



network services

# DIGITALIZATION

annual report 2017  
jmt network services plc.

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## Financial Highlights

Unit: Mil. Baht

	2015	2016	2017
<b>Total Revenues from Core Business <sup>1/</sup></b>	<b>719.1</b>	<b>1,063.7</b>	<b>1,356.2</b>
<b>Gross Profit</b>	<b>403.5</b>	<b>685.9</b>	<b>781.8</b>
<b>Net Profit</b>	<b>94.6</b>	<b>290.4</b>	<b>396.1</b>
<b>Total Assets</b>	<b>3,740.9</b>	<b>4,164.0</b>	<b>5,247.9</b>
<b>Total Liabilities</b>	<b>2,072.3</b>	<b>2,228.1</b>	<b>2,922.7</b>
<b>Total Shareholder's Equity</b>	<b>1,668.6</b>	<b>1,935.8</b>	<b>2,325.2</b>

	2015	2016	2017
<b>Net Profit Margin</b>	<b>13.1%</b>	<b>27.3%</b>	<b>29.2%</b>
<b>Return on Equity (ROE)</b>	<b>8.1%</b>	<b>16.1%</b>	<b>18.6%</b>
<b>Return on Assets (ROA)</b>	<b>3.2%</b>	<b>7.3%</b>	<b>8.7%</b>
<b>Debt to Equity Ratio (D/E) (times)</b>	<b>1.16</b>	<b>0.96</b>	<b>1.21</b>
<b>Earning Per Shares (Baht/Share) (EPS)</b>	<b>0.27</b>	<b>0.78</b>	<b>1.06</b>

1/Total Revenues from Core Business is Services income from debts collection and others, Revenues from collection of purchased accounts receivable and Interest income and related income.

## Message from Chairman

Dear Shareholders,

2017 is record as a year of history of Thai people due to the year of Royal Funeral for our beloved King Bhumibol Adulyadej. 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 2017 has a sign of recovery of the economy, JMT achieved a remarkably success in its performance in the highest year of cash collected in our history and significantly generated the total revenues of 1,352.2 million baht with the net income equal to 396.1 million baht. The successful operation was due to the exceptional executive strategy and the effective efforts of all staff working together. Because of this, we could reach the shareholders' expected target.

In 2018, we are confident that we will strengthen our businesses by improving our competitive advantage in the current market as well as expanding our businesses into Southeast Asia. Therefore, we can become a leader in debt collection and management in the future.

For this opportunity, JMT 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. Adisak Sukumvittaya  
(Chairman of The Board)

## Board of Directors

### Mr. Adisak Sukumvittaya

<b>Age</b>	: 62 Years
<b>Position</b>	: Chairman of the Board
<b>Educations</b>	: 1978 Master of Economic      Kasetsart University 1980 Bachelor of Economic      Kasetsart University
<b>Certification</b>	: 2008 Director Accreditation Program (DAP) of Thai Institute of Director: 2014 Capital Market Academy (CMA 15)



#### Experience

2016 – Present	Chairman of the Board	Jaymart Mobile Company Limited
2017 – Present	Chairman of the Board	J Ventures Co., Ltd
2016 – Present	Chairman of the Board	Singer Thailand PCL.
2012 – Present	Chairman of the Board	JMT Network Services PCL.
1994 – 2012	Director	JMT Network Services PCL.
2013 – Present	Chairman of the Board	J Asset Management Company Limited
2013 – Present	Chairman of the Board	Jay Insurance Broker Company Limited
1990 – Present	Director and Chief Executive Officer	JMART PCL.
2004 – Present	Chairman of Executive Board member	JMART PCL.
2012 – Present	Chairman of the Board	JAS Asset PCL.

#### 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.

### Ms. Yuvadee Pong-Acha

<b>Age</b>	: 62 Years
<b>Position</b>	: Director, Chairman of the Executive Director Nomination and Remuneration Committee
<b>Educations</b>	: 1978 Master of Business Administration, Bridgeport University, U.S.A 1980 Bachelor of Political Science, Thammasart University
<b>Certification</b>	: 2008 Director Accreditation Program (DAP) of Thai Institute of Directors



#### Experience

2016 – Present	Director/Executive Committee	Jaymart Mobile Company Limited
2017 – Present	Director	J Venture Co., Ltd
2012 – Present	Chairman of Executive Board member	JMT Network Services PCL.
1994 – Present	Director	JMT Network Services PCL.
2007 – 2011	Managing Director	JMT Network Services Company Limited
2013 – Present	Director	J Asset Management PCL.
2013 – Present	Director	JAY Insurance Broker Company Limited
2001 – Present	Chairman of the Board	J Fintech Company Limited

1990 – Present	Director	Jaymart PCL.
2004 – Present	Executive Director and Deputy Chief Executive	Jaymart PCL.
2012 – Present	Director	JAS ASSET PCL.
2002 – Present	Director	T.A.S ASSET COMPANY LIMITED

#### 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. Piya Pong-Acha

<b>Age</b>	: 48 Years
<b>Position</b>	: Director, Executive Director, Chief Executive Officer
<b>Education</b>	: 1994 Bachelor of Management, Kasembundit University
<b>Certification</b>	: 2011 Director Accreditation Program (DAP) of Thai Institute of Directors



#### Experience

2012 – Present	Director, Executive Director and Chief Executive Officer	Jmt Network Services PCL
1998 – 2012	Director of Marketing	Jmt Network Services PCL
2015 – Present	Director	Singer Thailand PCL
2013 – Present	Director	J Asset Management Company Limited
2013 – Present	Director	JAY Insurance Broker Company Limited
2011–Present	Director	J Fintech Company Limited

#### 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. Rerngchai Ingkapakorn

<b>Age</b>	: 62 Years
<b>Position</b>	: Directors (Independent Director), Chairman of the Audit Committee
<b>Education</b>	: 1998 Master of Business Administration University of Phoenix, U.S.A : 1990 Bachelor of Business Administration in Finance San Francisco State University, U.S.A
<b>Certification</b>	: 2011 Director Accreditation Program (DAP) of Thai Institute of Directors



#### Experience

2012 –Present	Director and Chairman of the Audit Committee	JMT Network Services PCL.
2013 – Present	Head of Office of CEO, Ananda Development PCL.	
2010 – 2013	Supply chain performance manager and development manager	SIAM CITY CEMENT PCL.
2004 – 2010	Geocycle manager	SIAM CITY CEMENT PCL.

#### 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. Kanchit Kawachat

**Age** : 52 Years

**Position in the Company** : Director (Independent Director), Director of the Audit Committee

**Education** : Master of Business Administration University of Missouri,U.S.A  
Bachelor of Architecture King Mongkut's Institute of Ladkrabang

**Certification** : 2005 Director Accreditation Program (DAP) of Thai Institute of Directors



#### Experience

2012– Present	Director and Director of the Audit Committee	JMT Network Services PCL.
2016 – Present	Director and Advisor	Prukha Clinic Holding Company Limited
2014 – Present	Chairman of The Board	Mindset Entertainment Company Limited
2013 – 2014	Chief Executive Officer-Digital TV Business.	GMM Grammy Plc.
2005 – 2013	Director and Vice President Chief Financial Officer Investment and Business Development	WORK POINT ENTERTAINMENT PUBLIC COMPANY LIMITED
2002 – 2005	Vice President of Investment Banking Department.	Thanachart Securities Company Limited.
1999 – 2001	Assistant Vice President Development Fund.	Ayudhya JF Asset Management (AJF).
1994 – 1999	Assistant Vice President, Product Development.	Securities One Public Company Limited.
1988 – 1989	Architect	Architect 49 Limited.

#### 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 Atisaitrakul

**Age** : 51 Years

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

**Education** : Master of Business Administration Kasetsart University  
Bachelor of Engineering Chulalongkorn University

**Certification** : None



#### Experience

2016 – Present	Director	JMT Network Services PCL.
2013 – 2015	Country Lead (mobile)	Lenovo
2007 – 2011	Head of mobile phone	LG

#### 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



**Ms. Ladda Waruntarakul**

**Age** : 55 Years  
**Position in the Company** : Director, Executive Director

**Education**

2009	Master of Business Administration in Accounting	Ramkhamhaeng University
1985	Bachelor of Business Administration in Accounting	Ramkhamhaeng University

**Certification** : 2012 Director Accreditation Program (DAP) of Thai Institute of Directors

**Experience**

2016 – Present	Director and Executive Director	Jaymart Mobile Company Limited
2012 – Present	Director and Executive Director	JMT Network Services PCL.
2013 – Present	Director	J Asset Management Company Limited
2012 – Present	Director	JAS ASSET PCL.
2011 – Present	Director	J Fintech Company Limited
2004 – Present	Chief Finance Officer	JAY MART PCL.


**Qualifications;**

- 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

## General Information

### JMT Network Services Public Company Limited

Stock Symbol :	JMT
Head Office:	325/7 Jaymart Bldg., 4 – 6 <sup>th</sup> Fl., Ramkhamhaeng Rd., Sapansoong, Bangkok 10240
Telephone:	0-2308-9999
Fax:	0-2308-9900
Company Registered Number:	0107555000074
Website:	<a href="http://www.jmntnetwork.co.th">www.jmntnetwork.co.th</a>
Type of Business:	Debt collection services, distressed debt management, and Finance Business
Registered Capital:	444,000,000 Baht
Paid-up Capital:	379,976,470 Baht

### Subsidiary Companies

#### J Asset Management Company Limited

Head Office:	325/7 Jaymart Bldg., 4 <sup>th</sup> Fl., Ramkhamhaeng Rd. Sapansoong, Bangkok 10240
Telephone:	0-2308-9999
Fax:	0-2308-9840
JMT Shareholding Proportion:	99.99%
Company Registered Number:	0105556069459
Website:	-
Type of Business:	Non-Performing Debt Management Business
Registered Capital:	300,000,000 Baht
Paid-up Capital:	300,000,000 Baht

#### JAY Insurance Broker Company Limited

Head Office:	325/7 Jaymart Bldg., 5 <sup>th</sup> Fl., Ramkhamhaeng Rd. Sapansoong, Bangkok 10240
Telephone:	0-2308-9999
Fax:	0-2308-9840
JMT Shareholding Proportion:	99.99%
Company Registered Number:	0105556022886
Website:	<a href="http://www.jayinsurancebroker.co.th">www.jayinsurancebroker.co.th</a>
Type of Business:	Insurance Brokerage
Registered Capital:	5,000,000 Baht
Paid-up Capital:	5,000,000 Baht

**JMT (Cambodia) Co., Ltd (Subsidiary in Cambodia)**

Head Office: 159 – 161, Street No. 113, Sangkat Boueng Keng Kan 3, Khan Chamkamorn, Phnom Penh, The Kingdom of Cambodia

JMT Shareholding Proportion: 100%

Company Registered Number: 00025088

Website : -

Type of Business : Debt Collection Services in Cambodia

Registered Capital : 1,139,700,000 Riel (or 284,925 USD)

Paid-up Capital : 1,139,700,000 Riel (or 284,925 USD)

**J Fintech Company Limited**

Head Office: 325/8 Jaymart Bldg., 3 -3 Fl., Ramkhamhaeng Rd. Sapansoong, Bangkok 10240

Telephone: 0-2308-9999

Fax: 0-2308-9840

Shareholding Proportion: 9.84% (the Company treat as long-term investment)

Company Registered Number: 0105554042308

Website: www.jfintech.co.th

Type of Business: Personal Loan

Registered Capital: 1,220,000,000 Baht

Paid-up Capital: 1,220,000,000 Baht

**Auditor**
**E Y Office Company Limited**

193/136-137 Lake Ratchada Office Complex, 33<sup>rd</sup> 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. Runghapa 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, 11<sup>th</sup> 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

## Nature of Business

### 1. Nature of the Business

#### 1.1 Overview of Business

The company was established in 1994 with registered capital of 5 million baht paid by JMART group. To operate business in servicing for tracking and collection of debts, sue to investigate property and compulsory execution across Thailand. The JMART group has the experience and expertise being a result from the business operation of distributing various brands of electronic appliances, prior to entering the mobile phone business. Later, the company has expanded to distressed debt management business and car loan services, respectively.

#### Background and Development

- 1994** The company was established to operate business in servicing for tracking and collection of debts, sue to investigate property, compulsory execution across Thailand with a paid registered capital of 5 million baht, divided into 50,000 shares with a par value per share of 100 Baht
- 2006** Expand into Non-performing debt management business. By buying the first group of distressed debt to manage and track
- 2011** Established subsidiary company, buy more Non-performing debt and expand to car leasing
- Establishment of a subsidiary company, JMT Plus Co., Ltd. ("JMT Plus" or the "Subsidiary Company"). The Company holds 100 per cent to accommodate the new business in the future.
  - Beginning the car loan service by in the first phase focused on lending to individual customers for used cars of personal cars
- 2012**
- The Company was converted into a public limited company and changed its name to JMT Network Services (Public) Company Limited on Apr. 19, 2012.
  - Change in the par value of the shares, from the par value per share of 100 baht to the par value per share of 1 baht and a capital increase of 120 million baht to 300 million baht.
  - Increase of Paid-up capital of 105 million shares by Right offering and the registered the increased paid-up capital to 225 million baht on May 14, 2012.
  - On November 27, 2012 the company was listed on the Stock Exchange of Thailand and offered increased capital shares of 75 million shares and allotted to the shareholders of JMART and offered to the general public. Resulted in currently, the company has a paid-up capital of 300 million shares. The main shareholder group is the main executives, including JMART Public Company Limited, holds approximately 75 percent
- 2013**
- On February 5<sup>th</sup>, 2013, the company established a subsidiary, JMT Insurance Broker Co., with the authorized capital of 2 million baht for continuing running the broker business in disaster type.
  - On April 26<sup>th</sup>, 2013, the company established another subsidiary, J Asset Management Co., with the authorized capital of 25 million baht for pursuing the buying Non-Performing Load (NPL) which is already went through the legislative procedure from the financial institute
- 2014** JMT Insurance Broker Company Limited name changed J Insurance Broker Company Limited is a subsidiary of Company

**2015** JMT PLUS Co., Ltd. (Subsidiary) received a license to conduct a personal loan business under supervision and retail loans for making a living under supervision. The J-Money personal loan service was launched during the 4th quarter of 2015.

**2016** On 1 September 2016, The Company increases capital in Subsidiaries Jay Insurance Broker to 5 million baht in order to support business expansion.

Board of Directors No.5/2016 on 11 August 2016 has approved the capital increasing of subsidiaries, JMT Plus Co., Ltd, for 110,000,00 shares with par value of 10 baht. The Board of Directors has approved the waiver of share subscription in JMT Plus Co., Ltd to Jaymart Public Company Limited. The Extraordinary General Meeting No.1/2016 passed a resolution as per Board of Directors proposed. After the waiver of share subscription in JMT Plus the Company diluted its shareholdings to 9.84. And JMT Plus Co., Ltd subsequently has been changed the company name to “J Fintech Co., Ltd”

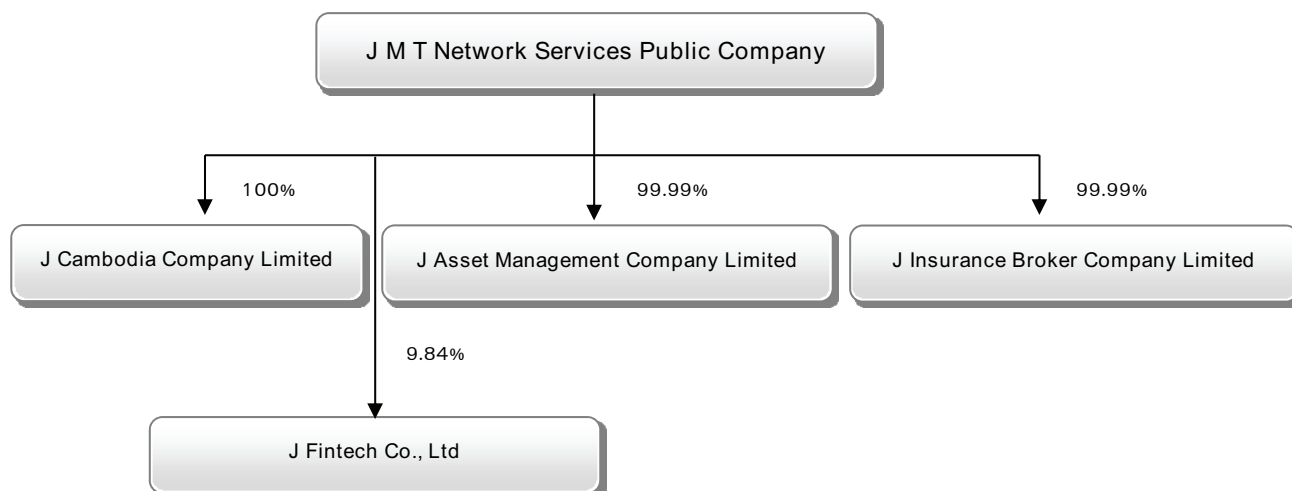
**2017** Board of Director No.2/2017 passed a resolution to approve to set up a subsidiary in Cambodia, JMT (Cambodia) Co., Ltd to engage collection business. The company establishment was completed on 6 June 2017

Board of Director No.6/2017 has resolved to approve to increase paid-up capital in subsidiary, J Asset Management by increase registered capital of 27.5 million shares at 10 Baht per share. The paid-up capital after complete capital increasing was 300 million Baht.

## 1.2 Nature of the Business of the Company and Subsidiary Company

### Company Group Structure

As at 31 December 2017, the company has a subsidiary company operating of 2 companies J Asset Management and J Insurance Broker, JMT (Cambodia) Co., Ltd and J Fintech Co., Ltd is considered as an long-term investment.



## **Business operation of the Company and its subsidiary**

Today the company and its subsidiary have operated in core businesses, comprises of debts tracking and collection services, management of Non-performing debt, personal financial business and Insurance Broker Business.

### **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. 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 distressed debt under management in the total book value of investments in Non-performing debt – net equivalent to 4,315.4 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 and its subsidiary have the amount of debtor from the leases - net equals to 15.25 million baht. The Company discontinued this business.

### **Insurance Broker Business.**

The company provides different types of 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.

## **1.3 Revenues Structure**

The revenue structure of the company according to the consolidated financial statements, segmented according to the business for the years 2014 - 2016, comprises of revenues as follows

	2015		2016		2017	
	MN. Baht	%	MN. Baht	%	MN. Baht	%
Core Business						
Revenue from debt tracking and	99.0	13.7	135.2	12.6	242.0	17.8
Revenue from Non-performing debt	570.7	79.2	738.9	68.9	1,110	81.5
Revenue from Loan Business	49.4	6.9	189.6	17.7	4.4	0.3
Total Revenues from Core Business	719.1	99.8	1,063.7	99.2	1,356.2	99.6
Other Revenues	1.2	0.2	8.6	0.8	5.4	0.4
<b>Total Revenues</b>	<b>720.3</b>	<b>100.0</b>	<b>1,072.3</b>	<b>100.0</b>	<b>1,361.6</b>	<b>100.0</b>

## **1.4 Target of the business**

The company has goals according to each business type as follows

### **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.

#### **Insurance Broker Business**

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

- Expanding the marketing channel in order to giving the feedback both to internal and external customers.
- Enlarging the market via an online channel, website channel, by beginning to providing services via the website channel since 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 Factor

Risk Factors in operating the business of the company that could affect the return from the investment of the investors significantly and risk prevention guidelines can be summarized as follows

#### 1.1 Risk in operating Business

The company operates 4 main types of business such as tracking and collection of debt service business, non-performing debt management and car loan services and Insurance Broker Business. which have risk that are different according to the type of business as follows.

##### 1.1.1 Debt tracking and collection service business

##### 1.1.1.1 The risk from the changes in the Non-performing debt management policy and the bargaining power of the employer.

In the past, the employer group has policy to hire a company to track and collect the Non-performing debts, due to the need to reduce the operational burden and cost of tracking and collection. However, presently some employers have modified their policy by proceeding with the tracking and collection of the debt by themselves or sale the Non-performing debt, as employers begin to focus on the debt tracking and collection process or in order to reduce the risk in terms of image of the employer, as well as to reduce the rate of bad debts to total loans of the employer. Making the company is at risk to a loss of revenue from debt tracking and collection service and experiencing personnel management. Furthermore, the debt tracking and collection service business is a business which the employer has the authority to negotiate, meaning that the service fee, characteristic of the portfolio of the debtor employed, volume of debtor employed and the duration period of employment is determined by the employer. Therefore, the employer has the influence in the performance of the company.

