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รายงานประจำปี 2560

บริษัท ทีดับบลิวแซด คอร์ปอเรชั่น จำกัด (มหาชน)
TWZ CORPORATION PUBLIC COMPANY LIMITED

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Message From the Board of Directors

To Shareholders

Regarding of the current situation for adaptation of the countries, Thailand is moving to FULL 4G Network with full covering over the countries. The 4G network system is a high-performance network. The world can be connected quickly causing a change in your life, including the behavior of people who began to change. New IOT device or facilities of various types of start was created and produced concrete. Appear as new innovations, we have amazing widely support the lifestyle began to change, which is the fast and modern, that's playing in the social media. Watching a Streaming live movie or listening to live music. All of world news is announce together in a short time. It makes us feel that the world is smaller.

Even the Government itself, to adapt to keep pace with the accelerated world disgrace this adaptation which evolved the Government issued public relations. Emphasizes concepts and new direction, so that the concrete under the campaign called "country Thailand 4.0", Thailand people understand the evolution from ancient to the present to the future, the simple chance to accelerate adaptation in the same direction "campaign the country Thailand 4.0" is a concept that is expected to be designed, driven by innovation (Value-Based Economy). The original item has a linear production format. "Commodities" begins as an "innovative" spatial warehouse more. Under the format that focuses on service convenience to be modern living style

With new technology, creativity and innovation, the company has come up with a follow-up and development of the device to a leading modern factory to keep up with the era that has changed. Thailand, as a result, people can access and easier devices or technologies with focus on value, service, and double the performance. A sustainable concept comes in to working.

And the main point of this concept, the company is also expanding the business in a sustainable industry. The potential of executive experience and a professional team came to supplement. Finally, to create stability and strengthen you with good earnings, shareholder

(Mr. Puttachat Rungkasiri)
Chairman

(Mrs. Piyanuj Rungkasiri)
Chairman of Executive Committee

Directors and Management Team



Mr. Puttachat Rungkasiri

Position	Chairman
Shareholding	8.65%
Education	Bachelor of Accounting and Commerce, Chulalongkorn University
Program	Director Accreditation Program (DAP) Class 41/2005 Thai Institute of Directors Association (IOD)
Working Experience	2016-Present Director of Gear Corporation Co., Ltd. 2016-Present Director of Mastech Tool and Service Co., Ltd. 2013-Present Chairman of TWZ Corporation Plc. 2013-Present Director of Piyachat Co., Ltd.
Illegal Record in the past 10 years	None



Mrs. Piyanuj Rungkasiri

Position	Vice Chairman and Managing Director
Shareholding	None
Education	Bachelor of Arts, Faculty of Social Sciences Kasetsart University
Program	Director Accreditation Program (DAP) Class 41/2005 Thai Institute of Directors Association (IOD)
Working Experience	2016-Present Director of Gear Corporation Co., Ltd. 2016-Present Director of Mastech Tool and Service Co., Ltd. 2013-Present Vice Chairman and Managing Director of TWZ Corporation Plc. 2013-Present Director of TZ Trading Co., Ltd. 2013-2014 Acting Vice President - Finance Department of TWZ Corporation Plc. 1991-Present Director of Piyachat Co., Ltd.
Illegal Record in the past 10 years	None



Assistant Professor Dr. Tippakorn Rungkasiri

Position	Director
Shareholding	None
Education	Master of Arts in International Management, SOAS, University of London Master of Business Administration, Chulalongkorn University Doctor of Education in Educational Technology, Kasetsart University
Program	Director Certification Program (DCP) Class 63/2005 Director Accreditation Program (DAP) Class 39/2005 and Anti-Corruption: The Practical Guide Program (ACPG) Class 21/2015 Thai Institute of Directors Association (IOD)
Working Experience	2014- 2015 Executive Board, MSc and Ph.D.in Technopreneurship and Innovation Management Program (Interdisciplinary), Graduate School, Chulalongkorn University 2013-Present Director of Piyachat Co., Ltd. 2005-Present Director of TWZ Corporation Plc. 2003- 2015 Assistant Professor of Marketing, Faculty of Commerce and Accountancy, Chulalongkorn University 2002-2003 Assistant Vice President of Premier Group
Illegal Record in the past 10 years	None



Miss Kaikae Cherdvisavapan

Position	Director
Shareholding	None
Education	M.B.A., University of Dallas, USA
Program	Director Accreditation Program (DAP) Class 43/2005 Thai Institute of Directors Association (IOD)
Working Experience	2013-Present Director of Piyachat Co., Ltd. 2013-Present Director of Nature Heritages Co., Ltd. 2005-Present Director of TWZ Corporation Plc. 1994-Present Director of Southern Palm Oil Industry (1993) Co., Ltd.
Illegal Record in the past 10 years	None



Mr. Bundal Udol

Position	Independent Director
Shareholding	None
Education	Bachelor of Engineering (Mechanical Engineering), Kasetsart University
Program	Director Accreditation Program (DAP) Class 41/2005 Thai Institute of Directors Association (IOD)
Working Experience	2013-Present Independent Director of TWZ Corporation Plc. 2005-2008 Director and Member of Executive Committee, TWZ Corporation Plc. 1991-Present Captain, Thai Airways International Plc.
Illegal Record in the past 10 years	None



General Dr. Surapan Poomkaew

Position	Independent Director and Chairman of Audit Committee
Shareholding	None
Education	Ph.D. (Public Administration), Ramkhamhaeng University
Program	Director Accreditation Program (DAP) Class 84/2010 Thai Institute of Directors Association (IOD) Capital Market Academy Leadership Program, Capital Market Academy (CMA) Class 9
Working Experience	2018-Present Independent Director and Chairman of Audit Committee Grand Prix International Plc. 2014-Present Independent Director of Sino-Thai Engineering & Construction Plc. 2013-Present Director of National Power Supply Plc. 2013-Present Independent Director and Member of Audit Committee of Solartron Co., Ltd. 2012-Present Independent Director and Chairman of Audit Committee of TWZ Corporation Plc. 2011-2012 Independent Director and Member of Audit Committee of TWZ Corporation Plc. 2007-2008 Deference Inspector General 2005-2007 Commanding General of Armed Forces Development Command 2003-2005 Special Expertise of the Royal Thai Army
Illegal Record in the past 10 years	None



Police General Aek Angsananon

Position	Independent Director and Member of Audit Committee
Shareholding	None
Education	Master of Law, Chulalongkorn University
Program	Director Certification Program (DCP) Class 111/2008 Thai Institute of Directors Association (IOD)
Working Experience	2018-Present Independent Director and Chairman of the Corporate Governance Committee of Thail Plc.
	2016-2017 Director of Big C Supercenter Plc.
	2016-2018 Chairman of the Corporate Governance Committee of Big C Supercenter Plc.
	2015-Present Permanent Secretary, Office of the Prime
	2012-Present Independent Director and Member of Audit Committee of TWZ Corporation Plc.
	2011-2015 Deputy Commissioner General (Legal Affair and Litigation), Royal Thai Police
	2009-2018 Committee, Government Pension Fund
	2009-2012 Independent Director of TWZ Corporation Plc.
	2009-2010 Honorable Committee, Small and Medium Enterprises Promotion Committee
	2008-Present Committee, Property Management Office, Thai Red Cross Society
	2008-Present Honorable Committee, Ramkhamhaeng University Council
	2008-Present Committee, The Customs Committee on Setting the Case and Waiving Prosecution, Thai Customs Department
Illegal Record in the past 10 years	None



Assoc. Prof. Pachara Pacharavanich

Position	Independent Director and Member of Audit Committee
Shareholding	None
Education	M.B.A. The University of North Carolina-Chapel Hill, NC, USA.
Program	None
Working Experience	2016-Present Independent Director and Member of Audit Committee of Synergetic Auto Performance Plc.
	2014-Present Executive Director The Valuers Association of Thailand
	2013-Present Independent Director and Member of Audit Committee of TWZ Corporation Plc.
	2013-Present Bangkok Property Valuation subcommittee, Department of Treasury
	2006-Present Associate Professor, Faculty of Commerce and Accountancy, Thammasat University
Illegal Record in the past 10 years	None



Mr. Kittipong Kittipassorn

Position	Vice President - Marketing and Business Development Department
Shareholding	None
Education	Bachelor of Aviation Engineer (Communication), Civil Aviation Institution (Thailand)
Program	Director Accreditation Program (DAP) Class 86/2010 Anti-Corruption : The Practical Guide (ACPG) Class 43/2018 Thai Institute of Directors Association (IOD)
Working Experience	2016-Present Director of Gear Corporation Co., Ltd. 2015-Present Vice President - Marketing and Business Development Department of TWZ Corporation Plc. 2015-Present Director of TZ Trading Co., Ltd. 2006-2014 Vice President - Product Management and Marketing Department of TWZ Corporation Plc. 2004-2006 General Manager of SIS DISTRIBUTION (THAILAND) PCL. 2001-2004 Deputy Managing Director of THIRD WAVE EDUCATION CO.,LTD. 1999-2001 Managing Director and Partner of DECO DISTRIBUTION CO.,LTD.
Illegal Record in the past 10 years	None



Miss Nalineee Pratubsorn

Position	Vice President - Human Resource Department and Company Secretary
Shareholding	None
Education	Master of Science (Industrial Psychology) Kasetsart University
Program	Director Accreditation Program (DAP) Class 97/2012 Company Secretary Program (CSP) Class 78/2018 Thai Institute of Directors Association (IOD)
Working Experience	2014-Present Company Secretary of TWZ Corporation Plc 2012-Present Vice President - Human Resource Department of TWZ Corporation Plc. 2005-2012 Human Resource Manager of TWZ Corporation Plc 2001-2005 Training and Development Manager of Central Department Store Co., Ltd.
Illegal Record in the past 10 years	None



Miss Krissana Meungmor

Position	Assistant Vice President - Sales Department Acting Vice President - Sales Department
Shareholding	None
Education	Bachelor of Business Administration in Management Ramkhamhaeng University
Program	Director Accreditation Program (DAP) Class 116/2015 Thai Institute of Directors Association (IOD)
Working Experience	2015-Present Acting Vice President - Sales Department of TWZ Corporation Plc. 2012-Present Assistant Vice President - Sale Department of TWZ Corporation Plc. 2006-2012 Area Manager of TWZ Corporation Plc.
Illegal Record in the past 10 years	None



Miss Ratchanok Supanit

Position	Assistant Vice President - Accounting and Finance Department
Shareholding	None
Education	Executive MBA Program Kasetsart University Bachelor of Business Administration (Accounting) Rajamangala University Of Technology Phranakhon
Program	-
Working Experience	2015-Present Assistant Vice President - Accounting and Finance Department Acting Vice President - Accounting and Finance Department of TWZ Corporation Plc. 2011-2015 Senior Manager - Accounting Department of TWZ Corporation Plc. 2008-2011 Accounting Manager of TWZ Corporation Plc. 2005-2008 Head Cost Accounting of TWZ Corporation Plc.
Illegal Record in the past 10 years	None

Financial Highlights

Unit: Million Baht

Financial Performance	2015	2016	2017
Total Assets	3,965.02	4,835.86	4,765.22
Total Liabilities	1,736.86	2,439.43	2,405.96
Shareholders' Equity	2,228.16	2,396.43	2,359.26
Sales and Services Revenues	3,755.22	4,074.05	3,526.96
Revenue from Real Estate Project for Rental			
under Financial Lease Agreement	106.59	11.46	-
Total Revenues	3,965.64	4,248.36	3,707.29
Profit from continuing operations	25.99	99.98	(3.41)
Net Profit Margin (%)	0.66	2.35	(0.09)
Book Value per share (Baht)	0.36	0.38	0.38

General Information

Name	TWZ Corporation Public Company Limited
Nature of Business	Core business is a distributor of telecommunication devices which are mobile phones, SIM cards, pre-paid cards, and accessories.
Head Office	269 Ratchadapisek Road, Din Daeng Sub-District, Din Daeng District, Bangkok 10400
Registration No.	0107548000285
Home Page	www.twz.co.th
Telephone No.	(66) 2275-9789
Fascimile No.	(66) 2275-9789
Paid-up capital	Baht 625,907,306.10
Share Registrar	Thailand Securities Depository Company Limited, 62 Rachadapisek Road, Klongtoey, Bangkok 10110 Telephone (66) 2299-2800 Fascimile (66) 2359-1262
Auditor	Mrs. Chintana Techamontrikul CPA No. 5131 C&A Audit Office Co., Ltd. 53 Narativatrachanakarin Rd., Chongnonsee, Yannawa, Bangkok 10120 Telephone (66) 2678-0750 Fascimile (66) 2678-0661

Nature of Business

TWZ Corporation Public Company Limited (“the Company” or “TWZ”), previously named “PC Communication and Transports Company Limited.”, was established by mobile phone distribution experts, Mr. Puttachat Rungkasiri, the first mobile phone distributor to open retail shop at MBK center, with the initial paid up capital of Baht 1.00 million on December 22, 1993. As of December 31, 2016, the Company has paid up capital Baht 625,907,306.10.

The Company’s main business is selling mobile phone and other telecommunication devices. At present, the Company is the distributor of mobile phones “TWZ”. The Company has imported such products from China to distribute under its own brand names. The Company was granted Telewiz franchise from Advance Info Service Plc. (“AIS”) for selling goods and services under the trademark “Telewiz” for 21 branches “AIS Shop” for 2 branches has branches under the trademark “TWZ” for 8 branches and has branches under the trademark “HUAWEI” for 1 branch.

On December 17, 2010, the Company’s Board of Directors’ meeting No. 5/2010 passed the resolution to invest in overseas to support its business by approved the establishment of “TWZ International Limited”, a subsidiary in HongKong, Special Administrative Region of the People’s Republic of China. Its registered capital is HKD 1,000,000 (One Million HongKong Dollars) and the Company will hold 100% by using its working capital. The subsidiary will conduct business as a global supplier and distributor of mobile phones and all kinds of communication device. On January 13, 2011, TWZ International Limited was established. The BOD’s meeting also approved the establishment of a representative office in Shenzhen, People’s Republic of China. The representative office will assist the Company in managing cost and controlling quality of products. The company has register register representative office registration on February 16, 2012.

On September 16, 2013, the Company’s Board of Directors’ meeting No. 6/2013, the meeting unanimously approved to incorporate a new subsidiary, TZ Trading Co., Ltd., with Baht 3 Million of registered capital comprising of 300,000 shares at par value of Baht 10 per share. The company will invest 100% on the new subsidiary’s stake. The nature of the new subsidiary is to import, export, resell, and provide after sell service for mobile phone and its accessory, computer, and other electronic goods. The new subsidiary has been registered with the Ministry of Commerce on September 20, 2013.

On May 14, 2014, the Company’s Board of Directors’ meeting No. 3/2014, the meeting unanimously approved to establish The Boxes Co., Ltd. with Baht 1,000,000 of the registered capital, main business Agent distributor of digital signal equipment and also the TWZ was 100% ownership and the company has registered with the Ministry of Commerce on May 20, 2014.

The Company has seen the opportunity in the real estate development business, therefore, on March 11, 2008, the Company entered into the leasehold right contract with the State Railway of Thailand on Rachadapisek Road for the area of 6,126 square meters at the total value of Baht 88.30 million to construct Home Office building. Such site is at the good location as it is close to the MRT -Rachadapisek station. The leasehold right contract is for 24 years. The site of the leasehold is on the good location; therefore, the Company expects the real estate project will bring more income and profit to the Company.

The extra-ordinary shareholders' meeting no. 1/2013 approved purchase 49,998 shares of Piyachart Co., Ltd., representing 100% of registered share capital, from former shareholders at Baht 120 Million. As at October 1, 2013, the company obtained control over the subsidiary. From the minutes of board of director meeting no. 5/2014 dated August 13, 2014, the meeting unanimously approved to increase registered capital of Piyachart Co., Ltd., a subsidiary held 100% by the company, from Baht 50 millions to Baht 250 millions. A subsidiary has registered the increment with Ministry of Commerce on October 28, 2014.

Besides, According to the Company's Board Resolution for Board of Directors Meeting No. 5/2016, held on July 26, 2016, the Company had a resolution to setup the "Gear Corporation Co., Ltd" with registered capital Baht 100 million which participates in an alternative energy business. As a result, TWZ Corporation Public Company Limited held 100% shares of this company and registered with Ministry of Commerce on August 9, 2016.

And according to the Company's Board Resolution for Board of Directors Meeting No. 5/2016, held on July 26, 2016, its Gear Corporation Co., Ltd. invested in the production of electricity from solar energy by purchasing 80% of paid-up common shares in Mastech Tool & Service Co., Ltd. which was 80,000 shares at the par value of Baht 100 per share from the existed shareholders who has no relationship with the Group which the purchase price has amount Baht 70 million. Mastech Tool and Service Co., Ltd. is principally engaged about generating and selling electricity, Electricity Supply Contract for the highest capacity of 5MW. On September 6, 2016, the Company made an advance of Baht 40 million and scheduled to transfer 48,490 shares on September 21, 2016. Based on purchase agreement, after settlement, the Company will have share 48.49% and obligation to make a payment to the ex-shareholders amounted to Baht 16 million. Thus, the 31,510 shares will be settled after 3 years starting from commercial operating date. On September 21, 2016, the Company paid the second payment to seller amounted to Baht 14 million and purchased preferred shares 1,000 shares at the value of Baht 100 per share, totaling Baht 100,000. As a result, Gear Corporation Co., Ltd has the rights to receive 80% of total dividend including 80.19% of voting rights in shareholder meeting based on the above information.

According to the Board of Directors Meeting No. 8/2016 held on November 1, 2016, the Board had resolution to approve the capital increase of MASTECH Tools and Services Co., Ltd. in the amount of 707,000 shares at par value of Baht 100 per share by registered new share capital 25% of total offered shares and approve Gear Corporation Co., Ltd which is a subsidiary company to inject capital in the proportion of 1:7 both common stock and preferred stock. And according to the Extraordinary General Meeting of Shareholders No. 2/2016 of Mastech Tools and Services Co.,Ltd (MASTECH), the Board had resolution to increase the share capital of MASTECH from Baht 10.1 million (Ordinary shares 100,000 shares and preferred shares 1,000 shares with the par value of Baht 100) to Baht 80.8 million (ordinary shares 800,000 shares and preferred shares 8,000 shares with the par value of Baht 100).

At present, the Company has total 32 branches, 21 Telewiz Shops, 2 AIS Shops, 8 TWZ Shops and 1 HUAWEI Shop.

Location		
TELEWIZ / AIS SHOP	1. Room 333/1, 3 rd fl., Central Plaza Pinklao	2. Room 305, 3 rd fl., Central Plaza Rama III
	3. 1 st fl., Tesco Lotus Chaengwattana	4. 2 nd fl., Tesco Lotus Sukhumwit 50
	5. 2 nd fl., Tesco Lotus Laksi	6. 1 st fl., Tesco Lotus Rattanaibet
	7. 2 nd fl., Tesco Lotus Rama III	8. 2 nd fl., Tesco Lotus Bangna-Trad
	9. 1 st fl., Tesco Lotus Srinakarin	10. Room 309/1, 3 rd fl., Central Plaza Ramaindra
	11. Room 336/3, 3 rd fl., All Srason Complex	12. Room A115, 122, 126 Bonmache Market
	13. Room 3033, 3 rd fl., Fashion Island	14. Room 509A, 5 th fl., Central City Bangna
	15. Basement, Big C Supercenter Bangna	16. Room 529, 5 th fl., Central City Bangna
	17. Room F1/10, Carrefour Rama II	18. Room 225, 2 nd fl., Central Plaza Rama II
	19. Room L007/1, 2 nd fl., Shinawatra Tower 3	20. Room 2CR220/1, Big C Supercenter Bangpli
	21. Basement, Big C Supercenter Don Muang Sapanmai	22. Room R252 2 nd fl., Market Village Suvarnabhumi
	23. Room 416 4 st fl., Central Plaza Chaengwattana	
TWZ SHOP	1. Room 231, 2 nd fl., Central Plaza Ladprao	2. Room A-16, 1 st fl., Laksi Plaza
	3. No. 100/1-2 Mae Sot Tak	4. No. 270/12 Namuang, Muang, Ratchaburi
	5. Room 239/1 2 rd fl., Central Plaza Plinklao	6. Room 247/2 2 rd fl., Central Festival East Ville
	7. Room 2CR 2208/2, Big C Supercenter Bangpli	8. No. 381/51 nai mueang mueang khon kaen
HUAWEI SHOP	1. Room K304, 3 rd fl., Central Plaza Ladprao	

Business Goal

The Company has set its business goal to enhance its sales and services revenues consistently by emphasizing on the profitability and the increase of its distribution channels especially at the prime locations where consumers in such community have purchasing power and the places are convenience for using the services, not only the increase in number of various shops such as TWZ Shop, Telewiz Express and Telewiz Shop, but also the increase in number of dealers as in order to access more target customers. The Company has improved its service standard to be more satisfied by customers and be competitive to other players. Besides, the Company will build up to be partner with additional well-known mobile phone manufacturers and distributors as well as import more mobile phones from China to distribute under its own brand names in order to be able to obtain quality products with various specifications to serve different customers' needs.

