset by initial offering its share to the public and preventive right to the Company’s shareholders. Jas Asset 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 No. 3/2016 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 Meeting No.1/2016 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 Meeting 1/2559 on 14 October 2016 has approved to cancel the resolution of Right Offering and Warrant by cancelling a non-allocating share for 209,794,600 shares with par value of 1 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 subscription of the capital increasing made J Fintech to be a subsidiary of the company by holding shareholder of 90.16%</p>

On 19 November 2016, the Extraordinary General 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.

**2017** The Board of Director No.6/2016 pass a resolution to approve to set up the subsidiary “J Ventures Co., Ltd” with the Company objective to develop software and invest in started-up business. The Company has established on 5 January 2017. Jaymart holding shareholding for 80%.

The annual general meeting 2017 approve to issue JMART-W2 with exercise 1:1 (Warrant : Share) at exercise price of 15 Baht/Share

## **1.5 Business Operations of the Company and its subsidiary**

### **Jaymart Mobile 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, Oppo, Vivo, Huawei, Lenovo, Wiko, Asus, Acer, Microsoft, Sony, HTC, 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 AIS, DTAC, and TRUE through various distribution channels.

As of 31 December 2017, the Company sells its product in 401 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, LG, Oppo, Sony, HUAWEI, HTC, Lenovo, Vivo, Acer, Lava, ZTE.

Moreover, the Company may have the right to be sold 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, LG, OPPO, SONY, HUAWEI, HTC, Lenovo, Vivo, Acer, Cherry, Lava, ZTE, Asus and wiko.

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 and First Choice and the revenue from selling of Mobile Plus Guarantee Certificate.

In the year of 2017, the sale proportion between Wholesale and Retail is

**Sale Proportion between Wholesale and Retail**

	2015		2016		2017	
	MB	%	MB	%	MB	%
Retail	7,667	78%	7,968	74%	8,264	76%
Wholesale	2,133	22%	2,743	26%	2,559	24%

**JMT Services Public Company Limited (Subsidiary)**

Debt tracking and collection service business

Our company 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 company. The company 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 company has been authorized by the employer. The company 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, 2017 the company has the amount of debt assigned to track from the employer in the amount of 22,353 million baht. The key employers are financial institutions and leasing companies.

The company 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 company will recognizes 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 company 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 company 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 company 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, 2017, the company has an accumulate distressed debt under management in the total book value of investments in Non-performing debt – net equivalent to 4,299 million baht.

#### Car Loan Service Business

The company 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 company 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, 2017, the company have the amount of debtor from the leases - net equals to 42.4 million baht.

#### Personal Loan Business

The company 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 company has an experience for debt tracking and credit approval. As of 31 December 2017, the company and subsidiaries debt loan amount of 2,966.5 million baht.

#### Insurance Broker Business

The company 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 company 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 Company 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 Company 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 company 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 11,168 square meters and a total of 1,540 retail stores both in Bangkok and other provinces.

In 2016, the Company also established Community Mall including The JAS Wanghin, which was opened in November 2014, The JAS Ramindra in September 2015 and The Jas Urban Srinakarin in November 2016

## 1.6 Revenues Structure of the Company and Subsidiaries

Revenue Structure of the Company and its subsidiary for the Year 2015 - 2017

Unit: Million Baht

Revenues Structure	2015		2016		2017	
	Value	%	Value	%	Value	%
<b>Core Business</b>						
<b>1. Mobile Phone Sales</b>						
– Sale of Mobile Phone	8,330	83.5%	9,082	81.1%	10,073	76.1%
– Support	358	3.6%	438	3.9%	511	3.9%
<b>Total Revenues from Mobile Phone</b>	<b>8,688</b>	<b>87.1%</b>	<b>9,520</b>	<b>85.0%</b>	<b>10,584</b>	<b>80.0%</b>
<b>Subsidiary</b>						
<b>2. Debt Collection</b>	695	7.0%	1,094	9.8%	1,842	13.9%
<b>3. Rental</b>	486	4.9%	525	4.7%	708	5.4%
Other Revenues						0.0%
– Fair Value adjustment	23	0.2%	–9	–0.1%	6	0.0%
– Other revenues	80	0.8%	73	0.7%	90	0.7%
Total Other Revenues	103	1.0%	64	0.6%	96.4	0.7%
<b>Total Revenues</b>	<b>9,972</b>	<b>100.0%</b>	<b>11,204</b>	<b>100.0%</b>	<b>13,237</b>	<b>100.0%</b>

## 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 2017, smart phone unit sold was 14.9 million unit which decrease from 2016 8.9%. In term of value, the value of smart phone market in 2017 was 109,761 million baht an increase from 2016 by 4%. 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 company 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 company 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.

#### Non-performing Debt Management Business

The company 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 2017, the Company acquired distress debt for 16,271 million baht from bank and non-bank which is close to the target.

#### Insurance Broker Business

The company 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 2014.
- 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 2017 inventories accounted for 12.2% 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 2017, the Company has effectively managed inventories, therefore, the inventory turnover day was 65 days more 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 2017, the Company has provided allowance for only Baht 13.9 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, LG, Huawei, Nokia and Lenovo. The company must rely on these phone manufacturers. During 2017, Samsung, iPhone, Oppo, Huawei accounted for 47%, 15%, 10% and 14% 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 2015, there are about 389 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 13 March 2018 the Company's registered capital is 897,414,498 baht and paid-up capital of 734,250,243 baht. The list of shareholders and shares of registered capital and paid by the shareholders of record as follows.

Shareholders	Number of Share	%
1. Mr. Adisak Sukumvitaya	109,095,864	14.86
2. Miss Yuvadee Pong-acha	85,873,487	11.70
3. Mr. Ekachai Sukumvitaya	69,230,000	9.43
4. Miss Juthamas Sukumvitaya	58,267,575	7.94
5. THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	47,700,000	6.50
6. Mr. Jittiporn Jantararat	19,888,888	2.71
7. Mr. Peeranart Chockwattana	16,320,192	2.22
8. Mr. Chairat Kovitjindachai	15,400,020	2.10
9. Mr. Santi Kovijindachai	11,581,083	1.58
10. Bangkok Life Insurance by Bangkok Capital	11,413,546	1.55
11. Other Shareholders	289,479,588	39.4
<b>Total</b>	<b>734,250,243</b>	<b>100.0</b>

The Company shareholding structure contains freefloat for minority shareholder of 55.52% as of 13 March 2018.

### 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

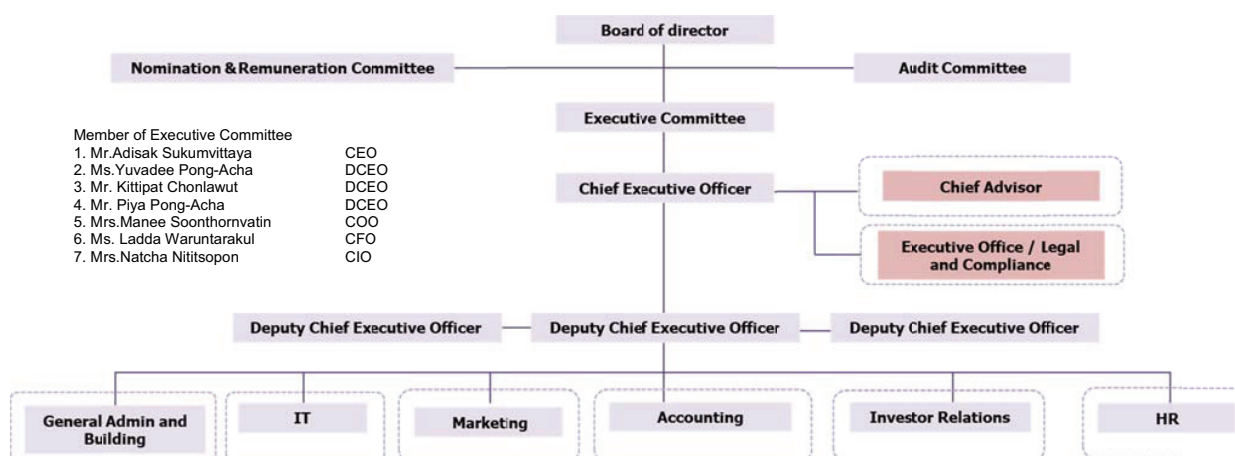
	2015	2016	2017 <sup>1/</sup>
Dividend Paid Per Share	0.47	0.40739	0.50
Earning Per Share	0.62	0.696	0.67
Dividend Payout	75.8%	58.5%	74.6%

1/ Dividend for the year of 2017 is still uncertain subject to shareholder approval.

## Organizational Structure

As of 31 December 2017, 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 2017, the Company's Board of Directors comprised of 8 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   |
| 6. Mr. Phisit   | Dachanabhirom  | Chairman of Audit Committee/Independent Director |
| 7. Mr. Suwit    | Kingkaew       | Audit Committee/Independent Director             |
| 8. Mr. Somsak   | Nontakanok     | Audit Committee/Independent Director             |
- Miss Ladda Waruntarakul is the secretary of the Board of Directors

### 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 2017, 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. Somsak | Nontakanok    | Audit Committee/Independent Director |

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 2017, 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 Kulchaya Nilpetch 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 2017, the Company's executive committee comprised of 6 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. Mr. Kittipat | Chonlawut      | Executive Committee                 |
| 5. Miss Ladda   | Waruntarakul   | Executive Committee                 |
| 6. Mrs. Natcha  | Nititsopon     | 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.1/2017 on 20 February 2017 and the Annual General Meeting 2017 of Shareholders No.1/2016 on 7 April 2017 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	2016	2017
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. Phisit Dachanabhirom	Chairman of Audit Committee/Independent Director	540,000	540,000
6. Mr. Suwit Kingkaew	Audit committee/Independent Director	300,000	300,000
7. Mr. Somsak Nontakanok	Audit Committee	-	300,000
<b>Total</b>		<b>2,280,000</b>	<b>2,580,000</b>

### 2) Executives' remuneration

Total remuneration for executives, the period ended 31 December 2016 and 2017

Remuneration**	2016	2017
Executive *** (Baht )	34,581,128	40,326,693
No. of Executive ( Person )	5	6

\*\* 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.

## Good Corporate Governance Report

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 2016-2017, 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 2016 and 2017, the company held the board of directors' Meeting at 6 times and 7 times, respectively. Details of attendance of each member of the board of directors are as follows:

	Position	Position	2016	2017
1	Mr. Pisnu Pong-acha	Chairman of the Board	6/6	7/7
2	Mr. Adisak Sukumvitaya	Director	6/6	7/7
3	Miss Yuvadee Pong-acha	Director	6/6	7/7
4	Mrs. Manee Soonthornvatin	Director	6/6	7/7
5	Mr. Phisit Dachanabhirom	Director	6/6	7/7
6	Mr. Suwit Kingkaew	Director	6/6	6/7
7	Mr. Somsak Nontakanok	Director	-	6/7

##### 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 2016 and 2017, the company held the audit committees' meeting at 4 times and 4 times each year. Details of attendance of each member of the audit committee are as follows:

	Name	Position	2016	2017
1	Mr. Phisit Dachanabhirom	Chairman of Auditor Committee	4/4	4/4
2	Mr. Suwit Kingkaew	Audit Committee	4/4	4/4
3	Mr. Somsak Nonttakanok	Audit Committee	-	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 2016 and 2017, the company held the board of directors' Meeting at 10 times and 13 times, respectively. Details of attendance of each member of the executive committee are as follows:

	<b>Name</b>	<b>Position</b>	<b>2016</b>	<b>2017</b>
1	Mr. Adisak Sukumvitaya	Chairman of the Executive Committee	10/10	13/13
2	Miss Yuvadee Pong-acha	Executive Committee	10/10	13/13
3	Mr. Kittipat Chonlawut <sup>1/</sup>	Executive Committee	-	4/13
4	Mrs. Manee Soonthornvatin	Executive Committee	10/10	13/13
5	Miss Ladda Waruntarakul	Executive Committee	10/10	13/13
6	Mrs. Natcha Nititsopon <sup>2/</sup>	Executive Committee	10/10	10/13

1 / Mr. Kittipat Chonlawut was appointed to be Deputy Chief Executive Officer and Executive Committee by the Executive Committee Meeting No.9/2017

2 / Mrs.Natcha Nititsopon was appointed to be Chief Information Officer and Executive Committee by the Executive Committee Meeting No.4/2017

### **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 2016 and 2017, the company held the board of directors' Meeting at 2 times and 5 times, respectively. Details of attendance of each member of the executive committee are as follows:

	<b>Name</b>	<b>Position</b>	<b>2016</b>	<b>2017</b>
1	Mr. Suwit Kingkaew	Chairman of Selection and remuneration committee	2/2	4/5
2	Mr. Phisit Dachanabhirom	Selection and remuneration committee	2/2	5/5
3	Miss Yuvadee Pong-acha	Selection and remuneration committee	2/2	5/5

## **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 Earnings & 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.

## Anti-Corruption Policy

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 2016 and 2017

	2016	2017
Number of Employee	1,002	1,056

**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 2017 and 2016, 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	Items	2017	2016	Price and Condition
1. Mr. Pisanu Pong-acha	Warehouse	-	1.2	Market Price
2. JMT Network Services PCL	Sale of Good	-	0.3	Market Price
	Management Fee	8.8	1.8	Agreed Rate for Management and IT Fee
	Headquarters Rental	17.5	16.6	Contract Price
	Deposit Rental	3.5	2.9	Contract Price
	Accrued Revenues	0.9	0.2	Contract Price
	Other Revenues	-	0.4	Contract Price
	Other Trade Receivables	0.1	0.4	As Agreed Rate
	Dividend Received	194.1	33.1	As the AGM resolution
3. J Fintech Co., Ltd	Account Receivables	-	25.4	Market Rate
	Loan	2,377	1,028.0	As a subsidiary need fund to operate
	Interest Receive	58.4	2.3	Agreed Rate
	Headquarters Rental	4.3	2.9	Contract Price
	Deposit Rental	0.9	0.9	Contract Price
	Management Fee	2.4	-	Agreed Rate for Management Fee
	Sale Promotion Revenues	-	8.4	Agreed Rate and Market Rate
	Other Revenues	-	0.1	Contract Price
	Sale Promotion Revenues	-	32.6	Agreed Rate and Market Rate
	Accrued Expenses	-	1.9	Market Rate
	Other Payables	11.5	11.8	Market Rate
4. JAS Asset PCL	Sale of Good	-	0.6	Market Rate
	Headquarters Rental	0.7	0.4	Contract Price
	Deposit Rental Space	0.1	0.1	Contract Price
	Management Fee	5.3	2.6	Agreed Rate for Management and IT Fee
	Interest Receive	0.3	-	Agreed Rate
	Other Revenues	0.2	0.3	Contract Price
	Dividend Received	-	17.5	As announced rate
	Branches Rental	-	16.7	Market Rate
	Deposit Rental	-	4.8	Market Rate
	Sale Promotion Revenue	-	2.7	As Agreed Rate
	Accrued Expenses	-	0.4	Market Rate
5. J Asset Management	Head Quarter Rental	5.0	4.7	Contract Price
	Deposit Rental	1.0	0.9	Contract Price



Related Parties	Items	2017	2016	Price and Condition
	Accrued Revenues	0.2	0.05	Market Rate
	Other Trade Payable	0.6	-	Market Rate
6. Jaymart Mobile	Other Account Receivables	12.6	-	
	Interest Received	4.3	-	
	Accrued Revenues	6.3	-	
	Headquarters Rental	18.7	-	
	Branches Rental	32.2	-	Contract Price
	Deposit Rental	12.0	-	Contract Price
	Management Fee	48.4	-	Agreed Rate for Management and IT Fee
	Brand Loyalty Fee	53.2	-	As Agreed Rate
	Other Revenues	0.1	-	
	Dividend Receive	136.8	-	As Announced Rate
	Interest Expense	0.7	-	As Agreed Rate
	Pay point Sharing	2.7	-	
	Accrued Expenses	0.2	-	
	Trade Payable	0.5	-	
7. Singer Thailand PCL	Sale of Good	-	514.4	Market Rate
	Account Receivables	-	120.0	Market Rate
	Other Revenues	-	0.1	Market Rate
	Buy Goods	-	0.3	Market Rate
	Sale Promotion Income	-	3.8	Market Rate
	Logistic Expenses	-	0.2	Market Rate
	Other Payable	0.3	-	Market Rate
	Accrued Expenses	-	2.6	Market Rate
	Dividend Received	16.9	20.3	As Announced Rate
8 SG Service Plus	Other Revenues	-	0.4	Contract Price
	Other Services Fee	-	0.2	Market Rate
9. J Insurance Broker	Headquarter Rental	0.7	0	Contract Price
	Deposit Services	0.2	0.2	Contract Price
10. Smart Item	Loan	-	1.2	Contract Price
	Rental Space	0.3	-	Contract Price

## Financial Statements

### 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 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 2017 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. Somsak Nontakanok      | Audit Committee                  |
| Miss Kanlayakorn Pitiworawong | Secretary of the Audit Committee |

During 2017, 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 2017 Business and Factor that impact on financial performance

In the year of 2017, Jaymart as a holding company has observed a growth in subsidiary business especially in distress debt management business and mobile phone distributor business. The details of the Company's performance are explained as follows:

	2016		2017		Change	
	MB	%	MB	%	MB	%
Sale	9,082	85%	10,073	80%	991	11%
Service income from debts collections and others	1,094	10%	1,842	15%	748	68%
Rental and service income	539	5%	719	6%	180	33%
<b>Total Revenues</b>	<b>10,715</b>	<b>100%</b>	<b>12,634</b>	<b>100%</b>	<b>1,919</b>	<b>18%</b>
Total Cost of Sales and Services	8,733	82%	10,088	80%	1,355	16%
Gross Profit	1,983	19%	2,546	20%	563	28%
Sale Promotion Income	438	4%	511	4%	73	17%
Other Revenues	58	1%	79	1%	21	36%
Profit before Expenses	2,472	23%	3,148	25%	676	27%
Selling Expenses	837	8%	929	7%	92	11%
Administrative Expenses	853	8%	1,110	9%	257	30%
Total Expenses	1,690	16%	2,039	16%	349	21%
Operating Profit	782	7%	1,109	9%	327	42%
Finance Cost	176	2%	297	2%	121	69%
Income Tax Expenses	120	1%	134	1%	14	12%
<b>Net Profit Attribute to Equity Shareholders of the Company</b>	<b>438</b>	<b>4.1%</b>	<b>490</b>	<b>3.9%</b>	<b>52</b>	<b>12%</b>

### Revenues Analysis

Total revenue in 2017 was 12,634 million Baht higher than 2016 of 1,919 million Baht or 18.0% increase. An increasing of total revenues was fuel by an increasing of revenues in all subsidiaries business.