The company has foreseen of such risk, hence has issued policies to maintain and improve the quality of services to be in accordance with policies of the employer, with a fair service fee and not increasing the cost to the employer. This including the development of databases and systems modernization in order for the employer to ensure that the company has the capability in tracking and collection of debt, able to keep secret information of the client and do not affect the reputation and image of the employer. Employers are still likely to hire a third party to track and collect debt, in order to reduce the burden of debt tracking and collection themselves. The company has also expanded into the management of Non-performing debt business, in order to reduce the risk of relying on the debt tracking and collection service business and the bargaining power of the employer and making the company able to manage the existing staff more effectively.

#### **1.1.1.2 Risk of competition in the industry**

Debts tracking and collection service business is a business with a lot of operators, may result in the competition in term of the commission Rate. Such business is a business which does not use a large investment fund and with business operation structure that is not complex. Therefore the risk that the new business operator will be competing more in the business, which the competitors may be foreign company or operators of related businesses such as law firms and litigation and Non-performance debt executive. Making the Company may face a highly competitive condition and may affect the performance.

However, the company expects the risk from the competition to be not much. As the employer of the company mainly are commercial banks, financial institutions or large companies which focuses on the properties of the operators, service quality and risk of the image of the employer. The company has a policy in tracking and collection of debts by focusing on the service quality at the competitive prices. With personnel and information systems to store data effectively, while most operators are still small companies with less personnel or lack of debt tracking system to support the services provided to the major employers. The company has experiences in debt tracking and collection and the good relationship that the company has with an employer for more than 20 years, has won the outstanding performance from various employers and for many years in a row. Making the company confident that the company has the capability and able to compete with other operators in the industry.

For the risks that the new operators to enter the competition in the industry has increased. The company expects that such risks are not much, as entering the operation of debt tracking and collection service business has an essential limitation which is, the failure to gain the trust of the employer causing an unequal competitiveness with the existing operators. For the fear that the other related business operator will enter to operate an additional debt tracking and collection Service business, the company expected the litigation law firm to come in but may focus on the law suit rather than the tracking and collection of debt. As opposed to the company which focused on providing the debt tracking and collection services. As for the Non-performance debt executive usually will proceed with the tracking and collection of debt purchased for management, hence focuses on specific types of debt that they have the expertise or managing of such debt. In another word, focuses on debt tracking to promote its core business only. It is expected that the opportunity to have a new, large debt tracking and collection company to compete in the business will not be as much.

#### **1.1.1.3 The risk of litigation arising from the debt tracking**

The company is exposed to the risk of litigation lawsuits from debtors arising from the debt tracking and collection of the company, which may cause conflicts with the debtor being tracked.

However, today the Company does not have any lawsuit from debtor groups, as the company provides training and disciplinary measures to supervise the tracking staff in treating debtors with a polite method, and in accordance to the operational standard of the company and the employers. The company hence believes that there is very little chance of being prosecuted.

#### **1.1.1.4 The risk of the operation which may cause a bad image to the society**

The company operates the business in debt tracking and collection service, making the negotiations with the debtor may cause dispute or dissatisfaction to the debtor. With regards to some debt collectors in the industry group have acted inappropriately in the debt tracking and collection such as the use of obscene words, tracking and collection in the manner which causes disturbance to the extent of threat. Making the company to be at risk in being accused or categorized of operating the business in appropriately and may cause bad name to the image of the company.

Moreover, the company has strict policies in the tracking and collection of debt in a polite manner and respect to the debtor. The company has specified policy in the contacting for collection period from 8.30 am to 20.00 pm, Monday to Friday and other measures which is in accordance with the practice in debt collection, issued by the Bank of Thailand. In the past the company has won the trust in the high quality of debt tracking and collection from the employer group. The company has never received a complaint of improper debt collection of the company from employers.

#### **1.1.1.5 The risk of reliance on major customers**

The Company operates the business in providing debt tracking and collection service with the revenue from the tracking and collection of debt from the employer who is one of the financial institution for a high ratio of approximately 30 – 40 percent, compared to the revenue from the tracking and collection of debt each year, representing approximately 10 percent of total revenues. In the past the company has a good relationship with such employer, throughout. This is the employer who has been sending the work to the company since 1998 and the company has enter in to an employment agreement to provide debt tracking and collection service for this client, with the term of about 3 years, but there has always been a renewal of the agreement. However, because there are many operators in this business, it is likely that the employer will not renew the contract with the company or turn to enter the agreement partially or all with other of the other patrons. This may affect the revenues of the company, and if the company is unable to find a replacement employer, it may have a negative impact on the company's business in the long run.

However, even if the company has a good relationship with such employer for a long time, the company has foreseen such risk. It focuses on the relationships among a group of former partners and tries to expand the base of the partners more to other partners. This is by, appointing the marketing department to track the information of the target customers group such as financial institutions, personal loan provider groups, loan provider groups and the wholesale service provider groups or direct sale, in order to find the opportunity to present the data on the work of the company. In the past, to open the business opportunity, in the event where the employer wishes to enter into an agreement, partially or all with other mercenary, the company expects that there is not much possibility. As the company can still maintain the excellent service quality to meet the standards set by the employer, in addition, the company has a good debt tracking result, at a reasonable price and competitive level.

### **1.1.2 Non-profit debts management Business**

#### **1.1.2.1 Risk from the investment in the Non-profit debt management**

The company operates in the business investing in the purchasing of Non-performing debts from leasing company and financial institutions for collection and tracking of the debt itself. The determination of the bidding price to buy the debt, the company will determine by the type of debt, the quality of each debt, the period of the pending payment and the goal of the debt collection of the company.

However, determining and setting of the purchase price of the Non-performing debt each time, the company has carefully planned and verifying the information of the debt in detailed from the information provided by the seller. Information such as debt collection analysis data, and other information in order to assess the duration and the proportion of money that is expected to be collected by the company, the cost of the operation throughout debt collection period and the rate of return that the company demands. Including the fact that the company has experiences in tracking and collection of debt for a period of up to 20 years, with analysis data of the debt collection history and monitoring of debt collection continuously and consistently. This is by setting up an executive meeting in order to monitor and evaluate the collection result on a weekly basis. Include the finding of a marketing solution or measures to support and motivate the debt collection.

#### **1.1.2.2 Risk of competition in the industry**

Management of non-performing debt is a business that still has not much competitors, hence there is a risk that the new operator will enter more into the competition of the business and may result in the competition of the auction price, where the new operator may be foreign companies, or operators of related businesses such as law firms and litigation and debt tracking and collection service provider. In addition, there is the risk that the debt distributor will track the debt themselves or hire the third party to track the debt, instead of selling the debt to a third party.

However, the company expects that there will not be risk that the new operators to enter the competition in the industry increases. As to operate the management of Non-performing debt business has the key essential properties such as, must have an adequate level of funding, have the skills and experiences in considering and determining the purchasing price of the debt and have the capabilities in tracking the debt. Whereby, if the new operator does not have such property, may cause the competitiveness to be unequal to the existing operators. For the case concerning that other related operator will operate the management of Non-performing debt business more, the company expected that the litigation law firm may enter the business, but more likely to focuses on the debt group that required a law suit. However, this is opposed to the company which focuses more on debt for tracking and collection. For tracking and collection operator, usually will proceed with the tracking and collection of debt made available to the employer already.

For the risk that the debt distributor will proceed with the tracking of debt themselves or hire a third party in tracking the debt, instead of the selling of debt to such third party. The company expects that the employer will continue to sell non-performing debts to a third party, as the amount of outstanding loans in the banking system, excluding interbank loans has increased steadily, and sellers (financial institutions or leasing companies) are still in demand for the reduction of cost in the tracking of debt and doubtful debt ratio down.

#### **1.1.2.3 The risk of litigation arising from the tracking of debt purchased for management**

The company is exposed to the risk of litigation lawsuits from debtors arising from the tracking and collection of debts that the company purchased for management, the tracking comprises of both that the company

proceed on the tracking themselves and hiring of an outsource, which may cause conflicts with the debtor being tracked.

However, in the past the company never has any lawsuit from debtor groups being tracked, as the company provides training and disciplinary measures to supervise the tracking staff in treating debtors with a polite method, and in accordance to the operational standard of the company.

#### **1.1.2.4 The risk of the operation which may cause a bad image to the society**

The company operates the business in the management of Non-performing debt, by collection and tracking of debts, in both that the company tracked themselves and hiring of an Outsource, making the negotiations with the debtor may cause dispute or dissatisfaction to the debtor. Making the company to be at risk in being accused or categorized of operating the business in appropriately and may cause bad name to the image of the company.

Moreover, the company has strict policies in the tracking and collection of debt in a polite manner and respect to the debtor. The company has specified policy in the contacting for collection period from 8.30 am to 20.00 pm, Monday to Friday and other measures which is in accordance with the practice in debt collection, issued by the Bank of Thailand.

#### **1.1.3 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 2013, 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.

#### **1.2 Management Risk**

##### **1.2.1 The risk of a major influence by the main shareholder on the determination of the management policy**

As at December 31, 2016 JMRT Public Company Limited (“JMART”), a major shareholder of the Company, hold 55.8 per cent of the total paid-up capital after the capital increase and offered to the public at this time. Such holding ratio, resulted in JMART has the power to control, influencing in the decision making and able to control almost all the resolution of the shareholders’ meeting, either in the appointment of directors, or

approval requiring a majority vote or a 3 out of 4 of the shareholders' meeting. Therefore, other shareholders may not be able to collect enough votes in order to investigate and balance on the topic that the shareholder's proposed. In addition, the holding of shares in the concentration condition also causing the opportunity for the company to be takeover by a third party is not able to happen without the consent of Jmart, although other group of shareholders will see the opportunity to increase the business value.

However, the company has an Audit Committee who is an independent committee of 3 persons, from all seven directors of the company to increasing the efficiency and transparency in the administration. There is a balance in the power of the committee and a representative of the minority shareholders to monitor management of the executives committee. The company has also hired an internal control system auditor who is a third party and independent, is P&L Internal Audit Limited ("P&L") to monitor and maintain the internal control system and monitor the implementation of the management to be transparent. The performance is independent and comments to the Audit Committee. Furthermore, the committee of the company also recognizes the importance of good corporate governance policies strictly.

### **1.2.2 The risk of relying on administrators and staff**

The business operations of the company, is a business which must mainly dependent on the capabilities and expertise of the management and staff, both in the relationship ties with various businesses in finding its clients and in the administration. In particularly, Mr. Piya Pong-acha, the Chief Executive Officer and Acting Executive Director of Marketing and Sales of the Company, is an experienced person in the business for a long time. He is well known and generally accepted in the tracking and collection and management of debt, which is the key feature in contacting with the customer and the business operation of the company. He is also the one who determine the frameworks and policies in the operation of the business as well.

However, the company is aware of such reliance. Therefore, it has been an increase in decentralizing the management areas to others to reduce the over reliance on the decision of the chief executive officer. There are clear placement of systems and procedures and build a team with the potential to administered and operate, in order for the company to continue effectively.

## Shareholding Structure

### Common shares

As at March 8, 2018 name of 10 major shareholders and shareholding of the registered and paid-up capital as shown in the share registration book can be summarized as follows.

No.	Shareholders	No. of Shares	%
1	Jaymart Public Company Limited*	216,725,625	55.44%
2	Mr. Paiboon Seriwattana	14,555,275	3.72%
3	STATE STREET EUROPE LIMITED	9,999,100	2.56%
4	Electricity Generating Authority of Thailand Provident Fund	9,162,700	2.34%
5	Thai NVDR	8,331,336	2.13%
6	Ms. Wantanee Pherlohakul	6,449,968	1.65%
7	Ms. Pisinee Seriwattana	6,013,450	1.54%
8	Mr. Somsak Tirakanont	4,972,951	1.27%
9	Mr. Vichaya Mekaapirak	4,180,010	1.07%
10	Tisco Small Cap Equity Fund	4,018,300	1.03%
11	Others Shareholders	106,488,238	27.24%
	<b>Total</b>	<b>390,896,953</b>	<b>100%</b>

\*Jaymart Ultimate Shareholders detail are as following;

1	Mr. Adisak Sukumvitaya	110,241,764 shares	or 15.01%
2	Ms. Yuvadee Pong-Acha	85,873,487 shares	or 11.70%
3	Mr. Ekachai Sukumvitaya	69,230,000 shares	or 9.43%
4	Ms. Jutamas Sukumvitaya	58,267,575 shares	or 7.94%

On 30 December 2017, the Company has been notified by shareholder for JMT-W1 conversion. After complete registration process with Ministry of Commerce, the Company's paid-up capital will be equaled to 390,896,953 Baht.

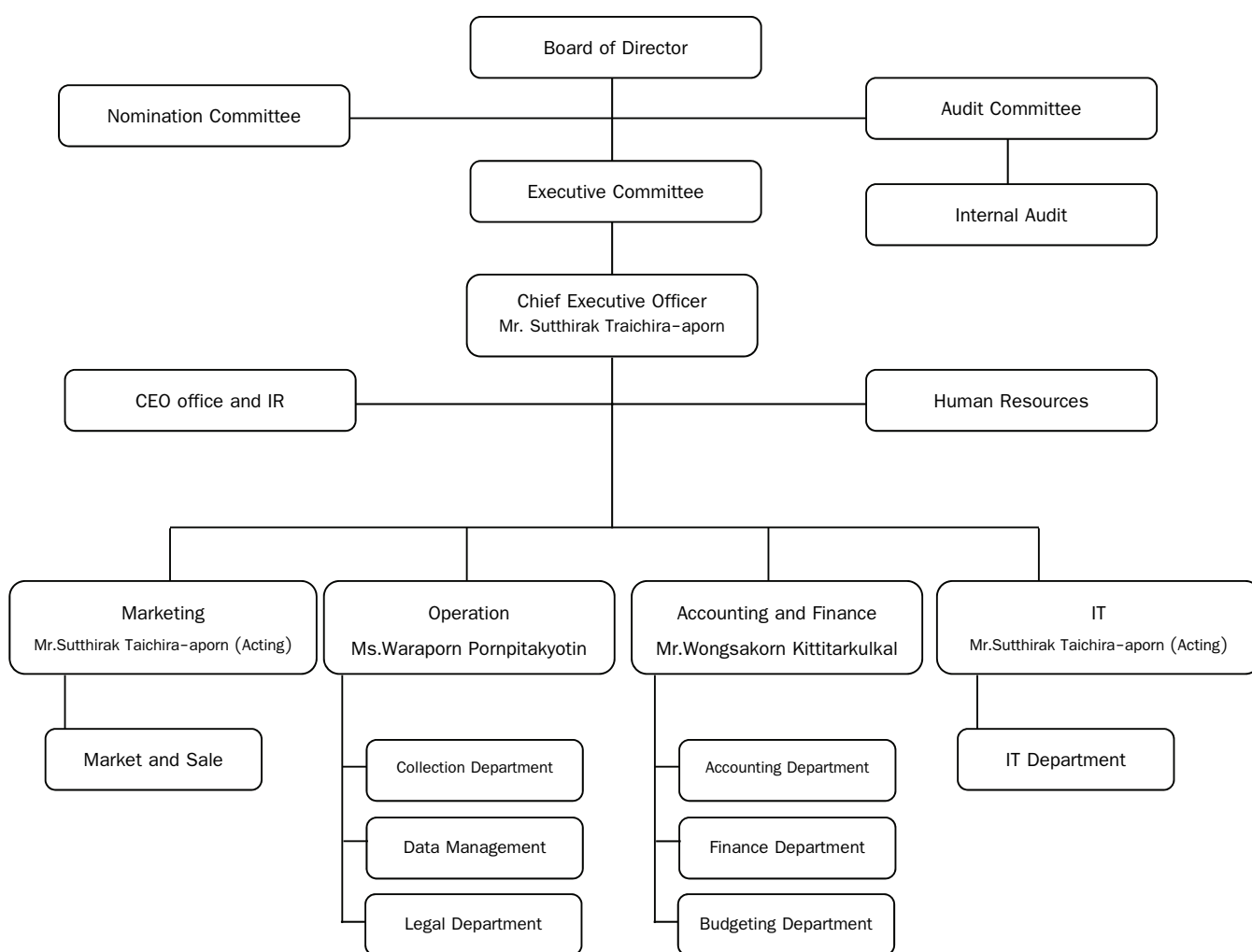
### Dividend Policy

The Company's dividend policy is no less than 50 percent of Company's net income after tax and all reserved, however, the dividend payment may change subjected to Company's operation, investment plan, necessity, and appropriation

## Organization Structure

As at December 31, 2017 the Organization charts of the company as follows Board of Director and Committees comprises of 5 sets as follows

1. Board of Executives
2. Nomination and Remuneration Committee
3. Audit Committee
4. Executive Committee
5. Management Team





## Board of Directors

As at December 31, 2017 the Board of Directors of the company comprises of 7 Directors as follows

- |    |               |                           |  |
|----|---------------|---------------------------|--|
| 1. | Mr. Adisak    | Sukumvittaya              | Chairman of the Board  |
| 2. | Ms. Yuvadee   | Pong-Acha                 | Director/Chief Executive Officer/<br>Nomination and Remuneration Committee     |
| 3. | Mr. Piya      | Pong-Acha                 | Director/ Executive Director/<br>Nomination and Remuneration Committee         |
| 4. | Ms. Ladda     | Waruntarakul              | Director / Executive Director  |
| 5. | Mr. Rerngchai | Ingkapakorn               | Chairman of Audit Committee/Independent Director                               |
| 6. | Mr. Kanchit   | Kawachat                  | Audit Committee/ Independent Director  |
| 7. | Mr. Somsak    | Atisairakul <sup>1/</sup> | Audit Committee/ Independent Director<br>Nomination and Remuneration Committee |

Mr. Wongsakorn Kittitrakulkarn Company Secretary

Remark; 1 / The Board of Committee No.5/2016 on 11 August 2016 has been approved to appoint Mr. Somsak Atisairakul to be director in replace of Mr. Preecha Prakobkit who resigned from the Board of Directors

The Chairman of the Board is not the same person with Chief Executive Officer to separate responsibilities.

### **Directors who has the authority sign for the company according to the company's certificate**

Mr. Adisak Sukumvitaya or Miss. Yuvadee Pong-Acha or Mr. Piya Pong-Acha to signed together with Miss Ladda Waruntarakul in total of 2 persons and Seal of the company.

Scope of authority and responsibilities of the Board of Directors of the company are as follows

- Administered and operate the business of the company to be in accordance with the laws, objectives and regulations of the company, including the resolution of the shareholder's meeting with integrity and carefully protected the interests of the company.
- Has the power to appoint a number of directors and / or the management of the company as the management, to execute one or many, to perform as assigned by the board. As well as the authority to appoint Chief Executive Officer and other committee such as Nomination and Remuneration Committee as appropriate. Including the power to appoint and authorize any other person to perform any execution for the board by being under the control of the board and has the authority to revoke, cancel, amend or change such authority as sees suitable.
- Determining of target, approach, operating plan, policy and the budget of the company, including the supervision of the management and administration of the management or of any individual assigned to operate such work to be in accordance to the policy given by the board.
- Reconsider, verify and authorized policy, direction, strategy, business operation plan and mega investment project of the company proposed by the management.
- Monitoring the performance to be in accordance with the plan and budget consistently.

6. Consider authorizing the investment in the expansion of the business, including entering into a joint venture with other business operator or invest in the company or other business.
7. Determine the policy, direction, and strategy in supervising and managing the work of the subsidiary and/or its affiliates.
8. Determine various regulation of the company.

Determine and authorize other key business relating with the company, or that sees suitable to perform such process, in order to benefit. Except the authority to perform as follows, shall be done only upon the receiver of an authorization from the shareholder's meeting first. Moreover, in the event where the procedure of any topic that any Directors or the authorized person from the director or person who may be in conflict (according to the announcement of Stock Exchange Commission and Stock change market and / or stock exchange market), with interest, or any other beneficial conflict with the company, and /or subsidiary company and/ or related company, such director or authorized person, does not have any authority in authorizing any operation in such item.

