

Jasmine Telecom Systems Public Company Limited
and its subsidiary

Review report and interim consolidated financial statements

For the three-month and nine-month periods ended
30 September 2018

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Jasmine Telecom Systems Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Jasmine Telecom Systems Public Company Limited and its subsidiary as at 30 September 2018, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2018, and the related consolidated statements of changes in shareholders' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Jasmine Telecom Systems Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

Except for the matter in the *Basis for Qualified Conclusion* paragraph, I conducted my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Basis for Qualified Conclusion

As described in Note 9.2 to the interim consolidated financial statements, the Company was unable to deliver tablets to two government agencies as scheduled in the agreements, as a result of a massive fire at a production facility where tablet parts were produced. As stipulated in the sale and purchase agreements, the Company is obliged to pay a penalty for delayed shipment at a daily rate of 0.2 percent of the price of the unshipped tablets. In 2014, counterparties of the agreements

submitted letters to the Company to terminate the sale and purchase agreements and requested the Company to pay penalties totaling Baht 147 million. However, the Company submitted letters to these counterparties objecting to the imposition of the penalty. The management of the Company clarified that the delay in shipment was due to force majeure and the Company did not breach the agreements. Subsequently, these counterparties filed lawsuits with the Central Administrative Court, petitioning the Court to order the Company to pay penalties and make payment under the letter of performance bond guarantee, together with interest totaling approximately Baht 195 million. However, as a result of the execution of a sale and purchase of tablets agreement between the Company and a local counterparty, the Company received cash amounting to Baht 38 million as a result of forfeiture of performance bond from this counterparty. The Company had a legal right to seize this amount as compensation for losses caused by this company or incurred as a result of a breach of agreement by this company. The Company recorded the cash receipt as a liability under the caption of trade and other payables in the statements of financial position and treated it as a provision for any penalties and losses that might be incurred, while the Company did not expect such penalties and losses to exceed the amount of the reserve and my opinion on the consolidated financial statements of the Company and its subsidiary and the separate financial statements of the Company for the three-month and nine-month periods ended 30 September 2017 and the year ended 31 December 2017 were therefore qualified with respect to this matter, due to a limitation imposed by circumstance. In February and May 2018, the Central Administrative Court issued a judgement ordering the Company to pay penalties to these counterparties totaling approximately Baht 9.6 million, together with interest at the rate of 7.5% per annum, starting from the date following the filing of the case until the full payment is made. The two government agencies and the Company filed appeals to the Supreme Administrative Court and the Company filed requests to suspend execution to the Central Administrative Court. At present, the cases are under consideration by the Courts. Therefore, the ultimate outcome of these lawsuits that are not finalised cannot be determined at this time. However, the Company's management and legal advisor are confident that no significant losses will be incurred as a result of these lawsuits, and therefore no further provision for contingent liabilities have been recorded in the accounts. Consequently, I was unable to perform review and audit procedures to obtain sufficient appropriate audit evidence regarding the provision of Baht 38 million recorded for the penalties and losses that may be incurred as a result of the above circumstances. This provision was recorded under liabilities, as part of balance of trade and other payables, which amounted to Baht 112 million (31 December 2017: Baht 107 million) in the consolidated statements of financial position as at 30 September 2018 and Baht 85 million (31 December 2017: Baht 77 million) in the separate statement of financial position. For the same reason, I was unable to determine whether and to what extent any adjustments were required to the penalties and losses that may be incurred as a result of the above situation in the consolidated and separate statement of financial position as at 30 September 2018 and 31 December 2017, together with the related accounts in

the consolidated and separate statements of comprehensive income for the three-month and nine-month periods ended 30 September 2018 and 2017. If adjustments were necessary, they would affect both the financial statements of the prior year presented herein for comparative purposes and the financial statements of the current period. This constitutes a limitation imposed by circumstance.

Qualified Conclusion

Based on my review, except for the possible effects on the matter as described in the *Basis for Qualified Conclusion* paragraph, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, Interim Financial Reporting.

Emphasis of Matter

I draw attention to Note 9.3 to the interim consolidated financial statements, which describes disputes between the subsidiary and an unrelated company. At present, the unrelated company is in the process of following legal procedures with respect to bankruptcy law implemented by the official receiver. My conclusion is not qualified in respect of this matter.