- 1) Mobile Handset and Accessories revenues were 10,073 million Baht higher than 991 million Baht or 11% increase from the year of 2016. This is because the company was able to sell the mobile handset through a distribution channels under group of companies and sale revenue from camera business increase.
- 2) Income from Debts Collection and other services increase to 1,842 million Baht which increase of 748 million Baht or 68% from the year before. This is because the subsidiaries was achieved its target both revenues from debt collection service and revenues increase from debt acquisition from the portfolio acquired. And income from interest from lending business "J Money" of J Fintech Co., Ltd has been record under this item.

- 3) Rental Income was 719 million Baht which increase 180 million Baht or 33% from last year. An increasing of revenues mainly from the subsidiary was able to record income from The Jas Urban Srinakarin full year.
- 4) Sale Promotion Incomes was 511 million Baht more than 2016 73 million Baht or 17% increased. These incomes were sale promotion support and commission.
- 5) Other revenues were 79 million Baht lower than 2016 21 million Baht or 36%.

Mobile Handset and Accessories revenue contributed 80% in total revenues. While income from Debts Collection and other services revenues accounted 15% in total revenues. However, revenues from debts collection and management are a major component of growth in revenues in the previous year.

#### **Cost of Sales and Services Analysis and Gross Profit Analysis**

In 2017, the Company's Cost of Sales and Services was 10,088 million baht, increased from 2016 of 1,355 million baht or 16 increased. Cost of sales for Mobile business raised up 12% due to sale revenues increased. And cost of services increased 60.3% due to cost of services from lending business increased.

The Company's gross profit margin surged up in 2017 by stood at 20% or increase 28% from the previous year. This was because the Company received higher revenues in lending business which possess a high gross margin.

#### **Selling and Administrative Expenses and Operating Profit**

The Company's selling and administrative expenses stood at 2,039 million Baht higher than 2016 of 21%. An increasing was mainly from administrative expenses which results from bad debt allowance in lending business and personal expense increase from business expansion.

Operating profit in 2017 was 1,109 million Baht more than 2016 of 327 million baht or 42.7%. 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 2017 was 297 million Baht higher than 2016 of 121 million Baht. Most of finance cost increasing mainly from debenture issuance of the Company and its subsidiaries.

#### **Net Profit Attribute to Equity Shareholders of the Company**

In 2017, the Company's net profit was 490 million Baht which increased from 2016 of 52 million Baht or 11.9%. This represents 3.9% of Net Profit margin.

## Analysis of Financial Statement of Position

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

	2016		2017		Change	
	MB	%	MB	%	MB	%
Cash and cash equivalents	844	6.5%	796	4.8%	-48	-5.7%
Trade and other receivables	355	2.7%	279	1.7%	-76	-21.4%
Inventories	1,149	8.8%	2,006	12.2%	857	74.6%
Property Development Costs	96	0.7%	243	1.5%	147	152.0%
Accrued Income	408	3.1%	738	4.5%	330	81.0%
Current Portion of loans receivables from purchases accounts receivables	1,822	14.0%	2,745	16.7%	923	50.6%
Other current assets	651	5.0%	812	4.9%	160	24.6%
<b>Total current assets</b>	<b>5,326</b>	<b>41.0%</b>	<b>7,619</b>	<b>46.3%</b>	<b>2,293</b>	<b>43.1%</b>
Current Portion of loans receivables from purchases accounts receivables - net	3,011	23.2%	3,800	23.1%	789	26.2%
Investments in subsidiaries	999	7.7%	968	5.9%	-31	-3.1%
Investment Property	507	3.9%	520	3.2%	13	2.6%
Property, building and equipment	840	6.5%	860	5.2%	20	2.4%
Intangible Assets	148	1.1%	350	2.1%	202	136.5%
Leasehold rights and prepaid rent	1,499	11.5%	1,583	9.6%	84	5.6%
Other Non-current asset	673	5.2%	743	4.5%	70	10.4%
<b>Total Non-current asset</b>	<b>7,677</b>	<b>59.1%</b>	<b>8,824</b>	<b>53.7%</b>	<b>1,147</b>	<b>14.9%</b>
<b>Total Assets</b>	<b>13,003</b>	<b>100.0%</b>	<b>16,444</b>	<b>100.0%</b>	<b>3,441</b>	<b>26.5%</b>
Bank OD and Short-term loans	1,934	14.9%	2,814	17.1%	880	45.5%
Trade and other payables	718	5.5%	662	4.0%	-56	-7.7%
Current Portion of Long-term	372	2.9%	415	2.5%	43	11.7%
Current Portion of Debentures	609	4.7%	100	0.6%	-509	-83.6%
Short-term Loans	2,384	18.3%	793	4.8%	-1,591	-66.7%
Other Current Liabilities	102	0.8%	151	0.9%	49	47.8%
<b>Total Current Liabilities</b>	<b>6,119</b>	<b>47.1%</b>	<b>4,936</b>	<b>30.0%</b>	<b>-1,183</b>	<b>-19.3%</b>
Long-term loans – net	1,200	9.2%	1,281	7.8%	81	6.8%
Debentures - net	1,497	11.5%	5,381	32.7%	3,884	259.5%
Other non-current liabilities	197	1.5%	182	1.1%	-15	-7.6%
<b>Total Non-current liabilities</b>	<b>2,894</b>	<b>22.3%</b>	<b>6,844</b>	<b>41.6%</b>	<b>3,950</b>	<b>136.5%</b>
<b>Total Liabilities</b>	<b>9,013</b>	<b>69.3%</b>	<b>11,780</b>	<b>71.6%</b>	<b>2,767</b>	<b>30.7%</b>
<b>Total Shareholder's Equity</b>	<b>3,990</b>	<b>30.7%</b>	<b>4,664</b>	<b>28.4%</b>	<b>674</b>	<b>16.9%</b>

### Assets

As of the period ending 31 December 2017, the Company had total assets equal to 16,444 million Baht. Current assets stood at 7,619 million Baht or accounted 46.3% of total assets and Non-current assets was 8,824 million Baht accounted 53.7% of total assets. The Company's total assets increased 3,441 million Baht or 26.5% from the previous year. The details of major changing of total asset in 2017 are as following

1. Inventory increased to 2,006 million Baht or increased 74.6%.

2. Property Development Costs increase 147 million Baht from the development project in subsidiary.
3. Current portion Loans receivables from purchases accounts receivables was 3,800 million Baht or increase from previous year 789 million Baht. Due to the distress debt purchased.

### Liabilities

As for the period ending 31 December 2017, the Company had total liabilities equal to 11,780 million Baht higher than 2016 of 2,767 million Baht or 30.7%. An increase of total liabilities is from rising for long-term debt to funding business expansion and debt profile convert from short-term to long-term. Debentures increase by 3,884 million Baht.

### Cash Flow Statement

For the year of 2017, the Cash flow of the Company was (47.8) million Baht. The details of cash flow movement are as following;

	2016	2017
Cash Flow from Operating Activities	(995.5)	(1,839.1)
Cash Flow from Investment Activities	(859.7)	(707.1)
Cash Flow from Financing Activities	2,529.7	2,498.7
Difference on translation of financial statement	-	(0.3)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>674.4</b>	<b>(47.8)</b>

Cash Flow from operation in 2017, the Company incurred cash outflow of 1,839.1 million Baht as a result of loan receivables in J Fintech and investment in account receivables in JMT Network Services.

Cash Flow from Investment in 2017, the Company posted cash outflow of 707.1 million Baht as a result of merger and acquisition of new business and Property, building and equipment.

Cash Flow from Financing in 2017, the Company incurred cash inflow of 2,498.7 million Baht from debentures.

The Company's liquidity ratio in 2017 was 1.54 times higher than 2016 which stood at 0.87 times due to the Company has a higher inventory and Current Portion of loans receivables from purchases accounts receivables increase.

### Source of Fund and Capital Structure

The Company's source of fund was divided to share capital and long-term loan from financial institution. As of 31 December 2017, the Company's total shareholders' equity was 4,664 million baht higher than ending of 2016 of 674 million baht or 16.9% higher. This was because stock dividend in 2017 and net profit increase from operation.

The Company's Debt to Equity Ratio stood at 2.53 times increase from 2016 which was 2.26 times. For the Company's Interest Bearing Debt to Equity Ratio was 2.31 times increase from 2016 which was 2.00 times.

### **Forward Looking**

The Company believed that Fintech Business and Technology Disrupt will soon change a landscape of financial and retail industry. We are aware of this concern and on the process of preparing for business opportunities in the future. An investment for preparation is needed to sustain the business in nearly future.

For the performance of business in 2018, the Company foresee an opportunities to grow

- 1) Mobile Phone Distributor Business: The Core Company, Jaymart Mobile, still pursue its target to sale more Smart Phone and Camera through group distribution channels. The new model of Smart Phone – Flagship model, will be launched in late of Q1/2018.
- 2) Distress Debt Acquisition and Management will continue to grow. Expanding business toward secure debt acquisition to manage. And set up collection business in CLMV region.
- 3) Property Development Business still facing with a challenge. However, the management team is well aware to expand business to enhance more revenues and margin.



## Auditing Fee

The Company and its subsidiaries' 2016 and 2017 Auditing Fee paid to the auditors, personnel or business concerning the auditors or the office of the auditors from Grant Thornton Limited in the previous year 2015 and EY Office Co., Ltd 2016 amounted for Baht 5.1 million and Baht 6.8 million

### Auditing Fee

	<u>2016</u>	<u>2017</u>
1. Financial Statement Auditing Fee		
Jay Mart Public Company Limited (million baht)	1.80	1.05
2. Financial Statement Auditing Fee		
Jay Mart Public Company Limited and its subsidiaries (million baht)	5.02	6.80

## Research and Development Expenses

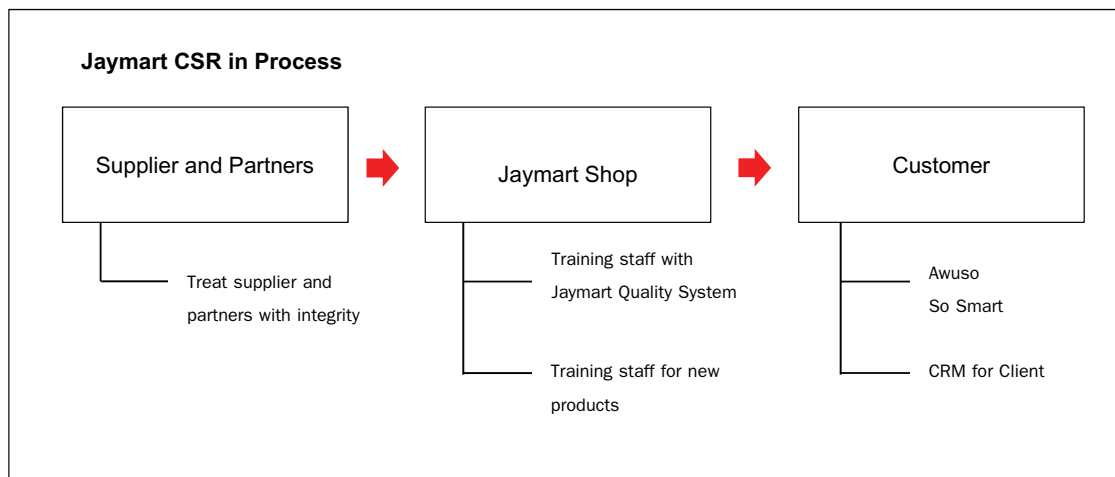
The Company does not have research and development expenses in 2017.

## 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 2<sup>nd</sup> "Awuso So Smart" project was held on September 11, 2015, at FU5 Coffee shop, The Jas Wanhin. 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.

In 2017, these activities still continued on 7 October 2017 by corroboration with Suanluang Rotary Association



#### **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.

### Donation for Nawamin 84 Building at Siriraj Hospital on 8 October 2017



Jay Mart Public Company Limited and its subsidiaries  
Report and financial statements  
31 December 2017

## **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 2017, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of 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 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the *Code of Ethics for Professional Accountants* as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Emphasis of matter**

I draw attention to the following notes to financial statements.

- a) As mentioned in Note 3 and Note 4.1 to the financial statements, during the current year, the Company changed its accounting policy due to the adoption of TAS 27 (revised 2016) Separate Financial Statements.

- b) As mentioned in Note 4.2 to the financial statements, during the current year, the subsidiaries adjusted the presentation of loans receivable from purchases of accounts receivable.

The Company and its subsidiaries have restated the 2016 financial statements to reflect the change in accounting policy and the presentation of loans receivable from purchases of accounts receivable, as discussed above. My conclusion is not qualified in respect of these matters.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond 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 5.1 to the financial statements. In the year 2017, the Group recognised revenue from sales amounting to Baht 10,073 million, which represents 76% 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.

### **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 5.1 to the financial statements. The revenue from collection of purchased accounts receivables amounting to Baht 1,110 million, which was presented under "Service income from debts collection and others" in the statement of comprehensive income for the year 2017, represented 8% 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 5.3 and 5.7 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 5.4 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 Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Rosaporn Decharkom

Certified Public Accountant (Thailand) No. 5659

EY Office Limited

Bangkok: 26 February 2018

Jay Mart Public Company Limited and its subsidiaries  
**Statements of financial position**  
As at 31 December 2017

(Unit: Baht)

Note	Consolidated financial statements			Separate financial statements		
	31 December 2017	31 December 2016 (Restated)	1 January 2016	31 December 2017	31 December 2016 (Restated)	1 January 2016
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	8	796,114,064	843,948,114	169,467,117	40,205,380	106,700,088
Current investments		-	-	200,410,469	-	-
Trade and other receivables	7, 9	278,993,884	354,965,471	315,178,238	16,275,648	336,530,403
Short-term loans to subsidiaries	7	-	-	-	2,377,680,000	1,029,230,000
Inventories	10	2,006,333,754	1,148,703,149	1,285,061,027	-	1,148,572,229
Property development costs	11	243,103,187	96,479,872	-	-	-
Accrued income	7, 12	738,225,352	407,853,560	322,936,210	7,565,871	348,399,449
Current portion of hire purchase receivables	15	1,813,841	5,795,628	9,413,866	-	-
Current portion of loans to customers	16	2,744,765,099	1,822,390,704	314,368,198	-	-
Current portion of loans receivable from purchases of accounts receivable	17	498,694,264	427,056,822	503,671,607	-	-
Refundable value added tax		171,300,256	79,014,960	88,714,865	6,013	5,387,639
Advance payment for purchasing goods		8,420,625	28,509,946	445,627	-	28,509,946
Other current assets	13	131,362,932	110,995,728	91,530,871	21,319,513	37,165,659
<b>Total current assets</b>		<b>7,619,127,258</b>	<b>5,325,713,954</b>	<b>3,301,198,095</b>	<b>2,463,052,425</b>	<b>3,040,495,413</b>
<b>Non-current assets</b>						
Restricted bank deposits	14	1,946,185	1,915,935	2,058,720	-	-
Hire purchase receivables - net of current portion	15	16,350	2,671,650	13,931,307	-	-
Loans to customers - net of current portion	16	221,686,180	331,357,298	303,411,707	-	-
Loans receivable from purchase of accounts receivable - net of current portion	17	3,799,858,241	3,010,694,522	2,325,882,143	-	-
Advance payment for share subscription	18	-	-	-	-	36,000,000
Investments in subsidiaries	18	-	-	-	3,420,950,866	3,043,515,407
Investments in associates	19	968,012,685	999,235,434	996,954,611	946,588,216	966,301,666
Other long-term investments	20	47,773,624	-	-	-	-
Investment property	21	520,300,000	507,300,000	516,000,000	369,505,549	-
Property, building and equipment	22	859,998,519	840,452,009	768,600,971	37,323,163	649,939,410
Goodwill	2.2	21,855,308	-	-	-	-
Intangible assets	23	350,010,309	147,524,355	46,590,485	38,132,625	39,784,208
Leasehold rights and prepaid rent	24	1,582,978,074	1,499,160,695	773,055,733	184,603,427	238,246,598
Deferred tax assets	37	107,161,129	30,123,669	23,913,943	-	-
Other non-current assets	7, 25	342,888,870	306,992,788	278,440,595	2,061,472	168,676,464
<b>Total non-current assets</b>		<b>8,824,485,474</b>	<b>7,677,428,355</b>	<b>6,048,840,215</b>	<b>4,999,165,318</b>	<b>5,142,463,753</b>
<b>Total assets</b>		<b>16,443,612,732</b>	<b>13,003,142,309</b>	<b>9,350,038,310</b>	<b>7,462,217,743</b>	<b>8,182,959,166</b>

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 2017

(Unit: Baht)

		Consolidated financial statements			Separate financial statements		
	Note	31 December 2017	31 December 2016	1 January 2016	31 December 2017	31 December 2016	1 January 2016
		(Restated)			(Restated)		
<b>Liabilities and shareholders' equity</b>							
<b>Current liabilities</b>							
Bank overdrafts and short-term loans from financial institutions	26	2,814,158,465	1,933,636,080	2,449,757,764	150,000,000	1,920,357,797	2,007,257,764
Trade and other payables	7, 27	662,423,133	717,622,217	293,797,062	45,738,271	261,611,951	207,404,967
Current portion of liabilities under finance lease agreements	28	509,819	405,110	412,426	-	-	-
Current portion of long-term loans	29	415,387,837	371,739,750	412,288,845	198,007,557	196,695,998	29,029,595
Current portion of debentures	30	99,880,954	609,398,136	-	-	-	-
Short-term loans	26	793,044,571	2,384,192,913	860,000,000	613,909,210	1,405,189,380	400,000,000
Income tax payable		74,969,702	48,202,216	39,721,749	-	24,969,861	16,527,165
Other current liabilities		75,300,299	53,777,408	54,591,169	3,394,674	9,337,011	11,729,448
<b>Total current liabilities</b>		<b>4,935,674,780</b>	<b>6,118,973,830</b>	<b>4,110,569,015</b>	<b>1,011,049,712</b>	<b>3,818,161,998</b>	<b>2,671,948,939</b>
<b>Non-current liabilities</b>							
Liabilities under finance lease agreements - net of current portion	28	859,983	196,444	601,554	-	-	-
Long-term loans - net of current portion	29	1,281,037,853	1,200,154,236	674,618,125	241,972,677	440,003,567	139,077,998
Debentures - net of current portion	30	5,381,320,375	1,497,038,052	610,000,000	2,930,795,729	948,139,087	-
Provision for long-term employee benefits	31	23,532,630	30,145,336	27,882,269	20,152,876	22,871,992	20,575,723
Deferred tax liabilities	37	898,623	6,177,389	15,115,413	898,623	5,878,851	4,246,323
Other non-current liabilities	7, 32	156,740,113	160,467,568	132,897,109	23,368,388	13,962,716	13,139,469
<b>Total non-current liabilities</b>		<b>6,844,389,577</b>	<b>2,894,179,025</b>	<b>1,461,114,470</b>	<b>3,217,188,293</b>	<b>1,430,856,213</b>	<b>177,039,513</b>
<b>Total liabilities</b>		<b>11,780,064,357</b>	<b>9,013,152,855</b>	<b>5,571,683,485</b>	<b>4,228,238,005</b>	<b>5,249,018,211</b>	<b>2,848,988,452</b>