Due to its steady expansion, the Company has emphasized more on building up its brand name "TWZ" in order to strengthen its business operation. Therefore, the Company has established representative office in Shenzhen, People's Republic of China to be its center to manage cost and control the quality of products as well as to procure high quality products at the proper cost.

Besides, The Company also expanded its business into real estate development and solar energy power. The company will develop these two businesses to continue to increase profits for the company in the future.

Industry and Competition

From the behavior of the majority of Thai consumers who adopt the phone using to be a Smartphone access user, as a result, industrial of wireless communication side so it rises on growth every year, relentless, by totally market size more than 6 billion baht. Since last year, 2559- 2560 growing approximately is 21.8% but on year 2560-2561 but likely to growth only 14.7-17.1%, the reason is the probably came from the competition on prices for communication services data information (Data) as per MB, which tend to decreasing (lowest currently to reach 1MB each lower than 0.15 baht) on consequence. The most consumers is understood and assessing the data information's (Data) with playing in any Internet Social Media Platform, watching streaming movies and live listening to music or phone calling, both domestic and abroad, The result in communications services (Data) of information's is a tendency to use much higher hue growth, but continued income isn't increasing because of the lower cost ineffectiveness. For statistics internet usage information, the services provider in the year 2559 consumers average usage per month is 3.8 MB, but in the years up to 2560 per month is 7.3 MB, or 92% growth. In revenue from voice service (Voice), it's still a continuous shrinkage down every year. By such events have occurred since the era of the 3G network technology in the year 2556 to come.

Meanwhile, every Telecom operator groups was still faced with the challenge of cost management very seriously or carefully. Specifically, the cost of network expansion in the 4G network has been very high and continues to prepare for the 900 MHz and 1800 wave auction MHz within year 2561.

The communication market in the Thailand, Smartphone users will access rise to another 25 million people, representing 73% of the entire population in Thailand and into the era of THEMOBILEFIRST with key trend and THE DIGITAL TRANSFER TO EVERYTHING will very smart with in year 2561, our country will have people who will be access to the Internet by up to 50 million people, Smartphone device will result in a large changing in so many ways and all direction. The Application development will occur for a variety of Smartphone, online shopping via Smartphone access (e-commerce) e-wallet payments. In the form of many automatic devices occur, Cashless system, IOT can connect to each other. Smartphone access in a more comprehensive social and information of Smartphone users up to 50 million people will be taken by Big Data and analysis will be used to develop things in the era of the wireless world with no limits.

By the way, the TWZ Company who has stay with Thai people for more than 15 years, Thailand has had an understanding and develops continuously forever with concept of retrieve value including fully-integrated in applications on the Smartphone concept with the use of a person's life, Thailand.

The major players in the mobile phone distribution industry can be divided in 4 groups as follows:

1. Affiliated Dealer of Mobile Phone Service Operator

The 3 major mobile phone service operators in Thailand is AIS DTAC and True Move distribute their mobile phones SIM cards, pre-paid cards and accessories through their affiliated shops which are shops managed by the operators themselves as well as shops under their franchising systems. These shops have clear and systematic management, after sales services and marketing strategies which determined by the mobile phone service operators. As the dealers have good relationship with the operators, they always get useful news and information for supporting their sales and services. Besides, they always have been supported for their business operations and marketing promotions which enable them to be reliable and trusted by the customers.

2. Distributor / Dealer

The entrepreneurs in this group are appointed directly by foreign mobile phone manufacturers. Their main focuses are selling mobile phone for wholesale. Pricing and marketing policies are jointly determined between manufacturer and the distributor. The distributors purchase mobile phones directly from the manufacturers and sell through their dealers or general retail stores. The fierce competition in mobile phone industry presently has forced the distributors to improve their distribution strategies by operating their own retail stores in order to maintain their market shares and most of retail stores are operated under franchise agreement.

3. Dealer with its own retail shop / retail chain store

The entrepreneurs in this group are directly appointed as dealer by the foreign mobile phone manufacturer but focusing on selling through their own retail shops and selling points. Besides, they purchase from other distributors for some specific brands/ models in order to have variety of products at their own shops to serve all target group of customers while sell some of their products to other distributors also. The players of this group understand customers' needs and behaviors as they have to contact directly with both manufacturers and customers which enable them to be more adaptable to the fast change of the industry.

4. Retail Store

These retail stores employ small amount of investment and there is no management system and after sales services. The owner of the shop deals with customer himself, thus, the price is negotiable. The competition among the players in this group is only focusing on the price. Therefore, the credibility of this group is less than others.

Competitive Advantages

TWZ has competitive advantages as the Company plays a major role in 3 groups in mobile phone distribution industry which are:

1. The Company is affiliated dealer of the major mobile phone operator, AIS, by granted franchising to open 21 Telewiz branches and 3 Telewiz Express branches. TWZ has most Telewiz shops in Thailand. Moreover, the Company was granted various rewards for its great selling and services performances from AIS more than 10 years which enable the Company to have good relationship and always get strong support from AIS.
2. The Company is the distributor of mobile phones "TWZ" which the Company has imported such products from China to distribute under its own brand names. Such products are cheaper and provide various functions and they can serve all consumers' requirements. Besides, The group are directly appointed as dealer by the foreign mobile phone manufacturer. The Company also purchases from other distributors in Thailand. Therefore, the Company has variety of products and also be able to control cost more efficiency.
3. The Company has its own retail shops which are 8 TWZ Shops and has retail 1 shop under the trademark HUAWEI all located at prime areas.

With a network of distributors that covering areas of the country more than 300 including quality after-sales service centers that can provide support both Distributors and Consumers. It's makes overall trust and confidence on products of TWZ Smartphone. Consequently, the Company has the potential to compete with other operators as well.

Risk Factors

1. Risk associated with the termination of franchise contract with Advance Info Service Plc.

The Company granted Telewiz franchise from Advance Info Service Plc. ("AIS") which could be terminated if any events that violate the terms and conditions of the contract occur or either party may terminate this contract by giving written notice 60 days prior the termination date to the other party. At present, there are 23 Telewiz shops and AIS Shop under TWZ management.. Therefore, the revenues of the Company might decrease if the contract is terminated. Due to the prime locations of the Company's Telewiz shops, the Company is able to operate these shops in form of TWZ shop if the termination of contract occurs.

The Company's business consistently supports AIS's business as it sells only SIM card and refilled card of AIS network. Though, the Company sells/purchases mobile phone and accessories from other mobile phone manufacturers, distributors and/or other dealers except for AIS's affiliated as well as opens mobile phone shops in other names such as TWZ Shop as informed to AIS. Besides, Telewiz shops under the Company's management have been granted rewards more than 10 years. The Company has most Telewiz shops in Thailand. Therefore, the management believes that there is a minimal chance that the contract will be terminated and the Company's business will be consistently supported by AIS.

2. Risk from selling SIM card and service refilled for a sole mobile phone operator

At present, the Company sells only SIM Card of AIS and service refilled 1-2-Call! which are products of AIS. Therefore, the Company might have risk from depending on only one operator from the competition among other mobile phone operators or other new operators which might effect of AIS's market share and effect the Company's sales eventually.

3. Risk from depending on major distributors

Each distributor obtains the exclusive right to sell specific products/ models, therefore, to have variety of products, the Company has to purchase from various distributors. However, the decision to purchase from any distributor depends on the popularity of the products/ models of each period, discount and other sales promotions provided by each distributor such as number of mobile phones to be allocated.

The Company realizes the risk from depending on major distributors; therefore, the Company still maintains its relationship with other suppliers by diversifying its purchase to other distributors. Besides, the Company is the distributor of its own brand names "TWZ". As a result, the Company has up-to-date products which can serve customers' needs as well as decrease the dependence from major distributors.

4. Risk from Foreign Exchange Rate

The Company imported some mobile phones and accessories by paying in foreign currencies, thus, the Company might have the currency exchange risk. Therefore, the Company has followed exchange rate movement closely. The Company also has a policy to purchase forward contract to cover the exposure of foreign purchasing based on the situation as well as the appropriateness in order to mitigate the risk from foreign exchange rate that may occur.

5. Risk from product obsolescence

Mobile phone is the fast-paced technological change product, thus, the manufacturer has to consistently develop new models to serve customers' need. Therefore, the Company might encounter problems with the inventory management for the out of dated models which the Company could not sell and eventually has to decrease the price to compete with new models.

As the Company's management is in the mobile phone distribution industry nearly 20 years, they understand thoroughly of the mobile phone industry. They realize the importance of carefully product selection of each brand/model to sell. Moreover, the Company consistently surveys opinions and needs of both distributors and dealers. Meanwhile, the Company obtains information about the new mobile phone model, new technology of mobile phone from well-known mobile phone manufacturers who appointed the Company's to be their distributors which enable the Company to be able to select products that are needed. Besides, the Company has the efficient inventory management by establishing inventory online system which linked to all the Company's branches in order to be able to check each branch's stock. The Company also has distribution channels through its dealers; therefore, the Company can sell the products very fast before they are out-of-dated. Moreover, if its mobile phone manufacturers as well as major distributors who appoint the Company to be their dealers decrease their selling prices in order to be competitive in the market, the Company will be compensated the price change of each model in accordance with the condition that agreed with those manufactures and/or distributors.

6. Risk from competition

The fast growing of mobile phone and accessory distribution business Especially the growth of smart phones, therefore, mobile phone can be purchased from any sources, not only from operators. Thus, there are new players, who mostly are small retailers, participating in mobile phone business which will increase the competition especially the price competition in the industry.

The Company is the affiliated dealer of AIS who is the largest mobile phone operator, has various products to serve customers and has covered distribution channels as all the Company's retail shops located at the prime area over Bangkok and has more than 300 dealers over the country. Besides, the Company has quality one-stop service centers, which are able to support all the Company's products and enable the Company to make consistently services revenues. As the Company's management understands thoroughly about the mobile phone industry as well as the customers' needs, they are able to solve all the problems very quickly. Due to the above reasons, the Company believes that it is ready and capable to compete with other players in the industry.

7. Risk associated with the rental contracts

The Company distributes its products to its retail customers via its 31 retail shops located in department stores and super centers; therefore, the Company has to rent the shop area both short term and long term. The Company may have risk of expiration of rental contracts or change in conditions that cause more expenses. Therefore, there is risk for contract extension in the future. However, as the Company is the good business partner with the area owner as well, the probability of this risk is considered low.

8. Risk from depending on executives who are major shareholders of the Company.

The Company was established by Mr. Puttachat and Mrs. Piyanuj Rungkasiri who is mobile phone and accessories industry expert and has strong relationship with manufacturers and distributors nearly 20 years. According to above reason, the Company has a risk from depending on such executive, and besides, Mr. Puttachat still holds 8.65% of the Company's shares which is sufficient to motivate them to continue manage the Company. However, the Company has policy to promote the teamwork management and to recruit professionals to manage the Company by emphasizing on the efficiency and the development of the Company. As Mr. Puttachat and Mrs. Piyanuj Rungkasiri are related persons, in order to prevent the absolute power, the Company has set the clear responsibility and duty of each position in its authority table.

Shareholders and Management

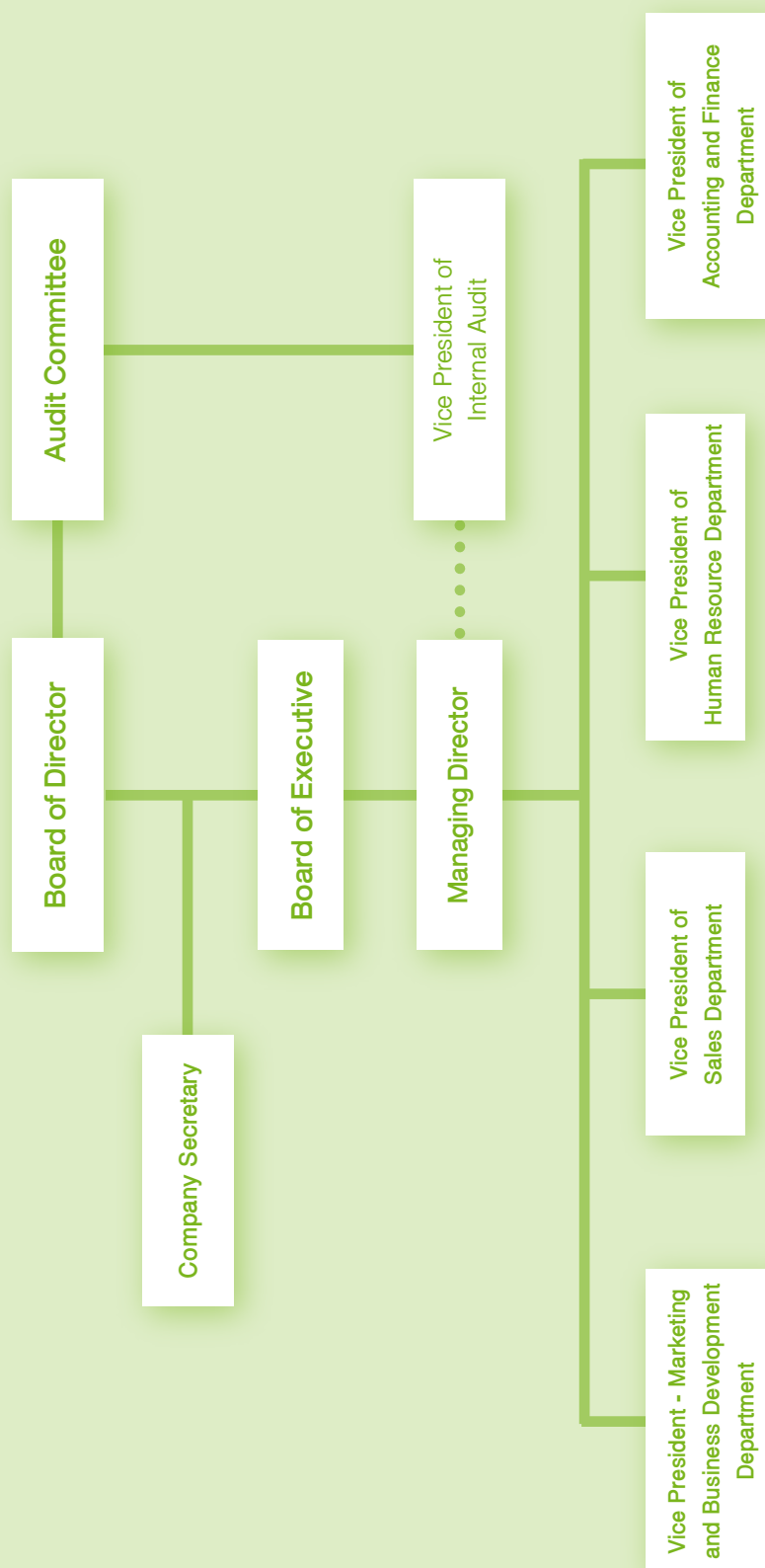
List of top 10 major shareholders as of the book closing date on February 28, 2018.

Name of Shareholders		On February 28, 2018	
		No. of shares	%
1.	Rungkasiri Group		
	Mr. Puttachat Rungkasiri	541,428,571	8.65
	Miss Nuttanuj Rungkasiri	146,440,800	2.34
	Total Rungkasiri Group	687,869,371	10.99
2.	Mr. Jaturon Komolmis	200,059,274	3.20
3.	Mr. Sippakorn Khaosaard	168,713,200	2.70
4.	Mrs. Petcharat Thongtang	161,000,000	2.57
5.	Thai NVDR Company Limited	71,671,312	1.15
6.	Mr. Att Thongtang	68,993,200	1.10
7.	Mr. Surang Prapakornrujiwong	66,413,700	1.06
8.	Mr. Teerawat Thanyalakpak	65,660,400	1.05
9.	Thanpuying Viraya Chavakul	60,000,000	0.96
10.	Mr. Chairat Larsongsuk	58,000,000	0.93

Dividend Policy

The Company's dividend payout policy is at a minimum of 40% of net profit after tax and legal reserve. However, the Board of Directors has the power not to follow the policy or change the policy occasionally under the condition that it has to maximize the benefit of the shareholders such as have to reserve for loan repayment or business expansion or in case that there are any changes of the market conditions which may affect the Company's cash flows in the future.

Organization Structure



Management Structure

The Company's director's structure comprises of 3 groups of directors, which are Board of Director, Executive Committee and Audit Committee. The details are as follows:

(1) Board of Directors

The Company's Board of Directors consists of 8 persons as shown in the list as follows:

Name		Position
1. Mr. Puttachat	Rungkasiri	Chairman
2. Mrs. Piyanuj	Rungkasiri	Vice Chairman and Managing Director
3. Asst. Prof. Dr. Tippakorn	Rungkasiri	Director and Authorized Director
4. Miss Kaikae	Cherdvisavapan	Director and Authorized Director
5. Mr. Bandal	Udol	Independent Director
6. General Dr. Surapan	Poomkaew	Independent Director and Chairman of Audit Committee
7. Police General Aek	Angsanant	Independent Director and Member of Audit Committee
8. Assoc. Pachara	Pacharavnich	Independent Director and Member of Audit Committee

Miss Nalinee Pratubsorn is the secretary of Company.

Authorized Directors

The authorized directors are Mrs. Piyanuj Rungkasiri jointly with Miss Kaikae Cherdvisavapan or Asst. Prof. Dr. Tippakorn Rungkasiri, totally two authorized persons, to sign on behalf of the Company with the Company's seal affixed.

Company Secretary

The Board has appointed Miss Nalinee Pratubsorn, Vice President - Human Resource Department to the position Company Secretary on November 13, 2014 has a duty of care to the company compliance with laws and regulations related to the company and to adhere to the principles of good corporate governance as follows.

1. To adhere to good corporate governance.
2. To plan meetings and propose relevant agenda
3. To manage the Board of Directors' meeting And meeting notes in accordance with the rules and best practices.
4. To administer the Shareholders' meeting in line within the legal framework
5. To give advises on legal matters, Public Companies Act and all other rules and regulations of listed companies, the Company's affidavits aiming at full compliance with relevant laws
6. Become a contact point providing information to Directors and third parties
7. All matters concerning the Company's registrar and related document in safe keeping

Scope of Authority and Duty of the Board of Directors

1. To honestly manage the Company in accordance with the laws, objectives and articles of associations as well as resolutions of Shareholders' Meeting and to take precautions in order to protect the Company's benefits.
2. To authorize an appointment a set of directors as Executive Committee to execute one or several tasks in order to implement the work assigned by the Board of Directors as well as to authorize an appointment the Chairman of Executive Committee together with other committee such as Audit Committee, Nomination and Remuneration Committee as deemed appropriate.
3. To determine business goal, guideline, policy, plan and budget of the Company and monitor and ensure that the administration of the Executive Committee or the assigned person shall be according to the policy that set by the Board of Directors.
4. To consider, review and approve the policy, direction, strategy, business plan, annual budget, expenditure budget and project investment that proposed by the Executive Committee
5. To consistently follow up the performance according to the policy and budget that have been set
6. To consider and approve other related material matters or any appropriate actions that benefit to the Company.

Except for the following tasks which can be implemented only obtain the approvals from Shareholders' Meeting. Any directors or related persons who might be involved with either conflict of interest transaction or beneficial conflict transaction with the Company or its subsidiaries shall not be granted the right to vote in that matter.

- (a) Matters stipulated by Laws must be obtained the resolutions from Shareholders' Meeting.
- (b) Transactions that any directors are involved with either conflict of interest or any other beneficial conflicts particularly stated by the Laws or regulations of the Stock Exchange of Thailand must be obtained the resolutions from Shareholders' Meeting.

The execution of the following matters must be approved by the Board of Directors and the Shareholders' Meeting with the votes not less than 3 over 4 of total votes of the eligible shareholders present in the meeting.