Chonlaros Suntiasvaraporn
Certified Public Accountant (Thailand) No. 4523

EY Office Limited
Bangkok: 7 November 2018

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of financial position

As at 30 September 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	Note	30 September 2018	31 December 2017	30 September 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		78,239	96,641	69,161	76,884
Current investments - bank deposits		14,665	20,816	14,495	20,691
Trade and other receivables	3	778,515	729,923	760,495	728,327
Unbilled receivables					
Related parties	2	4	150	955	1,192
Unrelated parties		9,031	8,266	7,448	5,460
Short-term loans to related parties	2	340,000	340,000	340,000	340,000
Current portion of long-term loans					
to subsidiary	2	-	-	16,000	16,000
Inventories		10,629	3,163	10,513	3,035
Account receivable under troubled					
debt restructuring	4	-	-	-	-
Prepaid project costs		976	445	541	299
Other current assets		3,573	4,100	1,784	2,532
Total current assets		1,235,632	1,203,504	1,221,392	1,194,420
Non-current assets					
Restricted bank deposits		9,356	25,632	6,799	23,009
Long-term loans to subsidiary	2	-	-	73,000	85,000
Investment in subsidiary	5	-	-	-	-
Property, plant and equipment		7,947	7,766	502	724
Withholding tax deducted at source		2,106	1,948	2,106	684
Deposits		1,189	1,215	1,015	1,016
Total non-current assets		20,598	36,561	83,422	110,433
Total assets		1,256,230	1,240,065	1,304,814	1,304,853

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

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of financial position (continued)

As at 30 September 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	Note	30 September 2018	31 December 2017	30 September 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	6	112,106	107,149	84,712	76,750
Accrued project cost		136,781	138,332	4,398	4,886
Income tax payable		1,127	1,683	-	-
Advances received for goods and services	2	4,883	3,273	332	575
Other current liabilities		27,327	27,585	17,315	18,096
Total current liabilities		282,224	278,022	106,757	100,307
Non-current liabilities					
Provision for long-term employee benefits		11,908	11,282	11,908	11,282
Total non-current liabilities		11,908	11,282	11,908	11,282
Total liabilities		294,132	289,304	118,665	111,589
Shareholders' equity					
Share capital					
Registered					
706,457,300 ordinary shares of Baht 1 each		706,457	706,457	706,457	706,457
Issued and fully paid-up					
706,457,300 ordinary shares of Baht 1 each		706,457	706,457	706,457	706,457
Premium on ordinary shares		420,269	420,269	420,269	420,269
Retained earnings					
Appropriated-statutory reserve		70,646	70,646	70,646	70,646
Deficit		(236,874)	(247,818)	(11,223)	(4,108)
Other components of shareholders' equity		8,158	8,158	-	-
Equity attributable to owners of the Company		968,656	957,712	1,186,149	1,193,264
Non-controlling interests of the subsidiary		(6,558)	(6,951)	-	-
Total shareholders' equity		962,098	950,761	1,186,149	1,193,264
Total liabilities and shareholders' equity		1,256,230	1,240,065	1,304,814	1,304,853
		-	-	-	-

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

Directors

(Unaudited but reviewed)

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of comprehensive income

For the three-month period ended 30 September 2018

(Unit: Thousand Baht, except basic earnings (loss) per share expressed in Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit or loss:				
Revenues				
Sales and services income	38,063	19,610	24,885	6,664
Interest income	2,081	1,497	2,451	1,941
Exchange gains	582	480	-	-
Other income	982	1,223	1,371	1,792
Total revenues	41,708	22,810	28,707	10,397
Expenses				
Cost of sales and services	24,992	10,765	20,654	5,605
Administrative expenses	8,876	9,337	8,609	8,848
Exchange losses	-	-	44	34
Doubtful accounts	-	32	-	32
Total expenses	33,868	20,134	29,307	14,519
Profit (loss) before income tax	7,840	2,676	(600)	(4,122)
Income tax	7 (1,602)	(1,228)	-	-
Profit (loss) for the period	6,238	1,448	(600)	(4,122)
Total comprehensive income for the period	6,238	1,448	(600)	(4,122)
Profit (loss) attributable to:				
Equity holders of the Company	6,092	1,329	(600)	(4,122)
Non-controlling interests of the subsidiary	146	119		
	6,238	1,448		
Total comprehensive income attributable to:				
Equity holders of the Company	6,092	1,329	(600)	(4,122)
Non-controlling interests of the subsidiary	146	119		
	6,238	1,448		
Basic earnings (loss) per share (Baht)				
Profit (loss) attributable to equity holders of the Company	0.009	0.002	(0.001)	(0.006)