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 2017

(Unit: Baht)

		Consolidated financial statements			Separate financial statements		
	Note	31 December 2017	31 December 2016	1 January 2016	31 December 2017	31 December 2016	1 January 2016
		(Restated)			(Restated)		
Shareholders' equity							
Share capital	33						
Registered							
897,414,498 ordinary shares of Baht 1 each							
(31 December 2016: 629,355,727 ordinary shares of Baht 1 each)							
(1 January 2016: 734,257,706 ordinary shares of Baht 1 each)		897,414,498	629,355,727	734,257,706	897,414,498	629,355,727	734,257,706
Issued and fully paid up							
734,249,341 ordinary shares of Baht 1 each							
(31 December 2016: 629,355,622 ordinary shares of Baht 1 each)							
(1 January 2016: 524,463,106 ordinary shares of Baht 1 each)		734,249,341	629,355,622	524,463,106	734,249,341	629,355,622	524,463,106
Share premium		548,047,307	548,019,741	548,019,741	548,047,307	548,019,741	548,019,741
Surplus from change in proportion of investment in subsidiaries	18	713,776,265	769,326,489	815,364,074	713,776,265	769,326,489	815,364,074
Differences arising from business transfer of the parent company	1.2	-	-	-	156,412,109	-	-
Differences arising from business transfer of the subsidiary	18	-	-	-	(156,412,109)	-	-
Advance receipt for share subscription	33	13,530	-	-	13,530	-	-
Retained earnings							
Appropriated - statutory reserve	35	89,741,450	73,425,771	73,425,771	89,741,450	73,425,771	73,425,771
Unappropriated		1,097,159,709	865,870,609	788,332,096	1,097,159,709	865,870,609	788,332,096
Other components of shareholders' equity		50,992,136	47,942,723	50,175,463	50,992,136	47,942,723	50,175,463
Equity attributable to owners of the Company		3,233,979,738	2,933,940,955	2,799,780,251	3,233,979,738	2,933,940,955	2,799,780,251
Non-controlling interests of the subsidiaries		1,429,568,637	1,056,048,499	978,574,574	-	-	-
Total shareholders' equity		4,663,548,375	3,989,989,454	3,778,354,825	3,233,979,738	2,933,940,955	2,799,780,251
Total liabilities and shareholders' equity		16,443,612,732	13,003,142,309	9,350,038,310	7,462,217,743	8,182,959,166	5,648,768,703

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

Directors



**Jay Mart Public Company Limited and its subsidiaries**  
**Statement of comprehensive income**  
**For the year ended 31 December 2017**

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016 (Restated)
<b>Profit or loss:</b>				
<b>Continuing operation</b>				
<b>Revenues from sales and services</b>				
Sales	10,072,717,481	9,082,326,722	-	-
Service income from debts collection and others	1,841,929,469	1,093,915,858	-	-
Rental and service income	719,422,239	539,129,664	91,380,343	39,140,297
<b>Total revenues from sales and services</b>	<b>12,634,069,189</b>	<b>10,715,372,244</b>	<b>91,380,343</b>	<b>39,140,297</b>
<b>Cost of sales and services</b>				
Cost of sales	8,843,187,270	7,900,089,378	-	-
Cost of services	612,505,635	382,139,228	-	-
Cost of rental and service	632,799,387	450,608,908	58,827,623	3,647,828
<b>Total cost of sales and services</b>	<b>10,088,492,292</b>	<b>8,732,837,514</b>	<b>58,827,623</b>	<b>3,647,828</b>
<b>Gross profit</b>	<b>2,545,576,897</b>	<b>1,982,534,730</b>	<b>32,552,720</b>	<b>35,492,469</b>
Sales promotion income	510,884,450	437,960,767	-	-
Management fee	-	-	118,090,861	4,446,000
Interest income	1,292,417	1,242,957	63,308,397	2,347,559
Other income	78,600,851	58,352,404	9,558,699	-
Gain (loss) on fair value adjustment of investment property	21 6,399,158	(9,058,000)	-	-
Reversal of allowance for impairment of assets	22 5,600,000	800,000	-	-
<b>Profit before expenses</b>	<b>3,148,353,773</b>	<b>2,471,832,858</b>	<b>223,510,677</b>	<b>42,286,028</b>
Selling expenses	928,710,047	836,548,470	3,040,128	-
Administrative expenses	1,110,362,684	853,460,940	138,026,776	145,865,629
<b>Total expenses</b>	<b>2,039,072,731</b>	<b>1,690,009,410</b>	<b>141,066,904</b>	<b>145,865,629</b>
<b>Operating profit (loss)</b>	<b>1,109,281,042</b>	<b>781,823,448</b>	<b>82,443,773</b>	<b>(103,579,601)</b>
Finance cost	(297,092,536)	(175,649,003)	(117,653,054)	(24,149,939)
<b>Operating profit (loss) - net of finance cost</b>	<b>812,188,506</b>	<b>606,174,445</b>	<b>(35,209,281)</b>	<b>(127,729,540)</b>
Share of profit from investments in subsidiaries	18 -	-	522,989,344	55,644,413
Share of profit (loss) from investments in associates	19 (17,585,966)	18,059,542	(5,929,994)	26,439,577
<b>Profit (loss) before income tax expenses</b>	<b>794,602,540</b>	<b>624,233,987</b>	<b>481,850,069</b>	<b>(45,645,550)</b>
Income tax revenues (expenses)	37 (134,035,588)	(120,007,025)	8,309,632	(894,947)
<b>Profit (loss) for the year from continuing operation</b>	<b>660,566,952</b>	<b>504,226,962</b>	<b>490,159,701</b>	<b>(46,540,497)</b>
<b>Discontinued operation</b>				
Profit for the year from discontinued operation	38 -	-	-	484,792,028
<b>Profit for the year</b>	<b>660,566,952</b>	<b>504,226,962</b>	<b>490,159,701</b>	<b>438,251,531</b>
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements in foreign currency				
	(333,838)	-	-	-
Share of other comprehensive income from investments in subsidiaries	18 -	-	(42,106)	(2,232,740)
Share of other comprehensive income from investments in associates	19 146,674	(2,232,740)	-	-
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>	<i>(187,164)</i>	<i>(2,232,740)</i>	<i>(42,106)</i>	<i>(2,232,740)</i>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Actuarial gain (loss) - net of income tax	31, 37 8,037,267	-	(2,116,478)	-
Share of other comprehensive income from investments in subsidiaries	18 -	-	8,275,211	-
Share of other comprehensive income from investments in associates	19 3,091,519	2,328,990	3,091,519	2,328,990
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>	<i>11,128,786</i>	<i>2,328,990</i>	<i>9,250,252</i>	<i>2,328,990</i>
<b>Other comprehensive income for the year</b>	<b>10,941,622</b>	<b>96,250</b>	<b>9,208,146</b>	<b>96,250</b>
<b>Total comprehensive income for the year</b>	<b>671,508,574</b>	<b>504,323,212</b>	<b>499,367,847</b>	<b>438,347,781</b>

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 2017

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016 (Restated)
<b>Profit attributable to:</b>				
Equity holders of the Company	490,159,701	438,251,531	490,159,701	438,251,531
Non-controlling interests of the subsidiaries	170,407,251	65,975,431		
	<u>660,566,952</u>	<u>504,226,962</u>		
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	499,367,847	438,347,781	499,367,847	438,347,781
Non-controlling interests of the subsidiaries	172,140,727	65,975,431		
	<u>671,508,574</u>	<u>504,323,212</u>		
		(Restated)		(Restated)
<b>Earnings per share</b>	39			
Basic earnings per share				
Profit attributable to equity holders of the Company	<u>0.67</u>	<u>0.60</u>	<u>0.67</u>	<u>0.60</u>
Diluted earnings per share				
Profit attributable to equity holders of the Company	<u>0.66</u>		<u>0.66</u>	

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 2017

(Unit: Baht)

Consolidated financial statements												
Equity attributable to owners of the Company												
	Other components of equity											
	Other comprehensive income											
	Issued and fully paid-up share capital	Share premium	Surplus from change in proportion of investment in subsidiaries	Advance receipt for share subscription	Retained earnings	Share of other comprehensive income from associate	Surplus on revaluation of assets	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
					Appropriated	Unappropriated						
							Exchange differences on translation of financial statements in foreign currency					
<b>Balance as at 1 January 2016</b>												
Profit for the year	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	3,778,354,825
Other comprehensive income for the year	-	-	-	-	-	438,251,531	-	-	-	65,975,431	504,226,962	
Total comprehensive income for the year	-	-	-	-	-	2,328,990	-	(2,232,740)	-	-	96,250	
Surplus from change in proportion of investment in subsidiary	-	-	-	-	-	440,580,521	-	(2,232,740)	-	-	504,323,212	
Advance receipt for shares subscription from the exercise of warrant	-	-	(46,037,585)	-	-	-	-	-	-	46,037,585	-	
Stock dividend (Note 42)	104,892,516	-	-	-	-	(104,892,516)	-	-	-	4,536	4,536	
Dividend paid (Note 42)	-	-	-	-	-	(258,149,492)	-	-	(258,149,492)	(34,543,627)	(292,693,119)	
<b>Balance as at 31 December 2016</b>	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	3,989,989,454
<b>Balance as at 1 January 2017</b>												
Profit for the year	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	3,989,989,454
Other comprehensive income for the year	-	-	-	-	-	490,159,701	-	-	-	-	490,159,701	660,566,952
Total comprehensive income for the year	-	-	-	-	-	6,158,733	(188,780)	3,238,193	-	3,049,413	9,208,146	10,941,622
Surplus from change in proportion of investment in subsidiaries (Note 18)	-	-	-	-	-	486,318,434	(188,780)	3,238,193	-	3,049,413	499,367,847	671,508,574
Issuance of ordinary shares from the exercise of warrant (Note 33)	1,969	27,566	(55,550,224)	-	-	-	-	-	-	-	(55,550,224)	-
Advance receipt for shares subscription from the exercise of warrant (Note 33)	-	-	-	-	-	-	-	-	-	-	29,535	29,535
the exercise of warrant (Note 33)	-	-	-	13,530	-	-	-	-	-	-	13,530	193,972,229
Investment in subsidiary (Note 18)	-	-	-	-	-	-	-	-	-	-	-	103,693,479
Appropriated retained earnings to statutory reserve (Note 35)	-	-	-	-	16,315,679	(16,315,679)	-	-	-	-	-	-
Stock dividend (Note 42)	104,891,750	-	-	-	-	(104,891,750)	-	-	-	-	-	-
Dividend paid (Note 42)	-	-	-	-	-	(143,821,905)	-	-	-	-	(143,821,905)	(295,644,896)
<b>Balance as at 31 December 2017</b>	734,249,341	548,047,307	713,776,265	13,530	89,741,450	1,097,159,709	(188,780)	(6,495,628)	57,676,544	50,992,136	3,233,979,738	4,663,548,375
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-

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 2017**

Separate financial statements											(Unit: Baht)	
	Other component of equity											
	Issued and fully paid-up share capital	Share premium	Surplus from change in proportion of investment in subsidiaries	Differences arising from business transfer		Advance receipt for share subscription	Retained earnings		Exchange differences on translation of financial statements in foreign currency	Share of other comprehensive income from subsidiaries and associates	Surplus on revaluation of assets	Total other component of shareholders' equity
				The Company	The subsidiary		Appropriated	Unappropriated				
<b>Balance as at 31 December 2015 - as previously reported</b>	524,463,106	548,019,741	-	-	-	-	73,425,771	807,303,669	-	-	57,676,544	57,676,544
Cumulative effect of change in accounting policy for investment in subsidiaries and associates (Note 4)	-	-	815,364,074	-	-	-	-	(18,971,573)	-	(7,501,081)	-	(7,501,081)
<b>Balance as at 31 December 2015 - as restated</b>	524,463,106	548,019,741	815,364,074	-	-	-	73,425,771	788,332,096	-	(7,501,081)	57,676,544	50,175,463
Profit for the year (restated)	-	-	-	-	-	-	-	438,251,531	-	-	-	438,251,531
Other comprehensive income for the year (restated)	-	-	-	-	-	-	-	2,328,950	-	(2,232,740)	-	(2,232,740)
Total comprehensive income for the year	-	-	-	-	-	-	-	440,580,521	-	(2,232,740)	-	(2,232,740)
Surplus from change in proportion of investment in subsidiary	-	-	(46,037,585)	-	-	-	-	-	-	-	-	-
Stock dividend (Note 42)	104,892,516	-	-	-	-	-	-	(104,892,516)	-	-	-	-
Dividend paid (Note 42)	-	-	-	-	-	-	-	(258,149,492)	-	-	-	-
<b>Balance as at 31 December 2016</b>	629,355,622	548,019,741	769,326,489	-	-	-	73,425,771	865,870,609	-	(9,733,821)	57,676,544	47,942,723
<b>Balance as at 31 December 2016 - as previously reported</b>	629,355,622	548,019,741	-	-	-	-	73,425,771	871,259,135	-	-	57,676,544	57,676,544
Cumulative effect of change in accounting policy for investment in subsidiaries and associates (Note 4)	-	-	769,326,489	-	-	-	-	(5,388,526)	-	(9,733,821)	-	(9,733,821)
<b>Balance as at 31 December 2016 - as restated</b>	629,355,622	548,019,741	769,326,489	-	-	-	73,425,771	865,870,609	-	(9,733,821)	57,676,544	47,942,723
Profit for the year	-	-	-	-	-	-	-	490,159,701	-	-	-	490,159,701
Other comprehensive income for the year	-	-	-	-	-	-	-	6,156,733	-	3,049,413	-	3,049,413
Total comprehensive income for the year	-	-	-	-	-	-	-	496,318,434	-	3,049,413	-	499,367,847
Surplus from change in proportion of investment in subsidiaries (Note 16)	-	-	(55,550,224)	-	-	-	-	-	-	-	-	-
Differences arising from business transfer (Note 1.2)	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares from the exercise of warrant (Note 33)	1,969	27,566	-	156,412,109	(156,412,109)	-	-	-	-	-	-	-
Advance receipt for share subscription from the exercise of warrants (Note 33)	-	-	-	-	-	-	-	-	-	-	-	-
Appropriated retained earnings to statutory reserve (Note 35)	-	-	-	-	-	-	16,315,679	(16,315,679)	-	-	-	-
Stock dividend (Note 42)	104,891,750	-	-	-	-	-	-	(104,891,750)	-	-	-	-
Dividend paid (Note 42)	-	-	-	-	-	-	-	(143,821,905)	-	-	-	-
<b>Balance as at 31 December 2017</b>	734,249,341	548,047,307	713,776,285	156,412,109	(156,412,109)	13,530	89,741,450	1,097,159,709	-	(6,884,408)	57,676,544	50,992,136

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 2017**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
				(Restated)
<b>Cash flows from operating activities</b>				
Profit (loss) before tax from continuing operation	794,602,540	624,233,987	481,850,069	(45,645,550)
Profit before tax from operation (Note 38)	-	-	-	567,939,337
Profit before tax	794,602,540	624,233,987	481,850,069	522,293,787
Adjustments to reconcile profit before tax to				
net cash provided by (paid from) operating activities:				
Depreciation and amortisation	300,053,004	222,784,391	59,466,790	147,574,674
Allowance for doubtful accounts (reversal)	241,985,549	102,755,112	14,333,545	(7,531,744)
Bad debt	155,808,279	149,747,466	67,959	7,819,649
Allowance for diminution in value of inventories (reversal)	637,313	(6,123,126)	-	(6,123,126)
Loss (gain) on sales/write-off of property, plant and equipment				
and intangible assets	10,610,042	11,596,787	(1,925,320)	9,804,507
Reversal of allowance for loss on impairment assets	(5,600,000)	(800,000)	-	-
Write-off inventory	-	4,588	-	4,588
Provision for loss from litigation	360,000	-	-	-
Gain on sales of leasehold rights	-	(337,415)	-	(337,415)
Decrease (increase) in fair value of investment properties	(6,399,158)	9,058,000	-	-
Unrealised loss (gain) on exchange rate	147,987	(73,870)	-	(73,870)
Share of profit from investment in subsidiaries	-	-	(522,989,344)	(55,644,413)
Share of (profit) loss from investments in associates	17,585,966	(18,059,542)	5,929,994	(26,439,577)
Provision for long-term employee benefits	4,240,341	4,254,067	1,706,022	2,487,269
Interest income	(316,948,162)	(136,119,670)	(63,308,397)	(1,978,258)
Interest expenses	297,092,536	175,649,003	117,653,054	65,851,118
Profit from operating activities before				
changes in operating assets and liabilities	1,494,176,237	1,138,569,778	92,784,372	657,707,189
Operating assets (increase) decrease				
Trade and other receivables	61,447,843	(40,083,923)	15,084,019	(27,036,793)
Inventories	(858,109,500)	142,476,416	-	142,607,336
Real estate development costs	(122,488,945)	(96,479,872)	-	-
Accrued income	(313,061,424)	(52,346,832)	(7,165,460)	(45,625,669)
Value added tax receivable	(92,285,296)	9,699,905	5,381,626	20,837,606
Advance payment for purchasing goods	20,089,321	(28,064,319)	-	(28,064,319)
Other current assets	(30,151,965)	(5,649,250)	(16,492,006)	28,424,164
Hire purchase receivables	6,944,331	9,571,935	-	-
Loans to customers	(1,202,462,492)	(1,782,799,660)	-	-
Loans receivable from purchases of accounts receivable	(1,145,866,391)	(317,171,156)	-	-
Other non-current assets	(35,960,107)	(29,578,894)	4,361,505	(8,279,438)
Operating liabilities increase (decrease)				
Trade and other payables	259,125,816	62,177,828	27,381,403	42,849,016
Other current liabilities	21,522,891	(813,761)	(531,074)	(2,392,437)
Other non-current liabilities	(4,087,455)	26,733,512	11,898,359	(13,700)
Cash flows from (used in) operating activities	(1,941,167,136)	(963,758,293)	132,702,744	781,012,955
Interest income	299,637,794	103,997,353	63,308,397	2,426,459
Cash paid for employee benefit	(806,464)	(1,991,000)	(315,000)	(191,000)
Cash paid for corporate income tax	(196,847,282)	(133,777,074)	(24,969,861)	(73,967,032)
<b>Net cash flows from (used in) operating activities</b>	<b>(1,839,183,088)</b>	<b>(995,529,014)</b>	<b>170,726,280</b>	<b>709,281,382</b>

