

Jasmine Telecom Systems Public Company Limited
and its subsidiary

Review report and interim consolidated financial statements
For the three-month period ended 31 March 2017

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 31 March 2017, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period ended 31 March 2017, 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 discussed in b) 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

- a) As described in Note 7 to the consolidated financial statements, in preparing the financial statements as of 31 March 2016, the Company and its subsidiary disclosed their financial information by operating segment in accordance with Thai Accounting Standard 34, Interim Financial Reporting, except for their operating results, which the Company and its subsidiary were unable to disclose by operating segment for the reasons described in that note. This was not in accordance with Thai Accounting Standards. I qualified my conclusion on the consolidated financial statements of the Company and its subsidiary for the three-month period ended 31 March 2016 with respect to this matter. In the current period, the Company and its subsidiary have likewise been unable to disclose their operating results by operating segment, for the same reason as last period.
- b) As described in Note 8.3 to the 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 a part of the tablets was 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 asked the Company to pay penalties totaling Baht 148 million. However, the Company submitted letters to these counterparties objecting the imposition of the penalty. The management of the Company clarified that the delayed in shipment was due to force majeure and the Company did not breach the agreements. Subsequently, these counterparties filed lawsuits against the Company, petitioning the court to order the Company to pay penalties totaling approximately Baht 196 million. Currently, these litigations are being considered by the Administrative court and the outcomes are unknown. 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 a cash performance bond of Baht 38 million from this counterparty. The Company has 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 performance bond as a liability under the caption of trade and other payables in the statements of financial position and treated the performance bond as if it were a provision for any penalties and losses that might be incurred, and the Company did not expect these to exceed the amount of the provision. I was consequently unable to perform audit procedures to satisfy myself as to the provision for penalties and losses that might be incurred due to the Company's inability to deliver the tablets and

my conclusion and opinion on the consolidated financial statements of the Company and its subsidiary and the separate financial statements of the Company for the three-month period ended 31 March 2016 and for the year ended 31 December 2016, respectively were therefore qualified with respect to this matter, due to a limitation imposed by circumstance. During the current period, the situation has not changed. I have also been unable to perform review procedures to obtain sufficient appropriate audit evidence about the provision of Baht 38 million recorded for the penalties and losses that may be incurred as a result of the above situation for the same reason as last period. This provision is recorded as liabilities, as part of trade and other payables, amounting to Baht 141 million in the consolidated statements of financial position as at 31 March 2017 (31 December 2016: Baht 151 million) and Baht 108 million in the separate statements of financial position (31 December 2016: Baht 113 million). Consequently, 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 statements of financial position as at 31 March 2017 and 31 December 2016 including the related accounts in the consolidated and separate statements of comprehensive income for the three-month period ended 31 March 2017 and 2016. If adjustments were necessary, they may affect both the financial statements of the prior periods 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 non-disclosure of information relating to the operating results by operating segment as described in a) in the Basis for Qualified Conclusion paragraph and except for any adjustments that might be required as a result of the matter as described in b) 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 8.2 of the consolidated financial statements, which describes disputes between the subsidiary and an unrelated company. The Civil Court has disposed of the case per a request by the official receiver in the bankruptcy case of the 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: 9 May 2017

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of financial position

As at 31 March 2017

(Unit: Thousand Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|-------------------------------------|------|-----------------------------------|------------------|-------------------------------|------------------|
| | | 31 March 2017 | 31 December 2016 | 31 March 2017 | 31 December 2016 |
| | | (Unaudited but reviewed) | (Audited) | (Unaudited but reviewed) | (Audited) |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | | 176,974 | 322,516 | 172,281 | 314,287 |
| Current investments - bank deposits | | 271,283 | 100,808 | 271,188 | 100,679 |
| Trade and other receivables | 3 | 762,454 | 789,969 | 755,209 | 786,395 |
| Unbilled receivables | | | | | |
| Related parties | 2 | 9 | 19 | 812 | 574 |
| Unrelated parties | | 10,080 | 11,112 | 6,071 | 5,467 |
| Short-term loans to related party | 2 | - | - | - | - |
| Current portion of long-term loans | | | | | |
| to related party | 2 | - | - | 16,000 | 16,000 |
| Inventories | | 8,173 | 8,189 | 8,044 | 8,044 |
| Account receivable under troubled | | | | | |
| debt restructuring | 4 | - | - | - | - |
| Prepaid project costs | | 1,839 | 1,230 | 56 | 62 |
| Other current assets | | 10,855 | 12,565 | 6,144 | 6,612 |
| Total current assets | | 1,241,667 | 1,246,408 | 1,235,805 | 1,238,120 |
| Non-current assets | | | | | |
| Restricted bank deposits | | 25,569 | 30,409 | 23,009 | 27,849 |
| Long-term loans to related party | 2 | - | - | 97,000 | 101,000 |
| Investment in subsidiary | 5 | - | - | - | - |
| Property, plant and equipment | | 10,663 | 9,541 | 1,502 | 1,871 |
| Deposits | | 1,202 | 1,847 | 1,014 | 1,014 |
| Total non-current assets | | 37,434 | 41,797 | 122,525 | 131,734 |
| Total assets | | 1,279,101 | 1,288,205 | 1,358,330 | 1,369,854 |