- (a) To sale or transfer all or major parts of the Company's business.
- (b) To purchase or acquire of other company or other private company
- (c) To make, amend or terminate the contract related to the rent of all or some major parts of the Company's business. The appointment of other person who will manage the Company's business or the merging with other person in order to share profit and loss.
- (d) To amend the Memorandum of Associations or the Articles of Associations.
- (e) To increase or decrease capital, to issue debenture, to merge or to terminate the business.

(2) Executive Committee

The Company's Executive Committee comprised of 3 persons as follows:

Name	Name	Position
1. Mrs. Piyanuj	Rungkasiri	Chairman of Executive Committee
2. Asst. Prof. Dr. Tippakorn	Rungkasiri	Executive Committee
3. Miss Kaikae	Cherdvisavapan	Executive Committee

Scope of Authority and Duty of the Executive Committee

The Executive Committee is assigned by the Board of Directors to be authorized to perform the following tasks for the Company.

1. To honestly manage the Company in accordance with the laws, objectives, articles of associations, resolutions of Shareholders' Meeting and resolutions of the Board of Directors' Meeting and to take precaution to protect the Company's benefits.
2. To determine organization structure, authority table and to ensure the coverage of details in terms of selection, training, recruitment, reshuffle and dismissal of the Company's personnel.
3. To plan and determine the business plan, business strategies and annual budget and propose to the Board of Directors for approval. Also, to consider and approve the allocation of annual budget, to amend, adjust, or increase annual expense budget in case of urgent needs and present to the Board of Directors accordingly.
4. To audit and monitor the Company's business operation, policy, and administrative guidance in a manner that is compatible to business situation.
5. To audit and to monitor in order to ensure that the company is operated in accordance with the approved business plans.
6. To authorize and approve the following financial implementations:
 - (1) The Executive Committee is entitled to approve unlimited financial amount in case that such implementation is stated in the business plan or annual budget.
 - (2) If not stated in documents mentioned in (1), the Executive Committee is entitled to approve an amount not exceeding Baht 40 million. Such approval shall include the approval on the expense occurred from general operations, investment on capital assets or fixed assets, borrowing, obtaining credit line including provision of guarantee, etc. and inform the Board of Directors for the acknowledgement accordingly.
7. To implement other tasks as periodically instructed by the Board of Directors.

Such assignment will not entitle the Chairman of the Executive Committee or the Executive Committee to approve on any matters that might be conflicts of interest to themselves or other party or matters that may cause any beneficial conflict whatsoever with the Company.

(3) The Audit Committee

The Company's Audit Committee comprised of 3 persons as follows:

Name	Name	Position
1. General Dr. Surapan	Poomkaew	Chairman of Audit Committee
2. Police General Aek	Angsanant	Member of Audit Committee
3. Assoc. Pachara	Pacharavanich	Member of Audit Committee (Has knowledge and experience in financial statements review)

Scope of Authority and Duty of the Audit Committee

1. To ensure that the Company has accurately and adequately disclosed its financial statements to public by cooperating with auditor and in charge executives to prepare financial reports quarterly and annually by reviewing the financial statements, related financial reports, accounting policy, accounting standard, the existence of the Company, the major change in accounting policy as well as the management's opinion on the accounting policy determination prior to present to the Board of Directors and eventually disclose to shareholders and general investors. The Audit Committee may suggest the auditor to examine or investigate any matters considered to be necessary and important during the auditing period.
2. To ensure that there are suitable and effective internal control and auditing system in the company by co-auditing with external auditor and internal auditor (if any). To determine and review the Company's audit plan and to evaluate the audit result with the auditor and internal auditor (if any) regarding any problems or limitations arise during the financial statements auditing. To determine and control on the electronic data processing as well as the security of the information in order to protect the fraud or misuse the computer by the Company's employees or external persons.
3. To ensure that the company is operated in accordance with Laws governing Securities and Exchange, the regulations of the Stock exchange of Thailand and the laws pertaining to the business of the Company.
4. To select and make suggestions regarding the appointment of the Company's auditor together with the audit fee by taking into consideration the credibility, personnel sufficiency, work load of auditing firm as well as experience of the personnel to be appointed as the Company's auditor.
5. To consider and approve any connected transaction and/or any acquisition or disposal of the Company's assets as well as consider the disclosure of the information should there be any connected transactions or any conflict of interest transactions to be accurate and complete. In addition, to approve such transactions in order to propose to Board of Directors' meeting and/or shareholders' meeting as stipulated under the laws or related regulations of the Stock Exchange of Thailand.
6. To conduct other tasks as instructed by the Board of Directors and/or agreed by the Audit Committee, i.e. to make revisions on financial policies and risk management, make revisions on compliance with business ethics, make co-revisions with the Company's directors on important issues which need to be disclosed to public as stated by laws, for instance, report and analysis of the management team.
7. To prepare the Audit Committee report by disclosing on the Company's annual report. The report shall be signed by the Chairman of Audit Committee and should contain following information:
 - Comments on the preparation process and disclosure of information in the Company's financial statements regarding the accuracy and reliability.
 - Comments on the sufficiency of the Company's internal control system.
 - Reasons to believe that the Company's auditor is appropriate to be re-appointed for another term.
 - Comments on the compliance with Laws governing Securities and Exchange, the regulations of the Stock Exchange of Thailand and the laws related to the Company's business.
 - Report on other matters that shareholders and investors should be concerned within a scope of duties and responsibilities appointed by the Board of Directors.
8. To evaluate the Audit Committee's performance.
9. To perform any matters, which stipulated under the laws governing Securities and Exchange and/or regulations of the Stock Exchange of Thailand.

(4) Executives

The Company's executives comprised of 4 persons as follows:

Name	Name	Position
Mrs. Piyanuj	Rungkasiri	Managing Director
Mr. Kittipong	Kittipassorn	Vice President - Marketing and Business Development Department
Miss Nalineee	Pratubsorn	Vice President - Human Resource Department
Miss Krissana	Meungmor	Assistant Vice President - Sales Department
		Acting Vice President - Sales Department
Miss Ratchanok	Supanit	Assistant Vice President - Accounting and Finance Department
		Acting Vice President - Accounting and Finance Department

Scope of Authority and Duty of the Managing Director

1. To manage and supervise general administration of the Company.
2. To perform as assigned by the Board of Directors in accordance with the Company's regulations and articles of associations.
3. To have the power to employ, transfer, remove, expel, determine wage rates, give gratuities and rewards, raise salaries, considerations, and bonuses for all employees except the executives.
4. To authorize an approval on the overall purchase and the expenditure which not exceeding Baht 30 million on general matters as stated in the Company's Authority Table.
5. To authorize the issuance of instructions, regulations, announcements, memorandums so that the Company is operated in compliance with the policy and for the Company's interest as well as for the discipline of the organization.
6. To have the power to represent the Company to deal with external individual for any related business that is useful to the Company.
7. To have the power to appoint advisor in various fields that are necessary for the Company's business.
8. To implement other tasks as periodically instructed by the Board of Directors or the Executive Committee.

Managing Director is not entitled to approve any matters that might be a conflict of interest transaction or conflicts to related party or may cause any beneficial conflicts whatsoever with the Company or subsidiaries.

Selection of the directors

The directors shall be elected by shareholders' meeting as at the shareholders' meeting will select the directors under the procedures stated in the Company's articles of associations that can be summarized as follows:

1. The Board of Directors consists of at least 5 persons wherein the directors not less than half of the number of total directors must be domiciled in the Kingdom and they shall have qualifications as provided by law.
2. The Shareholders' meeting shall elect directors in accordance with the criteria and procedures as follows:
 - a. Each shareholder shall have one vote per one share.
 - b. Shareholders shall vote to elect each individual director.

- c. The candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be appointed as directors in that order until all of the directors positions are filled. Where the votes case for candidates in descending order are tied, which would otherwise cause the number of directors to be exceed, the chairman of the meeting shall make the final decision.
3. At every annual general meeting, one-third of the directors shall retire. If the number of directors is not a multiple of three, the number of directors closest to one-third shall retire. The directors that must retire from office within the first and second year after the listed of the Company shall be selected by casting lots. In subsequent years, the director who has held office longest shall retire. The directors who retire from the position may be re-elected.
4. Any directors who want to resign from the office have to submit the resignation letter to the Company and shall be effective on the date the resignation letter reached the Company.
5. The shareholders' meeting may pass a resolution removing any director from office prior to retirement as a result of the expiration of the director's term of office, by a vote of not less than three quarters of the number of shareholders attending the meeting who have the right to vote and who have shares totaling not less than half of the number of shares held by the shareholders attending the meeting and having the right to vote.

Selection of independence directors

The Company's Board of Directors shall consider the preliminary qualifications of the persons to be elected as the independence directors by considering according to the qualifications as stated in the Public Limited Companies Acts, the laws governing Securities and Exchange as well as all related announcements, objectives and/or related regulations. The Board of Directors shall consider selecting the independence directors who are capable, experienced and appropriate in all aspects and then propose to the shareholders' meeting for appointment as the Company's Board of directors accordingly.

The definition of the independence of the Company's director is complied with the regulations of the Notification of the Capital Market Supervisory which are as follows:

1. Holding shares not more than 1% of the total shares with voting rights of the Company, its subsidiaries, which shall be inclusive of the shares held by related persons.
2. Not being or having previously been a director who takes part in management, an employee, a staff member or advisor who receives a regular salary, or a controlling person of the Company, its subsidiaries unless the termination of being in such position had occurred at least 2 years before an appointment as the Company's independent director.
3. Not being a person related by blood or registration under laws in the form of fatherhood, motherhood, spouse, sibling and child as well as child's spouse, of its executives, its major shareholders, its controlling persons or such other persons who will be nominated to be executives or controlling persons of the Company or its subsidiaries.
4. Having no current or previous business relationship with the Company, its subsidiaries, it major shareholders or its controlling persons which may interfere his /her independent discretion , and not being or having previously been a major shareholder or controlling person of the company which has a business relationship with the Company, its subsidiaries, its major shareholders or its controlling persons, unless the termination of being in such position had occurred at least 2 years before the appointment as the Company's independent director.

5. Not being or having previously been an auditor of the Company, its subsidiaries, its major shareholders or its controlling persons and not being a major shareholder or partner of the audit office of the auditor of the Company, its subsidiaries, its major shareholders or its controlling persons unless the termination of being in such position had occurred at least 2 years before the appointment as the Company's independent director.
6. Not being or having previously been any professional service provider including legal advisor or financial advisor who receives more than 2 million baht annually from the Company, its subsidiaries, its major shareholders or its controlling persons and not being a major shareholder, controlling person or partner of such professional service provider unless the termination of being in such position had occurred at least 2 years before the appointment as the Company's independent director.
7. Not being a director appointed as a representative of the Company's directors, major shareholder or a shareholder who is related to the Company's major shareholder.
8. Not operating any business which has the same nature and significant in competition with the Company, its subsidiaries or not being a major shareholder in partnership or a director who takes part in the management, an employee, a staff member or advisor who receives a regular salary or holding shares more than 1% of total shares with voting rights of other company who operates same business and significantly competes with the Company and its subsidiaries.
9. Having no characteristics that may affect the giving of independent opinions on the operation of the Company and its subsidiaries.

Selection of Audit Committee

The Board of Directors shall appoint at least 3 audit committees from independence directors who have qualifications according to the law governing Securities and Exchange including all related announcement, regulations of the Stock Exchange of Thailand regarding the qualifications and scope of duties of the Audit Committee. Besides, at least one of the Audit Committee has to have financial and accounting knowledge. The office term of each committee is 2 years.

Remuneration of Directors and Executives

(1) Monetary Remuneration

Board of Directors' Remuneration

The Company's Board of Directors comprised of 8 persons in 2017, the remunerations of each director were as follows:

Name	Position	Remuneration*	No. of Attendances	
		(Baht)	Regular	Additional
1. Mr. Puttachat Rungkasiri **	Chairman	820,000	4/4	5/5
2. Mrs. Piyanuj Rungkasiri	Vice Chairman	585,000	4/4	5/5
3. Asst. Prof. Dr. Tippakorn Rungkasiri	Director	480,000	4/4	5/5
4. Miss Kaikae Cherdvisavapan	Director	460,000	4/4	4/5
5. Mr. Bandal Udol	Independent Director	460,000	3/4	5/5
6. General Dr. Surapan Poomkaew	Independent Director and Chairman of Audit Committee	645,000	4/4	5/5
7. Police General Aek Angsanant	Independent Director and Member of Audit Committee	600,000	4/4	5/5
8. Assoc. Pachara Pacharavanich	Independent Director and Member of Audit Committee	580,000	4/4	4/5
Total		4,630,000		

Remark: * Board of Directors' remuneration consists of meeting allowances and gratuities

According to the resolution of the Annual General Meeting of shareholders No. 1/2017 on April 28, 2017, the shareholders approved the Board of Directors' remuneration for not more than Baht 5 million per year.

Executives' Remuneration

Executives' remunerations in 2016 and 2017 were as follows:

Remuneration	2016		2017	
	No.	Total (Baht)	No.	Total (Baht)
Short term employee benefits	5	12,074,528.02	5	13,123,239.38
Post-employment benefits	5	750,809.00	5	871,309.00
Total		12,825,337.02		13,994,548.38

(2) Other Remunerations

- None -

Corporate Governance

The Company realizes the importance to operate and manage the business in relation to the good corporate governance in a firm and concrete manner. The Company has set the good corporate governance policy in order to increase the transparency of its operation and comply with the principles of good corporate governance for listed companies.

In 2017, the Company implemented the good governance practices following the regulations and the best practice of corporate governance for listed companies. There are five categories as follows:

1. Rights of Shareholders

The Company realizes the importance of the basic shareholder rights by operating as follows:

1. The Company will send an invitation letter with adequate supports for the shareholders in advance. The invitation letter has details and meeting agendas as well as documents related to rules and regulations and opinions from the Board of Directors. The proxy form and the map of the meeting place are also included and the letter notifies shareholders to prepare documents to be shown at the meeting and used when exercising their rights and voting including the Company's Articles of Associations regarding the shareholders meeting. The shareholders can look for information about the meeting rules and agendas on the Company's website before they get the invitation letter. Moreover, the Company will open for advance registration at least two hours before the meeting.
2. Before every meeting, the Chairman of the meeting will explain the voting method and the vote-counting method. The Chairman also informs the meeting the voting result for every agenda.
3. The Chairman of the meeting has to arrange sufficient time for the meeting and manage it properly and transparently. During the meeting, the Chairman will give chances for shareholders to express their opinions and ask questions before voting and concluding the meeting resolution for each agenda.
4. The Company will disclose information to shareholders regularly through the Stock Exchange of Thailand and the Company's website.
5. The Company will provide minor shareholders with access to information directly via electronic mail of the Company's investor relation department.
6. The Company will operate with efficiency in building sustainable growth for the organization and generating appropriate returns for the shareholders.

2. Equitable Treatment of Shareholders

The Company emphasizes on providing fair and equitable treatments for all shareholders as follows:

1. The Company will arrange the shareholders' meeting following the sequence of agendas notified in the invitation letter and having no policy to add more agendas without informing shareholders in advance providing shareholders with enough time to study details and related information in each agenda before making a decision.
2. The Board of Directors encourages the shareholders, who could not attend the meeting, to appoint their power of attorney to attend and vote for them. The Board of Directors will provide an option to shareholders by nominating independent directors for their choice as their proxy and using the proxy form

on which the shareholders are able to specify their votes. The Board of Directors encourages the using of voting cards for important agenda items such as related party transactions, acquisition or disposal of significant assets, etc. for the transparency and be able to examine in case there is any argument later.

3. The minute of meeting is to be made precisely before submission to the Stock Exchange of Thailand within 14 days after the meeting which it will also be disclosed via the Company's website.
4. The Company shall outline the measures regarding information security and prevention of insider trading in the Company's corporate governance policy to create fairness for shareholders. Director, executive, employee and staff are prohibited to trade, transfer, accept the Company's share by using the Company's confidential information and/or inside information and/or to enter into any contractual agreement by using the confidential information and/or inside information which may cause any direct or indirect damages to the Company by prohibiting director, executive, employee and staff to trade the Company's shares for a period of 1 month prior to the release of financial statements to the public. This prohibition includes their couples as well as their minor children.

3. Role of stakeholders

The Company realizes the importance of role of stakeholders including shareholders, staff, trading partners, competitors, customers, the community, the society and the environment. Treatments for each stakeholder have been notified clearly in the corporate governance policy which staff at all levels will use it as a guideline of their duties and responsibilities.

- Shareholders : The Company is determined to take responsibility and to satisfy the shareholders by making a sustainable growth and an appropriate return constantly along with transparency in management and reliable accounting system.
- Customers : The Company will ensure customer satisfaction and confidence about quality products and services at reasonable prices. It will build long-term good relationship with customers.
- Trading partners : The Company is concerned about fairness, honesty and mutual benefit with its trading partners. Thus, the trading partners shall strictly comply with related rules and regulations as well as have business ethics.
- Competitors : The Company will follow rules of fair competition.
- Staff : The Company considers staff as one of key factors for success. Staff will feel that they have good working environment and friendly corporate culture and this will promote a strong teamwork and staff confidence.
- Community and Society : The Company realizes the responsibility to the community and society by considering the growth of the Company together with the development of the community.

4. Disclosure and Transparency

The Board of Directors shall ensure that all relevant information, both financial and non-financial, is disclosed correctly, accurately, on a timely basis and transparently by disclosing through the SET's channel and the Company's website (www.twz.co.th). Such information will be consistently updated so that the investor and related party have sufficient and equal information for the decision.

The material information both financial and non-financial that have to be disclosed are as follows:

1. Annual statements (Form 56-1) and annual report
2. Corporate governance policy and the implementation of the policy
3. A statement of the Board of Directors' responsibilities concerning the Company's financial reports presented alongside the auditor report of the Company's annual report
4. Disclosure of the roles and responsibilities of the Board of Directors and other committees, including the number of the meetings and attendances of each director
5. Disclosure of the remuneration of the Board of Directors and the management

Besides, the Company has set up the Investor Relation unit to communicate and promote useful information to the shareholders, investors, analysts and general public through various channels including analyst meeting, conference call, answer question through phone and the Company's website, etc.

5. Responsibilities of the Board of Directors

The Board of Directors is the key of the Company's good corporate governance practices. The Board of Directors should comprise of those who possess knowledge and experience in the fields related to the Company's business and willing to contribute time for the Company.

Board of Directors' structure

1. The Company's Board of Directors comprise of 8 directors, of which 3 director are the Company's management and the remaining 5 directors are non-management including 4 independent directors according to the Company's Articles of Association which indicated that the Company shall maintain at least 5 directors at all time and the good corporate governance of which at least 1/3 of the entire Board of Directors have to be the independent directors.
2. The Company has clearly set term of service of directors to be in line with the principles of good corporate governance for listed companies and regulations of the SET. At every annual general meeting, one-third of the directors shall retire. If the number of directors is not a multiple of three, the number of directors closest to one-third shall retire.
3. The Company clearly determines the qualifications of the Audit Committee; such qualifications are more restricted than minimum qualifications specified by the SEC and the SET.
4. The Company discloses details of each director in annual statement (Form 56-1) and be able to see the details from the SET's website (www.set.or.th)
5. The Chairman of the Board of Directors and the Managing Director are not the same person and their roles and responsibilities are different. The Board of Directors has clearly determined roles and responsibilities for both the Chairman of the Board and the Managing Director.

The Sub-Committee

To have a careful and efficient consideration on important plans and operation, the Company's Board of Directors appoints sub-committees as follows:

- The Audit Committee is appointed from at least three board directors and at least one among them must be an independent director and have knowledge and expertise on accounting and finance. The Audit Committee must have independence as required by the announcement of the Securities and Exchange Commission and the Stock Exchange of Thailand. The Audit Committee has a duty to monitor and supervise the Company's operation, financial statements and internal controls. It may also consider the nomination of auditor, consider conflict of interests and manage risks for the Company.
- The Executive Committee is appointed from 3 board directors and has duty and responsibility to screen business plans and financial budgets which, then, will be proposed to the Board of Directors. The Executive Committee will outline the investment policy to suit the Company's major policy. The Committee may work on other tasks as assigned by the Board of Directors.

The Company has not set the Remuneration Committee; however, the Company has set the preliminary consideration procedure for the appropriate remuneration by comparing its remuneration amount with the comparable firms in the same industry together with the Company's performance.