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 2017**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
				(Restated)
<b>Cash flows from investing activities</b>				
Decrease (increase) in restricted bank deposits	(30,250)	142,785	-	-
Decrease in current investments	-	200,410,469	-	-
Cash paid for short-term loans to subsidiaries	-	-	(2,633,550,000)	(1,029,230,000)
Cash receipt from short-term loans to subsidiaries	-	-	1,284,100,000	-
Advance payment for shares subscription	-	-	-	(36,000,000)
Increase in investments in subsidiaries	-	-	(353,112,632)	(1,579,999,950)
Increase in investments in associates	-	(4,375,000)	-	-
Increase in other long-term investments	(47,773,624)	-	-	-
Cash paid for acquisition of food and beverage business	(33,788,462)	-	-	-
Acquisition of property, building and equipment and intangible assets	(445,472,325)	(363,584,923)	(37,497,307)	(131,668,549)
Acquisition of leasehold rights	(197,078,889)	(715,415,381)	-	(10,990,000)
Proceeds from sales of property, building and equipment and intangible assets	7,690,962	1,842,580	2,001,682	817,226
Proceeds from business transfer	-	-	447,374,444	-
Proceeds from sales of leasehold rights	-	1,401,869	-	1,401,869
Cash paid for acquisition of investment properties	(7,468,164)	(358,000)	-	-
Dividend received	16,874,975	20,249,969	347,812,264	70,829,933
<b>Net cash flows used in investing activities</b>	<u>(707,045,777)</u>	<u>(859,685,632)</u>	<u>(942,871,549)</u>	<u>(2,714,839,471)</u>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	880,522,385	(516,121,684)	(32,000,000)	(86,899,967)
Increase (decrease) in short-term loans	(1,598,000,000)	1,535,000,000	(793,000,000)	1,010,000,000
Cash receipt from short-term loans from subsidiary	-	-	302,000,000	-
Repayment of short-term loans from subsidiary	-	-	(302,000,000)	-
Cash receipt from long-term loans	497,000,000	900,000,000	-	500,000,000
Repayment of long-term loans	(372,472,301)	(412,929,383)	(197,420,266)	(29,324,427)
Repayment of liabilities under finance lease agreements	(885,575)	(412,426)	-	-
Proceeds from the issuance of debentures	3,999,000,000	1,500,000,000	1,990,000,000	950,000,000
Cash paid for redemption of debentures	(610,000,000)	-	-	-
Cash paid for transaction costs of issuing debentures	(18,456,534)	(5,361,162)	(8,750,000)	(4,015,262)
Proceeds from increase share capital of subsidiary - non controlling interests	103,693,479	-	-	-
Advance receipt for share subscription from the exercise of warrants	193,972,229	4,536	13,530	-
Cash receipt from share issuance	29,535	-	29,535	-
Dividend paid	(295,644,896)	(292,693,119)	(143,821,905)	(258,149,492)
Cash paid for interest expenses	(280,029,669)	(177,791,119)	(109,400,333)	(67,761,365)
<b>Net cash flows from financing activities</b>	<u>2,498,728,653</u>	<u>2,529,695,643</u>	<u>705,650,561</u>	<u>2,013,849,487</u>
Differences on translation of financial statements	(333,838)	-	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(47,834,050)</u>	<u>674,480,997</u>	<u>(66,494,708)</u>	<u>8,291,398</u>
Cash and cash equivalents at beginning of year	<u>843,948,114</u>	<u>169,467,117</u>	<u>106,700,088</u>	<u>98,408,690</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>796,114,064</u></u>	<u><u>843,948,114</u></u>	<u><u>40,205,380</u></u>	<u><u>106,700,088</u></u>
	-	-	-	-

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 2017**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
				(Restated)
<b>Supplemental cash flows information:</b>				
Non-cash items				
Payable for acquisition of property, building and equipment and intangible assets	20,389,367	28,694,494	2,851,309	19,905,993
Purchase of non-performing accounts receivable from financial institutions by installments not affecting the cash flows	-	291,345,458	-	-
Accounts payable for leasehold rights	-	45,000,000	-	-
Accounts payable for construction	20,347,862	11,365,227	-	-
Interest expenses recorded as cost of project	8,288,371	4,323,555	-	-
Transfer of advance for construction to leasehold rights	64,024	-	-	-
Transfer of deposit for purchase of land to property development costs	15,846,000	-	-	-
Transfer of property, building and equipment to investment property	-	-	369,505,549	-
Transfer of investment property/equipment to leasehold rights	12,022,338	-	-	-
Transfer of equipment to intangible assets	18,094,826	-	18,094,826	-
Amortised leasehold rights recorded as cost of project	-	3,378,378	-	-
Transfer of advance payment for share subscription to investment in subsidiary	-	-	36,000,000	-
Issuance of stock dividend	104,891,750	104,892,516	104,891,750	104,892,516
Provision for decommissioning cost	883,074	836,947	-	836,947
Purchase of asset under finance lease agreement	1,653,824	-	-	-
Purchase of food and beverage business which has not yet been paid	6,903,846	-	-	-

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 2017**

#### **1. General information**

##### **1.1 Corporate information**

Jay Mart Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the holding company. The registered office of the Company is at 325/7-8, Jaymart Building, Ramkhamhaeng Road, Sapansoong Sub - District, Sapansoong District, Bangkok. On 19 February 2018, the Company registered with the Ministry of Commerce for changing of its address is at 187,189, Jaymart Building, Ramkhamhaeng Road, Rat Phatthana Sub - District, Sapansoong District, Bangkok.

##### **1.2 Restructuring**

On 16 November 2016, the Extraordinary General Meeting of the Company's shareholders passed a resolution 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) (a subsidiary of the Company). 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.

The Company entered into the Partial Business Transfer Agreement with J Mobile whereby, as a part of the restructuring plan of the Group, the Company undertook to transfer all of its businesses, except for the investment businesses. On 1 January 2017, the Company transferred all assets and liabilities related to the transferred businesses to J Mobile at a total transfer price of Baht 447 million.



The net assets as at transfer date, amounting to Baht 291 million, were detailed below:

(Unit: Thousand Baht)

	Net book value
Trade and other receivable	291,769
Inventories	1,148,572
Accrued income	347,999
Advance payment for purchasing goods	28,510
Office furniture and equipment (Note 22)	205,683
Intangible assets (Note 23)	24,342
Leasehold rights and prepaid rent (Note 24)	29,280
Deferred tax assets	3,859
Other assets	194,609
Total assets	2,274,623
Bank overdrafts and short-term loans from financial institutions	1,738,358
Trade and other payables	230,643
Provision for long-term employee benefits (Note 31)	6,756
Other liabilities	7,904
Total liabilities	1,983,661
Net asset value	290,962
Consideration received	447,374
Differences arising from business transfer	156,412

## 2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

## 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of 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>2017</u> (%)	<u>2016</u> (%)
<u>Held by the Company</u>				
JMT Network Services Public Company Limited (JMT)	Debts management and collection, providing finance leasing services and consumer lendings	Thailand	57.04	55.88
JAS Asset Public Company Limited (J)	Property development	Thailand	67.51	67.50
J Fintech Co., Ltd. (90.16% held by the Company and 9.84% held by JMT)	Finance leasing services and consumer lendings	Thailand	95.77	95.66
J Capital Co., Ltd.	Holding Company	Thailand	99.99	99.99
Smart Item Company Limited	E-Commerce Business	Thailand	99.99	99.99
Jaymart Mobile Co., Ltd.	Trading of mobile phone, camera and related accessories	Thailand	99.99	99.99
J Ventures Co., Ltd.	Holding Company and E-Commerce Business	Thailand	80.00	-
<u>Held by subsidiaries</u>				
Jay Insurance Broker Company Limited (99.99% held by JMT)	Insurance broker	Thailand	57.03	55.87
J Asset Management Company Limited (99.99% held by JMT)	Asset management	Thailand	57.03	55.87
JMT (CAMBODIA) CO., LTD. (100% held by JMT)	Debts collection services	Cambodia	57.04	-
Beans and Brown Co., Ltd. (60% held by J)	Distribution of food and beverage	Thailand	40.51	-

On 1 August 2017, Beans and Brown Co., Ltd., the subsidiary of JAS Asset Public Company Limited (J), acquired of food and beverage business from related parties at a total of Baht 41 million (net of value added tax or other related taxes).

The net book value of acquired assets as at the acquisition date are as follows:

(Unit: Thousand Baht)

Inventories	158
Other current assets	889
Furniture, fixtures and equipment (Note 22)	15,390
Trademark (Note 23)	2,400
<b>Total assets</b>	<b>18,837</b>
<b>Assets value at the acquisition date</b>	<b>18,837</b>
The purchase price over the net assets	21,855
<b>Purchase price</b>	<b>40,692</b>

J has recorded the net assets acquired at their fair value as of the acquisition date. The remaining excess of the purchase price over the fair value of the net assets acquired has been recorded as goodwill. Details of purchase price are as follows:

(Unit: Thousand Baht)

Fair value of net assets received	18,837
Goodwill	21,855
Purchase price	40,692

- 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) The assets and liabilities in the financial statements of overseas subsidiaries are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.

- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- g) 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 equity 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 has adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements, except for the following new accounting standard.

#### **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.

The Company has decided to change its accounting policy for investments in subsidiaries and associates in separate financial statements from cost method to equity method since 1 January 2017. The Company adjusted the transaction retrospectively. The cumulative effect of the change is described in Note 4.

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

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

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

### **4. Prior year's adjustment**

#### **4.1 Cumulative effect of change in accounting policies due to the adoption of new financial reporting standards**

As described in Note 3, during the current year, the Company has changed its accounting policy related to investments in subsidiaries and associates in separate financial statements from cost method to equity method and elected to restate the prior period's financial statements to reflect the effect of the change. The cumulative effect of the change in accounting policy is presented as a separate item in the statement of changes in shareholders' equity.

The amounts of the adjustments affecting the statement of financial position and the statement of comprehensive income are summarised below.

	(Unit: Thousand Baht)		
	Separate financial statements		
	31 December 2017	31 December 2016	1 January 2016
<b>Statements of financial position:</b>			
Increase in investment in subsidiaries	722,243	733,920	777,125
Increase in investment in associate	571	20,284	11,766
Increase in surplus from change in proportion of investment in subsidiaries	713,776	769,326	815,364
Decrease in differences arising from business transfer of the subsidiary	(156,412)	-	-
Increase (decrease) in unappropriated retained earnings	172,134	(5,388)	(18,972)
Decrease in other components of shareholders' equity	(6,684)	(9,734)	(7,501)

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2017	2016
<b>Statements of comprehensive income</b>		
<b>Profit or loss:</b>		
Decrease in dividend income	(347,812)	(70,830)
Share of profit from investment in subsidiaries	522,989	55,644
Share of profit from investment in associate	(5,930)	26,439
Increase in net profit	169,247	11,253
<b>Other comprehensive income:</b>		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>		
Share of other comprehensive income from investments in subsidiaries	(42)	(2,233)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>		
Share of other comprehensive income from investments in subsidiaries	8,275	-
Share of other comprehensive income from investments in associate	3,092	2,329
<b>Earnings per share (Baht):</b>		
Increase in basic earnings per share	0.23	0.02
Increase in diluted earnings per share	0.23	-

#### 4.2 Adjustment of the presentation of loans receivable from purchases of accounts receivable

During the current year, the subsidiaries adjusted the prior presentation of loans receivable from purchases of accounts receivable as non-current assets to present the current and non-current portions of loans receivable from purchases of accounts receivable based on consideration of the forecasted cash flows, in order to appropriately present the statements of financial position. The Company has therefore separated the entries in the prior year's financial statements.

The effects of this adjustment to the statements of financial position are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		
	31 December	31 December	1 January
	2017	2016	2016
<b>Statements of financial position:</b>			
Increase in current portion of loans receivable			
from purchase of accounts receivable	499	427	504
Decrease in loans receivable from purchase of			
accounts receivable - net of current portion	(499)	(427)	(504)

## 5. Significant accounting policies

### 5.1 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*

Revenues from collection of purchased accounts receivable are recognised by using effective interest method (expected rate of return on debts collection with the calculation from estimated cash inflow from debtors or collateral value), revenues from collection of purchased accounts receivable are calculated by using effective rate method multiply by cost of outstanding loans receivable from purchase of accounts receivable. The subsidiaries will recognise revenues from collection of purchased accounts receivable with the amount does not exceed the received from debtors for receivables that were paid during the year.

In case of the subsidiaries received the amount exceeds revenue from debts collection which was recognised during the year, the excess will be deducted cost of loan receivable from purchase of accounts receivable, and revenues from collection of purchased accounts receivable will be fully recognised in profit or losses when actual cash collection exceeds cost of loan receivable from purchase of accounts receivable and revenues from collection of purchased accounts receivable that recognised.

*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 receivables and loans to customers*

The subsidiaries recognise interest income from hire purchase and loan to customers as income on accrual basis based on the effective interest rate over the period of the agreements. The subsidiaries cease recognising interest income from hire purchase and loans to customer agreement on an accrual basis when agreement receivables have been overdue for more than 3 installment periods. In case there is an indication of receivables' inability to repay, income recognition will be ceased immediately.

*Rental and Service income*

Rental and service income 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 of food and beverage*

Sales of food and beverage which are recognised upon goods being delivered. Sales are the invoiced value, excluding value added tax, of goods supplied and services rendered after deducting discounts.

*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.



#### *Revenue from management fee*

Revenue from management fee is recognised when services have been rendered under conditions of the agreement, taking into account the stage of completion.

#### *Franchise income*

Franchise income is recognised on an accrual basis by percentage of sales, in accordance with the substance of the relevant franchise agreements.

#### *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.

### **5.2 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.

### **5.3 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 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.

The subsidiaries set allowance for doubtful accounts at the rate as follows:

Aging	Percentage of allowance for doubtful accounts
Not yet due 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

In case that the subsidiaries consider account receivables to be un-collectable, the subsidiaries write them off from the accounts.

#### *Loans to customers*

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

The subsidiaries set allowance for doubtful accounts for loan receivables using the rate as follows:

Aging	Percentage of allowance for doubtful accounts
Not yet due and overdue 1 period	1, 15
Overdue 2 - 3 periods	2, 15
Overdue 4 - 6 periods	94 - 100
Overdue 7 - 12 periods	100
Overdue more than 12 periods	100

## **5.4 Inventories**

Inventories are valued at the lower of cost (under the first-in, first-out method) or 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.

Raw materials are valued at the lower of cost (under weighted average method) or net realisable value.

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 subsidiary 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

## **5.5 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.

## **5.6 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.

## **5.7 Loans receivable from purchases of accounts receivable**

The loans receivable from purchases of accounts receivable represent the subsidiaries' purchased non-performing receivables of financial institutions and credit service companies 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 allowance for impairment (if any). The subsidiaries recognise loss on impairment of loans receivable from purchases of accounts receivable when the present values of estimated cash flows from repayment of debtor or selling collaterals are lower than carrying value.

## **5.8 Property foreclosed**

Property foreclosed is stated at the lower of cost or net realisable value, which is determined with reference to the latest appraisal value less estimated selling expenses.

Gains on disposal of property foreclosed are recognised as income in profit or loss in the statements of comprehensive income on the disposal date.

## **5.9 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) Investment in non-marketable equity security, which the Company classifies as other investment, is stated at cost net of allowance for impairment loss (if any).
- c) Investments in subsidiaries and associates are accounted for using the equity 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.

## **5.10 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.

#### **5.11 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.

### **5.12 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.

### **5.13 Intangible assets**

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are 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 - 6 years
Computer software	3 - 5 years

### **5.14 Goodwill**

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the subsidiary's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The subsidiary estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

#### **5.15 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 30 years.

The amortisation expense is charged to profit and loss.

#### **5.16 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.

#### **5.17 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.

### **5.18 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 or 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.

### **5.19 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.

### **5.20 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.

## **5.21 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.

## **5.22 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 defined benefit plans are recognised immediately in other comprehensive income.

## **5.23 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.

## **5.24 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.

### **5.25 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.

### **5.26 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 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.

## **6. 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 trade receivables and loans receivable from purchase of accounts receivable**

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

**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 21.

**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.

#### **Goodwill and intangible assets**

The initial recognition and measurement of goodwill and 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 recorded certain provision at the end of reporting period. However, actual result could differ from the estimates.

## 7. Related party transactions

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

Companies	Relationship
JMT Network Services Public Company Limited	Subsidiary
JAS Asset Public Company Limited	Subsidiary
J Fintech Co., Ltd.	Subsidiary
J Capital Co., Ltd.	Subsidiary
Smart Item Company Limited	Subsidiary
Jaymart Mobile Co., Ltd.	Subsidiary
J Ventures Co., Ltd.	Subsidiary
Jay Insurance Broker Company Limited	Subsidiary (Held by subsidiary)
J Asset Management Company Limited	Subsidiary (Held by subsidiary)
JMT (CAMBODIA) CO., LTD.	Subsidiary (Held by subsidiary)
Beans and Brown Co., Ltd.	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)
JPSM COMPANY LIMITED	Associated company (held by associated company)
T.A.S. Assets Company Limited	Common shareholders and directors
Coffee Project Co., Ltd.	Common shareholders and directors
The Midst Co., Ltd.	Common shareholders and directors
Potto Bangkok Co., Ltd.	Common shareholders and directors
Casa Project Co., Ltd.	Common shareholders and directors
Cafe Supply Co., Ltd.	Common shareholders and directors
MPRESSO Co., Ltd.	Common shareholders and directors
Coffee and Brown Co., Ltd.	Common shareholders and directors
Wake up and Live Co., Ltd.	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
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales	-	-	-	0.9	Market price
Rental and service income	-	-	79.6	24.7	Contract price
Management income	-	-	118.1	4.4	Contract price
Sales promotion income	-	-	-	8.4	Mutually agreed rate
Other income	-	-	0.3	1.0	Contract price
Dividend income	-	-	330.9	50.6	As declared
Interest income	-	-	63.2	2.3	Mutually agreed rate
Interest expense	-	-	0.7	-	Mutually agreed rate
Sales promotion expenses	-	-	2.7	35.3	Mutually agreed rate
Office and land rental and utilities	-	-	-	16.7	Market price
<u>Transactions with associates</u>					
Sales	751.8	514.4	-	514.4	Market price
Service income from debts collection	58.1	13.4	-	-	Market price
Other income	0.6	-	-	-	Mutually agreed rate
Dividend income	16.9	20.3	16.9	20.3	As declared
Sales promotion expenses	30.8	4.0	-	3.8	Mutually agreed rate
Other expenses	1.3	-	-	-	Mutually agreed rate
Purchase of assets	0.2	-	-	-	Market price
<u>Transactions with related parties</u>					
Purchase of assets	38.8	-	-	-	Market price
<u>Transactions with management and director</u>					
Office and land rental and utilities	-	1.2	-	1.2	Market price

As at 31 December 2017 and 2016, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade and other receivables - related parties (Note 9)</u>				
Subsidiaries	-	-	12,632	25,493
Associates	53,976	124,683	-	120,041
Related parties	247	-	-	-
Total trade and other receivables - related parties	<u>54,223</u>	<u>124,683</u>	<u>12,632</u>	<u>145,534</u>



		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
<b><u>Short-term loans to subsidiaries</u></b>					
Subsidiaries		-	-	2,378,680	1,029,230
Less: Allowance for doubtful debts		-	-	(1,000)	-
Total short-term loans to subsidiaries - net		-	-	2,377,680	1,029,230
<b><u>Accrued income from sale and services - related parties (Note 12)</u></b>					
Subsidiaries		-	-	7,557	1,282
Associates		7,860	5,344	-	-
Related parties		118	-	-	-
Total accrued income from sale and services					
- related parties		7,978	5,344	7,557	1,282
<b><u>Rental deposit receivable - related parties (Note 25)</u></b>					
Subsidiary		-	-	-	4,837
Director		-	164	-	164
Related parties		792	-	-	-
Total rental deposit receivable - related parties		792	164	-	5,001
<b><u>Trade and other payables - related parties (Note 27)</u></b>					
Subsidiaries		-	-	13,184	14,981
Associates		15,640	2,588	300	2,571
Related parties		8,113	-	-	-
Total trade and other payables - related parties		23,753	2,588	13,484	17,552
<b><u>Rental deposit from related parties (Note 32)</u></b>					
Subsidiaries		-	-	17,758	4,923

#### **Loans to related parties and loans from related party**

As at 31 December 2017 and 2016, 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 /		Balance as at	Increase	Decrease	Balance as at
Loans from related party	Relationship	31 December 2016	during the year	during the year	31 December 2017
<b><u>Short-term loans to subsidiaries</u></b>					
Smart Item Company Limited	Subsidiary	1,230	4,050	(4,100)	1,180
J Fintech Co., Ltd.	Subsidiary	1,028,000	1,659,500	(310,000)	2,377,500
Jaymart Mobile Co., Ltd.	Subsidiary	-	870,000	(870,000)	-
JAS Asset Public Company Limited	Subsidiary	-	100,000	(100,000)	-
		1,029,230	2,633,550	(1,284,100)	2,378,680
<b><u>Short-term loans from subsidiary</u></b>					
Jaymart Mobile Co., Ltd.	Subsidiary	-	302,000	(302,000)	-

Short-term loans to subsidiaries carry interest at 3.55% - 4.06% per annum and due at call (2016: 2.84% - 2.92% per annum).