- A) Any issue that is specified by the law to receive a resolution from the shareholder's meeting.
- B) Any issue that the Director has an interest and is within the scope of law or specified by the stock exchange market, specified to must receive an authorization from the shareholder's meeting such as an operation procedure on the issue that is related, acquiring or distribution of essential asset of the company according to the criteria of the stock exchange market

The following issue must receive an agreement from the board meeting with the majority vote from the director attended and from the shareholder's meeting with the vote of no less than 3 in 4 of all the votes of the shareholder attended and has the rights to vote.

- (a) Selling or transferring all or some essential part of the business of the company
- (b) purchasing or receive of transfer of business of other company or private company to be owned by the company.
- (c) Making, amend or terminate of agreement related to the business leasing of the company, all or some essential part, appointing other individual to manage the business of the company or merging of business with other individual with the purpose to divide the profit and loss.
- (d) Amendment of memo or regulations
- (e) Capital increase, Capital decrease, issuance of debenture
- (f) Merging of business or quit the company
- (g) Any practice specified under the term of law of securities and /regulation of the stock exchange market, to must receive and agreement from the board meeting and the shareholder's meeting with the vote score as mentioned earlier.

Therefore, any issue that the director or an authorized person from the director or individual who may have the conflict, interest or conflict of interest with the company or subsidiary company. The director or the authorized person who has such interest or conflict of interest shall not have the rights to vote in this issue.

## Audit Committee

As at December 31, 2017 the Audit Committee consist of 3 directors as follows

1. Mr. Rerngchai	Ingkapakorn	Chairman of Audit Committee/Independent Director
2. Mr. Kanchit	Kawachat	Audit Committee/ Independent Director
3. Mr. Somsak	Atisaitrakul	Audit Committee/ Independent Director
Ms. Chuleewan	Hawichit	Secretary to the Audit Committee

Mr. Rerngchai Ingkapakorn, Mr. Kanchit Kawaachart and Mr. Somsak Atisaitrakul are persons who have sufficient knowledge and experience in accounting and finance, to audit the credibility of the financial statement of the company. All member of Audit Committee are independent committee.

### **Positioning Term of the Audit Committee**

Chairman of the Audit Committee and audit committee has the positioning term of 3 years per period. Once the term is reached, Chairman of the Audit Committee and audit committee who is leaving the position according to the term, may receive an appointment to hold the same position again.

### **Scope of authority and duty and responsibility of the audit committee are as follows**

1. Collate for company. There are correctly financial report and it must be revealed for sufficiency by cooperation with external auditor and administrator which responsible for doing quarter and yearly financial report. Consider about budget and financial report related on standard for account and existent of operation important changing in account policy including to reason of management for determine policy before present to the board of company to published to shareholders and investor.
2. Planning approach and collate for company. There are internal control and internal audit which are appropriate and efficiency by cooperate with external auditor and company's auditor reconsider audit plan of audit plan of company and evaluate result about problems and limitation of audition planning about electronically control for analyzing information and security of information to prevent corruption or using computer in bad ways by staff or outsider and consider about freedom of internal audit to consider about nomination and hiring of auditor and others which responsible for internal audit.
3. Collate of company's operation to be as law about realty and stock exchange requirement of stock exchange or law related to company's business and duty and responsibility according to SEC's requirement also with stock exchange.
4. Consider and present person which has independent to be company auditor and consider about their payment by regard about reliable plenty of asset and quantity of work also experience of auditor and meeting with these auditor yearly without others departments.
5. Consider about all relative list and earning or sale of company's product including to revealing company's information. In case of list relate on subject that conflict in benefit to be correct and complete and permission to present to committee and/or shareholder of company to be as law determine and ensuring maximum benefit for company
6. Making list of committee's activity and publish to yearly report of company which must have plenty information as law determine and been sign by director of committee the report must have these information

- Opinions of method and publish information in yearly report of company's financial
- Reason to believe that auditor suit for next term.
- Opinion about law enforcement in stock exchange and law relate on company's business
- Number of audit committee and participation of them
- Opinion from operate by charter
- Other report that shareholder should to know under responsibility of company's board and/or to be by law determined

7. Audit committee has responsibility to company's board as given by board including report about their activity. In these case the committee must report to company's board immediately

- List has conflict to company's benefit
- There are some doubts about corruption in company
- There might be law breaking
- Other thing company should know

If there must be some operation to improve but the committee found ignorance on that activity they might report to SEC office.

8. Committee has right to ask for opinion from advisor in case of needed.

9. Committee has right to ask for information from other department.

10. Operation as the board given such reconsiders financial policy and crisis management. The power of committee aren't including to conclude for their opinion

## Nomination and Remuneration Committee

Date 31 December 2017 Nomination and Remuneration Committee consist with 3 persons such

1. Mr. Somsak	Atisaitrakul	Chairman of the Nomination and Remuneration committee
2. Ms. Yuvadee	Pong-Acha	Nomination and Remuneration committee
3. Mr. Piya	Pong-Acha	Nomination and Remuneration committee
Mr. Chaianan	Pikulsom	Secretary of the Nomination and Remuneration committee

### Scope of Authority

1. Determine requirement and policy for nominating CEO Committee and other appropriate.
2. Consider policy and approach in nomination and determine the payment which is money and others for CEO Committee and others to meet the result of company operation.
3. Consider and determine Salary of company administrator also nominate new administrator.
4. Consider about raising staff salary and their bonus and rewards.
5. Operate other task given by company's board.
6. Present 1 – 4 topic to the meeting to consider about to authorize the board of directors and the remuneration Committee will not include power to determine salary. If there are some topic conflict with company's benefit the committee must present to company's board and shared holder to consider later.

## Executive Committee

As at 31 December 2017 the Board of Directors shall consist of 5 members as follows.

1.	Ms. Yuvadee	Pong-Acha	Chairman of the Executive Director.
2.	Mr. Piya	Pong-Acha	Executive Director.
3.	Mr. Sutthirak	Trichira-aporn	Executive Director.
4.	Ms. Ladda	Waruntarakul	Executive Director.
5.	Mr. Wongsakorn	Kittitrakulkarn	Executive Director.
	Ms. Waraporn	Pornpitakyothin	Secretary to the Executive Committee.

Scope of authority, responsibilities of the Board of Directors are as follows:

1. Supervise the business of the Company shall be in accordance with the regulations, policies, business requirements, regulations, orders and resolutions of the Board of Directors of the Company. And/or resolution of the shareholders of the Company approved.
2. Prepare and present business policy plan's goals and business strategies of the company, the financial plan, annual budget of the company, Human Resource Management, Investment, Expansion, public relations and information technology investments. To present to the Board of Directors is authorized to determine further and implementation of the policies of the Board of Directors of the Company.
3. Approve and authorize the disbursement approval for procurement of assets, buy distressed debt, service, and other transactions for the benefit of the company. The approval authority will be granted normal trade items with each item does not exceed the limit of 200 million or equivalent. The Board of Directors may revoke or change the authorized person or the authority, as appropriate.
4. The authority to approve the loan, investment in Treasury securities or bank guarantee, a loan from a financial institution or bank guarantees for the benefit of the business in terms of its normal business including a bank guarantee or payment to the normal business of the company with a limit of less than or equal to 350 million
5. Adopting the policy of the Board to determine the direction of approach to main task for mission management.
6. Controls, monitoring the performance of management and the management and recommend solutions to various problems. For the management and implementation of management strategies and master plans laid out to accordance with the policies of the Board.
7. Order regulations and memorandum of understanding for internal use. To ensure that the operations of the Company in accordance with policy and the interests of the company and to maintain discipline within the organization.
8. Moderation, balance sheet and profit and loss account to the Board for approval of the shareholders.
9. Prepare a report on the results of operations of the Company including financial statements, Investment statements, significant problem or risk management for the Board of Directors acknowledge and/or approval.
10. Provide advice and consult to the Board of Directors for the company's business decisions.
11. Acting on behalf of the company under delegated authority includes management Authorization Chart in order to effectively manage such a system control and monitoring system.
12. Other duties as assigned by the Board of Directors.

In addition to the items mentioned above will have no effect on the approval of the Board of Directors or the Executive Committee may delegate the approval or persons who may have conflicts of interest. There may be a

conflict of interest or any other benefits to the company, or its subsidiaries, or related companies. (Following Securities and Exchange Commission and/or the Notification of the Capital Market and/or stock exchange.) The Board of Directors shall present the matter to the Board of Directors of the Company and/or shareholders to consider and approve the transaction under applicable law or regulations, or announcements on all except in accordance with normal business transactions and normal commercial terms which are required by the Capital Market Commission and the Stock Exchange of Thailand.

## Compensation of Directors and Executive Director

For year 2017 the Annual General Meeting of Shareholders 1/2017 on April 7, 2017 Compensation Committee approved a budget of less than 5,000,000 Baht. The Chairman of Audit Committee and the Audit Committee received remuneration as directors.

List	Position	2016	2017
1. Mr. Adisak Sukumvittaya	Chairman of the board	200,000	200,000
2. Ms. Yuvadee Pong-Acha	Committee	80,000	80,000
3. Mr. Piya Pong-Acha	Committee	80,000	80,000
4. Ms. Ladda Waruntarakul	Committee	80,000	80,000
5. Mr. Rerngchai Ingkapakorn	Chairman of Audit Committee/ Independent Director	200,000	200,000
6. Mr. Kanchit Kawachat	Audit Committee/ Independent Director	120,000	120,000
7. Mr. Somsak Atisairakul	Audit Committee/Independent Director	30,000	120,000
Total		<b>820,000</b>	<b>880,000</b>

In addition, the Annual General Meeting of Shareholders 1/2017 on April 7, 2017 Compensation Committee approved the detailed remuneration within 5,000,000 baht by separate allowances for the quarter (at 8 times per year) and meeting for the first time. In addition to the quarterly meetings.

Position	2016		2017	
	Quarterly allowances (Baht)	Allowances/Person/time In case of more than 8 times (Baht)	Quarterly allowances (Baht)	Allowances/Person/time In case of more than 8 times (Baht)
Chairman of the board	50,000	20,000	50,000	20,000
Committee	20,000	10,000	20,000	10,000
Chairman of Audit Committee	50,000	20,000	50,000	20,000
Audit Committee	30,000	15,000	30,000	15,000
Chairman of the Nomination and Remuneration committee	-None-	-None-	-None-	-None-
Nomination and Remuneration committee	-None-	-None-	-None-	-None-

### Management Remuneration

Total compensation of the 5 executives for the period ended December 31, 2017 and for the period ended December 31, 2016 was 11,580,000 Baht and 9,036,226 Baht which consists of salary, bonuses and other, such as commissions, compensation for the transportation expenses for social security, money fund, and other income. The Board of Directors is the Executive Director and Chief Executive Officer of the Company by definition, the SEC



## Good Corporate Governance Report

### Good Corporate Governance Policy

The company has realized the importance of efficiently management, clear results and accountability which built the confidence to very associated part and the business has developed longevity. Build with efficiently management, morality and legitimacy. The company determined the good nationalized principle to improve the management that has been existed. Expect to be clear norms and distribute the performance to all employees in all levels. Support to build up the culture for nationalized principle properly. The Company has accepted the method to good nationalize for good corporate governance in 2549 followed the stock exchange that include for 5 categories as follow;

#### **The First Category: Right of Shareholders**

The company has emphasized the right of shareholder that might not limit the legislated right. Which to violate the right of shareholder and support the shareholder to take their right such as purchasing or selling shares, to be a part of company's profit, recognize the company's news, cooperate the company's meeting to use their right to appoint or demote the shareholders or the accountant and the impacted issue. Such as allocating the dividend or bonus, specify or amend the regulation and memorandum of association to decrease or increase the budget and approve the special requirements.

Except the fundamental rights, the company has determined the ways to support and afford the convenient of fundamental rights for shareholders.

- The company will provide the date, time, place and agenda cover all information that associate to decide of shareholder's meeting. At least 7 days or the legitimacy period. Moreover, there are the announcement to the shareholder in the meeting and the method to vote include to public these information on the company's website before provide as the documents. This is the opportunity for the shareholders have enough time to study the information before the meeting.
- The company will not perform that will be limit the opportunity of the shareholders to study IT information of the company.
- The company will produce the convenience to the shareholders could use their own right in the meeting and vote efficiency, and avoid any performance that will be limited the opportunity of participate the company's meeting. The vote meeting should smooth and not too much expense.
- The company will allocate the time properly and support the shareholders discuss in while they are meeting. Include producing the opportunity for the shareholders submit the questions before the meeting day for 1 day.
- The company will support the committee participate in the meeting with the shareholders and answer the questions of theirs.
- The company will arrange the minutes that will be show the correct information and collect system properly to check.

### **The Second Category: Approach to the shareholder equally**

The company has the managed policy that approach to the shareholder equally and fairness as follow;

- The committee of company will manage the minority shareholders are able to present the agenda in advance for 1 day meeting.
- The committee of company will specify the clear principle in advance to consider that should increase the agenda for the minority shareholders or not.
- The president of the meeting will not increase the agenda if it is not informed in advance unnecessary. Especially the important agenda the shareholders have to use enough time to study before decision.
- The company will determine the way for the minority shareholders are presented the committee position that could present the name through the committee in advance. That will be presented with the information to consider.
- The shareholders are able to use the voted right by provide the authorization to another. Moreover the committee will present the independent committee who is chose as the authorization of shareholders.
- The company will provide the opportunity to the shareholders have the right to appoint the committee.
- The company uses ballot box to vote for the important agenda such as involved list or the list to purchase and distribute to be clear and available to check.
- The company has informed the committee and administration to realize the reported tasks that possess asset in the company of owner, partner, underage and the changing of the possessor in the office. The committee regulates the property and stock exchange section 59 of Act of Parliament in 2535 within 3 day officially.
- The company has determined the way to protect insider trading by hand written. That has to inform this information to all in the company and follow strictly. Dissuade the person who relate with the information purchasing stock exchange for 1 month. Before disclose the three months budget and financial budget for 48 hrs. , after the IT information is disclosed.

### **The Third Category: The role of interested person**

The company realizes the importance for taking care and considers all interested person. Not only the internal interested person such as shareholders, administration and employees, or the external interested person such as trading partner, competitor, government, social influence and community. The company realizes to support the opinions from all interested person to be benefit of arrangement and development the business. Thus, the company will approach the legitimacy rules that relates to the right of interested person. And, the company will not approach anything that violates the interested person's right. The company will follow these to bring up.

### **Shareholder:**

Approach to the shareholder equally and protect their profit that will not do violate their rights. Expect the shareholders will be the highest satisfy that consider the longevity development of company to increase the value and proper reward follow the good management of business.

**Employee:**

Approach to the officer equally and fairly with the opportunity, welfare and capacity that all officers are worthy of resource. They are also the main factor to drive the company successfully. Thus the company objects to drive and build as the knowledge, culture, and environmental organization. The company will support to be team work and forward ability of career of the officers. Ensure the security in career include protect the working environment that always accept the suggestion from all level-officers equally.

**Customer:**

Object the customers satisfy, ensure, attention and responsibility that the customers have to receive the worth services and goods including the security and proper cost follow the norms. Approach the condition and agreement seriously. Develop the norms of services and goods and protect the relationship between the customer and company longevity. Moreover the company will not take the customer's information for any benefit.

**Trading partner and Creditor**

Realize the fairness, unexploited and honesty to drive the business to protect the benefit of Trading partner and Creditor. Approach the laws and rules that determine together seriously. There are moralities to drive business. Don't call more expense or other profit that is illegal. Approach to the trading partner fairly include compensate on time. Attentions the warranty and condition follow the contact correctly. That has to report of trading partner and officer in advance. If they cannot follow the contact, they have to find out the ways to resolve.

**Competitor**

Approach to the competitor conforms to the laws about trading principle and follow the treaty equally. Don't obstruct others in trading competition. Don't destroy others frame with bad speech and attract the trading competition with untrue.

**Social Community and Environment**

There are policies to drive the business responsibly to social community and environment. For security and quality of life must be natural conservation and support to use energy efficiency. Realize the equal of social community to driving business that will affect the environment.

**The Forth Category: Information Disclosure and Transparency**

After the company register in the stock exchange, the committee provide the important to disclose the correct information clearly and on time. The financial reports follow the norm of the stock exchange rules. Moreover all information affects with the cost of stock exchange because that is impacted the investor's decision through the company's website presently.

In the part of relative investor, the company did not set up this department because there are not many activities in this part, but assign Mr.Sutthirak Trichiraarpon and Mr. Panya Chutisiwong, as the communicator with the investor, shareholders, analyst and associate official.

The committee of company, who are the responsible budget and IT budget, is shown in financial report. These reports have been arranged follow the norm of account in Thailand. Those use the proper policy to evaluate the efficiency financial report and control system. Disclose the information satisfactorily. Report to the committee acknowledge or Mr.Sutthirak Trichiraarpon who the communicator with the investor, analyst and associate official.

#### **The Fifth Category: Responsibility of committee**

##### **1.) Committee Structure**

The committees of the company have the role as the person who satisfy the policy and overall image of the organization and evaluate the outcome. Arrange the task as the plan. There are 7 committees that posit for 3 year per occasion. There are administrative section 4 people and not administrative 3 people. There are independent committee follow the norms of stock exchange for 3 people that conform the regulation. That satisfy to have at least 3 independent committee perform with the expert for other industry, business account and finance.

Follow the regulation of the company that determines in the meeting that the committee must resign from the position. The way to assort is casting. Then the committee who has posited longest will be the one who must to resign. However the committee who resign as the period might be chosen to be the committee again.

The companies divide the roles and tasks of responsibility between the committee and administration clearly. The committee will determine the policy and arrange the policy of administration. Then the administrations have to drive the policy of the company smoothly.

The president of the company is not the same person who is the president of administration. There is authority to divide clearly and balance the authority. The president of administration must manage daily task under the company's policy that have frame the task clearly.

The committees of the company appoint the subcommittee for 3 people to regulate the business of company. That is the committees who evaluate the recruit committee and determine the allowance.

The committees of administration are 6 people include 4 committee of administration that has the task to help the daily management under the frame of company's policy.

There are 3 committees who evaluate, they are independent committee. They evaluate and observe the efficient of the tasks. Manage the risk and financial control and internal account and financial report and other regulation.

There are 3 recruit committees and determine the allowance include 1 committee of administration, 1 administration and 1 independent committee that satisfy the allowance. Their duties are consider the policy and the way to recruit and satisfy the allowance. Allowance is the money and not the money conforms with the outcome of the company.

In order that, the committees of company appointed the secretary who must to response the regulation and act of stock exchange. (Name list of the secretary and duty disclose the information on the topic 9.1.1)

## 2.) Roles and Responsibility of committees

The committees have the duty to consider and approve about the operation of the company such as vision, target's plan, budgets, policy controlling and efficiency and effectively plans.

- **Controlled Policy**

The company's policy control the business by writing that the meeting of committee 4/2555 on 10 May 2555. They have agreed with the policy that they plan to review the policy and capacity. The company has communicated to the administrator to understand and support the company's policies.

- **Business Morality**

The committee support to all administrators and officers realize about standard of morality that use in the business. Arrange them as the writing and approve for the committee on 10 May 2555 and announce to all officers to perform seriously.

- **Conflict and Profit**

The committee determines the policy of conflict of the profit that the decision of business performance must manage to the company's profit only. Avoid the performances that lead to the conflict. The committee and administrator must review and disclose the profit that conflict to know about the relationship between each others. Consider the transactions that determine all participants will not attend to consider and no authority in that transaction. They must be considered for the suitability, cost and condition such as the outsiders.

The examined committee present to the committee about related lists and conflict list of profit properly. Performances follow the regulation of stock exchange committee include disclosing on the financial report and the return forms 56-1.

When the committee and administrator include the partner or the children who did not reach their legal age have changed the property holder. Must to inform to the computer and report that changing follow the section 59 of Act of Parliament within 3 days from purchasing. And the administrator and departments that receive the data will not disclose the data to others within 1 month before disclose the budget to the public and after disclose that data at least 48 hrs to protect the illegal.

- **Internal quality control**

The committees provide the importance to internal control for administrator and efficiency performance. The internal control system is the main key to ensure and reduce the risk of business. Perform the business effectively by arranging the resource properly and complete the goals. They must also protect the property or illegal behavior and report the credible financial report. Then the company determines the duty, authority and written report clearly. Control the method to keep the property usefully and separate the duty of the controller and evaluator to balance and evaluate properly.