Roles and Responsibilities of the Board of Directors

The Board of Directors shall be responsible for their role in managing for the best interest of the Company. Role, duties and responsibility of the Board of Directors shall comply with legislations, Company's Articles of Association, resolutions of the shareholders' meeting and corporate governance principles. The Board of Directors shall perform with honesty, integrity, responsibility and accountability, along with transparent disclosure of information. It will supervise the management performance to meet the goal, maximize profits for shareholders and also concern about interests of all stakeholders. To enhance the Company's strength and efficiency, the Board of Directors has active roles and duties as follows:

1. To contribute time and emphasize the importance of vision, direction and strategy for the Company by jointly expressing opinions and gathering important information. The Board of Directors will also consider risk factors to make sure that the management is able to implement the Company's business vision, direction and strategy for the highest benefit.
2. To examine and grant approval on the Company's important strategy and policy as well as financial projections and business plans. The Board of Directors will regularly follow up the management to work and implement all action plans initiated to meet the Company's business direction and strategy.
3. To establish the reliable accounting system, financial statements and auditing and pursuing the procedure and assessments of internal controls efficiently and effectively.
4. To examine business risks which may happen in the future and carefully adopt risk management policy. The Board of Directors will supervise the management to arrange the efficient risk-management system and explore new business opportunities arisen from the risks.
5. To examine and solve problems arisen from conflict of interests and connected transactions. The Board of Directors should consider major transactions which will benefit the Company, shareholders and stakeholders the most.
6. To arrange the remuneration system for the Company's executives to create incentives to perform in both short and long term.
7. To evaluate the performance of the Managing Director regularly and proposing remunerations for the Managing Director which is in line with the Company's performance.

8. To provide a channel to communicate with each group of shareholders and to evaluate the information disclosure to ensure that it is accurate, precise, transparent and highly reliable.
9. To have leadership and be a role model by complying with the Company's corporate governance practices.

Board Meetings

1. The Board of Directors shall set its meeting schedule in advance and notify each director of the schedule so that each member of the board can manage time to attend the meetings. In case of emergency, the Company may call for an additional meeting.
2. In 2017, there were 8 meetings of the Board of Directors which was appropriate to the obligations and responsibilities of the Board and nature of the Company.
3. The Chairman of the Board and the Managing Director should set the Board meeting agenda together and ensure that all important issues are already included. Each member of the Board should be free to propose an issue for a meeting agenda.
4. Meeting documents should be sent to each director in advance of the meeting date. The document should be concise, with all relevant information. Any confidential issues should be brought to discuss during the meeting.
5. The Chairman of the Board should appropriately allocate the meeting time for complete management's presentation and comprehensive directors' discussion. The Chairman should encourage careful consideration in the meeting.
6. The Board should have access to additional information, under a prearranged condition, via the managing director, the company secretary or the executive designated as a contact person.
7. Non-executive directors should be able to meet, as necessary, among themselves without management team in order for them to debate their concerns. The meeting outcome should be notified to the Managing Director.

Board Self-Assessment

1. The Board of Directors conducts the Board self assessment annually to discuss and consider the performance and problem for further improvement. The topics of the self assessment are clearly defined in order to be benchmark for performance comparing.
2. The Board of Directors assesses the performance of the Board as a whole and on individual basis, such assessment shall be performed cautiously and carefully.

Remuneration

1. Board of Directors' remuneration is comparable to the industry level in which the Company operates; reflect experience, obligations, scope of work, accountability and responsibilities and contributions of each director.
2. Remuneration of the Executive Committee, the Chairman of the Executive Committee, Managing Director and top executives are in accordance with the principle and policy as specified by the Board of Directors. For the best interest of the Company, executives' salaries, bonuses, and other long-term compensation should correspond to the Company's performance and that of each executive.

Board of Directors and Executives Training

1. The Board of Directors encourages and facilitates training for all internal parties related to corporate governance such as directors, members of the Audit Committee, executives, the secretary of the Board, internal audit department, SET's coordinator, etc. Training will enable them to continuously improve their performances.
2. New directors shall be provided with all documents and useful information to perform their duties. Introduction to the nature of the business and the operations of the company is necessary.
3. The Board of Directors shall establish a development program for the Executives. The Managing Director and the Executives shall report to the Board in relation to the operation result during each quarter for operation achievement according to the target and objective of the Company.

Personnel

Number of Staff

As at December 31, 2017, the total staffs of the Company classified by each department are as follows:

Department	No. of Staffs
Administration	8
Internal Control Department	4
Human Resource Department	8
Marketing and Business Development Department	13
Accounting and Finance Department	25
Sales and After Sales Services Department	349
Total	407

Staff Remuneration

(1) Monetary Remuneration

Staff remunerations (exclude executives remuneration) in 2016 and 2017 were as follows:

Remuneration	2016 (Baht)	2017 (Baht)
Short term employee benefits	135,653,398.69	130,745,460.25
Post-employment benefits	1,046,029.00	1,788,376.00
Total	136,699,427.69	132,533,836.25

(2) Other Remuneration

- None -

Human Resources Development Policy

The Company supports and provides opportunities to all levels of employees to obtain additional knowledge and capability in order to be suitable with their positions and assigned duties as well as for the Company's and their own developments in the future by consistently arrange training which can be divided into 2 types as follows:

1. Internal Training which is trained by the supervisor or invite speaker in related business to share his knowledge, experience and give advises so that the staff can be able to apply the knowledge with his duty and responsibility. The inside training normally is arranged once in 1-3 months.
2. External Training which is held by the product owners such as AIS in order to educate the Company's staff to understand their products and services. The Company also provides other trainings to increase its staff efficiency when appropriate.

Internal Control

At the Board of Director's Meeting No. 1/2018 on February 28, 2018, the Board of Directors together with the Audit Committee had considered and assessed the sufficiency of the Company's internal control for five main areas as follows:

1. Organizational Control and Environmental measure
2. Risk Management Measure
3. Management Control Activities
4. International and Communication Measure
5. Monitoring

From the above assessment, the Board of Directors viewed that the Company has sufficient and proper internal control system of five main areas including the adequate internal control system on transaction done with the major shareholders, directors, executives or related persons. Besides, the Board of Directors encourages and supports the management to keep improving the quality on internal control system in order to obtain the Good Corporate Governance.

Corporate Social Responsibility

Social Responsibility Policy

The company was aware of the importance of being part of Thailand and social responsibility in every of activities to the community, suppliers, partners, customers and employees. By adhering treated with fairness and not cause impact or burden on society includes not contrary to morals and laws.

The operations with fairness.

The company has a policy of purchasing products to sell from suppliers who operate their businesses legally. A product that does not infringe intellectual property rights of others. These include the product quality inspection from the manufacturers. The Company's policy is asked to visit an establishment or producing factory before making a purchase. Moreover the Company had to check the quality of the product again before being sold to customers to ensure that such products qualified established quality and not be dangerous to customers or users.

For the sale of the company, the company supports the competition is liberalization and fairness to all parties. No monopoly, or assign a partner to sell only products of the company. Wholesale pricing to dealers as to the criteria standards under the same conditions for each partner such as the volume of orders, payment history, etc. And retail pricing to the retail customer, it is compliant prices all the same. Moreover the Company does not support to acquire of competitor information illegally or against the good morals as well.

Anti-corruption.

The Company defines the policy against corruption, bribery, graft and corruption with all levels of employees, which clarified understanding in this matter with the staff regularly. And impose sanctions for employees who violate are strictly prohibited.

The management of the company has attended the training. Anti-Corruption: The Practical Guide (ACPG) to clearly define policies and to counteract corporate fraud.

Respect for Human Rights.

The Company to respect human rights and freedom of employees at all levels. Do not block the expression of rights and freedom of employees to join any organization, group or association as action properly under the law. And provide opportunities for employees to exercise their right to vacations for participates the rights and freedom of expression. This must be done for the benefit of society or publicly. The companies are committed to respecting the privacy rights of employees by will not disclose the personal information of employees, such as family history, personal medical history, salary etc. to a third party or unrelated individuals, except with the permission of the employee or pursuant to law.

To treats labor fairly.

The company recognizes the value of collaboration in duty personnel for the company. It is important to strengthen potential, knowledge and competencies of employees. Also build moral and encouragement to perform equally.

The company also has welfare, health care and safety in the working to employees under the laws. Including care employees in the workplace, working environment, equipment, facilities needed to perform for aim to employees, a pleasure to work with the company. In addition to basic welfare, the company also provides additional benefits to employees, such as the Free Lunch Program to encourage employees to have the opportunity to learn together interchangeable, apart from the normal practice. It also helps ease the burden of the cost of the livelihood of the employees another way.

For the development of knowledge and skills of employees. The company has provided training to employees within the organization to continually as appropriate and necessary to strengthen their capacity to live together in society and attitudes of employees, which will be helpful to development yourself, company and society.

Responsible to consumers.

The Company recognizes the importance of accountability to consumers is a key factor in business. Its products are sold to consumers through the quality inspection of the manufacturer, verified and authorized by the relevant governmental agencies and pass the quality check again before delivery to the consumer. Moreover the Company has a policy to guarantee the quality of all items by product type, under the terms and conditions set forth to give consumers confidence and security in the use of products.

Environment conservation.

The company has instilled employees to participate in saving the environment with the project within the organization such as water saving campaign together, saving electricity use at work, the paper is then recycled (Reuse) and project off the air conditioner 10 minutes before lunch etc. Addition to the campaign within the organization, the company with a focus on saving the environment from products that may cause harm if not rid properly such as Project of leave the old battery at branches of company by customers or the public dispose of old batteries that are not used within a container prepared and the company will collect old batteries to a company with expertise in such matters was operated next.

Connected Transactors

The Company's connected transactions in 2017 were as follows :

Related parties	Relationship	Details	Transaction Value (Million Baht)	Necessity and Reasonableness
Mrs. Piyonuj Rungkasiri	Managing Director	Loan agreement, did not interest, and repayable on called.	6.97	Piyachart Co.,Ltd., a subsidiary company Obtained loan from Mrs. Piyonuj Rungkasiri the directors in the Loan agreement, did not interest, and repayable on called. Were necessity and benefit to the subsidiary company as Invested on the property of the State Railway of Thailand. But insufficient of working capital it is necessary to such type of loans from directors.

Connected Transaction Approval Procedure

The Company has set a procedure to enter into any connected transactions with any related persons that the executives and the related persons shall not participate for the approval for any mentioned transactions. The Company shall arrange the Audit committee to provide the comment on the necessity, reasonableness, and price appropriateness of the transaction by stating the conditions to be in accordance with the normal business operation at the market price and be comparable to others. In case that the Audit Committee has no expertise to review such connected transaction, the Company will hire an independent expert or auditor to express the opinion for the transaction occurred in order to use for further consideration at the Board of Directors' meeting or shareholder's meeting. In addition, the Company will disclose the connected transaction in the notes of the financial statements audited by the Company's auditor.

Additionally, the Board of Directors has to ensure that the Company abides by the laws governing Securities and Exchange and rules, announcement, declaration and regulations of the Stock Exchange of Thailand concerning the information disclosure of the connected transaction as well as the acquisition and disposal of the assets according to the accounting standard set by the Federation of Accounting Profession.

Policy for Future Connected Transaction

In the future, the Company might borrow short-term loan from its related persons in case of any urgent or necessity matters. If there are other connected transactions in the future, the Company will follow the procedure that has been set in the Connected Transaction Approval Procedure.

Management Discussion and Analysis

Revenues

In 2017, the company and its subsidiaries had total revenue Baht 3,707.29 million, decreased from Baht 4,248.36 million in the same period which was Baht 547.07 million or equivalent to increase of 12.74%, as follows.

Revenues from sales and services. The company and its subsidiary's has revenues from sales and services was Baht 3,526.96 million for the year 2017 decreased from Baht 4,074.05 million of the same period last year which was Baht 547.09 million or equivalent to the decrease of 13.43%. Because the company has joined the project's Advance Info Service Plc. This has the project to clients of AIS Bring 2G handset 3G handset upgrade. And the economic situation in 2560, The revenue from sales and services decreased from the previous year.

Revenue from real estate project for rental under financial lease agreement in 2016 was Bath 11.46 million. The gross profit was Baht 3.90 million. decreased from Baht 106.60 million of the same period last year which was Baht 95.14 million or equivalent to the decrease of 89.25% which the profit margin in 2016 was Baht 3.90 million decrease from Baht 32.84 million of the same period last year which was Baht 24.94 million or equivalent to the decrease of 88.12% Because subsidiary company had rental revenue of the estate project under financial leased agreement on the State Railway of Thailand on Ratchadapisek Road, Bangkok. For the year 2017, the Company did not recognize revenue from financial lease.

Sales promotion income was Baht 128.87 million decreased from Baht 139.68 million of the same period last year which was Baht 10.81 million or equivalent to the increase of 7.74%. Because the company has arranged marketing activities in order to accelerate the distribution of mobile phones and accessories therefore has received the support of sale from the supplier.

For others income was Baht 54.46 million which was 1.08% of Total revenue increased from Baht 23.17 million of the same period last year which was Baht 28.29 million or equivalent to the increase of 122.10%. Mostly as a result. Proceeds from transfer of assets of real estate projects for lease under finance lease agreements. Investment Property Revenue recognition is recognized as revenue of the subsidiary.

Cost of Goods Sold

Cost of sales and services was Baht 3,244.21 million decreased from Baht 3,717.49 million of the same period last year. Because the company and its subsidiaries has decreased distribution.

The cost of real estate project for rental under financial lease agreement

Cost of real estate project for rental under financial lease agreement was Baht 7.56 million in 2016, the subsidiaries company had income from real estate projects to rent under the lease financing as mentioned above. By the ratio of cost of sales to revenues from real estate project for rental under financial lease agreement was 65.97%.

Selling and Administration Expenses

Selling expenses and Administrative expenses was Baht 110.15 million decreased from Baht 118.78 million of the same period last year. The company and its subsidiaries have sales expenses to total revenue was 2.80% and 2.97% in 2017 and 2016 respectively.

An administrative expense was Baht 208.87 million increased from Baht 182.12 million of the same period last year, or equivalent to the increase of 14.69%. Most of the losses are due to the Company's provision for doubtful accounts. Real estate project receivables under finance leases for annual rental throughout the lease term. Based on past collection experience. Age of outstanding debt and economic conditions.

Finance Cost

Finance cost was Baht 120.07 million increased from Baht 92.74 million in 2016. Which was Baht 27.33 million or equivalent to the increase of 29.47%, which results from the company and its had long-term loans from financial institutions increased for renewable energy projects

Net Profit

An amount of net profit was approximately Baht 4.47 million which was deducted by a deficit of non-controlling interests at Baht 7.88 million. As a result, the company has net loss in the amount Baht 3.41 million which decreased from Baht 99.98 million of the same period last year was Baht 103.39 million. It can be seen that it decreased at 103.41% because the company and its associate companies the operating result as described above.

Financial Status

(a) Assets

The total assets of the Company in 2017 were Baht 4,756.22 million decreased from Baht 4,835.86 million of the same period last year which was Baht 70.64 million or equivalent to the increase of 1.46%. The Company's total assets at the end of year 2017 consisted of current assets with the portion of 78.94% and non-current assets with the portion of 21.06%. The Company's major assets were summarized as follows:

Trade and other receivables

Trade and other receivables of the Company were Baht 1,385.98 million increases from Baht 1,260.68 million of the same period last year which was Baht 125.30 million or equivalent to the increase of 9.94%. The accounts receivable of the Company were the result of the emphasizing on wholesale. The Company has policy to provide credit term 30-90 days and receivables from the Revenue Department of its subsidiaries. The purchase of assets in the alternative energy project.

Inventory

The inventory of the Company consisted of mobile phone handsets and accessories were at the total amount of Baht 1,311.73 million in year 2017 decreases from Baht 1,372.61 million of the same period last year. Because due to the management of the company's products.

Real estate development project for sale

Real estate development project for sale in 2017 was Baht 476.64 million decreases from Baht 508.74 million of the same period last year which was Baht 32.10 million or equivalent to the decrease of 6.31%. Because the Company's subsidiaries have sold their subsidiaries, the sale of real estate projects has decreased.

Real estate development project for rental under financial lease agreement

The company and its subsidiaries have real estate development project to rent under the lease financing in 2017 was Baht 100.19 million decrease from 126.05 million of the same period last year which was Baht 25.86 million or equivalent to the decrease of 20.52%. The subsidiary has reclassified certain properties for lease under financial lease agreements as investment property.

Non-current assets

Non-current assets of the Company increased from Baht 1,006.07 million in year 2016 to Baht 1,003.53 million. Non-current assets of the Company Most of them are deposits, collateral, credit facilities and land, buildings and equipment of renewable energy projects. The Company's non-current assets and its subsidiaries The proportion is quite small. The main business is trading.

(b) Liquidity

Cash Flow

The company and its subsidiaries have cash and cash equivalent as December 31, 2017 was Baht 479.84 million decreases from the year ended of 2016 amount Baht 57.47 million or equivalent to the decrease of 10.70%. The details of the sources and uses of cash as follows:

Net cash provided from operating activities was Baht 49.15 million. Mainly due to an increase in inventories and financial costs.

Net cash used from investing activities was Baht 3.80 million. Mainly due to increased of Fixed Assets and Secured Deposits.

Net cash provided from financing activities was Baht 3.97 million. Mainly of the decrease was due to the decrease in overdrafts. Short-term loans from financial institutions.

Current Ratio

Current ratio of the Company in year 2016-2017 equaled to 1.70 times and 1.88 times, respectively. The Company's current assets in trade accounts receivable and receivables increased and bank overdrafts and short-term loans to buy decrease purchase.

The cash cycles of the Company in year 2014-2016 were 65 days, 93 days, and 93 days, respectively. In 2015, its inventory turnover was 121 days account receivable turnover was 75 days which account payable turnover increased to be 103 days. In 2016, its inventory turnover was 128 days account receivable turnover was 80 days which account payable turnover increased to be 115 days. Therefore, its cash cycle was same as last year.

(c) Source of Capital

Capital Structure Appropriateness

The total liabilities of the Company as of December 31, 2017 amounted to Baht 2,405.96 million decreased by 33.47% from year 2016. The increase in liabilities was due to the decrease in bank overdraft and short-term loans and other accounts payable and other payables. The Company's shareholders' equities equaled to Baht 2,359.26 million the Company's debt to equity ratio was 1.02 times equivalent to 2015.

Audit Fee

C&A Audit Office Co., Ltd. was the office of the auditor of the Company for year 2016, the remunerations are as follows:

1. Audit fee

The Company paid the audit fees to the office of the auditor for the year 2017 are as follows:

Company	Audit fees
TWZ Corporation Public Company Limited	1,350,000.00
TZ Trading Co.,Ltd	140,000.00
Piyachart Co.,Ltd	830,000.00
The Boxes Co., Ltd	50,000.00
Le Andaman Development	150,000.00
Gear Corporation Co., Ltd.	200,000.00
Mastech Tool and Service Co.,Ltd.	350,000.00
Total Audit fees	3,070,000.00

2. Non-Audit Fee

The Company has not received any other services from the office of the auditor or person or entity that related the auditor and the office of the auditor during the latest accounting period.

Person or entity that related to the auditor and the office of the auditor includes:

- 1) Spouse and children under support of the auditor
- 2) Juristic person that has control over the office of auditor, juristic person that is under control of the office of auditor and juristic person that is under the same control of the office of auditor both direct and indirect control
- 3) Juristic person that is significantly controlled by the office of auditor
- 4) Partner or equivalent of the office of auditor
- 5) Spouse and children under support of person in (4)
- 6) Juristic person that the auditor, person in (1), (4) or (5) has significant control power over both direct and indirect control

Report of Audit Committee

Dear Shareholders

The Audit Committee of TWZ Corporation Public Company Limited as appointed by the Board of Directors is entirely made of three independent members who meet the qualification as prescribed by the Stock Exchange of Thailand namely:

- | | | |
|----|------------------------------------|-----------------------------|
| 1. | General Dr. Surapan Poomkaew | Chairman of Audit Committee |
| 2. | Police General Aek Angsanant | Member of Audit Committee |
| 3. | Assoc. Prof. Pachara Pacharavanich | Member of Audit Committee |

In fiscal year 2017, the Audit Committee attended 4 meetings with the Company's management and Internal Audit Department according to the relevant agendas to review the operation performed within the scope of duties and responsibilities assigned by the Board of Directors. All minutes of the meetings were submitted to the Board of Directors for acknowledgement. The duties and responsibilities could be summarized as follows:

1. To review the accuracy of the quarterly and annual financial statements as well as the information disclosure in the notes to financial statements.
2. To evaluate the adequacy of the internal control system and acknowledge the audit report according to the annual audit plan of Internal Audit Department.
3. To review and ensure that the Company is operated in accordance with the laws, regulations of the Stock Exchange of Thailand or any regulations related to the Company's business.
4. To consider the Company's information disclosure to comply with the related laws including the connected transactions and any transactions that might cause any conflicts of interest.
5. To provide comments with regards to all aspects of business operation to its management through the Board of Directors in order to increase efficiency in business operation.