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

(Unaudited but reviewed)

Jasmine Telecom Systems Public Company Limited and its subsidiary**Statement of comprehensive income****For the nine-month period ended 30 September 2018**

(Unit: Thousand Baht, except basic earnings (loss) per share expressed in Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit or loss:					
Revenues					
Sales and services income		83,955	60,011	47,158	15,990
Interest income		6,240	7,437	7,367	8,807
Exchange gains		211	1,927	-	-
Other income		1,704	7,228	2,850	3,422
Total revenues		<u>92,110</u>	<u>76,603</u>	<u>57,375</u>	<u>28,219</u>
Expenses					
Cost of sales and services		46,611	28,637	35,184	9,333
Administrative expenses		30,150	31,323	29,291	29,310
Exchange losses		-	-	15	133
Doubtful accounts		-	32	-	32
Total expenses		<u>76,761</u>	<u>59,992</u>	<u>64,490</u>	<u>38,808</u>
Profit (loss) before income tax		15,349	16,611	(7,115)	(10,589)
Income tax	7	(4,012)	(1,228)	-	-
Profit (loss) for the period		<u>11,337</u>	<u>15,383</u>	<u>(7,115)</u>	<u>(10,589)</u>
Total comprehensive income for the period		<u>11,337</u>	<u>15,383</u>	<u>(7,115)</u>	<u>(10,589)</u>
Profit (loss) attributable to:					
Equity holders of the Company		10,944	14,830	(7,115)	(10,589)
Non-controlling interests of the subsidiary		393	553		
		<u>11,337</u>	<u>15,383</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		10,944	14,830	(7,115)	(10,589)
Non-controlling interests of the subsidiary		393	553		
		<u>11,337</u>	<u>15,383</u>		
Basic earnings (loss) per share (Baht)					
Profit (loss) attributable to equity holders of the Company		<u>0.015</u>	<u>0.021</u>	<u>(0.010)</u>	<u>(0.015)</u>

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

(Unaudited but reviewed)

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of changes in shareholders' equity

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

Consolidated financial statements										
Equity attributable to owners of the Company										
				Other component of shareholders' equity						
				Difference between						
				the purchase price						
				of investment	Total other	Total equity	Equity attributable	Total		
Issued and		Premium on	Retained earnings		in subsidiary under	component of	attributable to	to non-controlling	shareholders'	
fully paid-up		ordinary	Unappropriated	common control and	shareholders'	owners of	interests of	shareholders'		
share capital		shares	Appropriated	its net book value	equity	the Company	the subsidiary	equity		
			(deficit)							
Balance as at 1 January 2017		706,457	420,269	70,646	(260,338)	8,158	8,158	945,192	(7,662)	937,530
Total comprehensive income for the period		-	-	-	14,830	-	-	14,830	553	15,383
Balance as at 30 September 2017		<u>706,457</u>	<u>420,269</u>	<u>70,646</u>	<u>(245,508)</u>	<u>8,158</u>	<u>8,158</u>	<u>960,022</u>	<u>(7,109)</u>	<u>952,913</u>
Balance as at 1 January 2018		706,457	420,269	70,646	(247,818)	8,158	8,158	957,712	(6,951)	950,761
Total comprehensive income for the period		-	-	-	10,944	-	-	10,944	393	11,337
Balance as at 30 September 2018		<u>706,457</u>	<u>420,269</u>	<u>70,646</u>	<u>(236,874)</u>	<u>8,158</u>	<u>8,158</u>	<u>968,656</u>	<u>(6,558)</u>	<u>962,098</u>

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

(Unaudited but reviewed)

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

	Separate financial statements				Total shareholders' equity
	Issued and fully paid-up share capital	Premium on ordinary shares	Retained earnings		
			Appropriated	Unappropriated	
Balance as at 1 January 2017	706,457	420,269	70,646	16,051	1,213,423
Total comprehensive income for the period	-	-	-	(10,589)	(10,589)
Balance as at 30 September 2017	<u>706,457</u>	<u>420,269</u>	<u>70,646</u>	<u>5,462</u>	<u>1,202,834</u>
Balance as at 1 January 2018	706,457	420,269	70,646	(4,108)	1,193,264
Total comprehensive income for the period	-	-	-	(7,115)	(7,115)
Balance as at 30 September 2018	<u>706,457</u>	<u>420,269</u>	<u>70,646</u>	<u>(11,223)</u>	<u>1,186,149</u>