#### Directors and management's benefits

During the year ended 31 December 2017 and 2016, 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	
	2017	2016	2017	2016
Short-term employee benefits	80,026	65,264	38,660	37,161
Post-employment benefits	3,403	3,166	1,607	1,558
Total	83,429	68,430	40,267	38,719

#### **8. Cash and cash equivalents**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cash	31,104	47,786	-	43,756
Bank deposits	765,010	796,162	40,205	62,944
Total	796,114	843,948	40,205	106,700

As at 31 December 2017, bank deposits in saving accounts carried interests between 0.1% and 1.0% per annum (2016: between 0.1% and 0.375% per annum).

#### **9. Trade and other receivables**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	53,952	122,394	-	121,047
Past due				
Up to 3 months	266	2,220	-	24,418
Total trade receivables - related parties	54,218	124,614	-	145,465

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	98,975	71,033	-	54,070
Past due				
Up to 3 months	28,583	62,451	-	42,101
3 - 6 months	3,491	1,629	-	310
6 - 12 months	12,226	592	-	-
Over 12 months	17,768	1,835	16,673	1,645
Total	161,043	137,540	16,673	98,126
Less: Allowance for doubtful debts	(15,243)	(787)	(13,644)	(311)
Total trade receivables - unrelated parties, net	145,800	136,753	3,029	97,815
Total trade receivable - net	200,018	261,367	3,029	243,280
<u>Other receivables</u>				
Other receivable - related party	5	69	12,632	69
Other receivables - unrelated parties	78,971	93,529	615	93,181
Total other receivables	78,976	93,598	13,247	93,250
Total trade and other receivables - net	278,994	354,965	16,276	336,530

## 10. Inventories

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Raw materials	251	-	-	-
Inventories	2,019,903	1,161,920	-	1,161,789
Supplies	34	-	-	-
Less: Allowance for diminution in value of inventories	(13,854)	(13,217)	-	(13,217)
Inventories - net	2,006,334	1,148,703	-	1,148,572

Movements in the allowance of diminution in value of inventories account during the year ended 31 December 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2017	13,217	13,217
Add: Allowance for diminution in value of inventories made during the year	7,778	-
Less: Reversal of allowance for diminution in value of inventories during the year	(7,141)	-
Transfer to subsidiary in accordance with partial business transfer agreement (Note 1.2)	-	(13,217)
Balance as at 31 December 2017	13,854	-

#### 11. Property development costs

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2017	2016
Land and land improvement	217,311	95,348
Interest capitalised as cost	8,524	235
Construction in progress	12,500	897
House held for sales	4,768	-
Total	243,103	96,480

During the year ended 31 December 2017, the subsidiary included borrowing cost of Baht 8.3 million as cost of property development (2016: Baht 0.2 million). These were determined by applying a capitalisation rate of 5.30% (2016: 4.36%).

The subsidiary has mortgaged land and structures amounting to Baht 114 million as collateral against credit facilities from financial institution as described in Notes 26 and 29.

## 12. Accrued income

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Accrued income from sale and services - related parties	7,978	5,344	7,557	1,282
Accrued income from sale and services - unrelated parties	30,255	21,370	9	1,320
Accrued subsidy income on goods purchases	486,315	227,862	-	227,862
Accrued promotion income	140,441	117,935	-	117,935
Others	85,636	35,343	-	-
Total	750,625	407,854	7,566	348,399
Less: Allowance for doubtful debts	(12,400)	-	-	-
Total accrued income - net	738,225	407,854	7,566	348,399

## 13. Other current assets

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash cards	171	2,444	-	2,444
Prepaid expenses	37,339	25,751	8,082	21,219
Undue input vat	7,732	4,950	347	2,074
Deposit for purchase of land	-	15,846	-	-
Income tax refundable	26,847	8,659	5	63
Others	59,274	53,346	12,886	11,366
Total	131,363	110,996	21,320	37,166

## 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 2017 and 2016, the subsidiaries had receivables under car hire purchases financing services totalling Baht 42.40 million and Baht 49.35 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 within one year		Portion due over one year but not over five years		Total	
	2017	2016	2017	2016	2017	2016
Hire purchase and installment receivables	52,646	51,633	63	8,790	52,709	60,423
Less: Unearned financial income	(10,304)	(10,754)	(1)	(320)	(10,305)	(11,074)
Total	42,342	40,879	62	8,470	42,404	49,349
Less: Allowance for doubtful accounts	(40,528)	(35,084)	(46)	(5,798)	(40,574)	(40,882)
Net	1,814	5,795	16	2,672	1,830	8,467

15.2 At 31 December 2017 and 2016, aged of hire purchase receivables balances and details of allowance for doubtful accounts are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	31 December 2017					
	Number of agreements	Net receivable of unearned financial income	Receivable used for computation		Allowance for doubtful accounts	Net
			of allowance for doubtful accounts	% of allowance for doubtful accounts		
Hire purchase receivables						
Not yet due	18	908	-	1	-	908
Overdue for 1 period	5	283	-	1	-	283
Overdue for 2 - 3 periods	5	276	-	2	-	276
Overdue for 4 - 6 periods	1	88	4	20	1	87
Overdue for 7 - 12 periods	5	398	396	50	198	200
Overdue more than 12 periods	212	40,451	40,375	100	40,375	76
Total	246	42,404	40,775		40,574	1,830

(Unit: Thousand Baht)

Consolidated financial statements						
31 December 2016						
Hire purchase receivables	Number of agreements	Net receivable of unearned financial income	Receivable used for computation	% of	Allowance for doubtful accounts	Net
			of allowance for doubtful accounts	allowance for doubtful accounts		
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

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 2017, the recorded allowance for doubtful accounts are less than the amount computed under FAP guideline of Baht 0.28 million (2016: Baht 1.65 million).

- 15.3 As at 31 December 2017, the subsidiaries had hire purchase receivables (net of unearned financial income) amounting to approximately Baht 40.94 million (2016: Baht 42.5 million), for which revenue recognition has been ceased.

## 16. Loans to customers

16.1 As at 31 December 2017 and 2016, the subsidiaries had loans to customers of Baht 3,308.26 million and Baht 2,273.94 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 over one year but							
	Portion due within one year		not over five years		Portion due over five years		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Loans to customers	3,075,690	2,017,771	478,415	402,546	1,177	508	3,555,282	2,420,825
Less: Unearned interest income	(116,939)	(110,596)	(130,001)	(36,170)	(83)	(121)	(247,023)	(146,887)
Total	2,958,751	1,907,175	348,414	366,376	1,094	387	3,308,259	2,273,938
Less: Allowance for doubtful								
accounts	(213,986)	(84,784)	(127,701)	(35,402)	(121)	(4)	(341,808)	(120,190)
Net	2,744,765	1,822,391	220,713	330,974	973	383	2,966,451	2,153,748

As at 31 December 2017 and 2016, loans to customers comprised the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	2017	2016
Revolving loan receivables	2,514,185	1,209,114
Term loan receivables	794,074	1,064,824
Total	3,308,259	2,273,938

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 2017, this monthly repayment amount repayable within one year was Baht 444.57 million (2016: Baht 698.06 million).



16.2 As at 31 December 2017 and 2016, aged of loans to customers balances and details of allowance for doubtful accounts aged are as follows.

(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	
	2017	2016	2017	2016	2017	2016	2017	2016
Not yet due	2,625,261	1,962,558	1 and 15	1 and 15	45,256	30,104	2,580,005	1,932,454
Overdue 1 period	184,612	105,244	1 and 15	1 and 15	9,308	3,278	175,304	101,966
Overdue 2 - 3 periods	247,844	124,884	2 and 15	2 and 15	17,295	5,556	230,549	119,328
Overdue 4 - 6 periods	150,606	40,109	94,98,99 and 100	100	148,137	40,109	2,469	-
Overdue 7 - 12 periods	41,225	25,284	100	100	40,809	25,284	416	-
Overdue more than 12 periods	58,711	15,859	100	100	58,711	15,859	-	-
Total	<u>3,308,259</u>	<u>2,273,938</u>			319,516	120,190	2,988,743	2,153,748
Allowance for doubtful accounts additional provision for uncollectible receivable					22,292	-	(22,292)	-
Total					<u>341,808</u>	<u>120,190</u>	<u>2,966,451</u>	<u>2,153,748</u>

A notification of the Federation of Accounting Profession (FAP), in concurrent with the Office of the Securities and Exchange Commission, lays down an accounting guideline for the consumer finance business. This requires that full allowance be recorded for doubtful accounts without taking collateral value into account and stop recognition of interest income in case that accounts receivables are overdue by more than three installments. However, the basis of allowance policy of the subsidiary does not comply with the accounting guideline for the consumer finance business promulgated by of the Federation of Accounting Profession (FAP). The subsidiary has a policy to set up allowance for doubtful accounts 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 allowance for doubtful accounts adequately. As at 31 December 2017, the recorded allowance for doubtful accounts are less than the amount computed under FAP guideline of Baht 2.88 million (2016: Nil)

### 16.3 Troubled debt restructuring

During the year ended 31 December 2017 and 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 2017			
	Number of debtors	Amount	
		Before restructuring	After restructuring
<b>Type of restructuring</b>			
Modification of terms of payments	17,336	482,442	482,266
Total	17,336	482,442	482,266
<b>Term of debt restructuring agreements</b>			
Not over 5 years	17,336	482,442	482,266
Total	17,336	482,442	482,266
(Unit: Thousand Baht)			
Consolidated financial statements			
For the year ended 31 December 2016			
	Number of debtors	Amount	
		Before restructuring	After restructuring
<b>Type of restructuring</b>			
Modification of terms of payments	5,274	150,953	150,953
Total	5,274	150,953	150,953
<b>Term of debt restructuring agreements</b>			
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 2017 and 2016 relating to the restructured debts is as follows:

(Unit: Thousand Baht)		
Consolidated financial statements		
For the year ended 31 December		
	2017	2016
Cash settlement by debtors	23,534	3,319
Interest increase recognised into profit or loss in the year	11,624	-
Loss on debt restructuring	176	-

As at 31 December 2017 and 2016, the subsidiary have the outstanding balances with troubled debt restructuring debtors, as follows:

	Consolidated financial statements			
	2017		2016	
	Number of	Outstanding	Number of	Outstanding
	debtors	balance	debtors	balance
	(Number)	(Thousand Baht)	(Number)	(Thousand Baht)
Troubled debt restructuring debtors	13,769	360,726	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 2017 and 2016, loans receivable portfolio classified by group of debtors are as follows:

	Consolidated financial statements			
	2017		2016	
	Number of		Number of	
	contracts	Amount	contracts	Amount
	(Contract)	(Thousand Baht)	(Contract)	(Thousand Baht)
				(Restated)
Hire purchase receivables	873,074	1,727,839	847,837	1,646,533
Personal loan receivables	2,255,803	2,666,885	2,198,134	1,893,670
Total	<u>3,128,877</u>	<u>4,394,724</u>	<u>3,045,971</u>	<u>3,540,203</u>
Less: Allowance for doubtful accounts		(96,172)		(102,452)
Net		4,298,552		3,437,751
Less: Current portion of loans receivable				
purchase of accounts receivable		(498,694)		(427,057)
Loans receivable from purchase of accounts				
receivable - net of current portion		<u>3,799,858</u>		<u>3,010,694</u>

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 2017	3,437,751
Add: Purchase during the year	1,586,034
Reversal of allowance for doubtful accounts	6,280
Less: Portion decrease from cash collection during the year	(725,112)
Portion decrease from settlements by transferred assets during the year	(4,099)
Reassignment	(2,302)
Balance as at 31 December 2017	4,298,552

As at 31 December 2017, the subsidiaries expect to collect cash from debtors from the loans receivable of Baht 1,423 million within one year (2016: Baht 1,080 million).

During the year ended 31 December 2017, the subsidiary purchased account receivables from related parties with the contract amount of Baht 504 million (2016: Baht 141 million).

As at 31 December 2017 and 2016, the average age loans receivable from purchase of accounts receivable of the subsidiaries is from 1 to 7 years from the date of purchasing accounts receivable.

## 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		Carrying amounts based on equity method	
	2017	2016	2017	2016	2017	2016	2017	2016
			(%)	(%)				(Restated)
JMT Network Services Public Company Limited	379,976	370,000	57.04	55.88	575,254	397,596	1,111,515	960,011
JAS Asset Public Company Limited	480,847	370,390	67.51	67.50	399,254	250,000	643,284	489,711
J Fintech Co., Ltd.	1,220,000	1,220,000	90.16	90.16	1,100,000	1,100,000	941,880	1,003,547
J Capital Co., Ltd.	81,000	81,000	99.99	99.99	81,000	81,000	99,372	110,863
Smart Item Company Limited	3,000	1,000	99.99	99.99	3,000	1,000	60	(324)
Jaymart Mobile Co., Ltd.*	480,000	480,000	99.99	99.99	480,000	480,000	570,127	479,708
J Ventures Co., Ltd.	75,250	-	80.00	-	60,200	-	54,713	-
Total					2,698,708	2,309,596	3,420,951	3,043,516

\* Carrying amounts based on equity method is presented net of differences arising from business transfer of Baht 156 million (Note 1.2).

## 18.2 Share of comprehensive income

During the year, the Company has recognised its share of profit (loss) from investments in subsidiaries in the separate financial statements as follows.

(Unit: Thousand Baht)

	For the year ended 31 December					
	Separate financial statements					
	Share of profit (loss)		Share of other			
	from investments in		comprehensive income			
Subsidiaries	subsidiaries		subsidiaries		Dividend received	
	2017	2016	2017	2016	2017	2016
	(Restated)		(Restated)			
JMT Network Services Public						
Company Limited	222,427	72,751	2,032	-	194,137	33,080
JAS Asset Public Company Limited	4,306	3,813	301	-	-	17,500
J Fintech Co., Ltd.	(64,230)	(10,846)	1,349	-	-	-
J Capital Co., Ltd.	(11,638)	(8,473)	147	(2,233)	-	-
Smart Item Company Limited	(1,616)	(1,309)	-	-	-	-
Jaymart Mobile Co., Ltd.	379,227	(292)	4,404	-	136,800	-
J Ventures Co., Ltd.	(5,487)	-	-	-	-	-
Total	522,989	55,644	8,233	(2,233)	330,937	50,580

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

(Unit: Thousand Baht)

Company's name	Proportion of equity		Accumulated balance of		Profit/loss allocated to		Dividend paid to non-	
	interest held by		non-controlling interests		non-controlling interests		controlling interests	
	non-controlling interests		non-controlling interests		during the year		during the year	
	2017	2016	2017	2016	2017	2016	2017	2016
	(%)	(%)						
JMT Network Services	42.96	44.12	1,047,789	774,714	172,926	64,632	151,823	26,120
Public Company Limited								
JAS Asset Public	32.49	32.50	325,743	235,788	885	1,836	-	8,424
Company Limited								
J Fintech Co., Ltd.	4.23	4.34	42,359	45,546	(2,032)	(492)	-	-
J Ventures Co., Ltd.	20.00	-	13,678	-	(1,372)	-	-	-

## 18.4 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					
	Public Company Limited		Company Limited		J Fintech Co., Ltd.		J Ventures Co., Ltd.	
	2017	2016	2017	2016	2017	2016	2017	2016
	(Restated)							
Current assets	1,171,301	916,897	312,240	230,794	2,914,916	1,940,355	16,999	-
Non-current assets	4,076,609	3,247,067	2,183,964	2,034,125	573,382	423,690	53,277	-
Current liabilities	430,602	1,665,937	375,418	629,762	2,485,328	1,313,429	1,885	-
Non-current liabilities	2,492,110	562,188	1,151,761	909,659	933	1,524	-	-

### Summarised information about comprehensive income

(Unit: Thousand Baht)

	For the year ended 31 December							
	JMT Network Services		JAS Asset Public					
	Public Company Limited		Company Limited		J Fintech Co., Ltd.		J Ventures Co., Ltd.	
	2017	2016	2017	2016	2017	2016	2017	2016
	(Restated)							
Revenue	1,361,690	1,072,318	758,319	545,178	560,023	69,771	1,388	-
Profit (loss)	396,133	151,554	5,191	5,649	(48,461)	(11,338)	(6,859)	-
Other comprehensive income	3,562	-	447	-	1,407	-	-	-
Total comprehensive income	399,695	151,554	5,638	5,649	(47,054)	(11,338)	(6,859)	-

### **JMT Network Services Public Company Limited**

On 30 December 2016, the Company exercised 2,000,000 warrants to purchase ordinary shares of JMT Network Services Public Company Limited (JMT) at an exercise price of Baht 18 per share, totalling Baht 36 million. 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. JMT registered the increase of its share capital with the Ministry of Commerce on 5 January 2017.

The exercise of warrants to purchase ordinary shares of JMT resulted in the increase in investment proportion in JMT from 55.88% to 56.12%. The Company recognised “Surplus from change in proportion of investment in subsidiary” totalling Baht 12 million in the statement of financial position.

On 29 September 2017, the Company exercised 7,869,991 warrants to purchase 7,975,842 ordinary shares of JMT at an exercise price of Baht 17.761 per share, totalling Baht 142 million. JMT registered the increase of its share capital with the Ministry of Commerce on 3 October 2017.