The company committee assign the examined committees response the proper and efficiently of administration system include arrange and review the internal control system. They are performance, financial report, regulation, policy and risk control. They must realize the warning in advance and unusually lists that the company have employed Ernst and Young cooperate service Ltd. who is the internal Audit from external to evaluate the internal control system. The company always follows the report and result that evaluate the control system at least 1 year per time to ensure the system will be efficiently

- Risk Management

The committee emphasize about the risk management and response to determine the administrated policy in overall image. The company determine the administrator who analysis the risk that may occur. Present to the committee acknowledge and suggest to limit the risk or manage the risk acceptably. If there are risk that is object for the business, the company must have the standard to manage these risk and support the culture organization. Improve the procedure of management and use the resource properly. Use the equipments to reduce the risk properly that may occur anytime. Conversely, manage the business as system will provide the benefit to the business and increase the value for the organization.

### 3.) Committee Meeting

The committees determine the meeting date in advance every year. The committees also receive the letter and agenda at least 7 days before the meeting. Except there are the emergency situation and arrange the document that certify to refer and evaluate completely.

For the meeting, the president of committee and president of administration associate to determine and consider the agendas. The company provides the opportunity to present the issue for each committee. Each meeting arranges the meeting document in advance for the committee will have enough time to study.

The meetings proceed to provide the consideration and discussion properly. The committees are able to present the comments and issues in the meeting freely. Some occasions, the president may attend to meeting and provide the useful data more to arrange in the meeting completely. In the meeting, we must use the high points to decide the result in the meeting. If there are equal point vote, the president must vote for the issue for final decision.

All committee have their own right to evaluate the meeting document. If independent committee or examined committees have questions, the administrated committee must manage and answer the question completely.

In the case, the committees disagree to the resolution, the committees are able to order the secretary record in the meeting report or submit the meeting report to the president.

Each meeting, the secretary attends to the meeting and record the meeting report, then submit to the president to consider and sign completely to affirm the next meeting. The secretary who arranges the document and references for the committees attend the meeting as well. Except the committees hold the policy that the administrators have no opportunity to attend that will inform by themselves.

In 2016 and 2017, the company arranges the Board of Direct committee meeting for 8 times and 6 time that there are the detail in the meeting as follow;

Name	Position	2016	2017
1. Mr. Adisak Sukumvittaya	Chairman of The Board	8/8	6/6
2. Ms. Yuvadee Pong-Acha	Director	8/8	6/6
3. Mr. Piya Pong-Acha	Director	8/8	6/6

4. Ms. Ladda Waruntarakul	Director	8/8	6/6
5. Mr. Reangchai Ingkaphakorn	Audit Committee	7/8	6/6
6. Mr. Preecha Prakopkit 1/	Audit Committee	4/4	-
7. Mr. Kanchit Kawachat	Audit Committee	8/8	6/6
8. Mr. Somsak Atisairakul <sup>2/</sup>	Audit Committee	2/2	6/6

Remark:

1/ Mr. Preecha Prakopkit has resigned from the Board of Directors effective date on 31 July 2016

2/ The Board of Committee No.5/2016 on 11 August 2016 has been approved to appoint Mr. Somsak Atisairakul to be director in replace of Mr. Preecha Prakobkit who resigned from the Board of Directors

From meeting attendance statistic show that the directors of company attend the board of meeting more than 75% of total number of meeting in 2017.

The board of director receiver agenda and document 7 days before meeting date via email or document. Moreover, the company also set the meeting schedule in advance for meeting on yearly basis.

The composition of director has non-management 5 person from 7 person or 71 percent of the number of committee.

#### Executive Committee

The committees meeting arrange at least 4 times per year and they are able to call the meeting for important agenda. In 2016 and 2017, the Executive Committee meeting for 20 times and 20 times, the details of attendance of each director are as follows.

Name	Position	2016	2017
1. Ms. Yuvadee Pong-acha	Chairman of the Executive Director	20/20	25/25
2. Mr. Piya Pong-acha	Executive Director	20/20	25/25
3. Ms. Ladda Waroontharakul	Executive Director	20/20	25/25
4. Mr. Sutthirak Trichira-aporn	Executive Director	20/20	25/25
5. Mr. Wongsakorn Kittitrakulkarn	Executive Director	20/20	25/25
6. Ms. Waraporn Pornpitakyotin	Executive Director	20/20	25/25

#### Audit Committee

Audit committees meeting arrange at least 4 times per year and they are able to call the meeting for important agenda. Consider the written report for meeting and manage the system that can evaluate at the meeting at JMT Network Services Ltd. In 2016 and 2017 the Audit Committee meeting for 5 times and 4 times, the details of attendance of each director are as follows.

Name	Position	2016	2017
1 Mr. Reangchai Ingkaphakorn	Chairman of Audit Committee	4/5	4/4
2. Mr. Preecha Prakopjit <sup>1/</sup>	Audit Committee	2/2	-

3. Mr. Kanchit Kawachat	Audit Committee	5/5	4/4
4. Mr. Somsak Atisairakul <sup>2/</sup>	Audit Committee	2/2	4/4

Remark:

1/ Mr. Preecha Prakopkit has resigned from the Board of Directors effective date on 31 July 2016

2/ The Board of Committee No.5/2016 on 11 August 2016 has been approved to appoint Mr. Somsak Atisairakul to be director in replace of Mr. Preecha Prakobkit who resigned from the Board of Directors

### Nomination and Remuneration Committee

Nomination and Remuneration Committee consider the written report for meeting and manage the system that can evaluate at the meeting at JMT Network Services Ltd. In 2016 and 2017, the Nomination and Remuneration Committee arrange meeting for 2 times and 3 times, the details of attendance of each director are as follows.

Name	Position	2016	2017
1. Mr. Somsak Atisairakul	Chairman of the Nomination and Remuneration committee	1/2	3/3
2. Ms. Yuvadee Pong-Acha	Nomination and Remuneration committee	2/2	3/3
3. Mr. Piya Pong-Acha	Nomination and Remuneration committee	2/2	3/3

The number of meeting of nomination and remuneration committee is in line with the CG guideline or at least 2 time per year.

### 4.) Compensation

The company determines the reward policy as written form that has the clear process follows the present day to persuade and attend the officers properly. The process will support and develop the quality of business process as well. The company considers the profit, compensation and extra bonus that present the compensation to approve in the meeting and determine to disclose the compensation in financial report.

At the meeting of Year 2017 on 7 April 2017 approved the compensation of committee that provides the compensation the financial amount for 5,000,000 baht per year. The president and the examined committee receive the compensation as the committee of the company.

### 5.) Committee Development and Training

The committees have the supported policy and provide the practice and knowledge to associated system such as the committees who examine the administrator to improve the works continually. In the case, there is changing the committee must arrange the useful and company documents for the new committees as well.

In 2017, the Executive Committee has joined the development program as detail below;

Executives	Development Program	Institute
Mr. Somsak Atisairakul	Director Accreditation Program	Thai IOD



**The committees determine the regulation under the company's information as follow;**

1. Administrated Committee and employees must maintain the secret or internal information of the company.
2. Administrated Committee and employees must not disclose the secret or internal information of the company. Don't disclose the profit to others directly or indirectly.
3. Administrated Committee and employees must not purchase the property of the company and also the internal information that use the secret of the company. This policy include with the partner or children of the Administrated Committee and employees. If they violate the regulation, they are broken the law.
4. The company determines the way to maintain and protect the insider trading that disallow the administer committee and employees purchase the company's property within 1 month before disclose the 3 month budget report. That is for 48 hrs after the IT information is disclosed.
5. The administer committee and employees must report the purchasing and property to the company acknowledge as well.

**Policy for Using of Insider Information**

The company has the policy to protect the insider information to use. Especially the financial status of the company before disclose to the public. The company must limit the person who knows this insider information and arrange the knowledge for the administrator to realize the duty and responsibility include the family. It is also the punishment follows the property Act of Parliament in 2535 and the company determines the report changing the property holder to the committee for the section 59 of property Act of Parliament. The company determine to disallow the administrator acknowledge the insider information that contrast the section 241 of property Act of Parliament.

In addition, the regulation is about the company's tasks that determines to disallow the administrator and employees disclose the company's secret to others or publics. Disallow to use the insider information or position try to benefit from the company. Especially the administer committee and employees disallow to purchase the company's property within 1 month before disclosing the 3 months financial budget and financial report for 48 hrs. after the IT information will be disclosed.

**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

**Number of Employee**

	2015	2016	2017
Employee	928	1,270	1,649

## 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.

## Related Transactions

During the years 2016 and 2017, the company had transactions between each other occurred, in accordance with the rules and determination procedures that is reasonable and the price or terms of the transaction that are fair, and at optimum benefit to the company and shareholders as a whole as transaction made with others to prevent a conflict of interest. As well as complying with the requirements of the Stock Exchange of Thailand. For details of such transaction are as follows

Unit: Million Baht

Related Parties	Item	2016	2017	Price and Condition
1. Jaymart Public Company Limited	Other Receivables	0.4	0.7	Market Rate
	Management Fee	1.9	9.0	As agreed rate
	Headquarters Rental	23.9	23.6	Market Rate
	Training Expenses	0.2	0.2	As agreed rate
	Deposit Rental	4.0	4.8	Market Rate
	Buy asset	0.3	-	Seller Determined Price
	Adverting	0.1	0.1	Seller Determined Price
	Other Payables	0.3	1.1	
2. J Asset Management	Short Term Loan	1,002	1,535	Market Rate of Interest Rate
	Interest Received	35.7	44.0	
	Management Fee	-	18.0	
3. J Insurance Broker	Short-term loan	5	16	
	Interest Received	0.2	0.5	
4. JMT (Cambodia) Co., Ltd	Investment in Subsidiary	-	9.7	Investment Proceed
5. Jaymart Mobile Co., Ltd	Buy Asset	-	0.7	Market Rate
	Miscellaneous Expenses	-	1.5	Market Rate
	Other Trade Payable	-	0.7	
6. J Fintech Co., Ltd	Interest Received	41.2	3.6	Market Rate
	Collection Revenues	19.5	33.6	Agreed Rate at Arm Length basis
	Legal Fee	-	1.9	
	Other Revenues	2.4	3.8	
	Debt Tracking Expenses	0.6	0.3	Agreed Rate at Arm Length basis
	Other Account Receivables	2.2	0.1	
	Accrued Revenues	3.7	6.5	
	Purchased Account Receivables	10.4	12	
7. JAS Asset Public Company Limited	Rental	1.0	0.7	Market Rate
	Deposit Rental	0.1	0.1	Market Rate
	Asset under Sale Process	-	5.1	
8. Singer Thailand Public Company Limited	Collection Revenues	0.6	0.3	Agreed Rate at Arm Length basis
9. SG Capital Co., Ltd	Account Receivables	4.6	4.9	

Related Parties	Item	2016	2017	Price and Condition
	Accrued Income	5.3	7.9	
	Purchased of Account Receivables	-	11	
	Debt Tracking Revenues	8.7	57.8	Agreed Rate at Arm Length basis
	Other Revenues	-	0.3	Rental Fee
	Other Revenues	0.3	0.1	Data Fee

### Responsibilities of the Board toward financial reports

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

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

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

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

The Board believes that the Company's internal audit system are in the satisfactory level and should ensure that the financial statements of JMT Network Services Public Company Limited and consolidated financial statements of JMT Network Services 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. Adisak Sukumwittaya  
(Chairman of The Board)



## Audit Committee Report

Audit committee of JMT Network Services Public Company Limited consisting of 3 independent directors as follows.

1. Mr. Rerngchai	Ingkapakorn	Chairman of Audit Committee
2. Mr. Kanchit	Kawachart	Audit Committee
3. Mr. Somsak	Atisaitrakul	Audit Committee
Miss Chuleewan	Hawichit	Secretary of Audit Committee

Year 2017, the Audit Committee held four meetings all together, have operated the duty and abide by the rules, terms and legal obligations, as well as propose the appointment of the auditor and proposed the accounting examination fee of the company.

The Auditing Committee has a assigned P&L Internal Audit Company Limited, to be the internal auditor, only in the issues of the company such HR management. Such audit covered the essential operation system of the company and the result of the internal audit, is able to be confidently evaluated that the operation system of the company and affiliates has an effective internal control. With an internal control system that is sufficient and suitable with the highly competitive business condition. In the year of 2016, internal audit has 3 topics to cover were debt acquisition process of marketing department, legal working process and human resources. There are no major issues in the report and the Company is now improved in the process as the internal audit's suggestion. Furthermore, foreseeing that the committee and executives of the company have the commitment and ethic, in performing the duty to achieve company objectives with quality. However, the audit committee remains committed to improving the company to have an internal control system to even better.



(Mr. Rerngchai Ingkapakorn)  
Chairman of Audit Committee

## Management Discussion and Analysis

### Overview of 2017 Business and Key Factors impact on the Company's performance

Overall of Non-Performing Loan situation in Thai financial system still support the Company's business to grow in the future. Data from Bank of Thailand showed that Gross NPL at the end of 2017 was 429 Billion Baht higher than 43.4 Billion Baht from last year.

In 2017, the Company achieved a remarkably success in distress debt management business. The Company achieved its record high in cash collection at 1,847 million Baht. Thanks to distress the quality of debt acquired and efficient of collection team, the Company's financial performance in 2017 reached to its highest in corporate history with net profit of 396.1 million Baht, increased at 36.4% from the previous year.

The Company operation target in 2017 for bad debt acquisition was not reached the target. Last year the Company acquired 16,271 billion baht as compare to target 30,000 million Baht. However, the key criteria to acquire non-performing loan to manage is based on the yield of each portfolio in enhance a better return for the shareholders.

Furthermore, with the strategy to expand the business toward CLMV market, the Company has already inaugurated a subsidiary in Cambodia, JMT (Cambodia) Co., Ltd in Q2/2017. The subsidiary engages debt collection business which already provides services since 3/2017.

### Key Statistic for Business Operation

The Company key business operation in 2015 - 2017 is depicted below;

	2015	2016	2017
<b>Distress Debt Management Operation Statistic</b>			
No. of Distress Debt under management	87	100	119
Value of NPL under management	88,683	108,283	124,554
No. of Bad Debt that fully amortized cost of purchasing	34	36	40

### Summary of Profit and Loss Statement

	2016		2017		Change	
	MB	%	MB	%	MB	%
Total Revenues	1,063.7	100.0%	1,356.3	100.0%	292.6	27.5%
Cost of Services	377.9	35.5%	574.4	42.4%	196.5	52.0%

	2016		2017		Change	
	MB	%	MB	%	MB	%
Gross Profit	685.9	64.5%	781.9	57.6%	96.0	14.0%
Other Revenues	8.6	0.8%	5.4	0.4%	-3.2	-36.8%
Gain from Shareholding Proportion Change in Subsidiaries to Long term investment	143.9	13.5%	0.0	0.0%	-143.9	-100.0%
Administrative Expenses	416.9	39.2%	211.0	15.6%	-205.9	-49.4%
Operating Profit	421.5	39.6%	567.3	41.8%	145.8	34.6%
Finance Cost	84.6	8.0%	76.9	5.7%	-7.7	-9.1%
<b>Net Profit</b>	<b>290.4</b>	<b>27.3%</b>	<b>396.1</b>	<b>29.2%</b>	<b>105.7</b>	<b>36.4%</b>

### Revenues Analysis

In 2017, the Company's Total Revenues stood at 1,356.3 or increased by 27.5%. The changing revenues can be explained as following;

1. Revenues from collection of purchased account receivables was 1,109.3 million Baht in 2016, increase 370.9 million Baht or 50.2%. This was because efficiency in collection business increase and non-performing loan portfolio acquired in 2017. The revenues from collection of purchased account receivables accounted 81.8% of total revenues in 2017.
2. Service Income from debt collection in 2017 was 242.0 million Baht, increased by 106.8 million Baht or 78.5% from 2016. Service Income from debt collection accounted 17.8% of total revenues in 2017.
3. Interest Income and related incomes in 2017 was 4.5 million Baht decline from 2016. This is due to the Company's group restructuring in 2016. The Company is no longer consolidated financial statement from J Fintech Co., Ltd.

### Analysis of Cost of Services and Gross Profit

In 2017, the Company's cost of services was 574.4 million Baht higher than 2016 of 196.5 million Baht or 52.0%. The reasons were an increasing of new collector, commission from debt collection, postage expenses and legal expenses incurred from litigation process.

While, the Company's gross profit margin stood at 57.6% lower than 2016 6.8% due to revenues from lending business, which has a high margin in Gross Profit level, was decline.

### Administrative Expenses

The Company incurred administrative expenses 211.0 million Baht, declined by 205.9 million Baht or 49.4%. Thank to the Company no longer have provision from doubtful debt. The Company's administrative expenses to revenues stood at 15.6%. Major component of administrative are employee remuneration and depreciation expenses.

### Finance Cost

Finance Cost for the year of 2017 was 76.9 million, decrease from 2016 7.7 million Baht or 9.1% decrease. Major of the Company's liabilities in 2017 was a debenture.

### Net Profit

The Company's Net Profit in 2017 was 396.1 million Baht more than 2016 of 105.7 million Baht or 36.4% increased. This represents net profit margin of 29.2%

### Analysis of Financial Statement of Position

	As of 31 Dec 16		As of 31 Dec 17		Change	
	MB	%	MB	%	MB	%
Cash and cash equivalents	111.0	2.7%	513.4	9.8%	402.4	362.4%
Current portion of loans receivable from purchase	427.1	10.3%	498.7	9.5%	71.6	16.8%
Other Current Assets	378.8	9.1%	159.2	3.0%	(219.6)	-58.0%
Current Assets	916.9	22.0%	1,171.3	22.3%	254.4	27.7%
Loans receivable from purchase of accounts receivable -Net	3,021.1	72.6%	3,816.7	72.7%	795.6	26.3%
Other long-term investment	104.3	2.5%	104.3	2.0%	-	0.0%
Other Non-Current Asset	121.6	2.9%	155.5	3.0%	33.9	27.9%
Total Non-Current asset	3,247.1	78.0%	4,076.6	77.7%	829.5	25.5%
<b>Total Assets</b>	<b>4,164.0</b>	<b>100.0%</b>	<b>5,247.9</b>	<b>100.0%</b>	<b>1,083.9</b>	<b>26.0%</b>
Current Liabilities (Included Current Portion of Debentures)	1,665.90	40.0%	430.6	8.2%	-1,235.3	-74.2%
Debentures	1,158.3	27.8%	2,184.2	41.6%	1,025.9	88.6%
Non-Current Liabilities (Included Debentures Net Current Portion)	562.2	13.5%	2,492.1	47.5%	1,929.9	343.3%
<b>Total Liabilities</b>	<b>2,228.1</b>	<b>53.5%</b>	<b>2,922.7</b>	<b>55.7%</b>	<b>694.6</b>	<b>31.2%</b>
<b>Total Shareholder's Equity</b>	<b>1,935.8</b>	<b>46.5%</b>	<b>2,325.2</b>	<b>44.3%</b>	<b>389.4</b>	<b>20.1%</b>

### Asset

As of the period ending 31 December 2017, the Company had total assets equal to 5,247.9 million Baht divided to current asset 1,171.3 million Baht or 22.3% of total asset and Non-current asset 4,076.6 million Baht or 77.7% of total asset. Total asset increase 1,083.9 million Baht or 26.0% increase from 2016. Major component of the increase are cash and cash equivalent, Loans receivable from purchase of accounts receivable and equipment.

## Liabilities

As of the period ending 31 December 2017, the Company had total liabilities equal to 2,922.7 million Baht, increase by 694.6 million baht or 31.2%. The major changing in liabilities in 2017 is the Company has debentures outstanding at 2,184.2 million Baht or increases 1,025.9 million. The issuance of debenture was to acquire distress debt and extend the tenor of debt profile.

The Company' Debt to Equity Ratio and Interest Bearing Debt to Equity ratio at the end of 2017 were 1.25 times and 1.21 times respectively.