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

(Unaudited but reviewed)

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of cash flows

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities				
Profit (loss) before tax	15,349	16,611	(7,115)	(10,589)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities				
Depreciation	3,448	4,286	467	979
Doubtful accounts	-	32	-	32
Gains on disposal of equipment	(911)	(51)	(911)	(51)
Provision for long-term employee benefits	626	598	626	598
Unrealised exchange losses (gains)	(214)	(1,968)	11	92
Interest income	(6,240)	(7,437)	(7,367)	(8,807)
Profit (loss) from operating activities before changes in operating assets and liabilities	12,058	12,071	(14,289)	(17,746)
Operating assets (increase) decrease				
Trade and other receivables	(48,662)	21,622	(32,243)	31,578
Unbilled receivables	(619)	3,613	(1,751)	(859)
Inventories	(7,466)	2,852	(7,478)	2,924
Prepaid project costs	(531)	477	(242)	(368)
Other current assets	(1,033)	2,091	452	1,904
Other assets	(132)	632	(1,421)	(2)
Operating liabilities increase (decrease)				
Trade and other payables	4,973	(44,708)	7,978	(36,877)
Accrued project costs	(1,325)	(11,734)	(488)	(7,123)
Advances received for goods and services	1,610	1,149	(243)	(252)
Other current liabilities	(258)	(674)	(781)	(1,610)
Cash used in operating activities	(41,385)	(12,609)	(50,506)	(28,431)
Cash paid for income tax	(4,956)	(1,955)	(387)	(1,171)
Refundable withholding tax	1,948	2,481	684	1,196
Net cash used in operating activities	(44,393)	(12,083)	(50,209)	(28,406)

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

(Unaudited but reviewed)

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of cash flow (continued)

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from investing activities				
Interest income	6,282	7,539	7,414	8,929
Decrease (increase) in current investments - bank deposits	6,151	(234,419)	6,196	(234,414)
Decrease in restricted bank deposits	16,276	4,847	16,210	4,840
Cash received from repayment of long-term loans made to subsidiary	-	-	12,000	12,000
Acquisition of equipment	(3,630)	(3,428)	(246)	(118)
Proceeds from sales of equipment	912	86	912	86
Net cash from (used in) investing activities	<u>25,991</u>	<u>(225,375)</u>	<u>42,486</u>	<u>(208,677)</u>
Net decrease in cash and cash equivalents	(18,402)	(237,458)	(7,723)	(237,083)
Cash and cash equivalents at beginning of period	<u>96,641</u>	<u>322,516</u>	<u>76,884</u>	<u>314,287</u>
Cash and cash equivalents at end of period	<u><u>78,239</u></u>	<u><u>85,058</u></u>	<u><u>69,161</u></u>	<u><u>77,204</u></u>
	-	-	-	-

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

Jasmine Telecom Systems Public Company Limited and its subsidiary
Notes to interim consolidated financial statements
For the three-month and nine-month periods ended 30 September 2018

1. General information

1.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34, Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events, and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.2 Basis of consolidation

These interim consolidated financial statements include the financial statements of the Company and its subsidiary, and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2017, with no structural changes related to subsidiary company occurring during the current period.

1.3 New financial reporting standards

a. Financial reporting standards that become effective in the current year

During the period, the Company and its subsidiary have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiary's financial statements.

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

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019 and a set of 5 standards related to financial instruments, which are effective for fiscal years beginning on or after 1 January 2020. Key principles of these standards are summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

Thai Financial Reporting Standards related to financial instruments

The set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 9	Financial Instruments
TFRS 7	Financial Instruments: Disclosures

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2017.