The exercise of warrants to purchase ordinary shares of JMT resulted in the increase in investment proportion in JMT from 56.12% to 57.04%. The Company recognised “Surplus from change in proportion of investment in subsidiary” totalling Baht 45 million in the statement of financial position.

On 29 December 2017, the warrant holders of JMT exercised 10,775,553 warrants to purchase 10,920,483 ordinary shares at an exercise price of Baht 17.761 per share, totaling Baht 193,958,699. In December 2017, JMT received full payment for the shares. The Company registered the increase in its share capital with the Ministry of Commerce on 4 January 2018.

### **JAS Asset Public Company Limited**

On 11 May 2017, the Extraordinary General Meeting of shareholders of JAS Asset Public Company Limited (J) approval of the following matters.

- Approved an increase in the registered share capital of J under a General Mandate from Baht 370 million to Baht 518 million by issuing new ordinary shares of Baht 148 million (148,156,000 ordinary shares with a par value of Baht 1 each). J registered the change of its registered share capital with the Ministry of Commerce on 24 May 2017.

- Approved the allocation of 148,156,000 newly issued ordinary shares with a par value of 1 Baht each, as follows.

- (a) Up to 111,117,000 shares to be reserved for the existing shareholders.
- (b) Up to 37,039,000 shares to be reserved for private placement.

For the allotment of newly issued shares, the total increase in paid-up capital shall not more than 111,117,000 shares or 30% of paid-up capital.

On 9 June 2017, a meeting of the Board of Directors of J passed a resolution to approve the allocation of newly issued ordinary shares under a General Mandate of not exceeding 110,564,180 shares at a par value of Baht 1 per share to the existing shareholders in proportion to their respective shareholdings at ratio of 3.35 existing ordinary share to 1 newly issued ordinary shares at the offering price of Baht 2 per share.

During 17-21 July 2017, the existing shareholders of J exercised their right to purchase newly issued ordinary shares of 110,457,012 shares at price of Baht 2 per share, or a total of Baht 221 million, in which the Company exercised their right to purchase newly issued ordinary shares of 74,626,856 shares at price of Baht 2 per share, or a total of Baht 149.25 million. In July 2017, J received full payment for the shares and registered the increase in its share capital from Baht 370 million to Baht 481 million with the Ministry of Commerce on 31 July 2017.

The purchase ordinary shares of J resulted in the increase in investment proportion in J from 67.50% to 67.51%. The Company recognised “Surplus from change in proportion of investment in subsidiary” totalling Baht 0.3 million in the statement of financial position

#### **Smart Item Co., Ltd.**

On 11 August 2017, the meeting of the Company’s Board of Directors passed a resolution to increase the registered share capital of Smart Item Co., Ltd. (SMI) from Baht 1 million (100,000 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 Baht 2 million (200,000 new ordinary shares, par value of Baht 10 each). The Company made payment of share subscription amounting to Baht 2 million. SMI registered the increase in its registered share capital with the Ministry of Commerce on 22 August 2017.



**J Ventures Co., Ltd.**

On 22 December 2016, the meeting of the Company's Board of Directors 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 hold 80% 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 million, comprising 100,000 ordinary shares of Baht 10 each.

On 27 April 2017, the Annual General Meeting of shareholders of J Ventures passed a resolution to increase its registered share capital from Baht 1 million to Baht 100 million through the issuance of 9,900,000 new ordinary shares, par value of Baht 10 each. J Ventures called for payment of 25% of the increase of its registered and newly issued shares capital, a total of Baht 24,750,000, in which the Company held 80% of its registered share capital. The Company made payment of share subscription amounting to Baht 19.8 million. J Ventures registered the increase in its registered share capital with the Ministry of Commerce on 28 April 2017.

On 7 July 2017, the meeting of the Board of Directors of J Ventures passed a resolution to approve the additional call portions of 50% of 9.9 million shares which were not full paid, or a total of Baht 49,500,000. The Company made payment of share subscription amounting to Baht 39.6 million in July and August 2017.

**J Asset Management Company Limited (held by JMT Network Services Public Company Limited)**

On 9 November 2017, the meeting of the Board of Directors of JMT passed a resolution to increase the registered share capital of J Asset Management Company Limited (JAM) from Baht 25 million (2.5 million ordinary shares at a par value of Baht 10 each) to Baht 300 million (30 million ordinary shares at a par value of Baht 10 each) through the issuance 27.5 new ordinary shares, par value of Baht 10 each, with a total of Baht 275 million. JMT made payment of share subscription amounting to Baht 275 million. JAM registered the increase in its registered share capital with the Ministry of Commerce on 6 December 2017.

### **JP Finance Company Limited**

On 11 August 2015, the Board of Directors meeting of JMT passed a resolution to invest 70.00% in a new subsidiary, JP Finance Company Limited, with registered share capital of MMK 600 million (equivalent to Baht 20 million), to engage in providing retail credit services in the Republic of Myanmar. This subsidiary is in the process of company establishment.

### **JMT (CAMBODIA) CO., LTD. (held by JMT Network Services Public Company Limited)**

On 20 February 2017, the meeting of the Board of Directors of JMT passed a resolution to invest 100% in a new subsidiary, JMT (CAMBODIA) CO., LTD. (JMT (CAMBODIA)), with registered share capital of KHR 1,139,700,000 (284,925 ordinary shares), to engage in providing debt collection services and call center business in Cambodia. JMT (CAMBODIA) registered the establishment with the Ministry of Commerce (Cambodia) on 6 June 2017 and JMT paid up JMT (CAMBODIA)'s share capital of KHR 1,139,700,000 (equivalent to USD 0.3 million or Baht 9.7 million) on 3 July 2017.

### **Jay Call Center Co., Ltd (held by JMT Network Services Public Company Limited)**

On 9 November 2017, the Company's Board of Director's meeting of JMT passed a resolutions to establish a new subsidiary, Jay Call Center Co., Ltd., to engage in providing debts collection services and customer relationship management, with registered share capital Baht 1 million which are considered for the investors and equipment ratio.

### **Beans and Brown Co., Ltd. (held by JAS Asset Public Company Limited)**

In June 2017, JAS Asset Public Company Limited (J) invested in Beans and Brown Co., Ltd. (BB), a newly established company. BB has registered share capital of Baht 1 million, comprising 100,000 ordinary shares of Baht 10 each. J hold 60% of its issued and registered share capital. BB registered its incorporation with the Ministry of Commerce on 21 June 2017.

In July 2017, the Extraordinary General Meeting of the shareholders of BB 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 43 million (4,300,000 ordinary shares at a par value of Baht 10 each) through the issuance of 4,200,000 new ordinary shares at par value of Baht 10 each, or a total of Baht 42 million. J made payment for share subscription in proportion to its shareholding amounting to Baht 25.2 million, BB registered the increase in its share capital with the Ministry of Commerce in July 2017.

On 1 August 2017, BB acquired of food and beverage business at a total of Baht 41 million (net of value added tax or other related taxes) from related parties. Such transaction was proceed in accordance with the Board of Directors Resolution of J on 20 September 2016.

## 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	
			2017	2016	2017	2016	2017	2016
			(%)	(%)				
J & P (Thailand) Company Limited (Held by J Capital Co., Ltd.)	Investment in Myanmar	Thai	48.58	48.58	64,375	64,375	21,425	32,934
Singer Thailand Public Company Limited	Sales electrical appliances, commercial products and others	Thai	24.99	24.99	946,017	946,017	946,588	966,301
Total					<u>1,010,392</u>	<u>1,010,392</u>	<u>968,013</u>	<u>999,235</u>

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2017	2016	2017	2016	2017	2016
			(%)	(%)				(Restated)
Singer Thailand Public Company Limited	Sales electrical appliances, commercial products and others	Thai	24.99	24.99	946,017	946,017	946,588	966,301
Total					<u>946,017</u>	<u>946,017</u>	<u>946,588</u>	<u>966,301</u>

## 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 as follows:

(Unit: Thousand Baht)

Associates	Consolidated financial statements			
	Share of profit (loss) from investments in associates		Share of other comprehensive income from investments	
	during the year		in associates during the year	
	2017	2016	2017	2016
J & P (Thailand) Company Limited	(11,656)	(8,380)	147	(2,233)
Singer Thailand Public Company Limited	(5,930)	26,440	3,092	2,329
Total	(17,586)	18,060	3,239	96

(Unit: Thousand Baht)

Associates	Separate financial statements			
	Share of profit (loss) from investments in associates		Share of other comprehensive income from investments	
	during the year		in associates during the year	
	2017	2016	2017	2016
Singer Thailand Public Company Limited	(5,930)	26,440	3,092	2,329
Total	(5,930)	26,440	3,092	2,329

(Unit: Thousand Baht)

Company's name	Dividend received	
	2017	2016
Singer Thailand Public Company Limited	16,875	20,250
Total	16,875	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:

(Unit: Thousand Baht)

Associate	Fair values as at 31 December	
	2017	2016
Singer Thailand Public Company Limited	917,999	776,249
Total	917,999	776,249

## 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	
	2017	2016	2017	2016
Current assets	48,066	64,478	2,286,148	2,081,580
Non-current assets	3,159	6,614	1,214,363	1,063,588
Current liabilities	(7,093)	(3,264)	(477,785)	(765,213)
Non-current liabilities	(30)	(35)	(1,445,043)	(753,788)
<b>Net assets</b>	<b>44,102</b>	<b>67,793</b>	<b>1,577,683</b>	<b>1,626,167</b>
Shareholding percentage (%)	48.58%	48.58%	24.99%	24.99%
<b>Share of net assets</b>	<b>21,425</b>	<b>32,934</b>	<b>394,263</b>	<b>406,379</b>
Adjustment the accounting policy of				
revaluation of assets	-	-	(4,091)	-
Goodwill	-	-	498,831	498,831
Customer base	-	-	71,981	76,364
Deferred tax liability	-	-	(14,396)	(15,273)
<b>Carrying amounts of associates</b>				
<b>    based on equity method</b>	<b>21,425</b>	<b>32,934</b>	<b>946,588</b>	<b>966,301</b>

### Summarised information about comprehensive income

(Unit: Thousand Baht)

	For the year ended 31 December			
	J & P (Thailand) Company Limited		Singer Thailand Public Company Limited	
	2017	2016	2017	2016
Revenue	110,197	191,960	2,363,405	2,545,629
Profit (loss)	(17,726)	(17,658)	(9,757)	119,811
Other comprehensive income	303	(4,596)	28,772	9,320
Total comprehensive income	(17,423)	(22,254)	19,015	129,131

### **J & P (Thailand) Company Limited**

On 23 November 2016, the Board of Directors meeting of the J & P (Thailand) Company Limited (JPT) passed a resolution to invest 100.00% in a new subsidiary, JPSC Company Limited (JPSC), with registered share capital of USD 25,000 (2,500 ordinary shares), to provide service in Myanmar. JPT paid up JPSC's share capital of USD 25,000 (equivalent to Baht 0.8 million) in September 2017.

## **20. Other long-term investments**

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	2017	2016
<b>Other investments</b>		
T2P Company Limited	44,274	-
Internet Based Business Group Co. Ltd.	3,500	-
	<u>47,774</u>	<u>-</u>

On 27 April 2017, the Board of Directors meeting of J Ventures passed a resolution to purchase 2,174,235 ordinary shares or 9.74% of the issued ordinary shares of T2P Company Limited (T2P), which is principally engaged in provision of electronic payment services, with a total of Baht 44.3 million. J Ventures paid up the share capital in September 2017.

On 14 June 2017, the Board of Directors meeting of J Ventures passed a resolution to purchase 1,543 ordinary shares or 0.31% of the issued ordinary shares of Internet Based Business Group Co., Ltd. (Zanroo), which provides an online marketing analysis service, with a total of Baht 3.5 million. J Ventures paid up the share capital in June 2017.

## 21. Investment property

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	507,300	516,000	-	-
Addition during the year	7,469	358	-	-
Transfers	(868)	-	396,505	-
Net income (loss) from revaluation				
to fair value	6,399	(9,058)	-	-
Net book value at end of year	520,300	507,300	369,505	-

The investment property in consolidated financial statements represents a community mall held for rent of a subsidiary. 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
	2017	2016	in assumption value
Discount rate (%)	10	10	Decrease in fair value
Rental rate per square meter per month (Baht)	526	600	Increase in fair value
Occupancy rate (%)	93	93	Increase in fair value

During the year 2017, the subsidiary recognised rental and service income that are related to investment property of Baht 45 million in profit or loss (2016: Baht 47 million) and recognised direct operations expenses arise from investment property that generated income of Baht 19 million (2016: Baht 19 million).

The subsidiary has pledged the investment property amounting to Baht 520 million (2016: Baht 507 million) as collateral against bank overdrafts and long-term loan, building as described in Notes 26 and 29.

## 22. Property, building and equipment

(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
<b>Cost / Revalued amount:</b>							
1 January 2016	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
Additions	3,000	931	90,241	105,393	29,317	7,572	236,454
Increase from acquisition of business (Note 2.2)	-	-	12,662	2,728	-	-	15,390
Disposals/write-off	-	(65)	(18,664)	(10,440)	(16,376)	-	(45,545)
Transfer in (out)	-	-	424	24,527	-	(54,201)	(29,250)
31 December 2017	158,850	284,255	558,885	477,669	66,158	7,648	1,553,465
<b>Accumulated depreciation:</b>							
1 January 2016	-	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
Depreciation for the year	-	14,779	91,046	77,091	8,471	-	191,387
Depreciation on disposals/write-off	-	(6)	(5,329)	(8,879)	(14,070)	-	(28,284)
31 December 2017	-	74,526	314,440	277,695	26,806	-	693,467
<b>Allowance for impairment loss:</b>							
1 January 2016	-	-	6,400	-	-	-	6,400
Decrease during the year	-	-	(800)	-	-	-	(800)
31 December 2016	-	-	5,600	-	-	-	5,600
Decrease during the year	-	-	(5,600)	-	-	-	(5,600)
31 December 2017	-	-	-	-	-	-	-
<b>Net book value:</b>							
31 December 2016	155,850	223,636	239,899	145,978	20,812	54,277	840,452
31 December 2017	158,850	209,729	244,445	199,974	39,352	7,648	859,998
<b>Depreciation for the year</b>							
2016 (Baht 21 million included in cost of rental and service and the balance in selling and administrative expenses)							160,398
2017 (Baht 36 million included in cost of rental and service and the balance in selling and administrative expenses)							191,387



(Unit: Thousand Baht)

## Separate financial statements

	Revaluation		Cost basis				
	basis						
	Land	Buildings and building improvement	Office furniture	Office equipment	Motor vehicles	Assets under installation	Total
<b>Cost / Revalued amount:</b>							
1 January 2016	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
Additions	-	931	139	6,587	1,577	2,250	11,484
Disposals/write-off	-	(65)	-	(125)	(10,550)	-	(10,740)
Transfer to subsidiary in accordance with Partial Business Transfer Agreement (Note 1.2)	-	-	(337,374)	(145,949)	(9,136)	-	(492,459)
Transfer to investment property	(155,850)	(284,225)	(14,089)	-	-	-	(454,194)
Transfer in (out)	-	-	-	4,662	-	(22,757)	(18,095)
31 December 2017	-	-	-	82,412	20,437	2,250	105,099
<b>Accumulated depreciation:</b>							
1 January 2016	-	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
Depreciation for the year	-	14,780	2,093	10,634	3,234	-	30,741
Depreciation on disposals/write-off	-	(6)	-	(109)	(10,550)	-	(10,665)
Transfer to subsidiary in accordance with Partial Business Transfer Agreement (Note 1.2)	-	-	(180,808)	(98,139)	(7,829)	-	(286,776)
Transfer to investment property	-	(74,526)	(10,163)	-	-	-	(84,689)
31 December 2017	-	-	-	57,207	10,568	-	67,775
<b>Net book value:</b>							
31 December 2016	155,850	223,637	162,446	72,416	12,833	22,757	649,939
31 December 2017	-	-	-	25,205	9,869	2,250	37,324
<b>Depreciation for the year</b>							
2016 (included in administrative expenses)							117,504
2017 (Baht 17 million included in cost of rental and service and the balance in administrative expenses)							30,741

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 2017 and 2016 would have been as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	86,754	83,754	-	83,754

As at 31 December 2017, the subsidiary had vehicles with net book value of Baht 3 million (2016: Baht 1 million) which were acquired under finance lease agreements.

As at 31 December 2017, 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 98 million (2016: Baht 110 million) (The Company only: Baht 39 million, 2016: Baht 88 million).

The Company has pledged their land and construction as collateral against long-term loans from financial institutions as described in Note 29.

## 23. Intangible assets

The net book value of intangible assets as at 31 December 2017 and 2016 is presented below.

	(Unit: Thousand Baht)					
	Consolidated financial statements			Separate financial statements		
	Trademark	Computer software	Total	Trademark	Computer software	Total
As at 31 December 2017						
Cost	18,600	382,063	400,663	-	55,128	55,128
Less: Accumulated amortisation	(4,217)	(46,436)	(50,653)	-	(16,995)	(16,995)
Net book value	<u>14,383</u>	<u>335,627</u>	<u>350,010</u>	<u>-</u>	<u>38,133</u>	<u>38,133</u>
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	<u>15,164</u>	<u>132,360</u>	<u>147,524</u>	<u>15,164</u>	<u>24,620</u>	<u>39,784</u>

A reconciliation of the net book value of intangible assets for the years 2017 and 2016 is presented below.

	(Unit: Thousand Baht)			
			Consolidated	Separate
			financial statements	financial statements
	2017	2016	2017	2016
Net book value at beginning of year	147,524	46,590	39,784	24,525
Acquisition of right to use trademark	1,120	16,480	-	16,480
Acquisition of computer software	201,198	96,765	8,958	3,984
Increase from acquisition of business (Note 2.2)	2,400	-	-	-
Amortisation	(19,334)	(12,425)	(4,362)	(5,349)
Disposals during the period - net book value as at disposal date	(993)	-	-	-
Write-off	-	(30)	-	-
Transfer to subsidiary in accordance with Partial Business Transfer Agreement (Note 1.2)	-	-	(24,342)	-
Transfer in	18,095	144	18,095	144
Net book value at end of year	350,010	147,524	38,133	39,784

## 24. Leasehold rights and prepaid rent

Movements of the leasehold rights and prepaid rent during the year ended 31 December 2017 are summarised below.