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

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of financial position (continued)

As at 31 March 2017

(Unit: Thousand Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|--|------|-----------------------------------|------------------|-------------------------------|------------------|
| | | 31 March 2017 | 31 December 2016 | 31 March 2017 | 31 December 2016 |
| | | (Unaudited but reviewed) | (Audited) | (Unaudited but reviewed) | (Audited) |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 6 | 140,553 | 151,305 | 108,428 | 113,105 |
| Accrued project cost | | 149,998 | 157,641 | 8,472 | 12,301 |
| Advances received for goods and services | 2 | 5,476 | 2,894 | 1,250 | 906 |
| Other current liabilities | | 26,967 | 28,351 | 18,123 | 19,635 |
| Total current liabilities | | 322,994 | 340,191 | 136,273 | 145,947 |
| Non-current liabilities | | | | | |
| Provision for long-term employee benefits | | 10,683 | 10,484 | 10,683 | 10,484 |
| Total non-current liabilities | | 10,683 | 10,484 | 10,683 | 10,484 |
| Total liabilities | | 333,677 | 350,675 | 146,956 | 156,431 |

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

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of financial position (continued)

As at 31 March 2017

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|--|-------------------------------|--|-------------------------------|
| | 31 March 2017 (Unaudited but reviewed) | 31 December 2016 (Audited) | 31 March 2017 (Unaudited but reviewed) | 31 December 2016 (Audited) |
| Shareholders' equity | | | | |
| Share capital | | | | |
| Registered | | | | |
| 706,457,300 ordinary shares of Baht 1 each | <u>706,457</u> | <u>706,457</u> | <u>706,457</u> | <u>706,457</u> |
| Issued and fully paid-up | | | | |
| 706,457,300 ordinary shares of Baht 1 each | 706,457 | 706,457 | 706,457 | 706,457 |
| Share premium | 420,269 | 420,269 | 420,269 | 420,269 |
| Retained earnings | | | | |
| Appropriated-statutory reserve | 70,646 | 70,646 | 70,646 | 70,646 |
| Unappropriated (deficit) | (252,656) | (260,338) | 14,002 | 16,051 |
| Other components of shareholders' equity | <u>8,158</u> | <u>8,158</u> | - | - |
| Equity attributable to owners of the Company | 952,874 | 945,192 | 1,211,374 | 1,213,423 |
| Non-controlling interests of the subsidiary | <u>(7,450)</u> | <u>(7,662)</u> | - | - |
| Total shareholders' equity | <u>945,424</u> | <u>937,530</u> | <u>1,211,374</u> | <u>1,213,423</u> |
| Total liabilities and shareholders' equity | <u>1,279,101</u> | <u>1,288,205</u> | <u>1,358,330</u> | <u>1,369,854</u> |
| | - | - | - | - |

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

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Directors
.....

(Unaudited but reviewed)

Jasmine Telecom Systems Public Company Limited and its subsidiary

Statement of comprehensive income

For the three-month period ended 31 March 2017

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

| | Consolidated financial statements | | Separate financial statements | |
|---|--|-----------------|--------------------------------------|-----------------|
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
| Profit or loss: | | | | |
| Revenues | | | | |
| Sales and service income | 16,156 | 15,630 | 4,413 | 2,856 |
| Exchange gains | 1,085 | 1,431 | - | 725 |
| Interest income | 4,452 | 2,372 | 4,923 | 2,832 |
| Other income | 3,092 | - | 1,043 | - |
| Total revenues | <u>24,785</u> | <u>19,433</u> | <u>10,379</u> | <u>6,413</u> |
| Expenses | | | | |
| Cost of sales and services | 5,382 | 6,886 | 1,652 | 1,799 |
| Selling and servicing expenses | - | 289 | - | - |
| Administrative expenses | 11,509 | 11,452 | 10,704 | 8,239 |
| Exchange losses | - | - | 72 | - |
| Doubtful accounts | - | 53,887 | - | 30,206 |
| Total expenses | <u>16,891</u> | <u>72,514</u> | <u>12,428</u> | <u>40,244</u> |
| Profit (loss) before finance cost | <u>7,894</u> | <u>(53,081)</u> | <u>(2,049)</u> | <u>(33,831)</u> |
| Finance cost | - | (5,107) | - | (2,859) |
| Profit (loss) for the period | <u>7,894</u> | <u>(58,188)</u> | <u>(2,049)</u> | <u>(36,690)</u> |
| Other comprehensive income for the period | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total comprehensive income for the period | <u>7,894</u> | <u>(58,188)</u> | <u>(2,049)</u> | <u>(36,690)</u> |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the Company | 7,682 | (57,522) | <u>(2,049)</u> | <u>(36,690)</u> |
| Non-controlling interests of the subsidiary | <u>212</u> | <u>(666)</u> | | |
| | <u>7,894</u> | <u>(58,188)</u> | | |
| Profit (loss) per share | | | | |
| Basic profit (loss) per share | | | | |
| Profit (loss) attributable to equity holders of the Company | <u>0.011</u> | <u>(0.081)</u> | <u>(0.003)</u> | <u>(0.052)</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 three-month period ended 31 March 2017