2. Related party transactions

During the periods, the Company and its subsidiary had significant business transactions with related parties, which have been concluded on commercial terms and based agreed upon in the ordinary course of business between the Company and those related parties. Those transactions for the three-month and nine-month periods ended 30 September 2018 and 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements				Pricing policy
	For the three-month periods		For the nine-month periods		
	ended 30 September	ended 30 September	ended 30 September	ended 30 September	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with parent company</u>					
Sales and services income	964	769	2,855	2,144	Contract price or at prices normally charged to other customers
Interest income	1,782	-	5,289	3,049	The rate referenced to the average weighted of 12-month fixed deposits interest rate quoted by three commercial banks plus 0.6 percent per annum and 2.08 percent per annum
Office rental and service expenses	811	811	2,434	2,434	Contract price or at prices normally charged to other customers
Other expenses	16	-	50	19	Contract price or at prices normally charged to other customers
<u>Transactions with related companies</u>					
Sales and services income	30,097	10,440	59,635	35,282	Contract price or at prices normally charged to other customers
Other income	26	52	182	52	Contract price or at prices normally charged to other customers
Cost of sales and services	1,304	1,547	3,482	3,631	Contract price or at prices normally charged to other customers
Office rental and service expenses	63	63	189	189	Contract price or at prices normally charged to other customers
Other expenses	1,179	808	2,994	2,457	Contract price or at prices normally charged to other customers

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements				Pricing policy
	For the three-month periods		For the nine-month periods		
	ended 30 September	ended 30 September	ended 30 September	ended 30 September	
	2018	2017	2018	2017	
<u>Transactions with parent company</u>					
Sales and services income	-	-	108	-	Contract price or at prices normally charged to other customers
Interest income	1,782	-	5,289	3,049	The rate referenced to the average weighted of 12-month fixed deposits interest rate quoted by three commercial banks plus 0.6 percent per annum and 2.08 percent per annum
Office rental and service expenses	787	787	2,361	2,361	Contract price or at prices normally charged to other customers
Other expenses	16	-	49	13	Contract price or at prices normally charged to other customers
<u>Transactions with subsidiary</u>					
(eliminated from the consolidated financial statements)					
Sales and services income	2,619	2,476	8,962	7,394	Contract price or at prices normally charged to other customers
Interest income	388	455	1,201	1,401	The rate referenced to fixed deposits interest rates plus 0.5 percent per annum
Management fee income	570	570	1,710	1,710	Contract price
Cost of sales and services	23	23	67	67	Contract price or at prices normally charged to other customers
<u>Transactions with related companies</u>					
Sales and services income	20,024	653	30,085	987	Contract price or at prices normally charged to other customers
Other income	26	52	182	52	Contract price or at prices normally charged to other customers
Cost of sales and services	971	663	2,491	2,221	Contract price or at prices normally charged to other customers
Office rental and service expenses	63	63	189	189	Contract price or at prices normally charged to other customers
Other expenses	451	449	1,378	1,381	Contract price or at prices normally charged to other customers

(Unaudited but reviewed)

The balances of the accounts as at 30 September 2018 and 31 December 2017 between the Company and its subsidiary and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
<u>Trade accounts receivable - related parties (Note 3)</u>				
Parent company	82	128	-	-
Subsidiary	-	-	5,935	221
(eliminated from the consolidated financial statements)				
Related companies				
Jasmine Group	775,745	725,359	752,355	724,819
Mono Group	96	-	96	-
Total trade accounts receivable - related parties	<u>775,923</u>	<u>725,487</u>	<u>758,386</u>	<u>725,040</u>
 <u>Other receivables - related parties (Note 3)</u>				
Parent company	-	116	-	116
Subsidiary	-	-	3,480	3,480
(eliminated from the consolidated financial statements)				
Related companies				
Jasmine Group	395	139	395	139
Total	<u>395</u>	<u>255</u>	<u>3,875</u>	<u>3,735</u>
Less: Allowance for doubtful account	-	-	(3,480)	(3,480)
Total other receivables - related parties - net	<u>395</u>	<u>255</u>	<u>395</u>	<u>255</u>
 <u>Unbilled receivable from related parties</u>				
Subsidiary	-	-	955	1,192
(eliminated from the consolidated financial statements)				
Related companies				
Jasmine Group	4	150	-	-
Total unbilled receivable from related parties	<u>4</u>	<u>150</u>	<u>955</u>	<u>1,192</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
<u>Short-term loans to related parties</u>				
Parent company	340,000	340,000	340,000	340,000
Subsidiary	-	-	80,347	80,347
(eliminated from the consolidated financial statements)				
Total	340,000	340,000	420,347	420,347
Less: Allowance for doubtful account	-	-	(80,347)	(80,347)
Total short-term loans to related parties - net	340,000	๓๔๐,๐๐๐	340,000	340,000
<u>Long-term loans to subsidiary</u>				
Subsidiary	-	-	89,000	101,000
(eliminated from the consolidated financial statements)				
Less: Current portion of long-term loans	-	-	(16,000)	(16,000)
Total long-term loans to subsidiary - net of current portion	-	-	73,000	85,000
<u>Trade accounts payable - related parties (Note 6)</u>				
Related companies				
Jasmine Group	416	694	261	3
Total trade accounts payable - related parties	416	694	261	3
<u>Other payables - related parties (Note 6)</u>				
Parent company	18,849	20,099	-	-
Related companies				
Jasmine Group	6,039	6,928	5	129
Total other payables - related parties	24,888	27,027	5	129
<u>Advance received from related parties</u>				
Parent company	60	52	-	-
Related companies				
Jasmine Group	3,805	1,986	314	202
Total advance received from related parties	3,865	2,038	314	202