## Cash Flow Statement

In 2017, the company has a net increase of cash and cash equivalents of 402.4 million baht. Details of cash flows in each activity can be grouped as follows:

	2016	2017
Cash flows from operation activities	(1,485.2)	(704.6)
Cash flows from investment activities	1,648.6	153.3
Cash flows from financing activities	(96.5)	954.0
Cash and cash equivalents – net increase (decrease)	66.9	402.4

In 2017 regarding cash flows from operation activities, the Company has net cash used in operation activities by the amount of 704.6 million Baht which is a result of acquisition of more non-performing debts to manage. In the year of 2017, the Company starts to acquire secure bad debt which cost of acquire secure type of distress debt is higher than unsecure type.

In 2017, with respect to cash flows from investment activities, the Company has net cash gained from investment activities of 153.3 million baht. The Company does not have to lending money to subsidiary.

Regarding cash flows from financing activities in 2017, the Company has net cash received from financing activities amounting to 954.0 million baht. The cash flow from financing gain was from the debenture issuance and cash received from capital increasing.

The Company's liquidity ratio is 2.72 times in 2017 compared with 0.55 in 2017. The Company' extends the tenor of debt profile longer by using debentures.

## Forward Looking

The Company will pursue its strategy to grow its business further. In 2018, the target of acquisition of distress debt is 52,000 million Baht both secure and unsecure debt. Moreover, the Company has been studying to invest in potential business which will enhance return and synergy with group of companies. In addition, to expand collection business in CLMV region, the Company started operation in Cambodia and plan to study to set up the collection business in Vietnam in 2018

## Auditing Fee

The Company and its subsidiaries' 2016 Auditing Fee paid to the auditors, personnel or business concerning the auditors or the office of the auditors from E Y Office Company Limited in the previous year 2017 amounted for 2,400,000 Baht and year 2016 amounted for 2,470,000 Baht.

	(Unit: baht)	
<b>Audit Fee</b>	<b>2016</b>	<b>2017</b>
1. Audit Fee	1,240,000	1,450,000
For JMT Network Services PCL		
2. Audit Fee		
JMT Network Services PCL and subsidiaries	2,470,000	2,400,000

## 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. The Company has initiate “Pun Rak Pun Num Jai Project” and Returning of Natural to the Society in 2013. By giving of study material, set of athletes, music instrument for children in school in rural area. The Company will pursue this project further in the futures. And 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

### CSR Activity in 2017

The Company engages in CSR Project “Aun Ai Rak Pue Nong” by donating funding and education material to Banna Kor Ruer at Tamboon Na Kor Ruer, Hood, Chaingmai Province on 25 December 2017



JMT Network Services Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2017



## **Independent Auditor's Report**

To the Shareholders of JMT Network Services Public Company Limited

### **Opinion**

I have audited the accompanying consolidated financial statements of JMT Network Services 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 JMT Network Services 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 JMT Network Services Public Company Limited and its subsidiaries and of JMT Network Services 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 4.1 to the financial statements regarding the change in accounting policy during the current year as a result of adoption of TAS 27 (revised 2016) Separate Financial Statements by choosing to record investments in subsidiaries using equity method.
- b) As mentioned in Note 4.2 to the financial statements, during the current year, the Company and the subsidiary adjusted the presentation of loan receivable from purchase of accounts receivable.

Therefore, the Company and its subsidiaries have restated the financial statements for the year ended 31 December 2016, presented herein as comparative information, in order to reflect the adoption of Thai Financial Reporting Standards and the past adjustment, as discussed above. My opinion is not modified in respect of this matter.

**Key Audit Matters**

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

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

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

### **Revenue recognition from collection of purchased accounts receivable.**

The Group's accounting policy on revenue recognition is discussed in Note 5.1 to the financial statements. The revenues from collection of purchased accounts receivable recognised for the year of 2017 amounted to Baht 1,110 million, accounting for 82% of total revenue. I focused on the revenue recognition because such revenues were derived from a diverse range of retail customers, and revenue recognition was made based on the effective interest rate method which relies on the estimation of the age of debt collected. There is therefore a risk with respect to the amount of revenue recognition.

I have performed audit procedures on the Group's revenue recognition as follows:

- Assessing and testing the Group's IT systems and key internal controls relevant to the revenue cycle for the collection of purchased accounts receivable 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 receivable is in compliance with the Group's policy.
- On a sampling basis, examined 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 receivable by identifying the revenue recognition ratio, and comparing the actual cash inflows with the projected cash inflows to detect possible irregularities in revenue transactions throughout the period.

### **Allowance for loan losses**

As discussed in Notes 5.4 and 5.5 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 performed audit procedures on the allowance for loan losses as follows:

- Gaining an understanding of the procedures for estimating and recording the allowance for loan losses and assessing internal controls relevant to the approval of credit limits, 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 checked 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, checked the consistency of the application of such assumptions and evaluated the method used by the Group to estimate the allowance for each type of loan receivables.

#### **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.

Rungnapa Lertsuwankul  
Certified Public Accountant (Thailand) No. 3516

EY Office Limited  
Bangkok: 22 February 2018

**JMT Network Services Public Company Limited and its subsidiaries**
**Statement of financial position**
**As at 31 December 2017**

(Unit: Baht)

		Consolidated financial statements			Separate financial statements		
		As at	As at	As at	As at	As at	As at
	Note	31 December 2017	31 December 2016	1 January 2016	31 December 2017	31 December 2016	1 January 2016
						(Restated)	
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	8	513,435,084	111,043,903	44,187,564	462,420,421	70,026,724	16,347,260
Trade and other receivables	7, 9	25,563,122	23,502,635	18,481,497	20,254,999	18,682,293	12,720,781
Accrued income	7, 10	28,015,627	21,837,247	19,622,642	27,094,530	21,025,905	11,185,933
Current portion of hire purchase receivables	11	311,699	1,823,191	9,413,866	311,699	1,823,191	3,291,411
Current portion of loans to customers	12	4,223,700	16,935,423	314,368,198	4,223,700	16,935,423	35,920,290
Current portion of loans receivable from purchase of accounts receivable	13	498,694,264	427,056,822	503,671,607	350,272,375	317,448,113	424,958,163
Short-term loans to related parties	7	-	219,500,000	-	1,551,000,000	1,226,000,000	1,188,500,000
Refundable value added tax		62,468,340	62,468,340	62,468,340	36,758,988	36,758,988	36,758,988
Other current assets	14	38,589,413	32,729,103	19,395,129	24,657,406	21,930,340	16,446,211
<b>Total current assets</b>		<b>1,171,301,249</b>	<b>916,896,664</b>	<b>991,608,843</b>	<b>2,476,994,118</b>	<b>1,730,630,977</b>	<b>1,746,129,037</b>
<b>Non-current assets</b>							
Restricted deposits with banks		1,946,185	1,915,935	2,058,720	901,535	880,982	1,035,860
Hire purchase receivables - net of current portion	11	-	213,650	13,931,307	-	213,650	2,907,918
Loans to customers - net of current portion	12	858,383	7,796,898	303,411,707	858,383	7,796,898	46,105,347
Loans receivable from purchase of accounts receivable - net of current portion	13	3,816,729,798	3,021,117,160	2,325,882,143	1,785,229,073	2,034,181,476	1,663,981,349
Investments in subsidiaries	15	-	-	-	704,257,363	157,965,584	124,358,752
Other long-term investment		104,346,295	104,346,295	-	104,346,295	104,346,295	-
Equipment	16	86,317,011	53,189,789	52,181,367	74,088,772	47,461,937	42,076,860
Computer software	17	16,239,613	21,387,053	21,256,415	15,698,010	21,348,726	13,786,450
Deferred tax asset	27	30,501,625	30,123,669	23,913,964	26,197,907	28,312,421	22,102,523
Other non-current assets	7	19,670,081	6,976,102	6,723,600	17,514,565	5,797,647	4,544,048
<b>Total non-current assets</b>		<b>4,076,608,991</b>	<b>3,247,066,551</b>	<b>2,749,359,223</b>	<b>2,729,091,903</b>	<b>2,408,305,616</b>	<b>1,920,899,107</b>
<b>Total assets</b>		<b>5,247,910,240</b>	<b>4,163,963,215</b>	<b>3,740,968,066</b>	<b>5,206,086,021</b>	<b>4,138,936,593</b>	<b>3,667,028,144</b>

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



**JMT Network Services Public Company Limited and its subsidiaries**
**Statement of financial position (continued)**
**As at 31 December 2017**

(Unit: Baht)

Consolidated financial statements					Separate financial statements		
		As at	As at	As at	As at	As at	As at
	Note	31 December 2017	31 December 2016	1 January 2016	31 December 2017	31 December 2016	1 January 2016
						(Restated)	
<b>Liabilities and shareholders' equity</b>							
<b>Current liabilities</b>							
Short-term loans from financial institutions		-	-	442,500,000	-	-	442,500,000
Trade and other payables	7, 19	34,791,815	320,694,849	73,617,228	30,418,978	318,164,493	48,786,101
Current portion of long-term loans	21	102,028,015	101,280,000	314,502,400	102,028,015	101,280,000	314,502,400
Current portion of debentures	22	99,880,954	609,398,136	-	99,880,954	609,398,136	-
Short-term loans	18	139,516,001	592,524,140	460,000,000	139,516,001	592,524,140	460,000,000
Income tax payable		43,688,609	23,232,355	24,296,627	11,530,279	10,663,925	7,752,886
Other current liabilities	7, 20	10,696,559	18,807,608	35,842,420	7,462,562	9,786,963	4,238,076
<b>Total current liabilities</b>		<b>430,601,953</b>	<b>1,665,937,088</b>	<b>1,350,758,675</b>	<b>390,836,789</b>	<b>1,641,817,657</b>	<b>1,277,779,463</b>
<b>Non-current liabilities</b>							
Long-term loans - net of current portion	21	394,275,056	-	101,280,000	394,275,056	-	101,280,000
Debentures - net of current portion	22	2,084,289,763	548,898,965	610,000,000	2,084,289,763	548,898,965	610,000,000
Provision for long-term employee benefits	23	1,220,217	5,491,452	5,139,819	1,151,534	5,201,833	4,508,204
Other non-current liabilities		12,324,663	7,797,179	5,162,740	10,334,663	7,179,677	4,833,745
<b>Total non-current liabilities</b>		<b>2,492,109,699</b>	<b>562,187,596</b>	<b>721,582,559</b>	<b>2,490,051,016</b>	<b>561,280,475</b>	<b>720,621,949</b>
<b>Total liabilities</b>		<b>2,922,711,652</b>	<b>2,228,124,684</b>	<b>2,072,341,234</b>	<b>2,880,887,805</b>	<b>2,203,098,132</b>	<b>1,998,401,412</b>
<b>Shareholders' equity</b>							
Share capital	24						
Registered							
444,000,000 ordinary shares of Baht 1 each		444,000,000	444,000,000	444,000,000	444,000,000	444,000,000	444,000,000
Issued and fully paid up							
379,976,470 ordinary shares of Baht 1 each							
(2016: 369,999,930 ordinary shares of Baht 1 each)		379,976,470	369,999,930	369,999,930	379,976,470	369,999,930	369,999,930
Share premium		1,260,926,023	1,093,231,165	1,093,231,165	1,260,926,023	1,093,231,165	1,093,231,165
Advance receipt of share subscription	24	193,958,699	36,004,536	-	193,958,699	36,004,536	-
Retained earnings							
Appropriated-statutory reserve		44,400,000	44,400,000	44,400,000	44,400,000	44,400,000	44,400,000
Unappropriated		446,270,862	392,202,830	160,995,637	446,270,862	392,202,830	160,995,637
Other components of shareholders' equity		(333,838)	-	-	(333,838)	-	-
Equity attributable to owners of the Company		2,325,198,216	1,935,838,461	1,668,626,732	2,325,198,216	1,935,838,461	1,668,626,732
Non-controlling interests of the subsidiaries		372	70	100	-	-	-
<b>Total shareholders' equity</b>		<b>2,325,198,588</b>	<b>1,935,838,531</b>	<b>1,668,626,832</b>	<b>2,325,198,216</b>	<b>1,935,838,461</b>	<b>1,668,626,732</b>
<b>Total liabilities and shareholders' equity</b>		<b>5,247,910,240</b>	<b>4,163,963,215</b>	<b>3,740,968,066</b>	<b>5,206,086,021</b>	<b>4,138,936,593</b>	<b>3,667,028,144</b>

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

Directors

**JMT Network Services Public Company Limited and its subsidiaries**
**Statement of comprehensive income**
**For the year ended 31 December 2017**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
					(Restated)
Profit or loss:					
Revenues					
Services income from debts collection and others	7	241,998,044	135,238,786	231,782,873	145,303,374
Revenues from collection of purchased accounts receivable		1,109,803,023	738,916,198	565,800,599	501,809,862
Interest income and related income	7	4,455,145	189,592,485	4,455,145	13,965,528
Total revenues		1,356,256,212	1,063,747,469	802,038,617	661,078,764
Cost of services	7	(574,401,106)	(377,869,363)	(452,117,980)	(316,408,517)
Gross profit		781,855,106	685,878,106	349,920,637	344,670,247
Other income	7	5,433,611	8,570,502	67,700,415	78,739,609
Gains from change in portion of investment in subsidiary to other long-term investment	15.2	-	143,916,494	-	-
Profit before expenses		787,288,717	838,365,102	417,621,052	423,409,856
Administrative expenses	7	(211,006,192)	(416,867,961)	(176,246,179)	(157,520,988)
Total expenses		(211,006,192)	(416,867,961)	(176,246,179)	(157,520,988)
Operating profit		576,282,525	421,497,141	241,374,873	265,888,868
Finance cost		(76,872,763)	(84,554,666)	(76,872,763)	(84,554,666)
Operating profit - net of finance cost		499,409,762	336,942,475	164,502,110	181,334,202
Share of gains from investments in subsidiaries	15.2	-	-	261,669,118	134,953,127
Profit before income tax expenses		499,409,762	336,942,475	426,171,228	316,287,329
Income tax expenses	27	(103,277,190)	(46,535,323)	(30,038,956)	(25,880,147)
Profit for the year		396,132,572	290,407,152	396,132,272	290,407,182
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of financial statements in foreign currency		(333,838)	-	-	-
Share of other comprehensive income from investment in subsidiary	15.2	-	-	(333,838)	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods		(333,838)	-	(333,838)	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Actuarial gains - net of income tax		3,896,052	-	3,624,155	-
Share of other comprehensive income from investment in subsidiaries - net income tax	15.2	-	-	271,895	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		3,896,052	-	3,896,050	-
Total other comprehensive income for the year		3,562,214	-	3,562,212	-
Total comprehensive income for the year		399,694,786	290,407,152	399,694,484	290,407,182

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

**JMT Network Services 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		396,132,272	290,407,182	396,132,272	290,407,182
Non-controlling interests of the subsidiaries		300	(30)		
		<u>396,132,572</u>	<u>290,407,152</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		399,694,484	290,407,152	399,694,484	290,407,182
Non-controlling interests of the subsidiaries		302	(30)		
		<u>399,694,786</u>	<u>290,407,122</u>		
<b>Earnings per share</b>	28				
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht per share)		<u>1.06</u>	<u>0.78</u>	<u>1.06</u>	<u>0.78</u>
Diluted earnings per share					
Profit for year (Baht per share)		<u>1.00</u>		<u>1.00</u>	

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

**JMT Network Services 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 before tax	499,409,762	336,942,475	426,171,228	316,287,329
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	37,689,877	28,015,997	34,360,695	23,196,003
Bad debts and doubtful accounts (reversal)	(967,072)	199,715,612	(1,217,891)	31,741,893
Share of gain from investments in subsidiaries	-	-	(261,669,118)	(134,953,127)
Gains on change in portion of investment in subsidiary to other long-term investment	-	(143,916,494)	-	-
Losses (gains) on sales and written-off of equipment and computer software	(551,309)	54,942	(541,815)	134,348
Gains on sale of properties foreclosed	(778,926)	-	-	-
Long-term employee benefit expenses	806,494	1,349,283	687,559	693,629
Interest incomes	(8,204,532)	(101,585,527)	(52,672,875)	(90,864,201)
Interest expenses	76,872,763	84,554,666	76,872,763	84,554,666
Profit from operating activities before changes in operating assets and liabilities	604,277,057	405,130,954	221,990,546	230,790,540
Operating assets (increase) decrease				
Trade and other receivables	(2,311,306)	(12,163,286)	(1,572,706)	(6,059,417)
Accrued income	(6,051,529)	(2,422,266)	(5,941,774)	(8,634,587)
Other current assets	(5,707,641)	(29,553,391)	(2,825,409)	(11,596,169)
Hire purchase receivables	2,129,571	8,387,596	2,129,571	3,574,175
Loans to customers and accrued interest receivables	14,281,816	(1,457,306,943)	14,281,816	26,773,014
Loans receivable from purchase of accounts receivable	(1,156,414,344)	(327,593,794)	(68,937,090)	28,317,554
Other non-current assets	(12,693,979)	(5,614,720)	(11,716,918)	(1,253,600)
Operating liabilities increase (decrease)				
Trade and other payables	6,249,515	(18,358,474)	4,657,589	(30,293,333)
Other current liabilities	(8,111,049)	7,749,266	(2,324,401)	5,548,887
Paid for long-term employee benefit	(207,664)	-	(207,664)	-
Other non-current liabilities	4,527,484	2,975,439	3,154,986	2,345,932
Cash flows from (used in) operating activities	(560,032,069)	(1,428,769,619)	152,688,546	239,512,996
Cash received from interest	8,077,681	78,215,476	52,546,024	89,658,816
Cash paid for interest expenses	(68,244,137)	(79,601,235)	(68,244,137)	(79,601,235)
Cash paid for corporate income tax	(84,423,917)	(55,032,096)	(27,964,127)	(29,179,005)
<b>Net cash flows from (used in) operating activities</b>	<b>(704,622,442)</b>	<b>(1,485,187,474)</b>	<b>109,026,306</b>	<b>220,391,572</b>

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

**JMT Network Services 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 banks deposits	(30,250)	142,785	(20,553)	154,878
Decrease (increase) in short-term loans to related parties	219,500,000	870,000,000	(325,000,000)	(37,500,000)
Cash paid for investment in subsidiaries	-	-	(284,684,604)	(3,000,000)
Cash receipt from disposals of equipment	1,450,010	803,738	1,343,939	616,822
Acquisition of equipment and computer software	(72,483,377)	(111,084,950)	(62,304,510)	(30,440,055)
Cash receipt from disposals of properties foreclosed	4,877,959	-	-	-
Net cash increased from change in portion of investment in subsidiary to other long-term investment (Note 15)	-	888,725,993	-	-
<b>Net cash flows from (used in) investing activities</b>	<u>153,314,342</u>	<u>1,648,587,566</u>	<u>(670,665,728)</u>	<u>(70,168,355)</u>
<b>Cash flows from financing activities</b>				
Decrease in short-term loans from financial institutions	-	(442,500,000)	-	(442,500,000)
Increase (decrease) in short-term loans	(455,000,000)	135,000,000	(455,000,000)	135,000,000
Cash receipt from long-term loans	497,000,000	-	497,000,000	-
Cash paid for long-term loans	(101,280,000)	(314,502,400)	(101,280,000)	(314,502,400)
Proceeds from the issuance of debentures	1,640,000,000	550,000,000	1,640,000,000	550,000,000
Repayment for debentures	(610,000,000)	-	(610,000,000)	-
Cash paid for transaction costs	(6,352,152)	(1,345,900)	(6,352,152)	(1,345,900)
Advance receipts of shares subscription	335,625,561	36,004,536	335,625,561	36,004,536
Dividend paid	(345,960,290)	(59,199,989)	(345,960,290)	(59,199,989)
<b>Net cash flows from (used in) financing activities</b>	<u>954,033,119</u>	<u>(96,543,753)</u>	<u>954,033,119</u>	<u>(96,543,753)</u>
Differences on translation of financial statement	(333,838)	-	-	-
<b>Net increase in cash and cash equivalents</b>	<u>402,391,181</u>	<u>66,856,339</u>	<u>392,393,697</u>	<u>53,679,464</u>
Cash and cash equivalents at beginning of year	<u>111,043,903</u>	<u>44,187,564</u>	<u>70,026,724</u>	<u>16,347,260</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>513,435,084</u></u>	<u><u>111,043,903</u></u>	<u><u>462,420,421</u></u>	<u><u>70,026,724</u></u>
	-	-	-	-
<b>Supplemental cash flows information:</b>				
<b>Non-cash items consist of</b>				
Purchase of non-performing account receivables from financial institutions by installments not affecting the cash flows	-	291,345,458	-	291,345,458
Purchase of equipment and computer software recorded as liabilities	908,900	6,823,917	288,900	6,454,472