(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 | |
| | | | | in subsidiary under | | components of | | attributable to | |
| | | | | common control and | | shareholders' | | to non-controlling | |
| | | | | its net book value | | equity | | interests of | |
| Issued and | | Retained earnings | | | | | | Equity attributable | |
| fully paid-up | | Unappropriated | | in subsidiary under | | Total other | | to non-controlling | |
| share capital | | (deficit) | | common control and | | components of | | interests of | |
| Share premium | | Appropriated | | its net book value | | shareholders' | | the subsidiary | |
| | | | | | | equity | | the Company | |
| | | | | | | | | Total | |
| | | | | | | | | shareholders' | |
| | | | | | | | | equity | |
| Balance as at 1 January 2016 | 706,457 | 420,269 | 65,186 | (126,795) | 8,158 | 8,158 | 1,073,275 | (7,293) | 1,065,982 |
| Total comprehensive income for the period | - | - | - | (57,522) | - | - | (57,522) | (666) | (58,188) |
| Balance as at 31 March 2016 | <u>706,457</u> | <u>420,269</u> | <u>65,186</u> | <u>(184,317)</u> | <u>8,158</u> | <u>8,158</u> | <u>1,015,753</u> | <u>(7,959)</u> | <u>1,007,794</u> |
| 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 | - | - | - | 7,682 | - | - | 7,682 | 212 | 7,894 |
| Balance as at 31 March 2017 | <u>706,457</u> | <u>420,269</u> | <u>70,646</u> | <u>(252,656)</u> | <u>8,158</u> | <u>8,158</u> | <u>952,874</u> | <u>(7,450)</u> | <u>945,424</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 three-month period ended 31 March 2017

(Unit: Thousand Baht)

| | Separate financial statements | | | | Total shareholders' equity |
|---|---|----------------------|--------------------------|-----------------------|---|
| | Issued and fully paid-up share capital | Share premium | Retained earnings | | |
| | | | Appropriated | Unappropriated | |
| Balance as at 1 January 2016 | 706,457 | 420,269 | 65,186 | 147,117 | 1,339,029 |
| Total comprehensive income for the period | - | - | - | (36,690) | (36,690) |
| Balance as at 31 March 2016 | <u>706,457</u> | <u>420,269</u> | <u>65,186</u> | <u>110,427</u> | <u>1,302,339</u> |
| Balance as at 1 January 2017 | 706,457 | 420,269 | 70,646 | 16,051 | 1,213,423 |
| Total comprehensive income for the period | - | - | - | (2,049) | (2,049) |
| Balance as at 31 March 2017 | <u>706,457</u> | <u>420,269</u> | <u>70,646</u> | <u>14,002</u> | <u>1,211,374</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**Cash flow statement****For the three-month period ended 31 March 2017**

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|--|-----------------|--------------------------------------|-----------------|
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
| Cash flows from operating activities | | | | |
| Profit (loss) before tax | 7,894 | (58,188) | (2,049) | (36,690) |
| Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities | | | | |
| Depreciation | 1,650 | 3,604 | 334 | 2,287 |
| Doubtful accounts | - | 53,887 | - | 30,206 |
| Gain on disposal of equipment | (28) | - | (28) | - |
| Increase in provision for long-term employee benefits | 199 | 239 | 199 | 191 |
| Unrealised exchange losses (gains) | (1,108) | (673) | 50 | 33 |
| Interest income | (4,452) | (2,372) | (4,923) | (2,832) |
| Interest expenses | - | 2,278 | - | 31 |
| Profit (loss) from operating activities before changes in operating assets and liabilities | 4,155 | (1,225) | (6,417) | (6,774) |
| Operating assets (increase) decrease | | | | |
| Trade and other receivables | 27,385 | 7,386 | 31,039 | 5,791 |
| Unbilled receivables | 1,043 | 4,447 | (842) | 5,947 |
| Inventories | 17 | (1,376) | 1 | (1,386) |
| Prepaid project costs | (609) | (598) | 6 | 34 |
| Other current assets | 1,477 | 392 | 1,518 | 416 |
| Other assets | 645 | (2) | - | 2 |
| Operating liabilities increase (decrease) | | | | |
| Trade and other payables | (10,672) | (29,746) | (4,597) | (21,823) |
| Accrued project costs | (6,485) | (292) | (3,829) | (1,310) |
| Advances received for goods and services | 2,582 | 2,013 | 344 | - |
| Other current liabilities | (1,384) | (390) | (1,512) | (514) |
| Cash from (used in) operating activities | 18,154 | (19,391) | 15,711 | (19,617) |
| Cash paid for interest expenses | - | (2,280) | - | (31) |
| Cash paid for income tax | (883) | (603) | (881) | (290) |
| Refundable withholding tax | 1,286 | - | - | - |
| Net cash from (used in) operating activities | 18,557 | (22,274) | 14,830 | (19,938) |