(Unaudited but reviewed)

Loans to related parties

During the nine-month period ended 30 September 2018, movements of loans to related parties were as follows:

(Unit: Thousand Baht)

	Consolidated/Separate financial statements		
	Balance as at 31 December 2017 (Audited)	During the period	Balance as at 30 September 2018
Short-term loans to parent company	340,000	-	340,000

On 25 June 2018, the parent company requested to extend the repayment period for another 6 months, ending in December 2018.

(Unit: Thousand Baht)

	Separate financial statements		
	Balance as at 31 December 2017 (Audited)	Decrease during the period	Balance as at 30 September 2018
Short-term loans to the subsidiary	80,437	-	80,437
Long-term loans to the subsidiary	101,000	(12,000)	89,000

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2018 and 2017, the Company and its subsidiary had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term employee benefits	2,568	2,671	2,568	2,671
Post-employment benefits	263	247	263	247
Total	2,831	2,918	2,831	2,918

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term employee benefits	8,115	8,029	8,115	8,029
Post-employment benefits	790	742	790	742
Total	8,905	8,771	8,905	8,771

(Unaudited but reviewed)

3. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
Trade receivables - related parties (Note 2)	775,923	725,487	758,386	725,040
Trade receivables - unrelated parties	183,506	185,565	16,009	17,395
Other receivables - related parties (Note 2)	395	255	3,875	3,735
Other receivables - unrelated parties	40,589	40,514	40,578	40,510
Total	1,000,413	951,821	818,848	786,680
Less: Allowance for doubtful account	(221,898)	(221,898)	(58,353)	(58,353)
Trade and other receivables - net	778,515	729,923	760,495	728,327

The outstanding balances of trade receivable as at 30 September 2018 and 31 December 2017, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	20,161	1,191	17,260	548
Past due				
Up to 3 months	16,901	1,158	11,123	1,354
Longer than 3 - 6 months	12,703	795	7,403	795
Longer than 6 - 12 months	5,388	-	1,830	-
Longer than 12 months	720,770	722,343	720,770	722,343
Total trade receivables - related parties (Note 2)	775,923	725,487	758,386	725,040

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	1,721	2,927	1,361	2,775
Past due				
Up to 3 months	133	1,030	73	45
Longer than 3 - 6 months	52	8	-	-
Longer than 6 - 12 months	-	-	-	-
Longer than 12 months	181,600	181,600	14,575	14,575
Total	183,506	185,565	16,009	17,395
Less: Allowance for doubtful account	(181,600)	(181,600)	(14,575)	(14,575)
Total trade receivables - unrelated parties - net	1,906	3,965	1,434	2,820
Total trade receivables - net	777,829	729,452	759,820	727,860
<u>Other receivables - related parties</u>				
Accrued interest income	-	116	3,480	3,596
Others	395	139	395	139
Total	395	255	3,875	3,735
Less: Allowance for doubtful account	-	-	(3,480)	(3,480)
Total other receivables - related parties - net (Note 2)	395	255	395	255
<u>Other receivables - unrelated parties</u>				
Accrued interest income	12,604	12,529	12,593	12,525
Others	27,985	27,985	27,985	27,985
Total	40,589	40,514	40,578	40,510
Less: Allowance for doubtful account	(40,298)	(40,298)	(40,298)	(40,298)
Total other receivables - unrelated parties - net	291	216	280	212

(Unaudited but reviewed)

Included in trade accounts receivable from unrelated parties as at 30 September 2018 and 31 December 2017, were amounts receivable from government agencies as follows:

(Unit: Thousand Baht)