The Audit Committee was of the opinion that in 2017 the Company performed in accordance with the laws or related regulations with adequate and proper internal control system as well as no material weaknesses. The Company's financial statements were prepared with accuracy, completeness and sufficiency in accordance with the general accepted accounting principles.

On behalf of the Audit Committee



General Dr. Surapan Poomkaew
Chairman of the Audit Committee

February 28, 2018

Independent Auditor's Report

To the Shareholders of TWZ Corporation Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of TWZ Corporation Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2017, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of TWZ Corporation Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TWZ Corporation Public Company Limited and its subsidiaries and of TWZ Corporation Public Company Limited as at December 31, 2017, their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Basis for opinion

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

Key audit matters

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

Key audit matters and how audit procedures respond are described below.

Allowance for impairment of inventory

The Group's main business is a mobile phone dealer including parts and accessories. The majority of products are affected by technological change since consumers tend to change rapidly, so this is why the Company had a risk of obsolete inventory or product deterioration. As at December 31, 2017, the consolidated financial statements shown that the Company had inventories amounted to Baht 1,337.96 million with an allowance for impairment of inventory amounted Baht 26.22 million according to the note to financial statement No.13. The recognition of such matter had significant impact and risk to the financial statements since the estimated value depended upon judgement of the Group's management by considering assumptions or information to decide adequacy and appropriateness which include;

- Tracking information on the selling price of each model closely
- Duration of storage and inventory life cycle
- Slow moving inventory that exceed the Company's policy
- Comparison report between cost and net realizable value and/or analysis of aging inventory report

Audit procedures

I determined audit procedures to gain reasonable assurance from management's judgement and estimation on adequacy and appropriateness of allowance for impairment of inventory in consolidated financial statements of the Group as followed;

- Analyzing and evaluating the gross profit (loss) from sales transaction
- Understanding and reviewing policies, procedures, and assumptions of allowance for impairment of inventory of the Group
- Observing the inventory count to ensure whether they are existent and the Company has a proper inventory process, especially, the separation of slow-moving or obsolete inventory
- Testing the accuracy of the report used to reserve allowance for impairment of inventory
- Reviewing the policy of allowance for devaluation of inventory of the Group whether it complies with Financial Reporting Standard

Allowance for doubtful debts

According to the note to financial statements 2.3.2 "Accounting estimates and Judgement" of allowance for doubtful accounts and the note to financial statements 12 "Account receivables of real estate project under financial lease agreement",

As at December 31, 2017, the Group had account receivables of real estate project under financial lease agreement amounted to Baht 86.37 million and allowance for doubtful accounts amounted to Baht 19.03 million which the recognition of these items is material to the financial statements and is subject to risks. As a result, the management is required to make judgments in estimates of expected losses that may be incurred in the collection of receivables. Thus, the above estimated loss required management to consider the past collection experience, the age of outstanding debt, and the economic condition at that time including other evidence and reasons in order to consider the ability of repayment of the debtor.

Audit procedures

I determined audit procedures in order to have a reasonable assurance based on judgement of management to assess an adequacy and appropriateness of allowance for double accounts in the Group's financial statements as followed;

- To understand and review the criteria and policies used to determine the allowance for doubtful accounts and the write-off of specific receivables
- To test the accuracy of the aging report of receivables
- To analyze the age of the debtor to identify the group of receivables that are indicative of late payment
- To examine received vouchers and other documents that occurred during the year and after the end of the fiscal period.
- To verify the accuracy of the allowance for doubtful accounts.
- To examine the approval in the voucher that setup allowance for doubtful accounts

Valuation of investment property

As discussed in the notes to the financial statements No.19 'Investment property'

As at December 31, 2017, the Group had investment property amounted to Baht 46.20 million, which represents 0.97% of total assets. During the year, the Group recognized gain from fair value adjustment on investment property of Baht 2.89 million in the statements of total comprehensive income. The recognition of such material transaction was material to the financial statements and was subjected to risk since the Group's management used judgment in evaluating the reliability of assumptions using in estimation of fair value by an independent appraiser. However, in estimating fair value, the management considered the following information:

- Competency and independence/experiences of appraiser
- Reasonableness of information, assumptions about current market price for rent, tenancy agreement, revenue growth and a discount rate etc. and fair value method using in the valuation process of investment property

Audit procedures

I evaluated and specified audit procedures to provide a reasonable assurance to judgments' management regarding an adequacy and appropriateness of valuation of investment property as followed;

- To review qualification and certificate of independent appraiser issued by Stock Exchange Commission (SEC).
- To review independence of appraiser with related documents i.e. Certificate and Bor.Mor.Jor.6 including other sources
- To assess the methodologies used and appropriateness of the key assumptions based on my knowledge in business and the available evidence. This included an assessment of the market price for rent with the comparable property in the similar locations and conditions, include reviewing the appropriateness of the discount rate with the comparable rate used in the same industry

Other information

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

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

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

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

Responsibilities of Management and Those Charged with Governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Company to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the Group and the Company audit. I remain solely responsible for my audit opinion.

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

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

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

C&A Audit Office Co., Ltd.

(Mrs. Chintana Techamontrikul)

Certified auditor no.5131

Bangkok : February 28, 2018

Statement of Financial Position

TWZ Corporation Public Company Limited and Its Subsidiaries

As at December 31, 2017

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalent	10	479,841,561.80	537,305,509.69	456,423,278.31	470,242,145.48
Trade and other receivables	11	1,385,976,332.96	1,260,681,989.42	1,399,189,215.92	1,293,623,393.38
Current portion of account receivables of real estate project under financial	12	381,705.13	644,511.41	165,776.54	544,535.19
Short-term loans	7	-	-	114,600,000.00	339,000,000.00
Inventories	13	1,311,733,772.65	1,372,609,028.29	1,304,912,990.56	1,363,757,163.49
Real estate development project for sale	14	476,640,797.08	508,744,700.09	218,801,926.54	159,619,479.55
Real estate development project for rental under financial lease agreement	15	100,193,653.45	126,047,638.91	12,882,599.92	12,882,599.92
Other current assets	16	6,925,385.84	23,764,814.80	4,867,436.33	3,417,815.60
Total current assets		3,761,693,208.91	3,829,798,192.61	3,511,843,224.12	3,643,087,132.61
Non-current assets					
Restricted bank deposit	17	408,383,439.35	392,889,953.80	394,603,000.00	386,606,399.18
Account receivables of real estate project under financial lease agreement	12	67,338,883.40	85,611,470.18	40,771,017.65	59,320,024.32
Investments in subsidiaries	18	-	-	427,957,769.00	427,957,769.00
Land held for development		23,625,000.00	23,625,000.00	-	-
Investment property	19	46,200,000.00	-	-	-
Property, plant and equipment	20	215,175,300.83	225,480,926.35	25,180,558.68	36,862,875.34
Leasehold land	21	78,013,869.59	106,730,721.97	5,124,080.56	5,500,623.59
Leasehold rights	22	2,506,923.66	2,992,849.46	2,506,923.66	2,992,849.46
Intangible assets	23	95,225,482.94	98,981,668.38	298,245.51	446,677.70
Goodwill		25,978,361.69	25,978,361.69	-	-
Deferred tax assets	24	1,843,312.30	288,327.16	-	-
Other non-current assets	25	39,228,790.59	43,477,912.95	17,375,521.57	20,736,467.55
Total non-current assets		1,003,519,364.35	1,006,057,191.94	913,817,116.63	940,423,686.14
Total assets		4,765,212,573.26	4,835,855,384.55	4,425,660,340.75	4,583,510,818.75

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

Statement of Financial Position

TWZ Corporation Public Company Limited and Its Subsidiaries

As at December 31, 2017

(Unit : Baht)

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Bank overdraft and short-term loans from					
financial institutions	27	1,842,350,865.24	2,047,155,093.79	1,832,657,412.43	2,038,459,030.98
Trade and other payables	28	124,185,932.84	185,677,658.19	106,276,425.60	120,121,234.56
Current portion of rental for real estate					
recognized under financial lease agreement	29	428,123.98	51,378.47	207,881.93	24,947.00
Current portion of long-term liabilities	30	22,396,803.66	15,960,000.00	8,902,684.26	15,960,000.00
Short-term borrowings	7	6,974,237.11	6,974,237.11	-	-
Income tax payable		1,099,865.99	27,653.47	-	-
Other current liabilities		708,543.83	835,322.90	362,426.37	800,555.45
Total current liabilities		1,998,144,372.65	2,256,681,343.93	1,948,406,830.59	2,175,365,767.99
Non-current liabilities					
Long-term loan	30	245,840,404.84	8,002,158.32	107,805,000.00	8,002,158.32
Rental for real estate recognized under					
financial lease agreement	29	101,698,574.38	102,126,698.36	49,381,146.92	49,589,028.85
Deferred tax liabilities	24	50,930,424.86	63,689,844.72	7,629,202.68	13,857,042.49
Employee benefit obligation	31	8,942,241.00	8,532,843.00	7,790,513.00	7,716,235.00
Other non-current liabilities		400,800.00	400,800.00	220,000.00	220,000.00
Total non-current liabilities		407,812,445.08	182,752,344.40	172,825,862.60	79,384,464.66
Total liabilities		2,405,956,817.73	2,439,433,688.33	2,121,232,693.19	2,254,750,232.65

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

Statement of Financial Position

TWZ Corporation Public Company Limited and Its Subsidiaries

As at December 31, 2017

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Shareholders' equity					
Share capital	32				
Registered share capital					
11,415,887,162 ordinary shares					
of Baht 0.10 each		1,141,588,716.20		1,141,588,716.20	
10,333,794,526 ordinary shares					
of Baht 0.10 each			1,033,379,452.60		1,033,379,452.60
Issued and paid-up share capital					
6,259,073,061 ordinary shares					
of Baht 0.10 each		625,907,306.10	-	625,907,306.10	-
6,235,748,903 ordinary shares					
of Baht 0.10 each		-	623,574,890.30	-	623,574,890.30
Premium on common shares		1,169,366,002.88	1,165,820,389.75	1,169,366,002.88	1,165,820,389.75
Retained earnings					
Appropriated					
Legal reserve		46,736,084.15	40,297,435.18	46,736,084.15	40,297,435.18
Unappropriated		432,334,165.05	489,156,358.26	462,418,254.43	499,067,870.87
Other components of equity		400,299.93	938,474.50	-	-
Total shareholders' equity attributable to the parent company		2,274,743,858.11	2,319,787,547.99	2,304,427,647.56	2,328,760,586.10
Non-controlling interests		84,511,897.42	76,634,148.23	-	-
Total shareholders' equity		2,359,255,755.53	2,396,421,696.22	2,304,427,647.56	2,328,760,586.10
Total liabilities and shareholders' equity		4,765,212,573.26	4,835,855,384.55	4,425,660,340.75	4,583,510,818.75

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

Statements of Comprehensive Income

TWZ Corporation Public Company Limited and Its Subsidiaries

For the year ended December 31, 2017

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Revenues from sales and services		3,526,960,779.94	4,074,048,219.59	3,388,933,545.14	3,963,698,158.02
Revenue from real estate project for rental under financial lease agreement		-	11,455,164.22	-	-
Sales promotion income		128,870,801.57	139,676,859.20	126,288,540.73	135,831,615.47
Others income	35	51,456,172.81	23,174,728.72	33,633,011.96	30,208,795.01
Total revenues		3,707,287,754.32	4,248,354,971.73	3,548,855,097.83	4,129,738,568.50
Cost of sales and services		3,244,213,524.03	3,717,485,298.74	3,149,188,116.52	3,608,891,405.53
Cost of real estate project for rental under financial lease agreement		-	7,558,613.33	-	-
Selling expenses		110,146,785.17	118,776,630.84	100,772,789.57	110,305,214.85
Administrative expenses		208,873,013.34	182,121,064.25	167,981,332.81	160,371,968.29
Other expenses		12,007,964.56	-	-	-
Finance cost	36	120,069,895.11	92,737,100.35	108,890,105.05	88,573,213.83
Total expenses		3,695,311,182.21	4,118,678,707.51	3,526,832,343.95	3,968,141,802.50
Profit before income tax expenses		11,976,572.11	129,676,264.22	22,022,753.88	161,596,766.00
Income tax expenses	37	7,508,167.52	33,559,319.39	4,973,663.31	32,823,786.68
Profit from continuing operations		4,468,404.59	96,116,944.83	17,049,090.57	128,772,979.32
Profit for the year		4,468,404.59	96,116,944.83	17,049,090.57	128,772,979.32

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

Statements of Comprehensive Income

TWZ Corporation Public Company Limited and Its Subsidiaries

For the year ended December 31, 2017

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Actuarial gains arising from post-employment benefit obligations	31	2,458,989.00	(3,490.00)	2,101,666.00	-
Income tax on items that will not be reclassified to profit or loss	24	(491,797.80)	698.00	(420,333.20)	-
Total items that will not be reclassified to profit or loss		1,967,191.20	(2,792.00)	1,681,332.80	-
Items that will be reclassified subsequently to profit or loss					
Currency translation differences		(538,174.57)	(52,832.66)	-	-
Other comprehensive income for the year		1,429,016.63	(55,624.66)	1,681,332.80	-
Total comprehensive income for the year		5,897,421.22	96,061,320.17	18,730,423.37	128,772,979.32
Profit attributable to :					
Owners of the parent		(3,409,344.60)	99,982,260.67	17,049,090.57	128,772,979.32
Non-controlling interests	18.3	7,877,749.19	(3,865,315.84)	-	-
Total		4,468,404.59	96,116,944.83	17,049,090.57	128,772,979.32
Total comprehensive income attributable to :					
Owners of the parent		(1,980,327.97)	99,926,636.01	18,730,423.37	128,772,979.32
Non-controlling interests	18.3	7,877,749.19	(3,865,315.84)	-	-
Total		5,897,421.22	96,061,320.17	18,730,423.37	128,772,979.32
Earning per share of equity attributable to the company					
Basic earning per share	38	(0.0005)	0.0160	0.0027	0.0207
Diluted earning per share	38	(0.0005)	0.0160	0.0027	0.0207

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

Statements of Cash Flows

TWZ Corporation Public Company Limited and Its Subsidiaries

For the year ended December 31, 2017

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities				
Earnings before income tax expense	11,976,572.11	129,676,264.22	22,022,753.88	161,596,766.00
Adjustments to reconcile earnings before income tax expense to cash provided by (used in) operating activities :				
Depreciation	19,836,056.94	11,030,153.25	10,157,222.06	10,724,531.47
Amortization of leasehold land	6,569,133.63	7,332,019.02	376,543.03	376,543.07
Amortization of leasehold rights	485,925.80	487,257.12	485,925.80	487,257.12
Amortization of intangible assets	4,403,890.44	396,280.00	171,137.19	178,031.26
Allowance for doubtful accounts	23,723,108.29	67,367.78	20,769,649.33	(3,948.47)
Allowance for impairment in real estate development project for rental under financial lease agreement	4,890,793.43	-	-	-
Gain from transfer asset	(2,890,340.54)	-	-	-
Losses on write-off fixed asset	2,631,276.75	-	1,196,674.71	-
Losses on disposal of investment subsidiary	12,007,964.56	-	-	-
Loss from diminution values of inventories (reverse)	3,231,583.82	(1,278,992.58)	3,272,840.31	(1,225,657.44)
Loss from obsolete inventories	2,794,754.63	(230,335.25)	2,853,627.62	(581,329.62)
Reverse of goods return	(1,237,302.53)	7,114,510.51	(1,237,302.53)	7,114,510.51
Reserve for cost of goods return	10,125.18	(5,964,528.58)	10,125.18	(5,964,528.58)
Revenue from real estate project for rental under financial lease agreement	-	(11,455,164.21)	-	-
Cost of real estate project for rental under financial lease agreement	-	7,558,613.33	-	-
Unrealized (gains) losses from exchange rate	15,177.40	91,950.79	9,841.60	91,493.59
Employee benefit expenses	2,659,685.00	1,796,838.00	1,991,298.00	1,697,763.00
Interest income	(6,766,085.86)	(5,605,577.24)	(16,851,905.63)	(16,898,002.15)
Interest income from financial lease agreement	(4,718,656.38)	(5,929,696.46)	(2,887,548.39)	(4,114,518.74)
Finance cost	112,662,257.64	85,340,906.33	103,928,102.47	84,981,889.70
Finance cost of real estate development project for rental under financial lease agreement	7,407,637.47	7,396,194.02	3,596,880.66	3,591,324.13
Income from operating activities before changes in operating asset and liabilities	199,693,557.78	227,824,060.05	149,865,865.29	242,052,124.85

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

Statements of Cash Flows

TWZ Corporation Public Company Limited and Its Subsidiaries

For the year ended December 31, 2017

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities (continue)				
Operating assets (increase) decrease				
Trade and other receivables	(131,197,473.60)	(145,711,508.01)	(93,025,793.48)	(116,813,060.15)
Inventories	54,838,792.01	(132,736,578.10)	52,707,579.82	(142,306,579.98)
Other current assets	18,560,960.20	(17,744,054.05)	(173,004.62)	286,591.67
Other non-current assets	3,965,044.84	(24,341,723.07)	3,360,945.98	(3,569,527.10)
Operating liabilities increase (decrease)				
Trade and other payables	(61,651,546.98)	100,181,621.51	(13,990,884.31)	69,271,121.09
Other current liabilities	(126,779.07)	(203,432.11)	(438,129.08)	438,850.83
Other liabilities	-	28,950.02	-	-
Cash received (paid) from operations	84,082,555.18	7,297,336.24	98,306,579.60	49,359,521.21
Cash received from real estate development project				
for rental under financial lease agreement	309,777.94	9,077,258.24	236,465.94	-
Cash received from interest income under				
financial lease agreement	3,915,381.83	4,728,671.01	2,549,958.10	3,459,897.17
Cash received from interest income	5,069,119.17	5,910,098.75	6,937,831.26	5,800,634.68
Cash paid for real estate development project for sale	(13,223,096.99)	(102,397,776.94)	(57,658,112.99)	(105,662,452.69)
Cash paid for real estate development project				
for rental under financial lease agreement	(201,672.00)	(11,771,305.80)	-	-
Cash paid for interest expense under financial lease agreement	(7,460,413.00)	(7,105,156.00)	(3,597,559.00)	(3,450,007.00)
Cash paid for employee benefit	-	(210,510.00)	-	-
Cash paid for financial cost	(107,782,445.92)	(89,159,115.16)	(99,516,120.83)	(88,819,198.53)
Cash paid for income tax expenses	(13,857,569.39)	(37,762,456.04)	(12,898,452.43)	(35,657,842.82)
Net cash flows from (used in) operating activities	(49,148,363.18)	(221,392,955.70)	(65,639,410.35)	(174,969,447.98)
Cash flows from investing activities				
Short-term loans	-	-	217,000,000.00	(152,000,000.00)
Cash payment for investment in subsidiary	-	(53,138,750.00)	-	(99,999,700.00)
Cash received from disposal of investment subsidiary	24,497,000.00	-	-	-
Cash payment for fixed assets	(12,158,784.86)	(164,583,529.50)	(1,077,629.11)	(15,744,199.57)
Cash payment for purchase intangible assets	(647,705.00)	(768,200.00)	(22,705.00)	(86,200.00)
(Increase) decrease in restricted bank deposit	(15,493,485.55)	16,986,123.54	(7,996,600.82)	21,996,949.87
Net cash provided (used) from investing activities	(3,802,975.41)	(201,504,355.96)	207,903,065.07	(245,833,149.70)