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

(Unaudited but reviewed)

Jasmine Telecom Systems Public Company Limited and its subsidiary

Cash flow statement (continued)

For the three-month period ended 31 March 2017

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|--|-----------------------|--------------------------------------|-----------------------|
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
| Cash flows from investing activities | | | | |
| Increase in current investments - bank deposits | (170,475) | (8,011) | (170,509) | (8,019) |
| Decrease in restricted bank deposits | 4,840 | 77 | 4,840 | - |
| Short-term loans to related party | - | - | - | (7,000) |
| Cash received from long-term loans to related party | - | - | 4,000 | - |
| Interest income | 4,280 | 2,606 | 4,770 | 3,015 |
| Acquisition of equipment | (2,807) | (448) | - | - |
| Proceeds from sales of equipment | 63 | - | 63 | - |
| Net cash used in investing activities | <u>(164,099)</u> | <u>(5,776)</u> | <u>(156,836)</u> | <u>(12,004)</u> |
| Cash flows from financing activities | | | | |
| Repayment of long-term loan | - | (7,246) | - | - |
| Net cash used in financing activities | <u>-</u> | <u>(7,246)</u> | <u>-</u> | <u>-</u> |
| Net decrease in cash and cash equivalents | (145,542) | (35,296) | (142,006) | (31,942) |
| Cash and cash equivalents at beginning of period | <u>322,516</u> | <u>179,229</u> | <u>314,287</u> | <u>170,279</u> |
| Cash and cash equivalents at end of period | <u><u>176,974</u></u> | <u><u>143,933</u></u> | <u><u>172,281</u></u> | <u><u>138,337</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 period ended 31 March 2017

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 (revised 2016) *“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 2016, with no structural changes related to subsidiary company occurring during the current period.

1.3 New financial reporting standards

During the period, the Company and its subsidiary 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 most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiary’s financial statement.

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 2016.

2. Related party transactions

The following are relationships with companies and individuals that control, or are controlled by, the Company and its subsidiary, whether directly or indirectly, or which are under common control with the Company and its subsidiary.

| Name of entities | Nature of relationship |
|------------------|---|
| Parent company | A major shareholder of the Company |
| Subsidiary | The subsidiary company that the Company has power to set financial and operating policies in order to generate benefits from the subsidiary's activities. |
| Jasmine Group | Common shareholders and directors |

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 period ended 31 March 2017 and 2016 are summarised below.

| | (Unit: Million Baht) | | | | Transfer Pricing Policy |
|--|--------------------------------------|-------------|----------------------------------|-------------|--|
| | Consolidated financial statements | | Separate financial statements | | |
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> | |
| <u>Transactions with parent company</u> | | | | | |
| Sales and service income | 1 | - | - | - | Contract price or at prices normally charged to other customers |
| Interest income | 3 | - | 3 | - | The rates referenced to the 12-month fixed deposits interest rate of three major commercial banks plus 0.6 percent per annum |
| Office rental and service expenses | 1 | 1 | 1 | 1 | Contract price or at prices normally charged to other customers |
| <u>Transactions with subsidiary</u> (eliminated from the consolidated financial statements) | | | | | |
| Sales and service income | - | - | 2 | - | Contract price |
| Interest income | - | - | 1 | 1 | The rates referenced to fixed deposits interest rates plus 0.5 percent per annum |
| Management income | - | - | 1 | - | Contract price |

(Unaudited but reviewed)

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | | Transfer Pricing Policy |
|--|--------------------------------------|------|----------------------------------|------|---|
| | 2017 | 2016 | 2017 | 2016 | |
| <u>Transactions with related companies</u> | | | | | |
| Sales and services income | 8 | 8 | - | 1 | Contract price or at prices normally charged to other customers or cost plus margin |
| Cost of sales and services | 1 | 1 | 1 | 1 | Contract price or at prices normally charged to other customers |
| Other expenses | 1 | 1 | 1 | 1 | Contract price or at prices normally charged to other customers |