Age of receivables	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
Aged on basis of due dates				
Not yet due	1,461	2,886	1,361	2,775
Past due				
Up to 3 months	68	888	68	34
Longer than 3 - 6 months	-	-	-	-
Longer than 6 - 12 months	-	-	-	-
Longer than 12 months	32	32	32	32
Total	1,561	3,806	1,461	2,841
Less: Allowance for doubtful account	(32)	(32)	(32)	(32)
Total trade receivables - the companies majority-owned by the government - net	1,529	3,774	1,429	2,809

4. Account receivable under troubled debt restructuring

The Company and its subsidiary had an outstanding balance totaling Baht 47 million and the Company's Baht 19 million that was receivable from TT&T Public Company Limited ("TT&T") under the rehabilitation plan of TT&T. However, on 15 March 2016, the Central Bankruptcy Court issued an absolute receivership order against TT&T. For prudent reasons, the Company and its subsidiary therefore recorded full allowance for doubtful accounts for the outstanding balances of account receivable from TT&T in the year 2016.

5. Investment in subsidiary

(Unit: Thousand Baht)

Company's name	Paid-up capital		Cost	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
Cloud Computing Solution Company Limited	55,000	55,000	83,899	83,899
Less: Allowance of impairment on investment			(83,899)	(83,899)
Total investment in subsidiary - net			-	-

6. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
Trade payables - related parties (Note 2)	416	694	261	3
Trade payables - unrelated parties	43,288	33,419	42,327	32,522
Other payables - related parties (Note 2)	24,888	27,027	5	129
Other payables - unrelated parties	43,514	46,009	42,119	44,096
Total trade and other payables	112,106	107,149	84,712	76,750

7. Income tax

Interim income tax was calculated on net profit before income tax for the current period, after adding back and deducting with expenses and income which are disallowable for tax computation purposes, using the estimated effective tax rate for the year.

No interim corporate income tax was payable for the three-month and nine-month periods ended 30 September 2018 and 2017, since the Company had tax loss brought forward from previous years over its net profit for the period.

8. Segment information

The Company and its subsidiary are organised into business units based on its services. During the current period, the Company and its subsidiary have been no structural change of reporting segment information.

Business operations of the Company and its subsidiary are mainly carried on in Thailand. Below is the consolidated financial information by segment for the three-month and nine-month periods ended 30 September 2018 and 2017.

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month periods ended 30 September

	Design and installation of telecommunication systems segment		Computer systems integration business segment		Cloud computing business segment		Elimination of inter-segment transactions		Consolidation	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Sales and services income									
Revenue from external customers	22	5	10	10	6	5	-	-	38	20
Inter-segment revenues	3	2	-	-	-	-	(3)	(2)	-	-
Total revenues	<u>25</u>	<u>7</u>	<u>10</u>	<u>10</u>	<u>6</u>	<u>5</u>	<u>(3)</u>	<u>(2)</u>	<u>38</u>	<u>20</u>
Segment operating profit (loss)	2	(1)	8	8	3	2			13	9
Unallocated income and expenses:										
Interest income									2	1
Exchange Gains									1	-
Other income									1	1
Administrative expenses									(9)	(9)
Income tax									(2)	(1)
Profit for the period									<u>6</u>	<u>1</u>

(Unit: Million Baht)

For the nine-month periods ended 30 September

	Design and installation of telecommunication systems segment		Computer systems integration business segment		Cloud computing business segment		Elimination of inter-segment transactions		Consolidation	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Sales and services income									
Revenue from external customers	38	9	30	37	16	14	-	-	84	60
Inter-segment revenues	9	7	-	-	-	-	(9)	(7)	-	-
Total revenues	<u>47</u>	<u>16</u>	<u>30</u>	<u>37</u>	<u>16</u>	<u>14</u>	<u>(9)</u>	<u>(7)</u>	<u>84</u>	<u>60</u>
Segment operating profit (loss)	3	(1)	24	24	10	8			37	31
Unallocated income and expenses:										
Interest income									6	7
Exchange gains									-	2
Other income									2	7
Administrative expenses									(30)	(31)
Income tax									(4)	(1)
Profit for the period									<u>11</u>	<u>15</u>

9. Commitments and contingent liabilities

9.1 Guarantees

As at 30 September 2018, there were outstanding bank guarantees of Baht 76 million (31 December 2017: Baht 79 million) issued by the banks on behalf of the Company and its subsidiary, with Baht 51 million (31 December 2017: Baht 53 million) attributed to the Company, in respect of certain bid bonds and performance bonds.