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

**JMT Network Services Public Company Limited and its subsidiaries**

**Statement of changes in shareholders' equity**

**For the year ended 31 December 2017**

(Unit: Baht)

<b>Consolidated financial statements</b>										
	Equity attributable to owners of the Company				Other components of equity					
	Issued and fully paid-up share capital	Premium on ordinary shares	Advance receipt of share subscription	Retained earnings		statements in foreign currency	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholder's equity	
				Appropriated	Unappropriated					
<b>Balance as at 1 January 2016</b>	369,999,930	1,093,231,165	-	44,400,000	160,995,637	-	1,668,626,732	100	1,668,626,832	
Profit for the year	-	-	-	-	290,407,182	-	290,407,182	(30)	290,407,152	
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	-	290,407,182	-	290,407,182	(30)	290,407,152	
Advance receipt of share subscription (Note 24)	-	-	36,004,536	-	-	-	36,004,536	-	36,004,536	
Dividend paid (Note 31)	-	-	-	-	(59,199,989)	-	(59,199,989)	-	(59,199,989)	
<b>Balance as at 31 December 2016</b>	369,999,930	1,093,231,165	36,004,536	44,400,000	392,202,830	-	1,935,838,461	70	1,935,838,531	
<b>Balance as at 1 January 2017</b>	369,999,930	1,093,231,165	36,004,536	44,400,000	392,202,830	-	1,935,838,461	70	1,935,838,531	
Profit for the year	-	-	-	-	396,132,272	-	396,132,272	300	396,132,572	
Other comprehensive income for the year	-	-	-	-	3,896,050	(333,838)	3,562,212	2	3,562,214	
Total comprehensive income for the year	-	-	-	-	400,028,322	(333,838)	399,694,484	302	399,694,786	
Issuance of ordinary shares during period from transferring of share subscription received (Note 24)	9,976,540	167,694,858	(177,671,398)	-	-	-	-	-	-	
Advance receipts of share subscription (Note 24)	-	-	335,625,561	-	-	-	335,625,561	-	335,625,561	
Dividend paid (Note 31)	-	-	-	-	(345,960,290)	-	(345,960,290)	-	(345,960,290)	
<b>Balance as at 31 December 2017</b>	379,976,470	1,260,926,023	193,958,699	44,400,000	446,270,862	(333,838)	2,325,198,216	372	2,325,198,588	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	

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

**JMT Network Services Public Company Limited and its subsidiaries**  
**Statement of changes in shareholders' equity (continued)**  
**For the year ended 31 December 2017**

(Unit: Baht)

Separate financial statements						
	Issued and fully paid-up share capital	Premium on ordinary shares	Advance receipt of share subscription	Retained earnings		Other components of equity
				Appropriated	Unappropriated	Other comprehensive income
						Share of other comprehensive income from investment in subsidiary
						Total shareholders' equity
<b>Balance as at 31 December 2015</b>						
- as previously reported	369,999,930	1,093,231,165	-	44,400,000	162,920,103	-
Cumulative effect of change in accounting policy related for investment in subsidiaries (Note 4.1)	-	-	-	-	(1,924,466)	-
<b>Balance as at 31 December 2015 - as restated</b>	369,999,930	1,093,231,165	-	44,400,000	160,995,637	-
Profit for the year (restated)	-	-	-	-	290,407,182	-
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	290,407,182	-
Advance receipt of share subscription (Note 24)	-	-	36,004,536	-	-	-
Dividend paid (Note 31)	-	-	-	-	(59,199,989)	-
<b>Balance as at 31 December 2016</b>	369,999,930	1,093,231,165	36,004,536	44,400,000	392,202,830	-
<b>Balance as at 31 December 2016</b>						
- as previously reported	369,999,930	1,093,231,165	36,004,536	44,400,000	264,237,176	-
Cumulative effect of change in accounting policy related for investment in subsidiaries (Note 4.1)	-	-	-	-	127,965,654	-
<b>Balance as at 31 December 2016 - as restated</b>	369,999,930	1,093,231,165	36,004,536	44,400,000	392,202,830	-
Profit for the year	-	-	-	-	396,132,272	-
Other comprehensive income for the year	-	-	-	-	3,896,050	(333,838)
Total comprehensive income for the year	-	-	-	-	400,028,322	(333,838)
Issuance of ordinary shares during period from transferring of share subscription received (Note 24)	9,976,540	167,694,858	(177,671,398)	-	-	-
Advance receipt of share subscription (Note 24)	-	-	335,625,561	-	-	-
Dividend paid (Note 31)	-	-	-	-	(345,960,290)	-
<b>Balance as at 31 December 2017</b>	379,976,470	1,260,926,023	193,958,699	44,400,000	446,270,862	(333,838)
	-	-	-	-	-	-
	-	-	-	-	-	-

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

**JMT Network Services Public Company Limited and its subsidiaries**  
**Notes to consolidated financial statements**  
**For the year ended 31 December 2017**

**1. General information**

JMT Network Services Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Jay Mart Public Company Limited, which was incorporated in Thailand, is the parent company. The Company is engaged in debts collection services, purchase of non-performing accounts receivable for debts management and collection, providing finance leasing services, insurance broker services and consumer lendings. The registered office of the Company is at 325/7, Jaymart Building, 4 - 6th floor, Ramkhamhaeng Road, Saphan Sung Sub - District, Saphan Sung District, Bangkok.

**2. Basis of preparation**

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 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 JMT Network Services Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2017 (Percent)	2016 (Percent)
Jay Insurance Broker Company Limited	Insurance broker	Thailand	99.99	99.99
J Asset Management Company Limited	Asset management	Thailand	99.99	99.99
JMT (CAMBODIA) CO., LTD.	Debts collection services	Cambodia	100.00	-



- 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 subsidiary company is 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 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 have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with the changes mostly directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its 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 in separate financial statements from cost method to equity method since 1 January 2017. The Company adjusted the transaction retrospectively to reflect the effect of the change. The cumulative effect of the change is described in Note 4 to the financial statements.

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

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

As described in Note 3 to the financial statements, during the current year, the Company has changed its accounting policy related to investments in subsidiaries in separate financial statements from cost method to equity method. 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: Million Baht)

	Separate financial statements		
	31 December	31 December	1 January
	2017	2016	2016
<b>Statement of financial position</b>			
Increase (decrease) in investments in subsidiaries	390	128	(2)
Increase (decrease) in unappropriated retained earnings	390	128	(2)

(Unit: Million Baht)

	Separate financial statements	
	For the years ended 31 December	
	2017	2016
<b>Statement of comprehensive income</b>		
<b>Profit or loss:</b>		
Decrease in reversal of impairment on investment	-	(5)
Share of gains from investments in subsidiaries	262	135
Increase in profit for the year	262	130
<b>Earnings per share (Baht):</b>		
Basic earnings per share		
Increase in profit per share	0.70	0.35
Diluted earnings per share		
Increase in profit per share	0.66	

## 4.2 Prior years' adjustment

During the current year, the Company and the subsidiary adjusted the prior presentation of loans receivable from purchase of accounts receivable as non-current asset to present the current portion of loans receivable from purchase of accounts receivable and the non-current portion based on consideration of the forecasted cashflows, in order to appropriately present the statement of financial position. The Company and its subsidiaries have 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			Separate financial statements		
	31 December 2017	31 December 2016	1 January 2016	31 December 2017	31 December 2016	1 January 2016
<b>Statement of financial position:</b>						
Increase in current portion of loans receivable from purchase of accounts receivable	499	427	504	350	317	425
Decrease in loans receivable from purchase of accounts receivable - net of current portion	(499)	(427)	(504)	(350)	(317)	(425)

## 5. Significant accounting policies

### 5.1 Revenue recognition

#### a) Services income from debts collection and others

Services income from debts collection is recognised as income on an accrual basis based on the agreed rate, when service is rendered to customers.

#### b) 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 calculated based on estimated cash inflows from debtors or collateral value). Revenues from collection of purchased accounts receivable are calculated by multiplying effective interest rate by cost of outstanding loans receivable from purchase of accounts receivable. The Company and subsidiary will recognise revenues from collection of purchased accounts receivable with the amount not exceeding the amount received from debtors for receivables that were settled during the year.

In case of the Company and subsidiary received repayments from purchased accounts receivable in the amount that exceeded revenue from debt collection recognised during the year, the excess will be deducted from cost of loan receivable from purchase of accounts receivable, and will be fully recognised as revenues from collection of purchased accounts receivable 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 have been recognised.

- c) *Penalty income, follow up fee from hire purchase receivables and loans to customers contracts.*

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

- d) *Interest income from hire purchase receivables and loans to customers*

The Company recognises 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 Company ceases 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.

- e) *Insurance brokerage income*

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

- f) *Interest income*

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

## **5.2 Expenses recognition**

- a) *Interest expenses*

Interest expenses are charged to expenses on an accrual basis. Interest on notes payable included in the face value is recorded as deferred interest and amortised to expenses evenly throughout the term of the notes.

- b) *Fees and service expenses*

Fees and service expenses are recognised as expenses on an accrual basis.

## **5.3 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.

## 5.4 Trade accounts receivable, hire purchase receivables, loans to customers and allowance for doubtful accounts

### a) 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.

### b) Hire purchase receivables

Hire purchase receivables are presented amount net of unearned interest income and allowance for doubtful accounts. The Company 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 at the rate of 15% - 75% of cash price as at the agreement date, by considering the probability of collection from debtors and selling of collaterals.

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

Aging	Percentage of allowance for doubtful accounts (percentage)
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 Company consider account receivables to be un-collectable, the Company write them off from the accounts.

### c) Loans to customers

Loans to customers is initially recognised at an amount equal to the net investment.

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

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

### **5.5 Loans receivable from purchase of accounts receivable**

The loan receivable from purchase of accounts receivable represent the Company and subsidiary's 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 Company and subsidiary takes all the risks in the collection without recourse. Such loan receivable from purchase of accounts receivable are presented at purchase cost less allowance for impairment (if any). The Company and subsidiary recognise loss on impairment of loan receivable from purchase of accounts receivable when the present values of estimated cash flows from repayment of debtor or selling collaterals are lower than carrying value.

### **5.6 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.

### **5.7 Investments**

- a) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- b) Investments in subsidiaries are accounted for in the separate financial statements using equity method.

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.

## **5.8 Equipment/Depreciation**

Equipment are presented at cost less accumulated depreciation and allowance for impairment of assets (if any).

Depreciation of equipment is calculated by using the straight-line basis over the following estimated useful lives:

		<u>Useful life</u>
Office equipment	-	3 - 5 years
Office furniture	-	5 years
Vehicles	-	5 years

Depreciation is included in determining income.

An item of 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 equipment is included in profit or loss when equipment is derecognised.

## **5.9 Computer software**

Computer software are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Computer software 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 computer software may be impaired. The amortisation period and the amortisation method of such computer software are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the computer software with finite useful lives is 5 years.

## **5.10 Related party transactions**

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



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

#### **5.11 Long-term leases**

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

Leases of plant and 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.

#### **5.12 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company 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.

#### **5.13 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.

## 5.14 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the equipment and computer software whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. 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.

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

#### *Defined benefit plans*

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

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

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

## **5.16 Provisions**

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

## **5.17 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.

## 5.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

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

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

## 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 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, collateral value 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, 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.

**Impairment of investments**

The Company treats other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

**Allowance for impairment of properties foreclosed**

The subsidiary assesses allowance for impairment of properties foreclosed when net realisable value falls below the book value. The management uses judgement to estimate impairment losses, taking into consideration the latest appraisal value, the type and the nature of the assets.

### **Equipment/Depreciation**

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

### **Computer software**

The initial recognition and measurement of computer software, 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 Company and subsidiary 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 Company and subsidiary 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.

## 7. Related party transactions

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

Companies	Relationship
Jay Mart Public Company Limited	Parent company
Jay Insurance Broker Company Limited	Subsidiary company
J Asset Management Company Limited	Subsidiary company
JMT (CAMBODIA) CO., LTD.	Subsidiary company
J Fintech Co., Ltd.	Related company (related by way of common shareholders and/or directors) (A subsidiary until 26 October 2016)
JAS Asset Public Company Limited	Related company (related by way of common shareholders and/or directors)
J Capital Co., Ltd.	Related company (related by way of common shareholders and/or directors)
Jaymart Mobile Co., Ltd.	Related company (related by way of common shareholders and/or directors)
J & P (Thailand) Company Limited	Related company (related by way of common shareholders and/or directors)
T.A.S. Assets Company Limited	Related company (related by way of common shareholders and/or directors)
Singer Thailand Public Company Limited	Related company (related by way of common shareholders and/or directors)
Smart Item Company Limited	Related company (related by way of common shareholders and/or directors)
J Ventures Co., Ltd.	Related company (related by way of common shareholders and/or directors)

During the year, the Company and its subsidiaries had significant business transactions with related persons or 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: Thousand Baht)
	Consolidated		Separate		
	financial statements		financial statements		Transfer Pricing Policy
	2017	2016	2017	2016	
<b>Transactions with parent company</b>					
Interest income and related income	-	28,417	-	-	Mutually agreed rate
Administrative expenses	9,095	1,864	9,095	1,864	Mutually agreed rate
Office rental and services expenses	23,555	23,864	17,856	16,973	Mutually agreed rate
Entertainment expenses	-	86	-	86	Mutually agreed rate
Advertising expenses	124	-	-	-	Mutually agreed rate
Miscellaneous expenses	1	635	1	373	As agreed by supplier

(Unit: Thousand Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	2017	2016	2017	2016	
<b><u>Transactions with parent company (continued)</u></b>					
Seminar expenses	157	248	140	248	Mutually agreed rate
Sale promotions expenses	-	6,474	-	-	Mutually agreed rate
Purchase of assets	7	258	7	237	As agreed by supplies
Dividend paid	194,137	33,080	194,137	33,080	As declared with normal investor
Interest expense	-	2	-	2	Mutually agreed rate
<b><u>Transactions with subsidiaries</u></b>					
(Eliminated from the consolidated financial statements)					
Services income from debts collection	-	-	-	15,816	Mutually agreed rate
Management income	-	-	18,000	-	Mutually agreed rate
Other income - interest income	-	-	44,482	73,457	Mutually agreed rate
Debts collection expenses	-	-	-	591	Mutually agreed rate
Purchase of loans receivable	-	-	-	3,159	Mutually agreed price
<b><u>Transactions with related parties</u></b>					
Services income from debts collection	91,723	17,188	91,723	17,155	Mutually agreed price
Litigations income	1,910	-	1,910	-	Mutually agreed price
Other services income	4,154	510	312	-	Mutually agreed price
Sale promotions income	-	17	-	-	Mutually agreed price
Other income - interest income	3,609	3,783	3,609	3,783	Mutually agreed rate
Office rental and services expenses	692	1,060	610	462	Market price
Sales promotion expenses	6	676	-	-	Mutually agreed rate
Services income from debts collection	292	4,447	292	33	Mutually agreed price
Miscellaneous expense	1,532	-	1,528	-	As agreed by supplies
Interest expense	-	3,793	-	-	Mutually agreed rate
Purchase of loans receivable	22,996	7,264	22,996	7,264	Mutually agreed price
Purchase of assets	652	-	53	-	Market price, as agreed by supplies
Sale of property foreclosed	5,119	-	-	-	Mutually agreed 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	
	2017	2016	2017	2016
<b><u>Trade and other receivables - related parties (Note 9)</u></b>				
Parent company	700	420	87	394
Related parties	4,968	6,824	4,968	6,529
Total trade and other receivables - related parties	5,668	7,244	5,055	6,923
<b><u>Accrued income - related parties (Note 10)</u></b>				
Related parties	14,307	9,071	13,933	8,834
Total accrued income - related parties	14,307	9,071	13,933	8,834



	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2017	2016	2017	2016
<u>Rental deposits - related parties</u> (Shown under other non-current assets)				
Parent company	4,849	2,992	3,633	2,992
Related party	126	171	126	126
Total rental deposit - related parties	4,975	3,163	3,759	3,118
<u>Short-term loans to related parties</u>				
Subsidiaries	-	-	1,551,000	1,006,500
Related party	-	219,500	-	219,500
Total short-term loan to related parties	-	219,500	1,551,000	1,226,000
<u>Trade and other payables - related parties</u> (Note 19)				
Parent company	1,129	309	883	249
Related party	748	61	118	44
Total Trade and other payables - related parties	1,877	370	1,001	293
<u>Other current liabilities - related parties</u> (Note 20)				
Related party	3	5	3	5
Total other current liabilities - related parties	3	5	3	5
<u>Debentures - related persons</u> (Note 22)				
Director	15,000	-	15,000	-
Total debentures - related persons	15,000	-	15,000	-

### Short-term loans to related parties

As at 31 December 2017, the balance of loans between the Company and its subsidiaries and the movement are as follows:

		(Unit: Thousand Baht) Consolidated financial statements			
Short-term loans to	Relationship	Balance as at	Increase	Decrease	Balance as at
		1 January 2017	during the year	during the year	31 December 2017
J Fintech Co., Ltd.	Related party	219,500	200,000	(419,500)	-
		219,500	200,000	(419,500)	-

(Unit: Thousand Baht)

Short-term loans to	Relationship	Separate financial statements			
		Balance as at 1 January 2017	Increase during the year	Decrease during the year	Balance as at 31 December 2017
J Asset Management Company Limited	Subsidiary	1,001,500	1,293,810	(760,310)	1,535,000
Jay Insurance Broker Company Limited	Subsidiary	5,000	16,500	(5,500)	16,000
J Fintech Co., Ltd.	Related party	219,500	200,000	(419,500)	-
		<u>1,226,000</u>	<u>1,510,310</u>	<u>(1,185,310)</u>	<u>1,551,000</u>

Short-term loans to related parties carry interest at 3.86% to 4.02% per annum and to be due at call (2016: interest at 3.41% to 4.85% per annum).

### Directors and managements' benefits

During the year ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and managements as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Short-term benefits	12,460	15,466	12,460	9,916
Post-employment benefits	1,138	1,440	1,138	1,067
Total	<u>13,598</u>	<u>16,906</u>	<u>13,598</u>	<u>10,983</u>

## 8. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cash on hand	25	23	10	10
Current deposits	288,507	65,990	237,827	25,352
Savings deposits	224,903	45,031	224,583	44,665
Total	<u>513,435</u>	<u>111,044</u>	<u>462,420</u>	<u>70,027</u>

As at 31 December 2017, bank deposits carried interests between 0.37% to 1.00% per annum (2016: between 0.370% to 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	4,913	3,233	4,913	3,233
Past due				
Up to 3 months	55	3,296	55	3,296
Total trade receivables - related parties	4,968	6,529	4,968	6,529
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	18,232	15,737	14,596	11,494
Past due				
Up to 3 months	647	341	577	215
3 - 6 months	66	104	21	10
More than 6 months	245	77	6	40
Total	19,190	16,259	15,200	11,759
Less: Allowance for doubtful debts	(251)	-	-	-
Total trade receivables				
- unrelated parties - net	18,939	16,259	15,200	11,759
Total trade receivables	23,907	22,788	20,168	18,288
Other receivables - related parties	700	715	87	394
Other receivables - unrelated parties	956	-	-	-
Total other receivables	1,656	715	87	394
Total trade and other receivables - net	25,563	23,503	20,255	18,682

## 10. Accrued income

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Accrued services income				
- Related parties	14,307	9,071	13,933	8,834
- Unrelated parties	11,043	10,228	10,496	9,654
Accrued interest income	2,666	2,538	2,666	2,538
Total	28,016	21,837	27,095	21,026

## 11. Hire purchase receivables

11.1) As at 31 December 2017 and 2016, the Company had receivables under car hire purchases financing services totalling Baht 15.25 million and Baht 17.38 million, respectively. The terms of the agreements are generally between 3 - 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 and Separate financial statements					
			Portion due over one year			
	Portion due within one year		but not over five years		Total	
	2017	2016	2017	2016	2017	2016
Hire purchase and installment receivables	18,842	20,166	-	952	18,842	21,118
Less: Unearned financial income	(3,593)	(3,724)	-	(15)	(3,593)	(3,739)
Total	15,249	16,442	-	937	15,249	17,379
Less: Allowance for doubtful accounts	(14,937)	(14,619)	-	(723)	(14,937)	(15,342)
Net	312	1,823	-	214	312	2,037

11.2) As at 31 December 2017 and 2016, the balances of hire purchase receivables and allowance for doubtful accounts aged on the basis of due dates, are summarised as follows:

(Unit: Thousand Baht)

Aging	Consolidated and Separate financial statements					
	2017					
	Number of agreements	Net receivable of unearned financial income	Receivable used for computation of allowance for doubtful accounts	% of allowance for doubtful accounts	Allowance for doubtful accounts	Net
Not yet due	6	84	-	1	-	84
Overdue for 1 period	1	13	-	1	-	13
Overdue for 2 - 3 periods	4	185	-	2	-	185
Overdue for 4 - 6 periods	-	-	-	20	-	-
Overdue for 7 - 12 periods	-	-	-	50	-	-
Overdue more than 12 periods	88	14,967	14,937	100	14,937	30
Total	99	15,249	14,937		14,937	312

Consolidated and Separate financial statements						
2016						
Aging	Number of agreements	Net receivable of unearned financial income	Receivable used for computation of allowance for doubtful accounts	% of allowance for doubtful accounts	Allowance for doubtful accounts	Net
Not yet due	17	1,302	-	1	-	1,302
Overdue for 1 period	2	43	-	1	-	43
Overdue for 2 - 3 periods	3	363	-	2	-	363
Overdue for 4 - 6 periods	2	121	-	20	-	121
Overdue for 7 - 12 periods	5	357	356	50	178	179
Overdue more than 12 periods	85	15,193	15,164	100	15,164	29
Total	114	17,379	15,520		15,342	2,037

The Company provides 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 at the rate of 15% - 75% of cash price as at agreement date 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 Company has 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 Company have set up allowances for doubtful accounts adequately. As at 31 December 2017, the recorded allowance for doubtful accounts are computed the amount adequately under FAP guideline (2016: less than Baht 0.30 million).