The balances of the accounts as at 31 March 2017 and 31 December 2016 between the Company and its subsidiary and those related parties are as follows:

| | (Unit: Thousand Baht) | | | |
|--|--------------------------------------|---------------------|----------------------------------|---------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 31 March 2017 | 31 December 2016 | 31 March 2017 | 31 December 2016 |
| | | (Audited) | | (Audited) |
| <u>Trade accounts receivable - related parties (Note 3)</u> | | | | |
| Parent company | 42 | 113 | - | - |
| Related companies | | | | |
| Jasmine Group | 753,964 | 778,981 | 752,672 | 775,994 |
| Total trade accounts receivable - related parties | 754,006 | 779,094 | 752,672 | 775,994 |
| <u>Other receivables - related party</u> | | | | |
| Subsidiary | - | - | 3,480 | 3,495 |
| (eliminated from the consolidated financial statements) | | | | |
| Less: Allowance for doubtful account | - | - | (3,480) | (3,480) |
| Total other receivables - related party - net | - | - | - | 15 |
| <u>Unbilled receivable from related parties</u> | | | | |
| Subsidiary | - | - | 812 | 574 |
| (eliminated from the consolidated financial statements) | | | | |
| Related companies | | | | |
| Jasmine Group | 9 | 19 | - | - |
| Total unbilled receivable from related parties | 9 | 19 | 812 | 574 |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | 31 March 2017 | 31 December 2016 (Audited) | 31 March 2017 | 31 December 2016 (Audited) |
| <u>Short-term loans to related party</u> | | | | |
| Subsidiary (eliminated from the consolidated financial statements) | - | - | 80,347 | 80,347 |
| Less: Allowance for doubtful account | - | - | (80,347) | (80,347) |
| Total short-term loans to related party - net | - | - | - | - |
| <u>Long-term loans to related party</u> | | | | |
| Subsidiary (eliminated from the consolidated financial statements) | - | - | 113,000 | 117,000 |
| Less: Current portion of long-term loans | - | - | (16,000) | (16,000) |
| Total long-term loans to related party – net of current portion | - | - | 97,000 | 101,000 |
| <u>Trade accounts payable - related parties (Note 6)</u> | | | | |
| Related companies | | | | |
| Jasmine Group | 937 | 421 | 530 | 3 |
| Total trade accounts payable - related parties | 937 | 421 | 530 | 3 |
| <u>Other payables - related parties (Note 6)</u> | | | | |
| Parent company | 21,341 | 22,523 | - | - |
| Related companies | | | | |
| Jasmine Group | 7,742 | 8,273 | 4 | 81 |
| Total other payables - related parties | 29,083 | 30,796 | 4 | 81 |
| <u>Advance received from related parties</u> | | | | |
| Related companies | | | | |
| Jasmine Group | 3,437 | 1,139 | - | - |
| Total advance received from related parties | 3,437 | 1,139 | - | - |

(Unaudited but reviewed)

Short-term loans to related party

During the three-month period ended 31 March 2017, movements of short-term loans to subsidiary was as follows:

(Unit: Million Baht)

| | Separate financial statements | | |
|--------------------------------|-----------------------------------|---|--------------------------------|
| | Balance as at 31 December 2016 | Increase/ Decrease during the period | Balance as at 31 March 2017 |
| | (Audited) | | |
| Short-term loans to subsidiary | 80 | - | 80 |

Long-term loans to related party

During the three-month period ended 31 March 2017, movements of long-term loans to subsidiary was as follows:

(Unit: Million Baht)

| | Separate financial statements | | |
|-------------------------------|-----------------------------------|-------------------------------|--------------------------------|
| | Balance as at 31 December 2016 | Decrease during the period | Balance as at 31 March 2017 |
| | (Audited) | | |
| Long-term loans to subsidiary | 117 | (4) | 113 |

Directors and management's benefits

During the three-month period ended 31 March 2017 and 2016, the Company and its subsidiary had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|------------------------------|--------------------------------------|-------------|----------------------------------|-------------|
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
| Short-term employee benefits | 3 | 3 | 3 | 3 |
| Total | 3 | 3 | 3 | 3 |

(Unaudited but reviewed)

3. Trade and other receivables

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|--|----------------------|-------------|----------------------|-------------|
| | financial statements | | financial statements | |
| | 31 March | 31 December | 31 March | 31 December |
| | 2017 | 2016 | 2017 | 2016 |
| | | (Audited) | | (Audited) |
| Trade receivables - related parties (Note 2) | 754,006 | 779,094 | 752,672 | 775,994 |
| Trade receivables - unrelated parties | 189,848 | 192,443 | 16,921 | 24,929 |
| Other receivables - related parties (Note 2) | - | - | 3,480 | 3,495 |
| Other receivables - unrelated parties | 40,466 | 40,298 | 40,457 | 40,298 |
| Total | 984,320 | 1,011,835 | 813,530 | 844,716 |
| Less: Allowance for doubtful debts | (221,866) | (221,866) | (58,321) | (58,321) |
| Trade and other receivables - net | 762,454 | 789,969 | 755,209 | 786,395 |