9.2 Contingent liability from tablet personal computers sale agreements

In September and December 2013, the Company entered into agreements with two government agencies to sell 357,024 and 12,246 tablet personal computers in Zone 4 (Northern and Northeastern regions) with total contract values of Baht 749 million (excluding value added tax). Under a condition in the agreements, the Company had to deliver all of the tablets to the contracting government agencies within December 2013 and March 2014, respectively. However, the Company was unable to deliver the tablets as scheduled in the agreements as a result of a massive fire in September 2013 at a production facility in China where tablet parts were produced. The Company submitted letters to the government agencies, the counterparties to the agreements, to inform them of the cause of the delay and request extensions of the shipment schedules. The agreements stipulate that the Company is obliged to pay a penalty for delayed shipment at a daily rate of 0.2 percent of the price of the unshipped tablets. In 2014, the counterparties under the agreements submitted letters to the Company to request the termination of the sale and purchase of tablet agreements with the Company as they considered that the Company failed to perform its obligations under the agreements and requested the Company to pay the penalty at the daily rate of 0.2 percent of the price of the unshipped tablets from the dates of delivery stipulated in the agreements to the date of termination of the agreements, or a total of Baht 5 million and Baht 142 million, respectively. In addition, the counterparties asked the bank who issued bank guarantees on behalf of the Company as performance bonds for these agreements to pay them a total of Baht 40 million under the performance bonds. However, the Company submitted letters to these counterparties objecting to the termination of the agreements and to the imposition of penalties under the agreements on the grounds that the cause of the delay in the shipments of tablets was the aforementioned massive fire at a production facility, which was an event of force majeure and outside the Company's control, and the Company had already notified the cause of delay to both counterparties. The Company therefore believes that it is not obliged to pay penalties and damages to these counterparties. In addition, the Company submitted letters to the bank who issued bank guarantees for the Company, requesting it to suspend a payment under the performance bonds amounting to Baht 40 million to the two counterparties. However, in November 2014 and March 2015, the two counterparties filed lawsuits with the Central Administrative Court, requesting the Company to pay a penalty for its inability to

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

9.3 Disputes with TT&T

During the current period, there has been no significant progress with respect to the disputes with TT&T as described in Note 22.4 to the financial statements for the year 2017.

9.4 Litigation and other disputes

During the current period, significant progress has been made with respect to the litigation and other disputes in addition to those as disclosed in Note 22.5 to the financial statements for the year 2017 as follows:

1. Progress of the labor case that the Company was sued by former employees who were laid off, claiming the compensation totaling approximately Baht 18 million, on 22 May 2018, the Appeal Court for Specialised Cases dismissed the case totaling Baht 10 million, and on 29 October 2018 the Supreme Court dismissed the case totaling Baht 8 million. The case was finalised.
2. Progress of the case that Metropolitan Electricity Authority (“MEA”) filed a lawsuit with the Central Administrative Court, demanding the Company to pay the amount of Baht 8 million under the letter of guarantee, on 28 September 2018, the Central Administrative Court dismissed the case and ordered MEA to return the guarantee amount to the Company. The case was finalised.
3. Progress of the case that the subsidiary was sued for breach of an employment contract, the Appeal Court rendered the judgement ordering the subsidiary to pay the compensation together with interest, totaling approximately Baht 0.5 million. On 18 July 2018, the Supreme Court rejected the appeals files by the plaintiff and the defendant, and therefore the case is deemed final. On 7 September 2018, the subsidiary settled the damages following the judgement of the Appeal Court.
4. Progress of the case that the subsidiary was sued for the breach of a sale and purchase contract, in 2017, the Court of First Instance rendered the judgement ordering the subsidiary to pay the compensation together with fines and interest, totaling approximately Baht 4 million. On 18 July 2018, the Appeal Court rendered the judgement ordering the subsidiary to pay the compensation together with fines and interest, totaling approximately Baht 3 million. On 18 October 2018, the subsidiary requested to extend the deadline to submit an appeal to 17 November 2018. Currently, the legal advisor are considering details of the judgement in order to determine whether to subsequently file a petition. Therefore, the ultimate outcome of the case has not been finalised and cannot be determined in the current context. However, the legal advisor and the management of the subsidiary believe that the subsidiary did not breach the contract and will therefore not suffer any losses as a result of this case.

10. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 7 November 2018.