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

Statements of Cash Flows

TWZ Corporation Public Company Limited and Its Subsidiaries

For the year ended December 31, 2017

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(204,824,413.42)	557,345,514.38	(205,821,803.42)	551,030,928.29
Cash received from short-term borrowing	-	265,100.00	-	-
Cash received from long-term loans	278,211,466.90	30,000,000.00	113,384,000.00	30,000,000.00
Cash paid for long-term loans	(34,380,190.80)	(6,037,841.68)	(20,638,474.06)	(6,037,841.68)
Cash paid for liabilities under financial lease contracts	-	-	(24,947.00)	-
Cash received from increase capital	5,878,028.93	-	5,878,028.93	-
Proceeds from non-controlling interests in share capital of subsidiaries	-	44,717,750.00	-	-
Dividend payment	(48,859,318.54)	(8,292,382.04)	(48,859,318.54)	(8,274,053.29)
Net cash provided (used) from financing activities	(3,974,426.93)	617,998,140.66	(156,082,514.09)	566,719,033.32
Difference in exchange rates on translation of financial statement	(538,174.57)	(52,832.66)	-	-
Effect from foreign exchange in cash and cash equivalents	(7.80)	(4,041.24)	(7.80)	(4,041.24)
Net Increase (decrease) in cash and cash equivalents	(57,463,947.89)	195,043,955.10	(13,818,867.17)	145,912,394.40
Cash and cash equivalents at the beginning of the year	537,305,509.69	342,261,554.59	470,242,145.48	324,329,751.08
Cash and cash equivalents at the ending of the year	479,841,561.80	537,305,509.69	456,423,278.31	470,242,145.48

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

Statements of Changes in Shareholders' Equity

TWZ Corporation Public Company Limited and Its Subsidiaries

For the year ended December 31, 2017

(Unit : Baht)

Consolidated financial statements										
	Note	Issued and paid-up share capital	Premium on common share	Retained earnings		Other components of equity		Total equity attributable to the parent company	Non-controlling interests	Total
				Appropriated legal reserve	Unappropriated	Currency translation differences				
Ending balance as at December 31, 2016		623,574,890.30	1,165,820,389.75	40,297,435.18	489,156,358.26	938,474.50		2,319,787,547.99	76,634,148.23	2,396,421,696.22
Increase ordinary shares	32	2,332,415.80	3,545,613.13	-	-	-	-	5,878,028.93	-	5,878,028.93
Legal reserve		-	-	6,438,648.97	(6,438,648.97)	-	-	-	-	-
Dividend paid	33	-	-	-	(48,941,390.84)	-	-	(48,941,390.84)	-	(48,941,390.84)
Actuarial gains arising from post-employment benefit obligations	31	-	-	-	2,458,989.00	-	-	2,458,989.00	-	-
Income tax on items that will not be reclassified to profit or loss	24	-	-	-	(491,797.80)	-	-	(491,797.80)	-	(491,797.80)
Comprehensive income for the year		-	-	-	(3,409,344.60)	(538,174.57)		(3,947,519.17)	7,877,749.19	3,930,230.02
Ending balance as at December 31, 2017		625,907,306.10	1,169,366,002.88	46,736,084.15	432,334,165.05	400,299.93		2,274,743,858.11	84,511,897.42	2,359,255,755.53

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

Statements of Changes in Shareholders' Equity

TWZ Corporation Public Company Limited and Its Subsidiaries

For the year ended December 31, 2017

(Unit : Baht)

Consolidated financial statements									
Note	Issued and paid-up share capital	Premium on common share	Retained earnings		Other components of equity		Non-controlling interests	Total equity attributable to the parent company	Total
			Appropriated legal reserve	Unappropriated	Currency translation differences				
	623,574,890.30	1,165,820,389.75	39,212,306.59	398,554,400.22	991,307.16		-	2,228,153,294.02	2,228,153,294.02
Ending balance as at December 31, 2015	-	-	1,085,128.59	(1,085,128.59)	-		-	-	-
Legal reserve	-	-	-	(8,292,382.04)	-		-	(8,292,382.04)	(8,292,382.04)
Dividend paid	-	-	-	-	-		80,499,464.07	-	80,499,464.07
Investment in subsidiaries - non-controlling interest									
Actuarial losses arising from post-employment benefit obligations	-	-	-	(3,490.00)	-		-	(3,490.00)	(3,490.00)
Income tax on items that will not be reclassified to profit or loss	-	-	-	698.00	-		-	698.00	698.00
Comprehensive income for the year	-	-	-	99,982,260.67	(52,832.66)		(3,865,315.84)	99,929,428.01	96,064,112.17
Ending balance as at December 31, 2016	623,574,890.30	1,165,820,389.75	40,297,435.18	489,156,358.26	938,474.50		76,634,148.23	2,319,787,547.99	2,396,421,696.22

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

Statements of Changes in Shareholders' Equity

TWZ Corporation Public Company Limited and Its Subsidiaries

For the year ended December 31, 2017

(Unit : Baht)

	Note	Separate financial statements				
		Issued and paid-up share capital	common share	Retained earnings		Total
				Appropriated legal reserve	Unappropriated	
Ending balance as at December 31, 2016		623,574,890.30	1,165,820,389.75	40,297,435.18	499,067,870.87	2,328,760,586.10
Increase ordinary shares	32	2,332,415.80	3,545,613.13	-	-	5,878,028.93
Legal reserve		-	-	6,438,648.97	(6,438,648.97)	-
Dividend paid	33	-	-	-	(48,941,390.84)	(48,941,390.84)
Actuarial gains arising from post-employment benefit obligations	31	-	-	-	2,101,666.00	2,101,666.00
Income tax on items that will not be reclassified to profit or loss	24	-	-	-	(420,333.20)	(420,333.20)
Comprehensive income for the year		-	-	-	17,049,090.57	17,049,090.57
Ending balance as at December 31, 2017		625,907,306.10	1,169,366,002.88	46,736,084.15	462,418,254.43	2,304,427,647.56
Ending balance as at December 31, 2015		623,574,890.30	1,165,820,389.75	39,212,306.59	379,672,402.18	2,208,279,988.82
Legal reserve		-	-	1,085,128.59	(1,085,128.59)	-
Dividend paid	33	-	-	-	(8,292,382.04)	(8,292,382.04)
Comprehensive income for the year		-	-	-	128,772,979.32	128,772,979.32
Ending balance as at December 31, 2016		623,574,890.30	1,165,820,389.75	40,297,435.18	499,067,870.87	2,328,760,586.10

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

Notes to the Consolidated and Separate Financial Statements

TWZ Corporation Public Company Limited and Its Subsidiaries

For the year ended December 31, 2017

1. General information

The Company was registered as a juristic entity in accordance with the civil and commercial code on December 22, 1993, with registration no. (1) 2785/2536. under the name of P.C. Communication and Transport Co., Ltd. Later, on July 8, 2004, the Company changed its name to TWZ Corporation Co., Ltd. and became a public company limited on April 12, 2005, with the registered no.0107548000285 (formerly no. 0107574800285). Its head quarter is located at 269 Din Daeng, Din Daeng, Bangkok.

The Group conducts business as an distribution agent of mobile phones, spare parts and related accessories, as a service center of telecommunication equipment and as counter service for payment of service fee of GSM Cellular 900 and GSM 1800 system mobile phones. Project development real estate and the Company are the investing in companies, whose objectives are to generate and sell electricity.

On February 16, 2012, the Company has register representative office in Shenzhen, People's Republic of China. The representative office will assist the Company in managing cost and controlling quality of products.

For reporting purposes, the Company and its subsidiaries are referred as "the Group."

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Thai Financial Reporting Standards (TFRS) under the Accounting Act B.E. 2543 being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547 and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The financial statements have been prepared under the historical cost convention except some transactions are valued at fair price as disclosed in the accounting policies below.

An English version of the financial statements have been prepared from the statutory financial statements that are issued in Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.2 Presentation currency

The financial statements are prepared and presented in Thai Baht.

2.3 Use of estimates and judgements

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the effect on the amount recognised in the financial statements is included in the following notes:

2.3.1 Leases

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

2.3.2 Allowance for doubtful accounts

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

2.3.3 Allowance for impairment of real estate development project for sale

The Company estimates allowance for impairment of real estate development project for sale to reflect the impairment of real estate development project for sale based on net realisable value.

2.3.4 Allowance for obsolete, slow-moving and defective inventories

The Company maintains an allowance for obsolete, slow-moving and defective inventories to reflect impairment of inventories. The allowance is based on consideration of inventory turnover and deterioration of each category.

2.3.5 Impairment of assets

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

2.3.6 Building improvement and equipments/Depreciation

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

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

2.3.7 Deferred tax assets

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these differences can be utilised.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future profits.

2.3.8 Retirement employee benefits

The Company has commitments on retirement benefits to employees under the Labour Law. The amount of provision presented in the statement of financial position represents the present value of employee benefit obligations which is determined on an actuarial basis using various assumptions. The assumptions used in determining the net period cost for employee benefits includes the discount rate, the rate of salary inflation and employee turnover and others. Any changes in these assumptions will impact the net periodic cost recorded for employee benefits. On an annual basis the Company determines those assumptions i.e. the appropriate discount rate, which should represent the interest rate that should be used to determine the present value of future cash flows currently expected to be required to settle the employee benefits. In determining the appropriate discount rate, the Company considers the current yields on long-term government bonds.

2.4 Basis of consolidation

2.4.1 The accompanying consolidated financial statements include the financial statements of “The Company” represents “TWZ Corporation Public Company Limited” and “Subsidiaries” represents its subsidiaries. The details of subsidiaries are as follows :

Company's name		Percentage of shareholdings		Country of incorporation
		As at December 31, 2017	2016	
Type of business				
Direct shareholding				
TWZ International Limited	Supplier and distributor of mobile phone and all kinds of communication device	100	100	Hong Kong
TZ Trading Co., Ltd.	Supplier and distributor of mobile phone and all kinds of communication device	100	100	Thailand
Piyachart Co., Ltd.	Project development real estate for sale and rent	100	100	Thailand
The Boxes Co., Ltd.	Business services pass through smart phone	100	100	Thailand
Gear Corporation Co., Ltd.	Investing in the generating	100	100	Thailand
Indirect shareholding through by Piyachart Co., Ltd.				
Le Andaman Development Co., Ltd.	Project development real estate for sale	-	100	Thailand
Indirect shareholding through by Gear Corporation Co., Ltd.				
Mastech Tool and Service Co.,Ltd.	Generating and selling electricity	49	49	Thailand

During the year 2016, Gear Corporation Co., Ltd was acquisition Mastech Tool and Service Co.,Ltd., which details is described in note to the financial statements no.18.

2.4.2 Significant accounting policies about Basis of consolidation (Note to the financial statements no. 4.29)

3. New financial reporting standards

3.1 Accounting standards that became effective in the current accounting year

The Group adopted the revised (revised 2016) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 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 Group's financial statements.

3.2 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

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

<u>Thai Accounting Standards (TAS)</u>	<u>Effective date</u>
TAS 1 (revised 2017) Presentation of Financial Statements	January 1, 2018
TAS 2 (revised 2017) Inventories	January 1, 2018
TAS 7 (revised 2017) Statement of Cash Flows	January 1, 2018
TAS 8 (revised 2017) Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2018
TAS 10 (revised 2017) Events After the Reporting Period	January 1, 2018
TAS 11 (revised 2017) Construction Contracts	January 1, 2018
TAS 12 (revised 2017) Income Taxes	January 1, 2018
TAS 16 (revised 2017) Property, Plant and Equipment	January 1, 2018
TAS 17 (revised 2017) Leases	January 1, 2018
TAS 18 (revised 2017) Revenue	January 1, 2018
TAS 19 (revised 2017) Employee Benefits	January 1, 2018
TAS 20 (revised 2017) Accounting for Government Grants and Disclosure of Government Assistance	January 1, 2018
TAS 21 (revised 2017) The Effects of Changes in Foreign Exchange Rates	January 1, 2018
TAS 23 (revised 2017) Borrowing Costs	January 1, 2018
TAS 24 (revised 2017) Related Party Disclosures	January 1, 2018
TAS 26 (revised 2017) Accounting and Reporting by Retirement Benefit Plans	January 1, 2018
TAS 27 (revised 2017) Separate Financial Statements	January 1, 2018
TAS 28 (revised 2017) Investments in Associates and Joint Ventures	January 1, 2018
TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economies	January 1, 2018

TAS 33 (revised 2017)	Earnings Per Share	January 1, 2018
TAS 34 (revised 2017)	Interim Financial Reporting	January 1, 2018
TAS 36 (revised 2017)	Impairment of Assets	January 1, 2018
TAS 37 (revised 2017)	Provisions, Contingent Liabilities and Contingent Assets	January 1, 2018
TAS 38 (revised 2017)	Intangible Assets	January 1, 2018
TAS 40 (revised 2017)	Investment Property	January 1, 2018
TAS 41 (revised 2017)	Agriculture	January 1, 2018

Thai Financial Reporting Standards (TFRS)

TFRS 2 (revised 2017)	Share-based Payment	January 1, 2018
TFRS 3 (revised 2017)	Business Combinations	January 1, 2018
TFRS 4 (revised 2017)	Insurance Contracts	January 1, 2018
TFRS 5 (revised 2017)	Non-current Assets Held for Sale and Discontinued Operations	January 1, 2018
TFRS 6 (revised 2017)	Exploration for and Evaluation of Mineral Resources	January 1, 2018
TFRS 8 (revised 2017)	Operating Segments	January 1, 2018
TFRS 10 (revised 2017)	Consolidated financial statements	January 1, 2018
TFRS 11 (revised 2017)	Joint Arrangements	January 1, 2018
TFRS 12 (revised 2017)	Disclosure of Interests in Other Entities	January 1, 2018
TFRS 13 (revised 2017)	Fair value measurement	January 1, 2018

Accounting Standard Interpretation (TSIC)

TSIC 10 (revised 2017)	Government Assistance-No Specific Relation to Operating Activities	January 1, 2018
TSIC 15 (revised 2017)	Operating Leases-Incentives	January 1, 2018
TSIC 25 (revised 2017)	Income Taxes-Changes in the Tax Status of an Entity or its Shareholders	January 1, 2018
TSIC 27 (revised 2017)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	January 1, 2018
TSIC 29 (revised 2017)	Service Concession Arrangements : Disclosures	January 1, 2018
TSIC 31 (revised 2017)	Revenue-Barter Transactions Involving Advertising Services	January 1, 2018
TSIC 32 (revised 2017)	Intangible Assets-Web Site Costs	January 1, 2018

Financial Reporting Standard Interpretations (TFRIC)

TFRIC 1 (revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	January 1, 2018
TFRIC 4 (revised 2017)	Determining whether an Arrangement Contains a Lease	January 1, 2018
TFRIC 5 (revised 2017)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	January 1, 2018
TFRIC 7 (revised 2017)	Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economies	January 1, 2018
TFRIC 10 (revised 2017)	Interim Financial Reporting and Impairment	January 1, 2018
TFRIC 12 (revised 2017)	Service Concession Arrangements	January 1, 2018

TFRIC 13 (revised 2017) Customer Loyalty Programmes	January 1, 2018
TFRIC 14 (revised 2017) TAS 19 (revised 2017) Employee Benefits-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 1, 2018
TFRIC 15 (revised 2017) Agreements for the Construction of Real Estate	January 1, 2018
TFRIC 17 (revised 2017) Distributions of Non-cash Assets to Owners	January 1, 2018
TFRIC 18 (revised 2017) Transfers of Assets from Customers	January 1, 2018
TFRIC 20 (revised 2017) Stripping Costs in the Production Phase of a Surface Mine	January 1, 2018
TFRIC 21 (revised 2017) Levies	January 1, 2018

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

4. Significant accounting policies

4.1 Revenue and expenses recognition

Revenues from sales of goods and services net of rebates, discount and output tax (if any).

Revenues from sales of goods are recognized when significant risk and rewards of ownership of the goods are transferred to the buyer.

Revenues from services are recognized when the service is rendered.

Sales of real estate development project for sale are recognised as revenue when the significant risks and rewards of ownership of the goods have passed to the buyer, whereby construction works are completed and the ownerships have been transferred to buyers after all payments received from the buyers.

Revenue from Real Estate Project under Financial Lease Agreement is recognized when transfer all the risks and significant rewards of ownership with the buyer.

Revenue from the sales promotion is recognized on accrual basis after the approval by vendor.

Revenues from interest are recognized by timing which concern the effective interest rate.

Interest Income under Financial Lease Agreement is recognized on effective interest rate method in accordance with the lease period of contract.

In determining the cost of real estate development project for sale sold, the anticipated total development costs (taking into account actual costs incurred to date) are attributed to real estate development project for sale sold on the basis of the salable area and then recognised as costs in the income statement concurrently with revenue from sales.

Development costs are stated at cost, consisting of cost of land, design fees, utilities, construction and related interest (if any.)

Cost of sales and expenses are recognized by accrual basis of accounting.

4.2 Cash and cash equivalents

Cash and cash equivalents are carried on the statement of financial position at cost. Cash and cash equivalents comprise cash on hand, deposits held at call at banks and other short-term highly liquid investments with maturities of three months or less from the date of acquisition and are not used as collateral.

4.3 Trade accounts receivable and allowance for doubtful debt

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end.

The Company provides an allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of all receivables. Allowance for Doubtful Debt is estimated from aging evaluation of trade accounts receivable in proportion of debt settlement received after the date of accounting closing as follows:

<u>Aging of Account Receivable Overdue</u>	<u>Rate of Estimated Allowance for Doubtful Debt</u>
1 - 90 Days	0.50%
More than 90 Days	100%

Doubtful accounts and bad debts during the year are selling and administrative expenses which recognized in statement of income.

4.4 Account receivables of real estate project under financial lease agreement

Account receivables of real estate project under financial lease agreement are showed at net realizable value and unearned interest income shown as a deduction from a finance lease receivables.

4.5 Inventories

Finished goods are valued at the lower of moving average cost and net realisable value.

The net realisable value is from an estimate of selling price in the ordinary course of business, minus the costs of completion and selling expenses.

The cost of purchase comprises both the purchase price and direct cost which related to that purchasing expenses, such as transportation charge less all attributable discounts and allowances or rebates (if any).

The Company shall set aside allowance for obsolete inventories by calculating at the higher of mark-to-market price or inventory aging value. Allowance for obsolete inventories shall be established according to following criteria:

<u>Aging of inventories</u>	<u>Rate of estimate allowance for obsolete inventories</u>
181 - 270 Days	25%
271 - 365 Days	50%
More than 365 Days	100%

4.6 Real estate development project for sale

Real estate development project for sale in progress are stated at cost less provision for loss on diminution in value of projects.

The details of cost calculation are as follows: -

Land

Cost of land using the weighted average method, calculating it separately for each project.

Construction in progress

Construction in progress consists of the cost of construction, public utility costs and interest capitalised to cost of projects by records cost of construction and public utilities based on the actual cost incurred.

4.7 Real Estate Development Project for Rental under Financial Lease Agreement

Real estate development project for rental under financial lease agreement is showed at cost, which consisted of cost of land development, costs of constructions of building and rental under financial lease agreement.

4.8 Investments

Investments in subsidiary Company der takings are accounted for in the separate financial statements by using the cost method of accounting less an allowance for impairment in value. Under the cost method (if any), income from investments in subsidiaries will be recorded when dividends are declared.

Purchase and sales of investment are recognized on the trade date, which is the date that the Company commits to purchase or sell the investment. Cost of investment includes transaction costs.

A test for impairment is carried out when there is an indicating factor that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statements of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statements of comprehensive income. When disposing of part of the Company of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

4.9 Land held for development

Land held for development is stated at cost. It consists of cost of land and related expenses

4.10 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property of the parent company is land held for a currently undetermined future use. The parent company has not determined that it will use the land as owner-occupied property or as capital appreciation.

Investment property is measured initially at its cost including related transaction costs. After initial recognition, investment property is carried at cost less accumulated impairment losses (if any).

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably.

All other repairs and maintenance costs are expensed when incurred.

4.11 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on the straight line method to write off the cost of each asset, to their residual values over their estimated useful lives as follows :

	<u>Percentage per annum</u>
- Building	20 Years
- Building Improvement	5 Years
- Tool and Equipment	5 Years
- Office Equipment	5 Years
- Office Furniture	5 Years
- Vehicle	5 Years
- Equipment of electricity from solar power	10-25 Years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains — net' in profit or loss.

The interest costs of borrowings to finance the construction of asset, are capitalized as part of the asset, during the period of time requirement so that the asset is properly prepared for use.

4.12 Leasehold rights

Leasehold rights is recorded at cost and deducted by accumulated amortization and leasehold rights shall be amortized in accordance with the lease period of each contract.

4.13 Intangible assets

Computer software

Acquired computer software licences are capitalised as intangible assets on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives 5 years.

Electricity supply contract

Electricity supply contract which came from the business combination initially recorded at fair value at acquisition date. This fair value considered as initial cost and depreciated by using straight-line method over the period stated in the contract netting with impairment, if any.

Intangible assets are recorded at cost and will not revalued. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where it is considered as necessary.