11.3) As at 31 December 2017, the Company had hire purchase receivables (net of unearned financial income) amounting to approximately Baht 14.97 million, for which revenue recognition has been ceased (2016: Baht 15.67 million).

## 12. Loans to customers

12.1) As at 31 December 2017 and 2016, the Company had loans to customers of Baht 50.34 million and Baht 64.62 million, respectively. The terms of the agreements are generally between 1 - 4 years and bears interest at the fixed interest rate as stipulated in the agreement. Loans to customers are as follows:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements					
	Portion due within one year		Portion due over one year but not over five years		Total	
	2017	2016	2017	2016	2017	2016
Loans to customers	60,909	64,121	2,185	16,849	63,094	80,970
Less: Unearned interest income	(12,552)	(14,307)	(203)	(2,042)	(12,755)	(16,349)
Total	48,357	49,814	1,982	14,807	50,339	64,621
Less: Allowance for doubtful accounts	(44,133)	(32,879)	(1,124)	(7,010)	(45,257)	(39,889)
Net	4,224	16,935	858	7,797	5,082	24,732

12.2) As at 31 December 2017 and 2016, the balances of loans to customers and allowance for doubtful accounts aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

Aging	Consolidated and Separate financial statements						
	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
Not yet due	3,201	19,063	1	32	191	3,169	18,872
Overdue 1 period	861	1,538	1	8	15	853	1,523
Overdue 2 - 3 periods	1,082	4,426	2	22	89	1,060	4,337
Overdue 4 - 6 periods	1,151	5,995	100	1,151	5,995	-	-
Overdue 7 - 12 periods	3,637	17,740	100	3,637	17,740	-	-
Overdue more than 12 periods	40,407	15,859	100	40,407	15,859	-	-
Total	50,339	64,621		45,257	39,889	5,082	24,732

### 13. Loans receivable from purchase of accounts receivable

As at 31 December 2017 and 2016, loans receivable from purchase of accounts receivable classified by group of debtors are as follows:

	Consolidated financial statements			
	2017		2016	
	Number of contracts	Amount	Number of contracts	Amount
	(Contract)	(Thousand Baht)	(Contract)	(Thousand Baht)
Hire purchase receivables	873,074	1,727,839	847,837	1,646,533
Personal loan receivables	2,264,886	1,871,411	2,204,046	1,904,093
Personal loan receivables - collaterals	587	812,346	-	-
Total	3,138,547	4,411,596	3,051,883	3,550,626
Less: Allowance for doubtful accounts		(96,172)		(102,452)
Net		4,315,424		3,448,174
Less: Current portion of loans receivable from purchase of accounts receivable		(498,694)		(427,057)
Loans receivable from purchase of accounts receivable - net of current portion		3,816,730		3,021,117

	Separate financial statements			
	2017		2016	
	Number of contracts	Amount	Number of contracts	Amount
	(Contract)	(Thousand Baht)	(Contract)	(Thousand Baht)
Hire purchase receivables	781,799	1,080,479	771,060	1,142,409
Personal loan receivables	1,991,963	1,142,258	1,964,097	1,302,737
Total	2,773,762	2,222,737	2,735,157	2,445,146
Less: Allowance for doubtful accounts		(87,236)		(93,516)
Net		2,135,501		2,351,630
Less: Current portion of loans receivable from purchase of accounts receivable		(350,272)		(317,448)
Loans receivable from purchase of accounts receivable - net of current portion		1,785,229		2,034,182

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

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2017	3,448,174	2,351,630
Add: Purchase during year	1,598,003	112,605
Less: Portion decrease from cash collection during the year	(730,632)	(334,433)
Portion decrease from settlement by transferred assets during the year	(4,099)	-
Reversal of allowance for doubtful accounts	6,280	6,280
Reassignment	(2,302)	(581)
Balance as at 31 December 2017	4,315,424	2,135,501

As at 31 December 2017, the Company and its subsidiary expect to collect cash from the loans receivable from purchase of accounts receivable of Baht 1,423 million within one year (the Company only: Baht 775 million) (2016: Baht 1,080 million (the Company only: Baht 684 million)).

During the year, the Company purchased accounts receivable from 2 related parties, which the balance per original loan agreements is Baht 504 million (2016: Baht 141 million).

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



## 14. Other current assets

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Advance to staffs	12,586	17,325	9,996	14,527
Prepaid expenses	8,481	2,085	8,358	1,951
Undue input vat	1,080	589	224	576
Value added tax refund	7,118	6,441	-	-
Withholding tax	493	244	-	-
Deposit	500	-	-	-
Others	8,331	6,045	6,079	4,876
Total	38,589	32,729	24,657	21,930

## 15. Investments in subsidiaries

15.1) Details of investments in subsidiaries as presented in separate financial statements are as follows.

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Carrying amounts based on equity method	
	2017	2016	2017	2016	2017	2016	2017	2016
			(%)	(%)				(Restated)
Jay Insurance Broker Company Limited	5,000	5,000	99.99	99.99	5,000	5,000	(4,348)	974
J Asset Management Company Limited	300,000	25,000	99.99	99.99	300,000	25,000	701,944	156,992
JMT (CAMBODIA) CO., LTD.	9,685	-	100.00	-	9,685	-	6,662	-
Total					314,685	30,000	704,258	157,966

## 15.2) Share of comprehensive income

During the year, the Company recognised its share of comprehensive income from investments in subsidiaries in separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	For the year ended 31 December			
	Separate financial statements			
	Share of gains (losses) from investments in subsidiaries		Share of other comprehensive income from investments in subsidiaries	
	2017	2016 (Restated)	2017	2016 (Restated)
J Fintech Co., Ltd.*	-	(138,492)	-	-
Jay Insurance Broker Company Limited	(5,536)	(1,937)	214	-
J Asset Management Company Limited	269,894	131,466	58	-
JMT (CAMBODIA) CO., LTD.	(2,689)	-	(334)	-
Reversal of gain on change in portion of investment in subsidiary to other long-term investment	-	143,916	-	-
Total	261,669	134,953	(62)	-

\* A subsidiary until 26 October 2016.

### Jay Insurance Broker Company Limited

On 21 July 2016, the Extraordinary Shareholders' Meeting No. 1/2016 of Jay Insurance Broker Company Limited (the subsidiary) passed a resolution to increase its registered share capital from Baht 2 million (0.2 million ordinary shares with a par value of Baht 10 each) to Baht 3 million (0.3 million ordinary shares with a par value of Baht 10 each) through the issuance of 0.1 million new ordinary shares, par value of Baht 10 each, to the Company at the par value of Baht 10 each. Jay Insurance Broker Company Limited called and received all of the newly issued shares from the Company, for Baht 1 million, and registered the increase in its registered share capital with the Ministry of Commerce on 29 July 2016.

On 1 September 2016, the Extraordinary Shareholders' Meeting No. 2/2016 of Jay Insurance Broker Company Limited (the subsidiary) passed a resolution to increase its registered share capital from Baht 3 million (0.3 million ordinary shares with a par value of Baht 10 each) to Baht 5 million (0.5 million ordinary shares with a par value of Baht 10 each) through the issuance of 0.2 million new ordinary shares, par value of Baht 10 each, to the Company at the par value of Baht 10 each. Jay Insurance Broker Company Limited called and received all of the newly issued shares from the Company, for Baht 2 million, and registered the increase in its registered share capital with the Ministry of Commerce on 5 September 2016.

**J Fintech Co., Ltd.**

On 14 October 2016, the Company's Extraordinary Shareholders' Meeting No. 1/2016 resolved to approve J Fintech Co., Ltd. (J Fintech), a subsidiary of the Company, to increase the registered capital in the amount of Baht 1,100 million, dividing into 110 million ordinary shares with a par value of Baht 10 per share. J Fintech' registered capital changed from Baht 120 million to the new registered capital of Baht 1,220 million, dividing into 122 million ordinary shares with a par value of Baht 10 per share, and to waive its right to subscription to new ordinary shares of the subsidiary and appoint Jay Mart Public Company Limited (Jay Mart), a major shareholder of the Company to exercise the right to subscription such share thereto on behalf of the Company. As a result, the Company's shareholding percentage in that Company has changed from 99.99% to 9.84%, resulting in gain incurred from waive its right to subscription to new ordinary shares of subsidiary of Baht 143.92 million presented in the consolidated statement of comprehensive income for the year ended 31 December 2016.

The valuation of the assets and liabilities of such company as at the date of change in investment in subsidiary to related party was as follows:

	(Unit: Baht)
Cash and cash equivalents	211,274,007
Trade and other receivables	7,805,385
Accrued income	27,067,769
Hire purchase receivables	7,975,821
Loans to customers	1,856,198,301
Other current assets	15,541,768
Equipment	8,942,899
Computer software	78,952,231
Other non-current assets	1,150,652
Trade and other payables	(38,856,275)
Short-term loans from related party	(1,089,500,000)
Other current liabilities	(24,784,078)
Provision for long-term employee benefits	(997,650)
Other non-current liabilities	(341,000)
Net assets	<u>1,060,429,830</u>
Cash received for subsidiary's share subscription from the Company's major shareholder as the date of waive right to new share subscription	1,100,000,000
Less: Cash and cash equivalents of subsidiary	<u>(211,274,007)</u>
Net cash flows increased	<u>888,725,993</u>

### **JP Finance Company Limited**

On 11 August 2015, the Board of Directors meeting of the Company 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. The Company is considering to establish this company.

### **JMT (CAMBODIA) CO., LTD.**

On 20 February 2017, the Board of Directors meeting of the Company passed a resolution to invest 100.00% in a new subsidiary, JMT (CAMBODIA) CO., LTD., 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. This subsidiary registered the establishment with the Ministry of Commerce (Cambodia) on 6 June 2017 and the Company paid up subsidiary's share capital of KHR 1,139,700,000 (equivalent to USD 0.3 million or Baht 9.7 million) on 3 July 2017.

## J Asset Management Company Limited

On 9 November 2017, the Company's Board of Director's meeting No. 5/2017 passed a resolutions to increase registered share capital of J Asset Management Company Limited, a subsidiary of the Company, from Baht 25 million (2.5 million ordinary shares with a par value of Baht 10 each) to Baht 300 million (30 million ordinary shares with a par value of Baht 10 each) through the issuance of 27.5 million new ordinary shares at a par value of Baht 10 each, to the Company at the par value of Baht 10 each. J Asset Management Company Limited called and received of the newly issued shared from the Company, for Baht 275 million, and registered the increase in its registered share capital with the Ministry of Commerce on 6 December 2017.

## Jay Call Center Co., Ltd

On 9 November 2017, the Company's Board of Director's meeting No. 5/2017 passed a resolutions to establish a new subsidiary, Jay Call Center Co., Ltd., to engage in providing debts collection services and customer relationship management, which are considered for the investors and equipment ratio.

## 16. Equipment

Movement of the equipment during the year ended 31 December 2017 and 2016 are summarised below.

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	Office equipment	Office furniture	Motor vehicles	Total
<b>Cost:</b>				
1 January 2016	75,929	11,504	8,671	96,104
Additions	24,194	5,257	2,888	32,339
Disposals	(205)	(1,046)	(3,493)	(4,744)
Changed from investment in subsidiary to investment in other long-term	(8,725)	(2,965)	-	(11,690)
31 December 2016	91,193	12,750	8,066	112,009
Additions	46,757	8,417	9,135	64,309
Disposals	(7,106)	(1,028)	(3,413)	(11,547)
31 December 2017	130,844	20,139	13,788	164,771
<b>Accumulated depreciation:</b>				
1 January 2016	36,243	2,008	5,672	43,923
Depreciation for the year	17,650	2,547	1,362	21,559
Depreciation on disposals	(174)	(350)	(3,391)	(3,915)
Changed from investment in subsidiary to investment in other long-term	(2,138)	(610)	-	(2,748)
31 December 2016	51,581	3,595	3,643	58,819

(Unit: Thousand Baht)

Consolidated financial statements				
	Office equipment	Office furniture	Motor vehicles	Total
Depreciation for the year	24,880	3,441	1,963	30,284
Depreciation on disposals	(6,944)	(517)	(3,187)	(10,648)
Translation adjustment	(1)	-	-	(1)
31 December 2017	69,516	6,519	2,419	78,454
<b>Net book value:</b>				
31 December 2016	39,612	9,155	4,423	53,190
31 December 2017	61,328	13,620	11,369	86,317
<b>Depreciation for the year</b>				
2016 (Baht 3 million included in cost of services, and the balance in administrative expenses)				21,559
2017 (Baht 5 million included in cost of services, and the balance in administrative expenses)				30,284

(Unit: Thousand Baht)

Separate financial statements				
	Office equipment	Office furniture	Motor vehicles	Total
<b>Cost:</b>				
1 January 2016	67,637	8,739	8,112	84,488
Additions	17,036	4,373	2,888	24,297
Disposals	(99)	(1,046)	(2,934)	(4,079)
31 December 2016	84,574	12,066	8,066	104,706
Additions	39,150	8,278	7,052	54,480
Disposals	(6,953)	(1,028)	(3,413)	(11,394)
31 December 2017	116,771	19,316	11,705	147,792
<b>Accumulated depreciation:</b>				
1 January 2016	35,349	1,783	5,279	42,411
Depreciation for the year	14,922	1,966	1,298	18,186
Depreciation on disposals	(69)	(350)	(2,934)	(3,353)
31 December 2016	50,202	3,399	3,643	57,244
Depreciation for the year	21,902	3,287	1,862	27,051
Depreciation on disposals	(6,888)	(517)	(3,187)	(10,592)
31 December 2017	65,216	6,169	2,318	73,703
<b>Net book value:</b>				
31 December 2016	34,372	8,667	4,423	47,462
31 December 2017	51,555	13,147	9,387	74,089
<b>Depreciation for the year</b>				
2016 (Baht 3 million included in cost of services, and the balance in administrative expenses)				18,186
2017 (Baht 5 million included in cost of services, and the balance in administrative expenses)				27,051

As at 31 December 2017, certain items of equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 38 million (2016: Baht 22 million) (The Company only: Baht 37 million, 2016: Baht 22 million).

## 17. Computer software

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cost	38,311	40,218	37,639	40,146
Less: Accumulated amortisation	(22,071)	(18,831)	(21,941)	(18,797)
Net book value	16,240	21,387	15,698	21,349

A reconciliation of the net book value of computer software 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	21,387	21,256	21,349	13,786
Acquisitions computer software	2,259	85,570	1,659	12,597
Amortisation for the year	(7,406)	(6,457)	(7,310)	(5,010)
Disposal	-	(30)	-	(24)
Changed from investment in subsidiary to other long-term investment	-	(78,952)	-	-
Net book value at end of year	16,240	21,387	15,698	21,349

## 18. Short-term loans

	Interest rate		(Unit: Thousand Baht)	
			Consolidated and Separate	
			financial statements	
	2017	2016	2017	2016
	(% p.a.)	(% p.a.)		
<b>Short-term loans</b>				
Bills of exchange	2.20	2.20 - 2.65	140,000	595,000
Less: Prepaid interest			(484)	(2,476)
Net			139,516	592,524

As at 31 December 2017, the Company had the unused overdraft facilities from banks and other credit facilities Baht 457 million (2016: Baht 457 million)

## 19. Trade and other payables

	Consolidated		(Unit: Thousand Baht)	
			Separate	
			financial statements	
	2017	2016	2017	2016
Trade payables - related parties	16	30	16	15
Trade payables - unrelated parties	1,417	292,386	1,408	292,334
Accrued interest expenses - unrelated parties	11,404	6,296	11,404	6,296
Other payables - related parties	620	-	-	-
Other payables - unrelated parties	7,022	10,967	6,355	10,234
Accrued expenses - related parties	1,241	340	985	278
Accrued expenses - unrelated parties	13,072	10,676	10,251	9,007
Total trade and other payables	34,792	320,695	30,419	318,164

## 20. Other current liabilities

	Consolidated		(Unit: Thousand Baht)	
			Separate	
			financial statements	
	2017	2016	2017	2016
Cash received from customer - related parties	3	5	3	5
Cash received from customer - unrelated parties	3,106	12,903	1,028	4,333
Unearned revenue - unrelated parties	113	303	113	303
Others	7,475	5,597	6,319	5,146
Total other current liabilities	10,697	18,808	7,463	9,787



## 21. Long-term loans

			(Unit: Thousand Baht)	
Loans	Interest rate per year (%)	Repayment	Consolidated and Separate financial statements	
			2017	2016
1	THBFIX plus 1.35%	Repay of principal and interest every 3 months for 7 installments. The first and second installment repayments are 20% of total withdrawal amount, the third to seventh installment repayments are 12% of total withdrawal amount and repay within 24 months starting from first drawdown date	-	101,280
2	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 3 April 2017 to 3 April 2022	82,000	-
3	MLR minus 2.35%	Interest payments are made in 36 installments on a monthly basis and principle repayments are made in 10 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 18 July 2017 to 18 July 2020	115,000	-
4	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			497,000	101,280
Less: Deferred financial fee			(697)	-
Long-term loans - net			496,303	101,280
Less: Current portion			(102,028)	(101,280)
Long-term loans - net of current portion			394,275	-

Movement of the long-term loans account during the years ended 31 December 2017 and 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	2017	2016
Beginning of the year	101,280	415,782
Add: Addition loans	497,000	-
Less: Repayment loans	(101,280)	(314,502)
Ending of the year	497,000	101,280

Under the loan agreements, the Company is committed to comply with financial covenants conditions, including maintaining debt to equity ratio and debt service coverage ratio.

As at 31 December 2017, the Company and its subsidiaries have long-term credit facilities which have not yet been down amounted to Baht 100 million (2016: Nil).

## 22. Debentures

At the Annual General Shareholders meeting of the Company on 9 April 2015, the shareholders approved to issue and offer the debentures for amount not exceeding Baht 2,000 million or the equivalent in any other currency, with a maximum terms of 20 years, by way of public offering and/or private placement and/or institutional investors in Thailand or offshore, in accordance with the relevant Notification of the Office of Securities and Exchange Commission. Those debentures could be issued in one or several tranches as agreement.

At the Extraordinary Shareholders' Meeting No. 1/2017 of the Company on 6 November 2017, the shareholders approved to issue and offer the debentures for amount not exceeding Baht 5,000 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.