The outstanding balances of trade accounts receivable as at 31 March 2017 and 31 December 2016, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|--|----------------------|-------------|----------------------|-------------|
| | financial statements | | financial statements | |
| | 31 March | 31 December | 31 March | 31 December |
| | 2017 | 2016 | 2017 | 2016 |
| | | (Audited) | | (Audited) |
| <u>Trade receivables - related parties</u> | | | | |
| Aged on the basis of due dates | | | | |
| Not yet due | 3,054 | 5,728 | 1,530 | 2,676 |
| Past due | | | | |
| Up to 3 months | 3,292 | 24,785 | 3,499 | 24,785 |
| 3 - 6 months | 24,694 | 26,716 | 24,683 | 26,673 |
| 6 - 12 months | 2,040 | 673 | 2,034 | 668 |
| Over 12 months | 720,926 | 721,192 | 720,926 | 721,192 |
| Total trade receivables - related party (Note 2) | 754,006 | 779,094 | 752,672 | 775,994 |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|---|----------------------|---------------------|----------------------|---------------------|
| | financial statements | | financial statements | |
| | 31 March 2017 | 31 December 2016 | 31 March 2017 | 31 December 2016 |
| <u>Trade receivables - unrelated parties</u> | | (Audited) | | (Audited) |
| Aged on the basis of due dates | | | | |
| Not yet due | 3,790 | 3,099 | 1,371 | 2,763 |
| Past due | | | | |
| Up to 3 months | 3,489 | 161 | 6 | 12 |
| 3 - 6 months | - | 6,610 | - | 6,610 |
| 6 - 12 months | - | - | - | - |
| Over 12 months | 182,569 | 182,573 | 15,544 | 15,544 |
| Total | 189,848 | 192,443 | 16,921 | 24,929 |
| Less: Allowance for doubtful debts | (181,568) | (181,568) | (14,543) | (14,543) |
| Total trade receivables - unrelated parties, net | 8,280 | 10,875 | 2,378 | 10,386 |
| Total trade receivables - net | 762,286 | 789,969 | 755,050 | 786,380 |
| <u>Other receivables - related party</u> | | | | |
| Accrued interest income | - | - | 3,480 | 3,495 |
| Less: Allowance for doubtful debts | - | - | (3,480) | (3,480) |
| Total other receivables - related party, net (Note 2) | - | - | - | 15 |
| <u>Other receivables - unrelated parties</u> | | | | |
| Accrued interest income | 12,313 | 12,313 | 12,313 | 12,313 |
| Others | 28,153 | 27,985 | 28,144 | 27,985 |
| Total | 40,466 | 40,298 | 40,457 | 40,298 |
| Less: Allowance for doubtful debts | (40,298) | (40,298) | (40,298) | (40,298) |
| Total other receivables - unrelated parties, net | 168 | - | 159 | - |

(Unaudited but reviewed)

Included in trade accounts receivable from unrelated parties as at 31 March 2017 and 31 December 2016, were amounts receivable from government agencies as follows:

(Unit: Thousand Baht)

| Age of receivables | Consolidated | | Separate | |
|--------------------|----------------------|-------------|----------------------|-------------|
| | financial statements | | financial statements | |
| | 31 March | 31 December | 31 March | 31 December |
| | 2017 | 2016 | 2017 | 2016 |
| | | (Audited) | | (Audited) |
| Not yet due | 3,724 | 3,026 | 1,371 | 2,763 |
| Past due | | | | |
| Up to 3 months | 3,342 | - | - | - |
| 3 - 6 months | - | 6,610 | - | 6,610 |
| 6 - 12 months | - | - | - | - |
| Over 12 months | 1,001 | 1,001 | 1,001 | 1,001 |
| Total | 8,067 | 10,637 | 2,372 | 10,374 |

4. Account receivable under troubled debt restructuring

The Company and its subsidiary had an outstanding balance totaling Baht 47 million (the Company only: Baht 19 million) that was receivable from TT&T Public Company Limited (TT&T) under the rehabilitation plan of TT&T, and which was to be repaid in full, in cash in a single payment on the last working day of the first quarter of 2015. However, on 15 March 2016, the Central Bankruptcy Court issued an absolute receivership order against TT&T. For prudent reasons, the Company and its subsidiary therefore recorded full allowance for doubtful accounts for the remaining balances of accounts receivable from TT&T in the first quarter of 2016.