	(Unit: Thousand Baht)			
			Consolidated	Separate
			financial statements	financial statements
<b>Cost:</b>				
1 January 2016	866,288	337,004		
Additions	777,130	10,990		
Disposal	(1,950)	(1,950)		
31 December 2016	1,641,468	346,044		
Additions	161,126	-		
Transfer to subsidiary in accordance with Partial Business Transfer Agreement (Note 1.2)	-	(29,630)		
Transfer in	12,023	-		
31 December 2017	1,814,617	316,414		

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Accumulated amortisation:</b>		
1 January 2016	93,232	83,961
Amortisation for the year	49,961	24,722
Disposals	(886)	(886)
31 December 2016	142,307	107,797
Amortisation for the year	89,332	24,364
Transfer to subsidiary in accordance with Partial Business Transfer Agreement (Note 1.2)	-	(350)
31 December 2017	231,639	131,811
<b>Net book value:</b>		
31 December 2016	1,499,161	238,247
31 December 2017	1,582,978	184,603
<b>Amortisation for the year</b>		
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
2017 (Baht 63 million included in cost of services and cost of rental, and the balance in administrative expenses) (the Company only: Baht 24 million included in administrative expenses)	89,332	24,364

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 (2016: Baht 4 million) as cost of leasehold rights. These were determined by applying a capitalisation rate of 4.40% (2017: Nil).

The subsidiary has pledged its leasehold rights with net book value as at 31 December 2017 of Baht 1,303 million (2016: Baht 1,223 million) are used as collateral against bank overdrafts and long-term loans, as described in Notes 26 and 29.

## 25. Other non-current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Rental deposit receivables -				
related parties	792	164	-	5,001
Prepaid construction costs	3,210	3,274	-	-
Deposits	334,550	302,050	2,061	163,676
Other	4,337	1,505	-	-
Total	342,889	306,993	2,061	168,677

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

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
			financial statements		financial statements	
	2017	2016	2017	2016	2017	2016
	(% p.a.)	(% p.a.)				
<b><u>Bank overdrafts and short-term loans</u></b>						
<b><u>from financial institutions</u></b>						
Bank overdrafts	MOR	MOR	6,318	3,278	-	-
Trust receipts	2.25 - 3.05	2.25 - 2.75	1,096,923	759,230	-	759,230
Promissory notes	2.25 - 6.25	2.25 - 3.53, MLR-1	1,710,917	1,171,128	150,000	1,161,128
			2,814,158	1,933,636	150,000	1,920,358
<b><u>Short-term loans</u></b>						
Bills of exchange	2.10 - 5.50	2.10 - 4.50	797,000	2,395,000	617,000	1,410,000
Less: Prepaid interest			(3,955)	(10,807)	(3,091)	(4,811)
Net			793,045	2,384,193	613,909	1,405,189

As at 31 December 2017 and 2016, the Company and its subsidiaries had the following unused overdraft lines from banks and other credit facilities:

	2017	2016
<u>Currencies</u>	(Million)	(Million)
Baht	1,421	1,763

The Company and its subsidiaries are subject to certain financial covenants including debt to equity ratio. As at 31 December 2017, the Company and its subsidiaries determined it was in compliance with these covenants.

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

## 27. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade payables - related parties	968	-	-	-
Trade payables - unrelated parties	409,897	465,153	-	162,009
Accrued interest to unrelated parties	25,878	10,082	8,229	3,786
Other payables - related parties	609	2	13,263	12,672
Other payables - unrelated parties	65,316	94,964	12,873	25,908
Construction payable	20,348	11,365	-	-
Accrued expenses - related parties	22,176	2,586	221	4,880
Accrued expenses - unrelated parties	117,231	133,470	11,152	52,357
Total	662,423	717,622	45,738	261,612

## 28. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2017	2016
Liabilities under finance lease agreements	1,447	632
Less: Deferred interest expenses	(77)	(30)
Total	1,370	602
Less: Portion due within one year	(510)	(405)
Liabilities under finance lease agreements - net of current portion	860	197

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 2017			
	Less than 1 year	1 - 4 years	Total
Future minimum lease payments	548	899	1,447
Deferred interest expenses	(38)	(39)	(77)
Present value of future minimum lease payments	510	860	1,370

(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

## 29. Long-term loans

(Unit: Thousand Baht)						
Loan	Interest rate (%)	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2017	2016	2017	2016
1	MLR minus 2.375%	Repayment of principal and interest monthly of Baht 3 million as from March 2012 to March 2021	108,043	138,783	108,043	138,783
2	MLR minus 2.375%	Repayment of principal and interest monthly of Baht 3.85 million, as from on October 2014 to September 2021	135,692	175,264	-	-
3	MLR minus 1%	Repayment of principal and interest monthly of Baht 2.85 million, as from February 2016 to July 2024	224,450	258,650	-	-
4	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	-	-
5	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 July 2026	400,000	400,000	-	-

			(Unit: Thousand Baht)			
Loan	Interest rate (%)	Repayment schedule	Consolidated		Separate	
			financial statements		financial statements	
			2017	2016	2017	2016
6	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	333,320	500,000	333,320	500,000
7	MLR minus 2.35%	Repay of interest every months within 60 installment and repay of principal every 3 month for 18 installments. The first installment repayments as from the last day of 9 month after first withdrawal. As from 3 April 2017 to 3 April 2022	82,000	-	-	-
8	MLR minus 2.35%	Repayment of interest every month for 36 installments and repayment of principal every 3 months for 10 installments. The first installment repayments as from the last day of 9 <sup>th</sup> month after first withdrawal, as from 18 July 2017 to 18 July 2020	115,000	-	-	-
9	MLR minus 2.35%	Interest payments are made in 60 installments on a monthly basis and principle repayments are made in 18 installments in every 3 months with the first installment being made on the last working day of the 9th month. The first drawdown period is from 14 December 2017 to 14 December 2022	300,000	-	-	-
Total			1,698,505	1,573,977	441,363	638,783
Less: Deferred financial fee			(2,079)	(2,083)	(1,382)	(2,083)
Long-term loans - net			1,696,426	1,571,894	439,981	636,700
Less: Current portion			(415,388)	(371,740)	(198,008)	(196,696)
Long-term loans - net of current portion			1,281,038	1,200,154	241,973	440,004

Movement in the long-term loans account during the year ended 31 December 2017 are summarised below.

			(Unit: Thousand Baht)	
			Consolidated	Separate
			financial statements	financial statements
Balance as at 1 January 2017			1,573,977	638,783
Add: Additional borrowing			497,000	-
Less: Payment for borrowing			(372,472)	(197,420)
Balance as at 31 December 2017			1,698,505	441,363



The loans are secured by mortgages of land and construction thereon of the Company and its subsidiary 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 2017, the Company and its subsidiaries determined it was in compliance with these covenants.

As at 31 December 2017, the subsidiaries have long-term loans which is not used totalling Baht 100 million (2016: Nil).

### 30. Debentures

Balances of debentures as at 31 December 2017 and 2016 are as follows:

Debentures	Terms	Date of issuance	Due date	Interest rate	Number of debentures	(Unit: Thousand Baht)	
						Consolidated financial statement	
				(% p.a.)	(Thousand units)	2017	2016
1	2 years	23 July 2015	24 July 2017	4.40	400	-	400,000
2	2 years	11 September 2015	11 September 2017	4.35	100	-	100,000
3	2 years	22 October 2015	5 November 2017	4.30	110	-	110,000
4	3 years	17 June 2016	17 June 2019	4.00	300	300,000	300,000
5	2 years	26 July 2016	30 July 2018	3.40	100	100,000	100,000
6	3 years	29 July 2016	29 July 2019	3.85	150	150,000	150,000
7	3 years	15 November 2016	15 November 2019	3.85	200	200,000	200,000
8	3 years	18 November 2016	18 November 2019	3.85	150	150,000	150,000
9	3 years	16 December 2016	16 December 2019	3.85	600	600,000	600,000
10	3 years	21 April 2017	21 April 2020	4.10	400	400,000	-
11	2 years	15 May 2017	15 May 2019	5.50	69	69,000	-
12	3 years	20 July 2017	20 July 2020	4.20	400	400,000	-
13	2 years	27 July 2017	27 July 2019	6.00	200	200,000	-
14	3.5 years	15 September 2017	15 March 2021	4.50	1,000	1,000,000	-
15	3 years	12 October 2017	12 October 2020	4.20	440	440,000	-
16	2 years	15 November 2017	15 November 2019	6.00	100	100,000	-
17	3 years	22 December 2017	22 December 2020	4.10	590	590,000	-
18	3 years	22 December 2017	22 December 2020	4.00	800	800,000	-
Total debentures - par value						5,499,000	2,110,000
Less: Unamortised portion of deferred transaction costs						(17,799)	(3,564)
Total debentures - net						5,481,201	2,106,436
Less: Current portion						(99,881)	(609,398)
Total debentures - net of current portion						5,381,320	1,497,038

(Unit: Thousand Baht)							
Debentures	Terms	Date of issuance	Due date	Interest	Number of	Separate financial statement	
				rate	debentures	2017	2016
				(% p.a.)	(Thousand units)		
1	3 years	15 November 2016	15 November 2019	3.85	200	200,000	200,000
2	3 years	18 November 2016	18 November 2019	3.85	150	150,000	150,000
3	3 years	16 December 2016	16 December 2019	3.85	600	600,000	600,000
4	3 years	21 April 2017	21 April 2020	4.10	400	400,000	-
5	3.5 years	15 September 2017	15 March 2021	4.50	1,000	1,000,000	-
6	3 years	22 December 2017	22 December 2020	4.10	590	590,000	-
Total debentures - par value						2,940,000	950,000
Less: Deferred financial fee						(9,204)	(1,861)
Total debentures - net						2,930,796	948,139

Movements in debentures account during the year ended 31 December 2017 are summarised below.

(Unit: Thousand Baht)		
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2017	2,110,000	950,000
Add: Issuance of debentures during the year	3,999,000	1,990,000
Less: Redemption of debentures during the year	(610,000)	-
Balance as at 31 December 2017	5,499,000	2,940,000

The above debentures are unsecured, unsubordinated, registered debentures which have terms of payment of interest every 3 months and 6 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 to repay outstanding loan and/or as working capital and business expansion.

Such debentures contain certain covenants and restrictions regarding the maintenance of debt to equity ratio and restriction on dividend payment. As at 31 December 2017, the Company and its subsidiaries determined it was in compliance with these covenants.

On 21 December 2017, the Extraordinary Shareholders' Meeting of the Company passed the resolutions approved to issue and offer the debentures for amount not exceeding Baht 4,000 million or the equivalent in any other currency. The term of debentures will be determined in each time by depending on prevailing market conditions at the time of issuing and offering or under the terms and conditions of the debentures issued at such time, by way of public offering and/or private placement and/or institutional investors in Thailand or offshore. The debenture issued pursuant to this plan will be offered in all or in part, and/or as a program, and/or revolving nature.

### 31. 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 financial statements	
	2017	2016	2017	2016
<b>Provision for long-term employee benefits at beginning of year</b>	30,145	27,882	22,872	20,575
Included in profit or loss:				
Current service cost	3,301	3,373	1,236	1,879
Interest cost	939	881	470	609
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	(14,405)	-	(762)	-
Financial assumptions changes	2,891	-	1,477	-
Experience adjustments	1,468	-	1,931	-
Benefits paid during the year	(806)	(1,991)	(315)	(191)
Transfer to subsidiary in accordance with Partial Business Transfer Agreement (Note 1.2)	-	-	(6,756)	-
<b>Provision for long-term employee benefits at end of year</b>	<b>23,533</b>	<b>30,145</b>	<b>20,153</b>	<b>22,872</b>

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 financial statements	
	2017	2016	2017	2016
Cost of rental and services	-	246	-	-
Selling and administrative expenses	4,240	4,008	1,706	2,488
<b>Total expenses recognised in profit or loss</b>	<b>4,240</b>	<b>4,254</b>	<b>1,706</b>	<b>2,488</b>

As at 31 December 2017, the Company and its subsidiaries expect not to pay long-term employee benefits during the next year.

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).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 5 - 24 years (the Company only: 5 years) (2016: 11 - 24 years, the Company only: 11 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Discount rate	1.78 - 3.29	2.57 - 3.81	1.78	2.71
Salary increase rate	8.91	8.08 - 9.94	8.91	8.08
Turnover rate	0 - 73	0 - 100	0 - 57	0 - 100

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

(Unit: Thousand Baht)

	31 December 2017			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase	Decrease	Increase	Decrease
	0.5%	0.5%	0.5%	0.5%
Discount rate	(637)	668	(407)	419
Salary increase rate	614	(593)	386	(380)
Turnover rate	(334)	365	(45)	47

(Unit: Thousand Baht)

	31 December 2016			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase	Decrease	Increase	Decrease
	0.5%	0.5%	0.5%	0.5%
Discount rate	(1,060)	1,122	(757)	799
Salary increase rate	1,158	(1,103)	842	(805)
Turnover rate	(789)	849	(534)	578

### 32. Other non-current liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Rental deposit - related parties	-	-	17,758	4,923
Rental deposit - unrelated parties	139,868	149,044	5,485	6,431
Deposit from employees	15,587	10,587	125	1,771
Others	1,285	837	-	837
Total	156,740	160,468	23,368	13,962

### 33. Share capital

On 7 April 2017, the Annual General Meeting of the Company's shareholders passed the following resolutions.

- 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 was made on 3 May 2017.

- Approved the issuance and allotment of warrants No. 2 "JMART-W2" with free of charge to existing shareholders totaling 163,166,272 units at a rate of 1 warrant for every 4.5 existing shareholders, 1 unit of warrant is exercisable to purchase 1 ordinary share at Baht 15 each with a tenor of 2 years.

In September 2017, the warrant holders have exercised 1,969 warrants to purchase 1,969 ordinary shares at an exercise price of Baht 15.00 per share, totalling Baht 29,535. In September 2017, the Company received full payment for the shares. In this regard, the Company registered the increase in its share capital with the Ministry of Commerce on 3 October 2017 and the additional shares of the Company were traded in the Stock Exchange of Thailand from 6 October 2017 onwards.

In December 2017, the warrant holders have exercised 902 warrants to purchase 902 ordinary shares at an exercise price of Baht 15.00 per share, totalling Baht 13,530. In December 2017, the Company received full payment for the shares. In this regard, the Company registered the increase in its share capital with the Ministry of Commerce on 4 January 2018 and the additional shares of the Company were traded in the Stock Exchange of Thailand from 8 January 2018 onwards.

Reconcile of number of ordinary shares

	(Unit: share)
	<u>Consolidated/Separate financial statements</u>
<u>Registered ordinary shares</u>	
Number of ordinary shares as at 1 January 2017	629,355,727
Decrease in the Company's registered share from resolution of the Annual General Meeting of the Company's shareholders	(105)
Increase in the Company's registered share from resolution of the Annual General Meeting of the Company's shareholders	268,058,876
Number of ordinary shares as at 31 December 2017	<u>897,414,498</u>
<u>Issued and paid-up ordinary shares</u>	
Number of ordinary shares as at 1 January 2017	629,355,622
Increase during the year	104,891,750
Increase in capital from exercising of the rights of the warrant	1,969
Number of ordinary shares as at 31 December 2017	<u>734,249,341</u>

#### 34. Warrant

In June 2017, the Company has issued and allocated warrant No.2 ("JMART-W2") with free of charge by specified holders and transferable to existing shareholders totalling 163,164,057 units. 1 unit of warrant is exercisable to purchase 1 ordinary share at Baht 15 each within 2 years starting from 6 June 2017. Its first exercise is on 31 July 2017 and able to exercise on the last working day of each quarter. As at 31 December 2017, there were outstanding 163,161,186 units of warrants are still outstanding unexercised.

##### Reconciliation of number of JMART-W2 warrants

	(Unit: Units)
	Consolidated and separate financial statements
	31 December 2017
Number of warrants at the issued date	163,164,057
Exercised during the year (Note 33)	(2,871)
Number of warrants at the end of year	163,161,186

#### 35. 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.

#### 36. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate financial statements	
	2017	2016	2017	2016
Salaries and wages and other employee benefits	910,982	692,610	56,036	335,205
Depreciation	191,387	160,398	30,741	117,504
Amortisation expenses	108,666	62,386	28,726	30,071
Assets written-off	12,205	10,277	67	9,546
Allowance for diminution in value of inventories	637	(6,123)	-	(6,123)
Promotion expense	197,978	286,692	20	192,112
Rental expenses from operating lease agreements	766,040	658,400	4,471	330,979
Advertising expenses	12,330	3,333	-	200
Changes in inventories of finished goods	857,983	142,481	-	142,612
Purchases of finished goods	9,700,280	7,763,731	-	7,763,600

### 37. Income tax

Income tax expenses for the year ended 31 December 2017 and 2016 are made up as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2017	2016	2017	2016 (Restated)
<b>Continuing operation</b>				
<b>Current income tax:</b>				
Current income tax charge	218,360	135,156	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(84,324)	(15,149)	(8,310)	895
<b>Income tax expenses (revenues) reported in the statements of comprehensive income</b>	<u>134,036</u>	<u>120,007</u>	<u>(8,310)</u>	<u>895</u>
			(Unit: Thousand Baht)	
			Separate financial statements	
			<u>2016</u>	
<b>Discontinued operation</b>				
<b>Current income tax:</b>				
Current income tax charge			82,409	
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences			738	
<b>Income tax expenses reported in the statements of comprehensive income</b>			<u>83,147</u>	

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2017	2016	2017	2016
Deferred tax on actuarial gain (loss)	2,009	-	(529)	-
	<u>2,009</u>	<u>-</u>	<u>(529)</u>	<u>-</u>



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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
				(Restated)
Accounting profit before tax				
- Continuing operation	794,603	624,234	481,850	(45,646)
- Discontinuing operation	-	-	-	567,939
	<u>794,603</u>	<u>624,234</u>	<u>481,850</u>	<u>522,293</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	158,921	124,847	96,370	104,459
Temporary differences and unused tax losses which deferred tax asset (liability) have not been recognised	(19,378)	29,679	-	-
Tax losses used in the current year	(15,796)	-	-	-
Adjust in respect of income tax benefit of previous year	(59)	-	-	-
Effects of:				
Change in value of investment accounted for the equity method	111,984	10,802	-	-
Additional revenues	151,365	45,701	1,005	-
Exempt income	(103,056)	(13,615)	(103,412)	(15,866)
Non-deductible expenses	9,493	1,168	312	310
Additional expense deductions allowed	(159,438)	(78,575)	(2,585)	(4,861)
Total	<u>10,348</u>	<u>(34,519)</u>	<u>(104,680)</u>	<u>(20,417)</u>
Income tax expenses (revenues) reported in the statement of comprehensive income	<u>134,036</u>	<u>120,007</u>	<u>(8,310)</u>	<u>84,042</u>
Income tax expenses (revenues) reported in the statement of comprehensive income				
- Continuing operation	134,036	120,007	(8,310)	895
- Discontinuing operation	-	-	-	83,147
Total	<u>134,036</u>	<u>120,007</u>	<u>(8,310)</u>	<u>84,042</u>

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

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<b>Deferred tax assets</b>				
Allowance for doubtful accounts for account receivable	3,245	157	2,929	62
Allowance for diminution in value of inventories	1,439	1,725	-	1,725
Allowance for doubtful accounts for hire-purchase receivable	3,641	1,036	-	-
Allowance for doubtful accounts for loans to customers	70,477	7,753	-	-
Allowance for doubtful accounts for loans receivable from purchases of accounts receivable	19,234	20,490	-	-
Allowance for asset impairment	-	1,120	-	-
Allowance for doubtful account from loan to employees	153	133	-	-
Accrued cost rental under long-term leases	10,050	9,130	428	1,925
Provision for long-term employee benefits	3,403	5,774	4,030	4,574
Provisions	305	254	-	254
Unused tax loss	30,751	7,732	6,461	-
<b>Total</b>	<b>142,698</b>	<b>55,304</b>	<b>13,848</b>	<b>8,540</b>
<b>Deferred tax liabilities</b>				
Investment property at fair value	17,782	13,737	-	-
Surplus on revaluation of land	14,419	14,419	14,419	14,419
Cost of issuing debentures	1,189	353	-	-
Accrued cost rental under long-term lease recorded as asset	2,718	2,848	-	-
Accrued income rental under long-term leases	328	-	328	-
<b>Total</b>	<b>36,436</b>	<b>31,357</b>	<b>14,747</b>	<b>14,419</b>
<b>Deferred tax assets (liabilities) - net</b>	<b>106,262</b>	<b>23,947</b>	<b>(899)</b>	<b>(5,879)</b>
<b>Transaction in statements of financial position</b>				
Deferred tax assets	107,161	30,124	-	-
Deferred tax liabilities	(899)	(6,177)	(899)	(5,879)
<b>Deferred tax assets (liabilities) - net</b>	<b>106,262</b>	<b>23,947</b>	<b>(899)</b>	<b>(5,879)</b>

As at 31 December 2017, the subsidiaries have deductible temporary differences and unused tax losses totaling Baht 13 million (2016: Baht 95 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 14 million will expire by year 2022.