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

						(Unit: Thousand Baht)	
						Consolidated and Separate	
						financial statements	
Debentures	Terms	Date of issuance	Maturity date	Interest	Number of	2017	2016
				rate	debentures		
				(% p.a.)	(Thousand units)		
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	20 July 2017	20 July 2020	4.20	400	400,000	-
8	3 years	12 October 2017	12 October 2020	4.20	440	440,000	-
9	3 years	22 December 2017	22 December 2020	4.00	800	800,000	-
Total debentures - face value						2,190,000	1,160,000
Less: Deferred financial fee						(5,829)	(1,703)
Debentures						2,184,171	1,158,297
Less: Current portion						(99,881)	(609,398)
Total debentures - net of current portion						2,084,290	548,899

The above debentures are unsecured, unsubordinated, name registered debentures which have terms of payment of interest every 3 months throughout the terms of debentures. Such debentures contain certain covenants and restrictions regarding the maintenance of debt to equity ratio and restriction on dividend payment.

The Company used proceeds from issuance of debentures for settlement of the outstanding liability and/or using as working capital and business expansion.

Movements in debentures account during the years ended 31 December 2017 and 2016 are summarised below.

			(Unit: Thousand Baht)	
			Consolidated and Separate	
			financial statements	
			2017	2016
Beginning of the year			1,160,000	610,000
Add: Issuance of debentures during the year			1,640,000	550,000
Less: Repayment			(610,000)	-
Ending of the year			2,190,000	1,160,000

## 23. 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 financial statements		(Unit: Thousand Baht) Separate financial statements	
	2017	2016	2017	2016
<b>Provision for long-term employee benefits</b>				
<b>at beginning of year</b>	5,491	5,140	5,202	4,508
Included in profit or loss:				
Current service cost	615	1,145	512	532
Interest cost	191	204	176	162
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	(10,056)	-	(8,970)	-
Financial assumptions changes	(1,565)	-	(1,231)	-
Experience adjustments	6,752	-	5,671	-
Transfer out due to change in portion of investment in subsidiary to other long-term investment	-	(998)	-	-
Benefits paid during the year	(208)	-	(208)	-
<b>Provision for long-term employee benefits</b>				
<b>at end of year</b>	<u>1,220</u>	<u>5,491</u>	<u>1,152</u>	<u>5,202</u>

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

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2017	2016	2017	2016
Administrative expenses	806	1,349	688	694
Total expenses recognised in profit or loss	<u>806</u>	<u>1,349</u>	<u>688</u>	<u>694</u>

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

As at 31 December 2016, the Company and its subsidiaries expect to pay Baht 0.23 million of long-term employee benefits during the next year (The Company only: Baht 0.23 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 16 - 23 years (The Company only: 16 years) (2016: 16-24 years, The Company only: 16 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Discount rate	2.97 - 3.29	3.21 - 3.81	3.01	3.21
Salary increase rate	8.91	9.94	8.91	9.94
Turnover rate	0 - 73	0 - 40	0 - 73	0 - 40

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)			
	2017			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(67)	72	(73)	79
Salary increase rate	67	(63)	72	(68)
Turnover rate	(85)	92	(92)	100

	(Unit: Thousand Baht)			
	2016			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(218)	233	(206)	219
Salary increase rate	216	(203)	221	(209)
Turnover rate	(164)	174	(154)	163

## 24. Share capital

24.1) On 30 December 2016, the warrant holders exercised 2,000,252 warrants to purchase 2,000,252 ordinary shares at an exercise price of Baht 18 per share, totalling Baht 36,004,536. In December 2016, the Company received full payment for the shares. The Company registered the increase in its share capital with the Ministry of Commerce on 5 January 2017 and the additional shares of the Company were traded in the Stock Exchange of Thailand from 9 January 2017.

- 24.2) On 30 June 2017, the warrant holders have exercised 441 warrants to purchase 446 ordinary shares at an exercise price of Baht 17.761 per share, totalling Baht 7,922. In June 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 5 July 2017 and the additional shares of the Company were traded in the Stock Exchange of Thailand from 12 July 2017 onwards.
- 24.3) On 29 September 2017, the warrant holders exercised 7,869,991 warrants to purchase 7,975,842 ordinary shares at an exercise price of Baht 17.761 per share, totaling Baht 141,658,940. In September 2017, the Company received full payment for the shares. 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 5 October 2017.
- 24.4) On 31 December 2017, the warrant holders 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, the Company received full payment for the shares. 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.

Reconciliation of share capital

	Consolidated and Separate financial statements			
	2017		2016	
	Number of share	Amount	Number of share	Amount
	(Thousand shares)	(Thousand Baht)	(Thousand shares)	(Thousand Baht)
<u>Issued and paid-up share capital</u>				
At beginning of the year	370,000	370,000	370,000	370,000
Increase in capital from exercising of the rights of the warrant	9,976	9,976	-	-
At end of the year	<u>379,976</u>	<u>379,976</u>	<u>370,000</u>	<u>370,000</u>

## 25. Warrant

The Company has issued and allocated warrant no.1 (“JMT-W1”) with free of charge by specified holders and transferable to existing shareholders totalling 73,999,545 units. 1 unit of warrant is exercisable to purchase 1 common share at Baht 18 each within 3 years starting from 30 June 2015 to 29 June 2018. Its first exercise is on 30 September 2015 and able to exercise on the last working day of each quarter.

On 12 April 2017, the Company adjusts the exercise price and exercise ratio of the warrants to purchase the newly issued ordinary to 1 unit of warrant is exercisable to purchase 1.01345 shares at Baht 17.761. The effective date for this adjustment is 17 April 2017.

As at 31 December 2017, 53,353,308 units of warrants are still outstanding unexercised (2016: 71,999,293 units).

### Reconciliation of number of JMT-W1 warrants

	(Unit: Units)	
	Consolidated and Separate financial statements	
	2017	2016
Number of warrants at the beginning of the year	71,999,293	73,999,545
Exercised during the year (Note 24)	(18,645,985)	(2,000,252)
Number of warrants at the end of the year	53,353,308	71,999,293

## 26. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Salaries, wages and other				
employee benefit	410,489	306,798	310,306	234,288
Debt collection expenses	12,431	19,646	10,650	18,162
Legal fee	122,571	57,054	99,379	45,462
Bad debt and doubtful accounts				
(Reversal)	(967)	199,716	(1,218)	31,742
Rental expense	30,424	25,074	23,775	18,859
Depreciation and amortisation	37,690	28,016	34,361	23,196

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Utilities expenses	29,698	22,376	28,350	19,214
Postage expenses	43,436	33,426	38,852	29,707
Transportation expenses	13,280	9,381	10,417	6,735
Office expenses	10,517	8,562	8,284	6,872
Administrative expenses	9,723	1,864	9,107	1,864
Sale promotions expenses	2,352	30,053	-	-
Printing expenses	21,291	17,829	19,040	14,295
Photocopy expenses	10,978	6,785	9,553	6,141
Audit, professional fee and SEC fee	10,432	7,236	9,113	5,837

## 27. Income tax

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<b>Current income tax:</b>				
Current income tax charge	104,629	52,745	28,831	32,090
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(1,352)	(6,210)	1,208	(6,210)
<b>Income tax expense reported in the statements of comprehensive income</b>	<b>103,277</b>	<b>46,535</b>	<b>30,039</b>	<b>25,880</b>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deferred tax on actuarial gains	974	-	906	-
Deferred tax on share of other comprehensive income from investment in subsidiaries	-	-	68	-
	<b>974</b>	<b>-</b>	<b>974</b>	<b>-</b>



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

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2017	2016	2017	2016 (Restated)
Accounting profit before tax	499,410	336,942	426,171	316,287
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	99,882	67,388	85,234	63,257
Temporary differences and unused tax losses which deferred tax assets (liabilities) have not been recognised	500	(697)	(52,334)	(26,991)
Temporary differences and unused tax losses which deferred tax assets have been recognised	(844)	-	-	-
Effects of:				
Non-deductible expenses	919	560	881	560
Additional expense deductions allowed	(145,399)	(66,417)	(74,011)	(31,629)
Additional revenues	148,219	45,701	70,269	20,683
Total	3,739	(20,156)	(2,861)	(10,386)
Income tax expense reported in the statement of comprehensive income	103,277	46,535	30,039	25,880

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

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2017	2016	2017	2016
<b>Deferred tax assets</b>				
Allowance for doubtful accounts for hire purchase receivables	870	1,036	870	1,036
Allowance for doubtful accounts for loans receivable from purchase of accounts receivable	19,234	20,490	17,447	18,703
Allowance for doubtful accounts for loans to employee	153	133	153	133
Allowance for doubtful accounts for loans to customers	8,697	7,753	8,687	7,753
Allowance for doubtful accounts for accounts receivable	47	-	-	-
Provision for long-term employee benefits	244	1,065	230	1,040
Unused tax losses	2,456	-	-	-
Total	31,691	30,477	27,387	28,665

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<b>Deferred tax liabilities</b>				
Costs of issuing debentures	(1,189)	(353)	(1,189)	(353)
Total	(1,189)	(353)	(1,189)	(353)
<b>Deferred tax assets - net</b>	<b>30,502</b>	<b>30,124</b>	<b>26,198</b>	<b>28,312</b>

As at 31 December 2017, the subsidiary has deductible temporary differences and unused tax losses totaling Baht 2.5 million (2016: Baht 4.2 million), on which deferred tax assets have not been recognised as the Company believes 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 15.3 million will expire by the year of 2022.

As at 31 December 2017, the Company has temporary difference associated with investments in subsidiaries for which deferred tax liability has not been recognised Baht 401.9 million (2016: Baht 132 million).

## 28. Earnings per share

Basic earnings per share is calculated by dividing the profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing the profit for the year (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 either at the beginning of the year or 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 for year	396,133	<u>290,407</u>	374,256*	<u>370,016*</u>	<u>1.06</u>	<u>0.78</u>
<b>Effect of dilutive potential ordinary shares</b>						
JMT-W1	<u>-</u>		<u>23,265</u>			
<b>Diluted earnings per share</b>						
Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	396,133		397,521		1.00	

\* Included ordinary shares from cash receipts from share subscription.

There is no potential dilution in earnings per share arose from warrant because the Company's average share price during the year ended 31 December 2016 was lower than the exercise price. The Company therefore, has not computed the diluted earnings per share from warrant.

## 29. Segment information

Operating segment information is reported 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:

- Debt tracking and collection service is a service provider in trading the distressed debt in which the creditor is unable to pursue or not wishes to pursue by himself.

- Managing distressed debt resulting from the fact that financial institutions including some of the leasing companies distribute such distressed debt out from the account.
- Segment of hire purchase and personal loan service is to provide auto leasing service by focusing loans for used cars and second hand cars and to provide personal loan services.

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 total assets and on a basis consistent with that used to measure operating profit or loss and total assets 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 years ended 31 December 2017 and 2016, respectively

(Unit: Million Baht)

	For the year ended 31 December 2017					Adjustments and eliminations	Consolidated financial statements
	Debt collection business	Non-Performing accounts receivable management business	Personal loan and hire purchase business	Other	Total reportable segments		
Revenue from external customers	232	1,110	4	10	1,356	-	1,356
Inter-segment revenue	-	-	-	-	-	-	-
<b>Gross profit (loss)</b>	<b>102</b>	<b>684</b>	<b>(3)</b>	<b>(1)</b>	<b>782</b>	<b>-</b>	<b>782</b>
<b>Unallocated income and expenses:</b>							
Other income							5
Interest expenses							(77)
Depreciation and amortisation							(38)
Administrative expenses							(174)
Reversal doubtful accounts							1
Income tax expenses							(103)
<b>Profit for the year</b>							<b>396</b>

(Unit: Million Baht)

For the year ended 31 December 2016							
	Debt collection business	Non-Performing accounts receivable management business	Personal loan and hire purchase business	Other	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	131	739	190	4	1,064	-	1,064
Inter-segment revenue	16	-	-	2	18	(18)	-
<b>Gross profit (loss)</b>	<b>51</b>	<b>472</b>	<b>164</b>	<b>(1)</b>	<b>686</b>	<b>-</b>	<b>686</b>
<b>Unallocated income and expenses:</b>							
Other income							9
Gains from change in portion of investment in subsidiary to other long-term investment							144
Interest expenses							(85)
Depreciation and amortisation							(28)
Administrative expenses							(389)
Income tax expenses							(47)
<b>Profit for the year</b>							<b>290</b>

### Geographic information

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

(Unit: Thousand Baht)

	2017	2016
Revenue from external customers		
Thailand	1,356,232	1,063,747
Cambodia	24	-
<b>Total</b>	<b>1,356,256</b>	<b>1,063,747</b>

### 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.

## **30. Provident fund**

The Company, subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by TISCO Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2017 amounting to approximately Baht 1.25 million (2016: Baht 0.90 million) were recognised as expenses.

### 31. Dividends

Dividends declared in 2017 and 2016 consist of the following:

Dividends	Approved by	Total dividends (Thousand Baht)	Qualified common share (Thousand shares)	Dividend per share (Baht)
Dividends from the operating results for the year 2016	Annual General Meeting of the shareholders on 7 April 2017	245,520	372,000	0.66
Interim dividend for the year 2017	Board of Director's meeting on 11 August 2017	100,440	372,001	0.27
Total dividends for the year 2017		<u>345,960</u>		
Dividends from the operating results for the year 2015	Annual General Meeting of the shareholders on 7 April 2016	59,200	370,000	0.16
Total dividends for the year 2016		<u>59,200</u>		

### 32. Commitments and contingent liabilities

As at 31 December 2017 and 2016, the Company and its subsidiaries have the following commitments:

32.1) The Company and its subsidiaries had commitments under operating lease and service agreements relating to the rental of space for office building with related parties, vehicles and others. The terms of agreement are between 1 to 5 years.

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

	Consolidated financial statements			Separate financial statements	
	2017	2016	2017	2016	
	(Million USD)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
Payable:					
In up to 1 year	0.06	25	22	21	17
In over 1 year and up to 5 years	0.07	25	20	21	18

32.2) As at 31 December 2017, the Company and its subsidiaries have outstanding bank guarantees of approximately Baht 5.51 million (the Company only: Baht 5.01 million) (2016: Baht 3.51 million (the Company only: Baht 3.11 million)) 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.

### 33. Fair value hierarchy

As at 31 December 2017 and 2016, the Company and its subsidiaries had the assets and liabilities that were disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

Consolidated and separate financial statements				
2017				
	Level 1	Level 2	Level 3	Total
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	2,193	-	2,193

(Unit: Million Baht)

Consolidated and separate financial statements				
2016				
	Level 1	Level 2	Level 3	Total
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	1,162	-	1,162

### 34. Financial instruments

#### 34.1 Financial risk management

The Company 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 and other receivable, accrued income, short-term loans to related parties, loans receivable from purchase of accounts receivable, restricted deposits with bank, hire purchase receivables, loans to customers, trade and other payables, short-term loans, long-term loans 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 and other receivables, short-term loans to related parties, hire purchase receivables and loans to customers, loans receivable from purchase of accounts receivable. The Company 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 does 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 and other receivables, short-term loans to related parties, hire purchase receivables, loans to customers and loans receivable from purchase of accounts receivable as stated in the statement of financial position.

### Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, short-term loans to related parties, hire purchase receivables, loans to customers, loans receivable from purchase of accounts receivable, restricted bank deposits with interest income, short-term loans, long-term loans and debentures. Most of the Company 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				
<b>Financial assets</b>							
Cash and cash equivalent	-	-	-	431	82	513	0.37 - 1.00
Trade and other receivables	-	-	-	-	26	26	-
Accrued income	-	-	-	-	28	28	-
Deposits at bank with restrictions	2	-	-	-	-	2	0.10 - 1.38
Loans to customers	4	1	-	-	-	5	17.28 - 19.44
Loans receivable from purchase of accounts receivable	-	-	-	4,315	-	4,315	Note 13
	6	1	-	4,746	134	4,887	
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	35	35	-
Short-term loans	140	-	-	-	-	140	2.20
Long-term loans	-	-	-	496	-	496	3.90
Debentures	100	2,084	-	-	-	2,184	3.61 - 4.38
	240	2,084	-	496	35	2,855	



(Unit: Million Baht)

## Consolidated 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				
<b>Financial assets</b>							
Cash and cash equivalent	-	-	-	45	66	111	0.37 - 0.38
Trade and other receivables	-	-	-	-	24	24	-
Accrued income	-	-	-	-	22	22	-
Short-term loans to related parties	220	-	-	-	-	220	3.42 - 3.58
Deposits at bank with restrictions	2	-	-	-	-	2	0.00 - 2.00
Hire purchase receivables	2	-	-	-	-	2	4.00 - 14.00
Loans to customers	17	8	-	-	-	25	17.28 - 19.44
Loans receivable from purchase of accounts receivable	-	-	-	3,448	-	3,448	Note 13
	241	8	-	3,493	112	3,854	
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	321	321	-
Short-term loans	593	-	-	-	-	593	2.20 - 2.65
Long-term loans	-	-	-	101	-	101	2.57 - 2.92
Debentures	609	549	-	-	-	1,158	3.61 - 4.60
	1,202	549	-	101	321	2,173	

(Unit: Million Baht)

## Separate 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				
<b>Financial Assets</b>							
Cash and cash equivalent	-	-	-	431	32	463	0.37 - 1.00
Trade and other receivables	-	-	-	-	20	20	-
Accrued income	-	-	-	-	27	27	-
Short-term loans to related parties	1,551	-	-	-	-	1,551	3.86 - 4.02
Deposits at bank with restrictions	1	-	-	-	-	1	0.10 - 1.38
Loans to customers	4	1	-	-	-	5	17.28 - 19.44
Loans receivable from purchase of accounts receivable	-	-	-	2,136	-	2,136	Note 13
	1,556	1	-	2,567	79	4,203	
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	30	30	-
Short-term loans	140	-	-	-	-	140	2.20
Long-term loans	-	-	-	496	-	496	3.90
Debentures	100	2,084	-	-	-	2,184	3.61 - 4.38
	240	2,084	-	496	30	2,850	

(Unit: Million Baht)

	Separate 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)
<b>Financial Assets</b>							
Cash and cash equivalent	-	-	-	45	25	70	0.37 - 0.38
Trade and other receivables	-	-	-	-	19	19	-
Accrued income	-	-	-	-	21	21	-
Short-term loans to related parties	1,226	-	-	-	-	1,226	3.41 - 4.85
Deposits at bank with restrictions	1	-	-	-	-	1	0.00 - 2.00
Hire purchase receivables	2	-	-	-	-	2	4.00 - 14.00
Loans to customers	17	8	-	-	-	25	17.28 - 19.44
Loans receivable from purchase of accounts receivable	-	-	-	2,325	-	2,352	Note 13
	<u>1,246</u>	<u>8</u>	<u>-</u>	<u>2,397</u>	<u>65</u>	<u>3,716</u>	
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	318	318	-
Short-term loans	593	-	-	-	-	593	2.20 - 2.65
Long-term loans	-	-	-	101	-	101	2.57 - 2.92
Debentures	609	549	-	-	-	1,158	3.61 - 4.60
	<u>1,202</u>	<u>549</u>	<u>-</u>	<u>101</u>	<u>318</u>	<u>2,170</u>	

### 34.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statement of financial position. The carrying value and fair value of long-term financial liabilities as at 31 December 2017 and 2016 are presented below.

(Unit: Million Baht)

	Consolidated and Separate financial statements			
	As at 31 December 2017		As at 31 December 2016	
	Carrying		Carrying	
	amount	Fair value	amount	Fair value
<b>Financial liabilities</b>				
Debentures	2,184	2,193	1,158	1,162

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

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, trade and other receivables, accrued income, restricted deposits with banks, short-term loans from financial institutions, trade and other payables and short-term loans, their carrying amounts in the statement of financial position approximate their fair value.
- b) For hire purchase receivables and loans to customers, fair value stated net of unearned interest income and allowance for doubtful accounts.
- c) 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.
- d) For fixed rate debentures, their fair value is estimated by discounting expected future cash outflow by the current market interest rate of the bonds with similar terms and conditions.
- e) For long-term loans with floating interest rate, their carrying amounts in the statement of financial position approximates their fair value.

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

### **35. Capital management**

The primary objective of the Company 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 1.26:1 (2016: 1.15:1) and the Company's debt-to-equity ratio was 1.24:1 (2016: 1.14:1).

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

- 1. On 21 February 2018, the Company 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, the subsidiary 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 Company's Board of Directors 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 (Subsidiary) 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.

### **37. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2018.