5. Investments in subsidiary

Details of investments in subsidiary as presented in separate financial statements are as follows

| Company's name | (Unit: Thousand Baht) | | | | | | | |
|--|-----------------------|-------------|-------------------------|-------------|----------|-------------|-------------------------------------|----------|
| | Paid-up capital | | Shareholding percentage | | Cost | | Dividend received during the period | |
| | 31 March | 31 December | 31 March | 31 December | 31 March | 31 December | 31 March | 31 March |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | | (Audited) | | (Audited) | | (Audited) | | |
| | | | (%) | (%) | | | | |
| Could Computing Solution Company Limited | 55,000 | 55,000 | 98 | 98 | 83,899 | 83,899 | - | - |
| Less: Provision for impairment loss on investments | | | | | (83,899) | (83,899) | | |
| Total investments in subsidiary, net | | | | | - | - | | |

6. Trade and other payables

| | (Unit: Thousand Baht) | | | |
|---|-----------------------|-------------|----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 31 March | 31 December | 31 March | 31 December |
| | 2017 | 2016 | 2017 | 2016 |
| | | (Audited) | | (Audited) |
| Trade payables - related parties (Note 2) | 937 | 421 | 530 | 3 |
| Trade payables - unrelated parties | 65,645 | 71,637 | 64,698 | 65,469 |
| Other payables - related parties (Note 2) | 29,083 | 30,796 | 4 | 81 |
| Other payables - unrelated parties | 44,888 | 48,451 | 43,196 | 47,552 |
| Total trade and other payables | 140,553 | 151,305 | 108,428 | 113,105 |

7. Segment information

The Company and its subsidiary are organised into business units based on its products and services. During the current period, the Company and its subsidiary have not changed the organisation of their reportable segments.

Below is the consolidated financial information for the three-month period ended 31 March 2017 and 2016 of the Company and its subsidiary by segment.

(Unit: Million Baht)

| | Design and installation of telecommunication systems segment | | Telecom service business segment | | Other segments | | Consolidation | |
|----------------------------------|--|-------------|----------------------------------|-------------|----------------|-------------|---------------|-------------|
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
| Revenue from external customers | 4 | 5 | - | 1 | 12 | 10 | 16 | 16 |
| Unallocated income and expenses: | | | | | | | | |
| Exchange gains | | | | | | | 1 | 1 |
| Interest income | | | | | | | 5 | 2 |
| Other income | | | | | | | 3 | - |
| Cost of sales and services | | | | | | | (5) | (7) |
| Administrative expenses | | | | | | | (12) | (11) |
| Doubtful accounts | | | | | | | - | (54) |
| Finance cost | | | | | | | - | (5) |
| Profit (loss) for the period | | | | | | | 8 | (58) |

Transfer prices between business segments are described in Note 2 to the interim financial statements.

The Company and its subsidiary disclosed their financial information by operating segment in accordance with Thai Accounting Standard 34 “Interim Financial Reporting”, except for the operating results which the Company and its subsidiary are unable to disclose by operating segment since the management believes that such disclosure would unfavorably affect the management and operation of the businesses of the Company and its subsidiary.

8. Commitments and contingent liabilities

8.1 Operating lease commitments

The Company and its subsidiary have entered into lease agreements in respect of the lease of office building space and related services. The terms of the agreements are 3 years and non-cancellable.

As at 31 March 2017, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

| | (Unit: Million Baht) | |
|-----------------------------|-----------------------------|-----------------------------|
| | Consolidated | Separate |
| | <u>financial statements</u> | <u>financial statements</u> |
| Payable: | | |
| In up to 1 year | 3 | 3 |
| In over 1 and up to 3 years | 4 | 4 |

8.2 Disputes with TT&T

The subsidiary has an outstanding balance receivable from TT&T pursuant to the contract for the supply of the Customer Care and Billing system amounting to approximately USD 5 million (as at 31 March 2017 equivalent to approximately Baht 171 million). This balance is being disputed with TT&T. In 2011, TT&T submitted a dispute proposal to the Thai Arbitration Institute alleging that the subsidiary breach the said contract and asking the subsidiary to pay a total of Baht 1,780 million, together with interest at the rate of 7.5% per annum from the date of the submission of the dispute until the subsidiary effects whole performance. However, the management of the subsidiary believes that the subsidiary did not breach the contract and will not have to pay such amount to TT&T. In February 2012, the subsidiary filed an objection against the aforementioned dispute proposal of TT&T with the Thai Arbitration Institute, seeking to revoke the dispute proposal of TT&T and asking the Thai Arbitration Institute to order TT&T to pay a total of Baht 528 million, together with interest at the rate of 7.5% per annum from the next date after the submission of the objection until TT&T effects whole performance. Subsequently, in July 2012, TT&T filed an answer to the subsidiary's objection with the Thai Arbitration Institute, asking the Thai Arbitration Institute to reject the subsidiary's objection that proposed TT&T be ordered to pay a total of Baht 528 million, together with interest. In June 2015, an arbitration award was made by the arbitration tribunal revoking TT&T's dispute proposal and ordering TT&T to pay the outstanding balance of installments due together with interest to the subsidiary, a total of approximately Baht 204 million. On 25 September 2015, TT&T filed a petition with the Civil Court seeking to reverse the Thai Arbitration Institute's order. As a result, the case is being considered by the Civil Court.