4.14 Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liability of the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is separately reported in the consolidated statement of financial position . If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

4.15 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

4.16 Lessor

Where the Company is the lessor

The lease agreement was classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. And assets held under finance leases are recognized in the statements of financial position as account receivables of real estate project under financial lease agreement.

Revenue from real estate project under financial lease agreement recognized at the commencement of the lease agreement by a lessor is the fair value of the assets, or, if lower, the present value of the minimum lease payments accruing to the lessor, computed at a market rate of interest. The cost of real estate project under financial lease agreement recognized at the commencement of the lease agreement is the cost, or carrying amount (if carrying amount different from cost of real estate project) The difference between the revenue and the cost of real estate project under financial lease agreement is the profit from real estate project under financial lease agreement, which is recognized in accordance with the accounting policy for normal sales.

Where the Company is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant or equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

4.17 Employee benefit

Short term employee benefits

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

Post-employment benefits

Defined contribution plans

The parent company and its employee have jointly established a provident fund. The fund is monthly contributed by employee and by the Company. The fund's assets are separate from trust fund and the Company and recognised as expenses when incurred.

Defined benefit plans

The Group has obligations in respect of the severance payments which paid to employees when their retirement have incurred under labor law. The Group treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, using the projected unit credit method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

4.18 Borrowing costs

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

Capitalisation rates are calculated based on the weighted average of the interest expenses incurring during the year on loans for development of projects. (if any)

4.19 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements and separate financial statements are presented in Thai Baht, which is the Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

The Group

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are

translated into the presentation currency as follows:

- Assets and liabilities in both monetary and non-monetary items are all converted at the prevailing closing exchange rates at the end of the relevant accounting periods.
- Share capital is converted at the prevailing exchange rate on the date such capital fund is received.
- Revenues and expenses are converted at the average exchange rate of each month.
- All resulting exchange differences are recognised as a separate component of equity.

4.20 Income tax

Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period or highly probable to be effective at the end of the reporting period.

Deferred tax is not recognised for the following temporary differences : the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss ; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The Group recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

4.21 Earnings (loss) per share

Primary earnings (loss) per share

Primary earnings (loss) per share is calculated by dividing net profit (loss) with weighted average the number of issued and paid-up shares.

Diluted earning (loss) per share

The diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has dilutive potential ordinary shares are warrants for existing shareholder. The convertible share is assumed to have been converted into ordinary shares. For the warrant, a calculation is made to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding share options. (Determine from average price of ordinary shares of the Company shares in these periods.) The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the warrant. The difference is added to the denominator as an issue of ordinary shares for no consideration. No adjustment is made to earnings.

4.22 Share Capital

Ordinary shares is classified as equity.

4.23 Legal reserve

Parent company

Section 116 of the public companies Act B.E. 2535 requires that the Company shall allocate not less than 5 percent of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

Subsidiary company in Thailand

The subsidiary companies shall allocate not less 5 percent of its annual net profit each time a dividend is declared, to a reserve account ("legal reserve") until the reserve reaches 10 percent of authorized share capital. The legal reserve is not available for dividend distribution.

4.24 Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

4.25 Management benefit expenses

Management benefit expenses represents the benefits paid to the Company's management such as salaries and related benefit including the benefit paid by other means. The Company's management is the persons who are defined under the Securities and Exchange Act.

4.26 Operating segments

Operating Segments is requires the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Company's chief operating decision maker in order to assess each segment's performance and to allocate resources to those segments.

4.27 Provision

Provision are recognized when the Group has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimation of the amount can be made. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

4.28 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date.

The Group use the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the financial techniques approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

4.29 Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group".)

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest (NCI) at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated.

Non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

5. Reclassification

The statement of financial position as at December 31, 2016 and the statements of comprehensive income for the year ended December 31, 2016 have been reclassified to conform to the current year's classification but with no effect to previously reported profit or shareholders' equity. The reclassifications are as follows:

(Unit : Baht)

	Consolidated financial statements			Separate financial statements		
	Before		After	Before		After
	Reclassification	Reclassification	Reclassification	Reclassification	Reclassification	Reclassification
Statement of Financial Position						
As at December 31, 2016						
Current assets						
Cash and cash equivalent	542,305,509.69	(5,000,000.00)	537,305,509.69	-	-	-
Trade and other receivables	930,124,584.29	330,557,405.13	1,260,681,989.42	925,152,721.72	368,470,671.66	1,293,623,393.38
Other current assets						
Advance payment for goods	291,156,227.74	(291,156,227.74)	-	291,156,227.74	(291,156,227.74)	-
Other current assets	72,092,309.64	(48,327,494.84)	23,764,814.80	83,729,812.87	(80,311,997.27)	3,417,815.60
Non-current assets						
Restricted bank deposit	387,889,953.80	5,000,000.00	392,889,953.80	-	-	-
Account receivables of real estate project under financial lease agreement	81,785,390.30	3,826,079.88	85,611,470.18	56,803,857.32	2,516,167.00	59,320,024.32
Guarantee for leasehold rights and services	17,973,555.15	(17,973,555.15)	-	17,973,555.15	(17,973,555.15)	-
Other non-current assets	20,751,412.15	22,726,500.80	43,477,912.95	2,286,086.75	18,450,380.80	20,736,467.55
Current liabilities						
Trade and other payables	65,403,232.85	120,274,425.34	185,677,658.19	64,378,416.75	55,742,817.81	120,121,234.56
Short-term borrowings	-	6,974,237.11	6,974,237.11	-	-	-
Advance received from real estate project	46,110,406.72	(46,110,406.72)	-	25,365,632.99	(25,365,632.99)	-
Income tax payable	-	27,653.47	27,653.47	-	-	-
Other current liabilities	75,594,286.91	(74,758,964.01)	835,322.90	31,402,300.97	(30,601,745.52)	800,555.45
Non-current liabilities						
Long-term loan from related party	6,974,237.11	(6,974,237.11)	-	-	-	-
Other non-current liabilities	180,800.00	220,000.00	400,800.00	-	220,000.00	220,000.00
Statements of Comprehensive Income						
For the year ended December 31, 2016						
Cost of sales and services	3,716,880,951.46	604,347.28	3,717,485,298.74	-	-	-
Administrative expenses	182,725,411.53	(604,347.28)	182,121,064.25	-	-	-

6. Provident fund

The Group has established a provident fund in accordance with the Provident Fund Act B.E. 1987. The fund is contributed by both employees and the Company in the rate of 2% of salary. The fund is managed by the AIA Provident fund and will be paid to an employee upon termination in accordance with the rules of the Company's staff provident fund.

For the year ended December 31, 2017 and 2016, the Group contributed Baht 1,001,504.13 and the Company contributed Baht 895,109.95 (2016 : Baht 958,371.10 and the Company contributed Baht 856,131.29)

7. Related party transactions

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

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

The followings are relationships with enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

Relationships between the related parties were as follows :

<u>Company's name and related persons</u>	<u>Relationship</u>
TWZ International Limited	Subsidiary company by direct holding
TZ Trading Co., Ltd.	Subsidiary company by direct holding
Piyachart Co., Ltd.	Subsidiary company by direct holding
The Boxes Co., Ltd.	Subsidiary company by direct holding
Gear Corporation Co., Ltd.	Subsidiary company by direct holding
Le Andaman Development Co., Ltd.	Subsidiary hold by Piyachart Co.,Ltd.
Mastech Tool and Service Co.,Ltd.	Subsidiary hold by Gear Co.,Ltd.
Mr. Puttachat Rungkasiri	Director and shareholder
Mrs. Piyanuj Rungkasiri	Director

The pricing policies for particular types of transactions were as follows :

<u>Transactions</u>	<u>Pricing policy</u>
Revenue from sales	With reference to market prices
Purchases	With reference to market prices
Management income	5% of revenues from sales and services
Interest income	the rate according to the agreements

7.1 Asset and liability with related entities as follows :

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2017	2016	2017	2016
Transactions with subsidiaries				
TWZ International Limited				
Advance receipts	-	-	50,620.80	55,964.40
TZ Trading Co.,Ltd.				
Advance payment	-	-	1,139,163.38	4,664,577.70
Accrued income	-	-	3,623,192.76	10,564,865.60
The Boxes Co., Ltd.				
Advance payment	-	-	2,777,573.00	2,777,573.00
Piyachart Co.,Ltd.				
Advance payment	-	-	17,395,186.00	12,314,597.76
Accrued interest income	-	-	24,808,646.57	15,468,410.95
Loan	-	-	114,600,000.00	187,000,000.00
Accrued expense	-	-	-	550,000.00
Le Andaman Development Co., Ltd.				
Advance payment	-	-	-	142,500.00
Gear Corporation Co.,Ltd.				
Advance payment	-	-	-	551,619.76
Advance receipts	-	-	2,500,100.00	-
Loan	-	-	-	152,000,000.00
Accrued interest income	-	-	-	1,117,322.40
Transactions with related party				
Short-term borrowing				
Mrs. Piyanuj Rungkasiri				
Balance as of beginning	6,974,237.11	6,709,137.11	-	-
Increase	-	265,100.00	-	-
Balance as of ending	6,974,237.11	6,974,237.11	-	-

As at December 31, 2017 and 2016, short-term borrowing from related party represents loan under a loan agreement. The loan is at call at no interest.

7.2 Revenue and expense transactions as follows :

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended		December 31,	
	2017	2016	2017	2016
Transactions with subsidiaries				
TZ Trading Co.,Ltd.				
Revenues from sales	-	-	9,629,009.35	-
Purchases	-	-	97,526.60	260,755.15
Management income	-	-	5,136,363.97	5,511,801.70
The Boxes Co., Ltd.				
Purchases	-	-	-	205,607.48
Piyachart Co., Ltd.				
Interest income	-	-	9,340,235.62	10,285,000.00
Management free	-	-	5,500,000.00	6,600,000.00
Gear Corporation Co.,Ltd.				
Interest income	-	-	884,125.76	1,117,322.40

7.3 Management remunerations

(Unit : Bah)

	Consolidated financial statements		Separate financial statements	
	For the years ended		December 31,	
	2017	2016	2017	2016
Short term employee benefits	17,753,239.38	16,904,528.02	17,753,239.38	16,904,528.02
Post-employment benefits	871,309.00	750,809.00	871,309.00	750,809.00
Total	18,624,548.38	17,655,337.02	18,624,548.38	17,655,337.02

7.4 Contingent liability

Parent company

As at December 31, 2017 and 2016, the financial institutions issued letter of bank guarantee to give subsidiary company has loans facility amounting to Baht 172 Million which should not exceed 75% of the estimated total Project cost of subsidiary company and short loans facility amounting Baht 10 million.

8. Additional information of expenses by nature

Additional information of expenses by nature were shown :

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended		December 31,	
	2017	2016	2017	2016
8.1 Changes in inventories of finished goods	54,838,792.01	(132,736,578.10)	52,707,579.82	142,306,579.98
8.2 Loss from declined value of inventories	6,026,338.45	1,509,327.83	6,126,467.93	(1,806,987.06)
8.3 Purchase inventories net	3,174,786,541.58	3,851,769,179.63	3,085,658,730.49	3,753,444,894.81
8.4 Purchase of land and payment of construction during the year	37,529,411.09	102,397,776.94	59,182,446.99	105,662,452.69
8.5 Changes in Real estate development project for sale	(17,617,106.45)	8,091,869.69	4,035,929.45	-
8.6 Employee benefit expenses	151,158,444.63	154,354,764.71	139,081,583.98	145,298,417.58
8.7 Depreciation	18,948,283.89	11,030,153.25	9,262,424.59	10,724,531.47
8.8 Amortized leasehold rights	3,065,138.92	7,819,276.13	862,468.83	863,800.19
8.9 Amortized intangible assets	508,652.32	396,280.00	171,137.19	178,031.26
8.10 Operating and service lease expenses	49,338,382.22	49,479,384.13	48,480,483.05	49,071,144.13
8.11 Sales promotion expenses	2,185,556.96	2,909,212.93	2,185,556.96	2,860,016.65

9. Additional information of cash flow statements

Non-cash items are as follows :

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended		December 31,	
	2017	2016	2017	2016
Unbilled on Account Receivables of Real Estate Project under Financial Lease Agreement not yet due	82,120,123.77	82,429,901.71	59,965,683.86	57,348,392.51
Unbilled on real estate development project for rental under financial lease agreement not yet due	102,126,698.37	102,178,076.83	49,589,028.85	49,613,975.85
Purchase investments in subsidiaries but not yet paid	-	38,057,000.00	-	-
Transfer Real estate development project for rental under financial lease agreement Leasehold land to Investment property	43,309,659.46	-	-	-

10. Cash and cash equivalents

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2017	2016	2017	2016
Cash	4,523,328.34	6,231,861.87	3,240,939.62	5,116,384.45
Bank - saving accounts	273,242,447.36	256,368,989.87	254,491,865.65	196,174,113.52
Bank - current accounts	201,926,490.69	274,624,381.67	198,680,473.04	268,941,647.51
Bank - fixed accounts	149,295.41	80,276.28	10,000.00	10,000.00
Total	479,841,561.80	537,305,509.69	456,423,278.31	470,242,145.48

Cash at banks earn interest at the rate determined by the banks.

11. Trade accounts receivable

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2017	2016	2017	2016
Trade account receivables :	1,066,614,110.61	938,401,361.43	1,047,108,639.22	933,305,747.50
Less Allowance for doubtful debt	(5,468,793.89)	(898,326.63)	(2,515,334.93)	(774,575.27)
Estimated goods return	(6,141,147.98)	(7,378,450.51)	(6,141,147.98)	(7,378,450.51)
Net	1,055,004,168.74	930,124,584.29	1,038,452,156.31	925,152,721.72
Other receivables				
Advance payment for goods	288,633,690.76	291,885,275.74	288,633,690.76	291,885,275.74
Less Allowance for doubtful debt	(729,048.00)	(729,048.00)	(729,048.00)	(729,048.00)
Net	287,904,642.76	291,156,227.74	287,904,642.76	291,156,227.74
Other receivables	2,274,340.06	10,143,231.50	2,092,626.36	1,150,813.39
Prepaid expenses	2,037,915.43	6,917,511.57	1,835,800.86	6,640,996.02
Accrued income	6,513,941.06	14,689,378.06	9,582,306.02	25,001,291.66
Accrued interest income	3,060,037.41	1,363,070.72	27,842,957.52	17,928,883.15
Advance	2,097,872.24	1,258,306.18	23,291,088.62	21,695,995.80
Accounts receivable-Revenue Department	18,894,773.12	132,210.79	-	-
Deposit and guarantee	8,188,642.14	4,897,468.57	8,187,637.47	4,896,463.90
Total other receivables	330,972,164.22	330,557,405.13	360,737,059.61	368,470,671.66
Total trade and other receivables	1,385,976,332.96	1,260,681,989.42	1,399,189,215.92	1,293,623,393.38

Outstanding trade accounts receivable can be aged as follows :

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2017	2016	2017	2016
Recourse trade account receivables	7,057,244.42	11,035,234.76	7,057,244.42	11,035,234.76
Trade account receivables :				
In due	532,760,238.16	661,406,528.36	522,361,721.86	661,500,840.36
Over due :				
1 - 30 Days	155,805,158.93	201,908,171.67	153,813,532.04	197,456,797.67
31 - 60 Days	160,634,710.17	63,131,428.71	159,468,879.70	62,541,981.28
61 - 90 Days	203,802,696.00	33,317.95	201,413,572.77	361.95
More than 91 Days	6,554,062.93	886,679.98	2,993,688.43	770,531.48
Total	1,066,614,110.61	938,401,361.43	1,047,108,639.22	933,305,747.50
<u>Less</u> Allowance for doubtful debt	(5,468,793.89)	(898,326.63)	(2,515,334.93)	(774,575.27)
Estimated goods return	(6,141,147.98)	(7,378,450.51)	(6,141,147.98)	(7,378,450.51)
Net	1,055,004,168.74	930,124,584.29	1,038,452,156.31	925,152,721.72

Parent company

As at December 31, 2017, the Company sold the partial of trade receivables under the factoring agreement in the amount Baht 100.18 Million.

Advance payment for goods was the payment in advance according to normal commercial condition, which the Company agreed with manufacturers and distributors of mobile phones and accessories.

12. Account receivables of real estate project under financial lease agreement

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2017	2016	2017	2016
Account receivables of real estate project under financial lease agreement	143,976,203.64	148,201,363.41	100,077,522.17	102,863,946.21
<u>Less</u> Deferred interest income from financial lease agreement	(57,226,725.44)	(61,945,381.82)	(40,111,838.31)	(42,999,386.70)
Current portion of account receivables of real estate project under financial lease agreement	(381,705.13)	(644,511.41)	(165,776.54)	(544,535.19)
Total	86,367,773.07	85,611,470.18	59,799,907.32	59,320,024.32
<u>Less</u> Allowance for doubtful debts	(19,028,889.67)	-	(19,028,889.67)	-
Net	67,338,883.40	85,611,470.18	40,771,017.65	59,320,024.32

The aggregate minimum lease receives under long-term lease agreements were as follows :

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2017	2016	2017	2016
Less than 1 year	9,452,678.02	7,223,006.98	6,471,384.17	4,819,159.19
More than 1 year but less than 5 years	30,037,404.08	28,022,540.80	20,730,186.18	19,308,826.70
More than 5 year	104,486,121.54	112,955,815.63	72,875,951.82	78,735,960.32
Total	143,976,203.64	148,201,363.41	100,077,522.17	102,863,946.21

13. Inventories

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2017	2016	2017	2016
Mobile phones and accessories	1,321,092,746.67	1,376,489,702.96	1,313,001,774.52	1,366,267,518.62
Spare part for repairing	16,865,393.21	16,307,228.93	16,865,393.21	16,307,228.93
Total	1,337,958,139.88	1,392,796,931.89	1,329,867,167.73	1,382,574,747.55
<u>Add</u> Estimated cost for goods return	6,141,310.71	6,151,435.89	6,141,310.71	6,151,435.89
Total	1,344,099,450.59	1,398,948,367.78	1,336,008,478.44	1,388,726,183.44
<u>Less</u> Allowance for diminution value of inventories	(3,666,504.70)	(434,920.88)	(3,619,555.28)	(346,714.97)
Allowance for obsolete inventories	(28,699,173.24)	(25,904,418.61)	(27,475,932.60)	(24,622,304.98)
Net	1,311,733,772.65	1,372,609,028.29	1,304,912,990.56	1,363,757,163.49

For the year ended December 31, 2017, the Group recognized allowance for impairment of inventory in the consolidated and separate financial statements of comprehensive income amounting to Baht 6,026,338.45 and Baht 6,126,467.93, respectively (2016, reverse allowance for impairment of inventory at amount Baht 1,509,327.83 and Baht 1,806,987.06, respectively.)

14. Real estate development project for sale

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2017	2016	2017	2016
Land	282,120,213.94	318,727,000.00	30,000,000.00	30,000,000.00
Cost of development project (Construction expenses)	196,182,232.37	192,162,682.71	188,318,593.15	129,619,479.55
Capitalised interest and financial costs	4,519,262.84	-	4,519,262.84	-
Total	482,821,709.15	510,889,682.71	222,837,855.99	159,619,479.55
<u>Less</u> Accumulated transfer to cost of project	(4,035,929.45)	-	(4,035,929.45)	-
Total	478,785,779.70	510,889,682.71	218,801,926.54	159,619,479.55
<u>Less</u> Allowance for loss on decline in value of projects	(2,144,982.62)	(2,144,982.62)	-	-
Net	476,640,797.08	508,744,700.09	218,801,926.54	159,619,479.55

For the year end december 31, 2017, the Company has capitalised borrowing costs in the real estate development project for sale amounting to Baht 4.52 million and the Company has pledged its land for bank overdrafts and short-term loans from financial institutions (Note.27) and long-term loans from institutions (Note.30.)

For the year end december 31, 2017, the real estate development expenses recognize as cost of sales in the statement of income amounted to Baht 4.04 million.