### 38. Discontinued operation

The Company had restructured the group by set up Jaymart Mobile Co., Ltd. (J Mobile) for transfer all of its businesses, except for investment business. The Company transferred all assets and liabilities related to those businesses on 1 January 2017, as discussed in Note 1.2. The Company classified the operating results of such operating segment as discontinued operation in the separate financial statements.

Details of discontinued operations for the year ended 31 December 2016 is present below:

	(Unit: Thousand Baht)
	Separate financial statements
	2016
Sales	9,083,195
Cost of sales	(7,900,088)
<b>Gross profit</b>	1,183,107
Sales promotion income	446,345
Other income	42,624
<b>Profit before expense</b>	1,672,076
Selling expenses	844,869
Administrative expense	217,567
<b>Total expenses</b>	1,062,436
<b>Operating profit</b>	609,640
Finance cost	(41,701)
<b>Profit before income tax expenses</b>	567,939
Income tax expenses	(83,147)
<b>Profit for the year from discontinued operation</b>	484,792
<b>Earnings per share:</b>	
Basic earnings per share for the year from discontinued operation (Baht per share)	0.66

The net cash flows incurred by discontinued operation for the year ended 31 December 2016 are as follows:

	(Unit: Million Baht)
	Separate financial statement
	2016
Operating activities	698
Investing activities	(332)
Financing activities	(415)
<b>Net cash flows from discontinued operation</b>	(49)

### 39. 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 year 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 104.9 million shares on 3 May 2017, as if the shares comprising such stock dividends had been issued at the beginning of the earliest period reported.

Diluted 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 plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic and diluted earnings per share:

Consolidated and separate financial statements						
For the year ended 31 December						
Profit for the year		Weighted average number of ordinary shares		Earnings per share		
2017	2016	2017	2016	2017	2016	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
	(Restated)				(Restated)	
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the Company	490,160	438,252	734,248*	734,247	0.67	0.60
<b>Effect of dilutive potential ordinary shares</b>						
JMART-W2	-	14,008				
<b>Diluted earnings per share</b>						
Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	490,160	748,256		0.66		

\* Include ordinary shares from cash receipts for share subscription

#### **40. 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 2017 and 2016, respectively.

(Unit: Thousand Baht)

For year ended 31 December 2017						
	Trading business	Debt collection business	Rental business	Total reportable segments	Eliminations	Consolidated financial statements
<b>Revenue</b>						
External customers	10,072,717	1,841,930	719,422	12,634,069	-	12,634,069
Inter-segment	2,863	61,575	98,369	162,807	(162,807)	-
<b>Total revenue</b>	<u>10,075,580</u>	<u>1,903,505</u>	<u>817,791</u>	<u>12,650,276</u>	<u>(162,807)</u>	<u>12,634,069</u>
<b>Results</b>						
<b>Gross profit</b>	1,229,530	1,229,424	166,187	2,625,141	(79,564)	2,545,577
Sales promotion income						510,884
Interest income						1,293
Other income						78,601
Gain on fair value adjustment of investment property						6,399
Reversal of allowance for impairment assets						5,600
Selling expenses						(928,710)
Administrative expenses						(1,110,363)
Finance cost						(297,092)
Share of loss from investment in associates						(17,586)
Income tax expenses						(134,036)
<b>Profit for the year</b>						<u>660,567</u>

(Unit: Thousand Baht)

For the year ended 31 December 2016						
	Trading business	Debt collection business	Rental business	Total reportable segments	Eliminations	Consolidated financial statements
<b>Revenue</b>						
External customers	9,082,327	1,093,915	539,130	10,715,372	-	10,715,372
Inter-segment	870	57,195	45,188	103,253	(103,253)	-
<b>Total revenue</b>	<u>9,083,197</u>	<u>1,151,110</u>	<u>584,318</u>	<u>10,818,625</u>	<u>(103,253)</u>	<u>10,715,372</u>
<b>Results</b>						
<b>Gross profit</b>	1,183,108	747,570	137,357	2,068,035	(85,500)	1,982,535
Sales promotion income						437,961
Interest income						1,243
Other income						58,352
Loss on fair value adjustment of investment property						(9,058)
Reversal of allowance for impairment assets						800
Selling expenses						(836,549)
Administrative expenses						(853,461)
Finance cost						(175,649)
Share of loss from investment in associates						18,060
Income tax expenses						(120,007)
<b>Profit for the year</b>						<u>504,227</u>

### Geographic information

Revenue from external customers is based on locations of the customers.

(Unit: Thousand Baht)

	2017	2016
Revenue from external customers		
Thailand	12,622,229	10,700,956
Cambodia	24	-
Total	12,622,253	10,700,956

### Major customers

For the year 2017 and 2016, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

### **41. 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 2017, the Company and its subsidiaries recognised the contributed approximately Baht 5.7 million (the Company only: Baht 0.9 million) (2016: Baht 4.3 million (the Company only: Baht 3.0 million)).

### **42. Dividends**

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
<b>Year 2017</b>			
Final dividends for 2016	Annual General Meeting of the shareholders on 7 April 2017	12	0.01853
Interim dividends for the operating results for the period as from 1 January 2017 to 30 June 2017	Board of Director's meeting on 11 August 2017	M32	0.18000
Total cash dividends paid		144	0.19853
Stock dividends for 2016	Annual General Meeting of the shareholders on 7 April 2017	105	0.16666
Total for 2017		249	0.36519

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
<b>Year 2016</b>			
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 on 14 October 2016	12	0.0222
Total cash dividend paid		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 on 14 October 2016	105	0.2000
Total dividends for 2016		363	0.6922

### 43. Commitments and contingent liabilities

#### 43.1 Capital commitments

As at 31 December 2017 and 2016, the Company and its subsidiaries had capital commitments under the following agreements:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Design and construction of projects	Baht 0.48 million	Baht 52.60 million	-	-
Purchase land for development of future project agreements	-	Baht 93.40 million	-	-
Installation and development system agreements	Baht 0.15 million	Baht 4.48 million	Baht 0.15 million	Baht 4.48 million
Acquisition of computer software	JPY 75 million	JPY 650 million	-	-

#### 43.2 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.

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Payables:				
In up to 1 year	Baht 587 million USD 0.1 million	Baht 532 million	Baht 11 million	Baht 263 million
In over 1 and up to 5 years	Baht 540 million USD 0.1 million	Baht 522 million	Baht 35 million	Baht 263 million
In over 5 years	Baht 470 million	Baht 493 million	Baht 30 million	Baht 42 million

As at 31 December 2017, future minimum sublease payments expected to be received under subleases totaled approximately Baht 5 million (2016: Baht 8 million). During the year 2017, the Company recognised rental expenses of Baht 8 million (2016: Baht 3 million) and subleasing revenue of Baht 9 million (2016: Baht 11 million).

43.3 As at 31 December 2017, 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 7 million and JPY 3,290 million (2016: Baht 32 million and JPY 3,290 million) (the Company only: Baht 3 million, 2016: Baht 8 million). These agreements will mature within February 2018 to December 2025 (2016: January 2017 to December 2025) (the Company only: February 2018 to March 2021, 2016: January 2017 to December 2017).

43.4 As at 31 December 2017, the subsidiary had a commitment under leasehold rights which has to be paid in the future approximately Baht 33 million (2016: The Company had a commitment of Baht 33 million).

#### 43.5 Guarantees

As at 31 December 2017, there were outstanding bank guarantees of approximately Baht 214 million and USD 5 million (2016: Baht 118 million and USD 1 million) (the Company only: Baht 1 million, 2016: Baht 111 million and USD 1 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 2017, the Company issued corporate guarantees of Baht 2,522 million and USD 9 million (2016: Baht 1,152 million and USD 2 million) to financial institutions to secure credit facilities of its subsidiary.

As at 31 December 2017, the Company secured credit facilities of its subsidiary of Baht 902 million (2016: Baht 382 million) to a financial institution.

As at 31 December 2017, a subsidiary issued corporate guarantees of Baht 760 million (2016: Baht 760 million) to a financial institution to secure credit facilities of the Company.

As at 31 December 2017, the Company had commitments in respect of its guarantee of liabilities of the subsidiary at least amounting to JPY 3,365 million (2016: at least amounting to JPY 3,940 million) with a foreign financial institution.

#### **43.6 Commitment in respect of uncalled investment**

As at 31 December 2017, the Company has commitment to pay the uncalled portions of its investments in J Ventures Co., Ltd. (Subsidiary) amounting Baht 19.8 million (2016: Nil).

#### **43.7 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.

On 28 February 2017, the Court of First Instance ordered the subsidiary to pay Baht 0.4 million, together with interest at 7.5% per annum. Subsequently, in May 2017, the subsidiary submitted an appeal to the Appeal Court. On 28 November 2017, the Appeal Court ordered the subsidiary, based on the Court of First Instance, to pay Baht 0.4 million, together with interest at 7.5% per annum. However, as at 31 December 2017, the subsidiary has set aside provisions totaling Baht 0.4 million for the loss arising from this litigation.

#### 44. Fair value hierarchy

As at 31 December 2017 and 2016, 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 2017				
Consolidated financial statements				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Land	-	159	-	<b>159</b>
Investment property	-	-	520	<b>520</b>
<b>Asset for which fair value is disclosed</b>				
Investment in associate	918	-	-	<b>918</b>
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	5,514	-	<b>5,514</b>
Derivative				
Interest rate swap agreement	-	3	-	<b>3</b>

(Unit: Million Baht)

As at 31 December 2016				
Consolidated financial statements				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Land	-	156	-	<b>156</b>
Investment property	-	-	507	<b>507</b>
<b>Asset for which fair value is disclosed</b>				
Investment in associate	776	-	-	<b>776</b>
<b>Liabilities for which fair value is disclosed</b>				
Debentures	-	2,111	-	<b>2,111</b>
Derivative				
Interest rate swap agreement	-	3	-	<b>3</b>

(Unit: Million Baht)

As at 31 December 2017				
Separate financial statements				
	Level 1	Level 2	Level 3	Total
<b>Asset for which fair value is disclosed</b>				
Investment in associate	918	-	-	<b>918</b>
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	2,951	-	<b>2,951</b>
Derivative				
Interest rate swap agreement	-	3	-	<b>3</b>

(Unit: Million Baht)

As at 31 December 2016				
Separate financial statements				
	Level 1	Level 2	Level 3	Total
<b>Asset measured at fair value</b>				
Land	-	156	-	<b>156</b>
<b>Asset for which fair value is disclosed</b>				
Investment in associate	776	-	-	<b>776</b>
<b>Assets for which fair value are disclosed</b>				
Debentures	-	949	-	<b>949</b>
Derivative				
Interest rate swap agreement	-	3	-	<b>3</b>

## 45. Financial instruments

### 45.1 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 2017 and 2016, 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 statements as at 31 December 2017							
	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	-	-	-	552	244	796	0.10 - 1.00
Trade and other receivables	-	-	-	-	279	279	-
Restricted bank deposits	2	-	-	-	-	2	0.10 - 1.38
Hire purchase receivables	2	-	-	-	-	2	4.00 - 14.00
Loans to customers	2,745	220	1	-	-	2,966	17.28 - 27.86
Loans receivable from purchases of accounts receivable	-	-	-	4,299	-	4,299	Note 17
<u>Financial liabilities</u>							
Bank overdrafts and short-term loans from financial institutions	2,738	-	-	76	-	2,814	2.25 - 7.68
Trade and other payables	-	-	-	-	662	662	-
Short-term loans	793	-	-	-	-	793	2.10 - 5.50
Liabilities under finance lease agreements	-	1	-	-	-	1	3.62 - 6.89
Long-term loans	-	-	-	1,696	-	1,696	2.83 - 5.25
Debentures	100	5,381	-	-	-	5,481	3.40 - 6.00

(Unit: Million Baht)

## Consolidated financial statements 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 purchases 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

(Unit: Million Baht)

## Separate financial statements as at 31 December 2017

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective
	Within	1-5	Over				interest rate
	1 year	years	5 years				
(% per annum)							
<u>Financial assets</u>							
Cash and cash equivalent	-	-	-	29	11	40	0.10 - 0.375
Trade and other receivables	-	-	-	-	16	16	-
Short-term loans to subsidiaries	2,378	-	-	-	-	2,378	3.55 - 4.06
<u>Financial liabilities</u>							
Bank overdrafts and short-term loans							
from financial institutions	150	-	-	-	-	150	2.73 - 2.75
Trade and other payables	-	-	-	-	46	46	-
Short-term loans	614	-	-	-	-	614	2.10 - 2.20
Long-term loans	-	-	-	440	-	440	2.83 - 4.23
Debentures	-	2,931	-	-	-	2,931	3.85 - 4.50

(Unit: Million Baht)

Separate financial statements 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 - 3.35
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

### ***Interest rate swap transaction agreements***

The Company has the detail of the interest rate swap agreements outstanding as at 31 December 2017 and 2016 as follow:

As at 31 December 2017 and 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

## **45.2 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 2017		As at 31 December 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial liability</b>				
Debentures	5,481	5,514	2,107	2,111

(Unit: Million Baht)

	Separate financial statement			
	As at 31 December 2017		As at 31 December 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial liability</b>				
Debentures	2,931	2,951	948	949

The estimated fair value of the derivatives is as follows:

	Consolidated		Separate	
	financial statement		financial statement	
	2017	2016	2017	2016
<b>Derivatives: (Loss)</b>				
Interest rate swap agreement	(3)	(3)	(3)	(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.
- Loan receivable from purchase of accounts receivable, their fair value is estimated by discounting expected future cash flow by the effective interest rate, net of allowance for doubtful accounts.
- For fixed rate 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.



- f) For long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.
- g) The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of debentures are based on the latest yield rated quoted by the Thai Bond Market Association as of the date of the statement of financial position or the discounted cash flow method. The discount rate is based on the prevailing rates of return as of the end of reporting period for debentures having substantially the same terms and characteristics.
- h) 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.

#### **46. 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 2017, the Group's debt-to-equity ratio was 2.53:1 (2016: 2.26:1) and the Company's was 1.31:1 (2016: 1.79:1).

#### **47. Events after the reporting period**

##### **The Company**

On 26 February 2018, the meeting of the Board of Directors of the Company passed the following resolutions:

- Approved to propose to the Annual General Meeting of shareholders for approval of dividend payment from operating results of 2017. The dividend will be paid by cash at the rate of Baht 0.32 per share, or a total of Baht 234,960,078. The payment of cash dividend shall be made on 7 May 2018.
- Approved involving a business transfer of Smart Item Company Limited to Jaymart Mobile Co., Ltd. and approved the closure of Smart Item Company Limited.

## **The subsidiaries**

### **JMT Network Services Public Company Limited (JMT)**

1. On 21 February 2018, JMT signed an agreement to purchase accounts receivable from a company, which the balance per original loan agreement is approximately Baht 2,395 million.
2. On 22 February 2018, JMT signed an agreement to purchase accounts receivable from a financial institution which the balance per original loan agreement is approximately Baht 1,086 million.
3. On 22 February 2018, the meeting of the Board of Directors of JMT passed the following resolutions.
  - To propose to the Annual General Meeting of shareholders that dividend in respect of the operating results in 2017 be paid between Baht 0.40 - 0.49 per share, depending on the number of shares of JMT-W1 holders who will be converted on 30 March 2018. The dividend will be paid on 15 May 2018.
  - To consider JMT (CAMBODIA) CO., LTD. (held by JMT) increasing the registered share capital by Baht 15 million.
  - To consider approval for share acquisition and execution of share purchase agreement and shareholders agreement from an insurance company.

### **JAS Asset Public Company Limited (J)**

On 22 February 2018, the meeting of the board of directors of J passed a resolution to propose to the Annual General Meeting of shareholders to approve a decrease in the J's registered share capital from Baht 518,546,000 to Baht 480,847,012 by cancelling Baht 37,698,988 (37,698,988 ordinary shares of Baht 1 each) of registered shares that had not yet been allocated.

### **J Ventures Co., Ltd. (J Ventures)**

On 16 January 2018, the Company informed the Stock Exchange of Thailand regarding the process of public fund raising by digital token "JFin" Coin (Initial Coin Offering: ICO) of J Ventures, a subsidiary of the Company. The purpose of fund raising is to develop a digital credit system (Decentralised Digital Lending Platform) with Blockchain technology for affiliates' business operation.

There is a total 300 million tokens offered for sale, at a selling price of Baht 6.60 each, which will be allocated as follows:

- 100 million tokens will be offered for ICO during 1 - 31 March 2018
- 90 million tokens will be reserved for future use, which might be in the form of the next ICO, for development of new technology that benefits to JFin Coin system. These tokens are locked up until 1 October 2019.
- 40 million tokens will be allocated to management, team members, advisors and partners. 10 million tokens and 30 million tokens are locked up until 1 April 2019 and 1 October 2019, respectively.
- 70 million tokens will be private sale for Jay Mart Group and its subsidiaries. 20 million tokens and 50 million tokens are locked up until 1 October 2018 and 1 October 2019, respectively.

The rest of JFin Coin will belong to the issuer, J Ventures. This allocation is subject to change upon business direction and regulations.

As of 14 February 2018, J Ventures sold the first issued 100 million tokens of JFin Coin (Presales) at Baht 6.60 per each, totaling Baht 660 million. JFin Coin will be publicly trade on 1 March 2018.

#### **48. Approval of financial statements**

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