On 15 March 2016, the Central Bankruptcy Court issued an absolute receivership order on TT&T. As a result of this order, the Official Receiver is legally required to become involved in any civil case being considered by the courts that relates to the assets of the debtor under the absolute receivership order. Furthermore, when petitioned by the Official Receiver the court has authority to suspend such civil case or to issue any orders considered appropriate. Therefore, with respect to civil cases related to the assets of TT&T, the courts may decide to confer with Official Receiver on how to proceed with the cases, and take this into account in reaching their decisions in each case.

On 7 November 2016, the Official Receiver submitted a petition to the Civil Court to withdraw the case in connection with TT&T's petition to reverse the Thai Arbitration Institute's order for TT&T to pay debts of the subsidiary amounting to Baht 204 million. The Civil Court has approved the withdrawal of the case and removed it from its case list. Moreover, with respect to the Central Bankruptcy Court's absolute receivership order against TT&T on 15 March 2016, the subsidiary has submitted an application for repayment of debt, together with interest, to the Official Receiver. The settlement of this debt will therefore be made in accordance with the process prescribed by bankruptcy laws. However, TT&T is in the process of following legal procedures with respect to bankruptcy law implemented by the official receiver.

8.3 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 these 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 a part of the tablets was 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. During 2014, these counterparties to the agreements submitted letters to the Company to terminate the sale and purchase of tablet agreements with the Company. These counterparties considered the Company to be unable to perform its obligations under the agreements and asked 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, a total of Baht 148 million. 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 these letters of guarantee. However, the Company submitted letters to these counterparties objecting to the terminations of the agreements and to the imposition of penalties under the agreements. These clarified that the cause of the delays 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 the 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, asking it not to pay a total of Baht 40 million to these counterparties. However, in November 2014 and March 2015, these counterparties filed lawsuits with the court requesting the Company to pay a penalty for its inability to deliver tablet as stipulated in the agreement and pay under the teller of performance bond guarantee, together with interest at the rate of 7.5% per annum, totaling approximately Baht 196 million. Currently, the lawsuits are being considered by the Administrative courts and the outcomes are unknown. During 2014, the Company submitted a notice of breach of the sale and purchase of tablets agreement to a local counterparty 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. In addition, the Company asked the bank who issued a bank guarantee on behalf of this company as a performance bond for the sale of tablets to pay Baht 38 million to the Company under the letter of guarantee and has 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 has recorded the performance bond as a liability under the caption of trade and other payables in the statements of financial position since 31 December 2014 and treated the amount as if it was 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.

8.4 Litigations and other disputes

1. In 2015 and 2016, the Company and its subsidiary has been sued by former employees who were laid off, claiming compensation totaling approximately Baht 20 million for unfair termination. The cases are under consideration of the court. However, the legal advisor and the management of the Company and its subsidiary believe the Company and its subsidiary will not suffer any losses as a result of these cases because the Company and its subsidiary had made full severance payment in accordance with the law.

2. In 2014, the Company was involved in a dispute with Metropolitan Electricity Authority (MEA) as a result of the Company not joining the bidding process for the procurement and installation of equipment for MEA. MEA called for the bank who issued a letter of guarantee as the Company's bid bond to pay approximately Baht 8 million under this letter of guarantee. However, the Company's legal advisor and the Company's management are of the opinion that bidding process conducted by MEA was illegal and was unfair to the Company, and that the Company is therefore not obliged to make payment under the letter of guarantee provided to MEA. The Company has filed a lawsuit with the Administrative Court, petitioning the Court to reject the MEA's order for the Company to make payment under the bank guarantee and asking MEA to return the original of the bid bond and to pay the bid bond premium on behalf of the Company. Subsequently, in 2015, MEA filed a lawsuit with the Administrative Court, requesting the Company to pay the amount of Baht 8 million under the letter of guarantee. Currently, this case is being considered by the Administrative Court.
3. In 2014, the subsidiary has been sued for a total of approximately Baht 1 million in respect of breach of an employment contract. In September 2016, the Court of Appeals issued a judgment ordering the subsidiary to pay compensation together with interest, totaling approximately Baht 0.5 million. The subsidiary then filed a petition appealing to the Supreme Court. At present, this case is under consideration by the court. For prudent reasons, the subsidiary therefore recorded full provision for compensation in accordance with the Court of Appeals' order.
4. In 2016, the subsidiary has been sued for a total approximately Baht 7 million in respect of the breach of a sale and purchase contract. In March 2017, the court issued a judgment ordering the subsidiary to pay compensation together with a fine and interest, totaling approximately Baht 4 million. In May 2017, the court subsequently approved a request for an extension of the appeal period. 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.

8.5 Guarantees

As at 31 March 2017, there were outstanding bank guarantees of Baht 117 million (31 December 2016: Baht 243 million) issued by the banks on behalf of the Company and its subsidiary, with Baht 92 million (31 December 2016: Baht 218 million) attributed to the Company, in respect of certain bid bonds and performance bonds as required in the normal course of business of the Company and its subsidiary.

9. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 9 May 2017.