15. Real estate development project for rental under financial lease agreement

(Unit : Baht)

	Consolidated financial statements			
	Balance as at	Transfer in	Transfer out	Balance as at
	December 31, 2016			December 31, 2017
Building	89,314,021.57	201,672.00	(13,970,978.36)	75,544,715.21
Rental under financial lease agreement	36,733,617.34	-	(7,193,885.67)	29,539,731.67
Total	126,047,638.91	201,672.00	(21,164,864.03)	105,084,446.88
<u>Less</u> Allowance for impairment in real estate development project for rental under financial lease agreement	-	-	(4,890,793.43)	(4,890,793.43)
Net	126,047,638.91	201,672.00	(26,055,657.46)	100,193,653.45

(Unit : Baht)

	Consolidated financial statements			
	Balance as at December 31, 2016	Transfer in	Transfer out	Balance as at December 31, 2017
Building	8,632,899.70	-	-	8,632,899.70
Rental under financial lease agreement	4,249,700.22	-	-	4,249,700.22
Total	12,882,599.92	-	-	12,882,599.92

Parent company**Rental under Financial Lease Agreement**

The benefit from the use of land acquired by lease of land and buildings for the provision of benefits. It's recognizing by the present value of the minimum rental to be paid and discounted by interest rate 7.2511% per annual. By the end of the period of the lease of land and buildings agreement beginning on May 1, 2012 to August 14, 2031, in note to the financial statement no.21.

Subsidiary company**Rental under Financial Lease Agreement**

The benefit from the use of land acquired by lease of land and buildings for the provision of benefits. It's recognizing by the present value of the minimum rental to be paid and discounted by interest rate 7.2511% per annual. By the end of the period of the lease of land and buildings agreement beginning on November 1, 2012 to August 14, 2031, in note to the financial statement no.21.

16. Other current assets

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2017	2016	2017	2016
Withholding tax	6,062,499.81	4,730,137.27	4,032,459.48	2,755,843.37
Others	862,886.03	19,034,677.53	834,976.85	661,972.23
Total	6,925,385.84	23,764,814.80	4,867,436.33	3,417,815.60

17. Restricted bank deposit

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2017	2016	2017	2016
Bank - saving accounts	6,706,108.72	56,124.11	-	-
Bank - fixed accounts	401,677,330.63	392,833,829.69	394,603,000.00	386,606,399.18
Total	408,383,439.35	392,889,953.80	394,603,000.00	386,606,399.18

As at December 31, 2017 and 2016, the Company pledged a fixed deposit as collateral for the credit facility from commercial banks and finance institutions as specified in accordance as disclosed in the note to the financial statement no.26.

18. Investments in subsidiaries

18.1 Reconciles investments in subsidiaries

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2017	2016	2017	2016
Investments in subsidiary company-balance forword	-	-	427,957,769.00	327,958,069.00
Plus Purchase investment	-	-	-	99,999,700.00
Investments in subsidiary company-balance ending	-	-	427,957,769.00	427,957,769.00

18.2 Detail of Investments in subsidiaries

Separate financial statements							
Company's name	Currency	Registered share capital / Issued and paid up capital		Percentage of Investment (%)		Cost (Baht)	
		As at December 31,		As at December 31,		As at December 31,	
		2560	2559	2560	2559	2560	2559
TWZ INTERNATIONAL LIMITED	HKD	1,000,000.00	1,000,000.00	100	100	3,958,069.00	3,958,069.00
TZ Trading Co.,Ltd.	฿	3,000,000.00	3,000,000.00	100	100	3,000,000.00	3,000,000.00
Piyachart Co.,Ltd.	฿	250,000,000.00	250,000,000.00	100	100	320,000,000.00	320,000,000.00
The Boxes Co.,Ltd.	฿	1,000,000.00	1,000,000.00	100	100	1,000,000.00	1,000,000.00
Gear Corporation Co.,Ltd.	฿	100,000,000.00	100,000,000.00	100	100	99,999,700.00	99,999,700.00
Total						427,957,769.00	427,957,769.00

Piyachart Co.,Ltd.

TWZ Corporation Public Company Limited (TWZ) purchased ordinary shares of Piyachart Company Limited (PYC) from RTH Holding Company Limited and Bangkok Forests Company Limited amounted to Baht 120 million and both parties entered into a share repurchase agreement on May 13, 2013. With the terms of the contract, in case PYC's total net profit for the period of 2013-2016 is less than Baht 150 million, TWZ has the right to sell the shares back to RTH Holding Company Limited and Bangkok Forest Company Limited. If TWZ chooses to exercise the right, RTH Holding Company Limited and Bangkok Forest Company Limited are obliged to repurchase by agreeing to pay PYC's shares of Baht 120 million.

According to the minutes of the Board of Directors Meeting No. 1/2017, dated February 27, 2017, the Company unanimously resolved not to exercise the right to sell PYC shares to RTH Holding Company Limited and Bangkok Forest Co., Ltd. at the price of Baht 120 million under the above share repurchase agreement since the Company compared the value of PYC by adjusting its book value. The valuation was prepared by a financial advisor approved by the Securities and Exchange Commission in accordance with the appraisal report dated March 24, 2017 that the appraised value was higher than resell value.

Gear Corporation Co.,Ltd.

According to the minutes of the Board of Directors' meeting No.7/2017 held on September 29, 2017, the meeting was unanimously resolved to approve the acquisition of shares in Mastech Tool and Service Co.,Ltd. from its existing sellers of 220,563 Shares of which 31,509 are new ordinary shares (Gear Corporation Co., Ltd. agree to buy and will be transferred after 3 years of COD.) The acquisition of 220,563 shares will allow the Company to hold 647,992 shares in Mastech Tool and Service Co.,Ltd., representing 80.20% of the shares after 3 years of COD, which determined the selling price at Baht176.82 per share, amounting to Baht 39 million. The share value was based on the negotiation of valuation of shares from the financial advisor during the transaction that ever traded shares of Mastech Tool and Service Co.,Ltd. (Baht 196.88 per share) which agreed to pay a deposit of Baht 20 million when entering to the agreement and the remainder of Baht 19 million on the date of ownership transfer. The reason to do additional investment in this project is that this business can generate consistent income and low risk. Also, according to the conditions of the credit institutions, Gear Corporation Co., Ltd. will have to bring 80% of its shares after the capital increase as an collateral in loan agreement with a financial institution.

According to the Company's Board Resolution for Board of Directors Meeting No. 5/2016, held on July 26, 2016, the Company had a resolution to setup the "Gear Corporation Co., Ltd" with registered capital Baht 100 million which participates in an alternative energy business. As a result, TWZ Corporation Public Company Limited held 100% shares of this company and registered with Ministry of Commerce on August 9, 2016.

The Company invested in Gear Corporation Co., Ltd on August 9, 2016 with the registered capital Baht 100 million. The Company has already paid-up capital 1 million share at the value of Baht 100 per share to Gear Corporation Co., Ltd.

Subsidiary hold by Piyachart Co.,Ltd.

(Unit : Baht)

Separate financial statements as at December 31, 2017 and 2016				
Company's name	Registered share capital	Issued and paid up capital	Percentage of investment (%)	Cost
Le Andaman Development Co., Ltd.	25,000,000.00	25,000,000.00	100	25,000,000.00

According to the minutes of the Board of Directors' meeting No.1/2017 held on September 29, 2017 of Piyachart Co.,Ltd., the meeting resolved to approve the disposal of investment in Le Andaman Development Co., Ltd. to a third party at Baht 175.736 per share with the par value of Baht 100 per share, totaling 250,000 shares which the total amount of shares was Baht 43.93 million. The Company also received the repayment of loan to Piyachart Co., Ltd. amounted to Baht 20.97 million (according to the financial statement as at December 31, 2016). The reason for the sale of Le Andaman Development Co., Ltd. was due to the fact that the Company decided to reduce the risk and took the money to invest in other projects that have more potential.

Subsidiary hold by Gear Co.,Ltd.

(Unit : Baht)

Separate financial statements as at December 31, 2017 and 2016				
Company's name	Registered share capital	Issued and paid up capital	Percentage of investment (%)	Cost
Mastech Tool and Service Co.,Ltd.	80,800,000.00	80,800,000.00	49	39,592,000.00

According to the Company's Board Resolution for Board of Directors Meeting No. 5/2016, held on July 26, 2016, its subsidiary, Gear Corporation Co., Ltd. invested in the production of electricity from solar energy by purchasing 80% of paid-up common shares in Mastech Tool & Service Co., Ltd. which was 80,000 shares at the par value of Baht 100 per share from the existed shareholders who has no relationship with the Group which the purchase price has amount Baht 70 million. Mastech Tool and Service Co., Ltd. is principally engaged about generating and selling electricity, Electricity Supply Contract for the highest capacity of 5MW.

On September 6, 2016, the Company made an advance of Baht 40 million and scheduled to transfer 48,490 shares on September 21, 2016. Based on purchase agreement, after settlement, the Company will have share 48.49% and obligation to make a payment to the ex-shareholders amounted to Baht 16 million. Thus, the 31,510 shares will be settled after 3 years starting from commercial operating date.

On September 21, 2016, the Company paid the second payment to seller amounted to Baht 14 million and purchased preferred shares 1,000 shares at the value of Baht 100 per share, totalling Baht 100,000. As a result, Gear Corporation Co., Ltd has the rights to receive 80% of total dividend including 80.19% of voting rights in shareholder meeting based on the above information. As at acquisition date, the Group recognized acquired assets and liabilities at fair value or observable value. Based on the purchase method, it was Baht 50 million according to details as followed;

(Unit : Baht)

Consideration for business combination

Payment by cash	50,000,000.00
Advance payment of share	4,000,000.00
Total	54,000,000.00

As at September 21, 2016 (Acquisition date), acquired the net assets based on fair value/booking value and related transaction as followed ;

	(หน่วย : บาท)
Cash and cash equivalent	9,522,000.00
Other current assets	39,616,601.76
Electricity supply contract**	97,455,656.30
Other current liabilities	(206,720.64)
Other short-term loans	(39,854,319.76)
Deferred tax liabilities	(19,491,131.26)
Net assets	87,042,086.40
<u>Less</u> Non-controlling interest	(44,442,464.06)
<u>Add</u> Goodwill	7,400,377.66
Purchase investments in subsidiary company as at September 21, 2016	50,000,000.00
<u>Less</u> Cash and cash equivalents of subsidiary acquired	(9,522,000.00)
Total Purchase investments as at September 21, 2016	40,478,000.00

** As at acquisition date, the value of purchase agreement on electricity appraised by independent financial advisor. Electricity supply contract is the agreement to sell solar energy power to Provincial Electricity Authority (PEA) at 5 MW. for 25 years starting from either Commercial Operation Date (COD) or Scheduled Commercial Operation Date (SCOD) which one comes first. According to the contract, the SCOD is before December 30, 2016.

According to the Board of Directors Meeting No. 8/2016 held on November 1, 2016, the Board had resolution to approve the capital increase of MASTECH Tools and Services Co., Ltd. in the amount of 707,000 shares at par value of Baht 100 per share by registered new share capital 25% of total offered shares and approve Gear Corporation Co., Ltd which is a subsidiary company to inject capital in the proportion of 1:7 both common stock and preferred stock.

On November 1, 2016, according to the Extraordinary General Meeting of Shareholders No. 2/2016 of Mastech Tools and Services Co.,Ltd (MASTECH), the Board had resolution to increase the share capital of MASTECH from Baht 10.1 million (Ordinary shares 100,000 shares and preferred shares 1,000 shares with the par value of Baht 100) to Baht 80.8 million (ordinary shares 800,000 shares and preferred shares 8,000 shares with the par value of Baht 100) by issuing new ordinary shares of 700,000 shares with par value of Baht 100 per share and paid up shares at Baht 100.

Statement of comprehensive income for the year ended December 31, 2016 included profit (loss) of Mastech Tool & Service Co., Ltd. from September 21, 2016 as followed ;

	(Unit : Baht)
Net loss	(7,579,050.67)

In case that the Company acquired business from January 1, 2016, statement of comprehensive income for the year ended December 31, 2016 included profit (loss) of Mastech Tool & Service Co., Ltd. from January 1, 2016 as followed ;

	(Unit : Baht)
Net loss	(8,501,489.31)

18.3 Non-controlling interests

The following table summarises the information relating to Mastech Tool and Service Co.,Ltd. each of the Group's subsidiaries that has a material non-controlling interest, were as follows ;

Summarised statement of financial position as at December 31, 2017

	(Unit : Baht)
Current assets	31,332,462.89
Current liabilities	(18,168,453.54)
Total current net assets	49,500,916.43
Non-current assets	212,616,473.22
Non-Current liabilities	(138,035,404.84)
Total non-current net assets	74,581,068.38
Net assets	124,081,984.81
Carrying amount of non-controlling interest	63,281,812.25
Intra-group eliminations	21,230,085.17
Carrying amount of non-controlling interest-net	84,511,897.42

Summarised statement of financial position as at December 31, 2016

	(Unit : Baht)
Current assets	30,369,688.85
Current liabilities	(164,477,713.24)
Total current net assets	(134,108,024.39)
Non-current assets	206,406,535.08
Non-Current liabilities	-
Total non-current net assets	206,406,535.08
Net assets	72,298,510.69
Carrying amount of non-controlling interest	36,872,240.45
Intra-group eliminations	39,761,907.78
Carrying amount of non-controlling interest-net	76,634,148.23

Summarised statement of comprehensive income for the year ended December 31, 2017

	(Unit : Baht)
Revenue	45,686,322.51
Net profit	15,446,567.04
Total comprehensive income (expense)	15,446,567.04
Total comprehensive income (expense) allocated to non-controlling interests	7,877,749.19

Summarised statement of comprehensive income for the year ended December 31, 2016

	(Unit : Baht)
Revenue	5,831.63
Net loss	(7,579,050.67)
Total comprehensive income (expense)	(7,579,050.67)
Total comprehensive income (expense) allocated to non-controlling interests	(3,865,315.84)

Summarised statement of cash flows for the year ended December 31, 2017

	(Unit : Baht)
Net cash flows from (used in) operating activities	(12,780,535.65)
Net cash flows from (used in) investing activities	(16,358,115.45)
Net cash flows from (used in) financing activities	33,477,187.14
Net increase (decrease) in cash and cash equivalents	4,338,536.04
Cash and cash equivalents at beginning of year	3,249,067.24
Cash and cash equivalents at end of year	7,587,603.28

Summarised statement of cash flows for the year ended December 31, 2016

	(Unit : Baht)
Net cash flows from (used in) operating activities	26,671,679.81
Net cash flows from (used in) investing activities	(188,527,462.57)
Net cash flows from (used in) financing activities	155,582,850.00
Net increase (decrease) in cash and cash equivalents	(6,272,932.76)
Cash and cash equivalents at beginning of year	9,522,000.00
Cash and cash equivalents at end of year	3,249,067.24

19. Investment property

	(Unit : Baht)
	Consolidated financial statements
Investment property at 1 January 2017	-
Transfer from	
- Real estate development project for rental under financial lease agreement	21,164,864.02
- Leasehold land	22,144,795.44
Total	43,309,659.46
Gain from transfer asset	2,890,340.54
Investment property at 31 December 2017	46,200,000.00

During the year 2017, the management of subsidiary brought five commercial buildings out of seventeen to lease to a client which have entered into long-term lease agreements. Originally, all buildings were recognized under real estate development project for rental under financial lease agreement which the objective is for sale and uses the lower of cost or net realizable value either is lower as its value.

Therefore, in preparing the financial statements for the year ended December 31, 2017, the five commercial buildings were reclassified from the real estate development project for rental under financial lease agreement which the objective is for sale to investment property which the objective is the benefits from rental income under the contract in accordance with Thai Financial Reporting Standards 40 about Investment Property.

Valuation processes

The management has reviewed the reports from independent appraisers about the fair value of assets as investment property. The valuation technique used significant unobservable inputs, so the Company classified the fair value measurement as Level 3 of fair value hierarchy.

20. Property, plant and equipment

(Unit : Baht)

Consolidated financial statements										
	Land	Building	Building improvement	Machineries and equipment	Office Equipment	Office Furniture	Motor vehicles	Work in Construction	Equipment of electricity from solar power	Total
Cost :										
As at December 31, 2016	4,380,108.00	4,499,892.00	39,706,663.71	3,035,412.09	21,151,903.01	47,734,756.77	20,925,363.00	14,921,743.86	173,393,021.38	329,748,863.82
Addition	-	-	647,615.38	1,039,724.91	291,702.85	494,506.96	-	-	9,685,234.76	12,158,784.86
Transfer in (out)	-	-	-	-	-	-	-	(14,921,743.86)	14,921,743.86	-
Disposal	-	-	(3,497,521.18)	-	(36,250.00)	(7,250.00)	-	-	-	(3,541,021.18)
As at December 31, 2017	4,380,108.00	4,499,892.00	36,856,757.91	4,075,137.00	21,407,355.86	48,222,013.73	20,925,363.00	-	198,000,000.00	338,366,627.50
Accumulated depreciation :										
As at December 31, 2016	-	339,032.96	20,376,874.50	2,417,623.59	18,995,886.49	42,971,339.25	19,055,601.79	-	111,578.89	104,267,937.47
Depreciation for the year	-	224,994.61	6,503,833.25	288,318.70	705,869.91	1,865,490.61	788,600.00	-	9,458,949.86	19,836,056.94
Depreciation on disposals	-	-	(894,797.47)	-	(15,314.38)	(2,555.89)	-	-	-	(912,667.74)
As at December 31, 2017	-	564,027.57	25,985,910.28	2,705,942.29	19,686,442.02	44,834,273.97	19,844,201.79	-	9,570,528.75	123,191,326.67
Net book value :										
As at December 31, 2017	4,380,108.00	3,935,864.43	10,870,847.63	1,369,194.71	1,720,913.84	3,387,739.76	1,081,161.21	-	188,429,471.25	215,175,300.83
As at December 31, 2016	4,380,108.00	4,160,859.04	19,329,789.21	617,788.50	2,156,016.52	4,763,417.52	1,869,761.21	14,921,743.86	173,281,442.49	225,480,926.35

Depreciation are recognized in statements of comprehensive income for the year ended December 31,

2017

19,836,056.94

2016

11,030,153.25

(Unit : Baht)

Separate financial statements							
	Land	Building	Building improvement	Machineries and equipment	Office Equipment	Office Furniture	Motor vehicles
Cost :							Total
As at December 31, 2016	4,380,108.00	4,499,892.00	39,706,663.71	2,899,427.17	20,836,413.46	47,508,530.13	138,635,836.72
Addition	-	-	626,996.82	24,006.87	130,135.06	296,490.36	1,077,629.11
Disposal in (out)	-	-	(3,497,521.18)	-	-	-	(3,497,521.18)
As at December 31, 2017	4,380,108.00	4,499,892.00	36,836,139.35	2,923,434.04	20,966,548.52	47,805,020.49	136,215,944.65
Accumulated depreciation :							
As at December 31, 2016	-	339,032.96	20,376,874.50	2,389,799.26	18,850,623.28	42,881,589.28	101,772,961.38
Depreciation for the year	-	224,994.61	6,501,155.66	175,007.81	648,512.69	1,818,951.29	10,157,222.06
Depreciation on disposals	-	-	(894,797.47)	-	-	-	(894,797.47)
As at December 31, 2017	-	564,027.57	25,983,232.69	2,564,807.07	19,499,135.97	44,700,540.57	111,035,385.97
Net book value :							
As at December 31, 2017	4,380,108.00	3,935,864.43	10,852,906.66	358,626.97	1,467,412.55	3,104,479.92	25,180,558.68
As at December 31, 2016	4,380,108.00	4,160,859.04	19,329,789.21	509,627.91	1,985,790.18	4,626,940.85	36,862,875.34

Depreciation are recognized in statements of comprehensive income for the year ended December 31,

2017

10,157,222.06

2016

10,724,531.47

Parent company

As of December 31, 2017 and 2016, the Company had assets with the depreciation fully calculated but still in use which had a cost of Baht 90.53 Million and Baht 86.69 Million respectively. The net book value of which was Baht 2,388 and Baht 2,277, respectively.

Subsidiaries company

As of December 31, 2017 and 2016, the subsidiaries had assets with the depreciation fully calculated but still in use which had a cost of Baht 2.17 million and Baht 2.15 million, respectively. The net book value of which was Baht 5 and Baht 4, respectively.

21. Leasehold land

(Unit : Baht)

	Consolidated financial statements			
	Balance as at December 31, 2016	Purchase/ Transfer in	Sale/ Transfer out	Balance as at December 31, 2017
Leasehold land	146,231,971.68	-	(27,370,741.26)	118,861,230.42
<u>Less</u> Accumulated amortization	(39,501,249.71)	(6,569,133.63)	5,223,022.51	(40,847,360.83)
Net	106,730,721.97	(6,569,133.63)	(22,147,718.75)	78,013,869.59

(Unit : Baht)

	Separate financial statements			
	Balance as at December 31, 2016	Purchase/ Transfer in	Sale/ Transfer out	Balance as at December 31, 2017
Leasehold land	8,820,392.25	-	-	8,820,392.25
<u>Less</u> Accumulated amortization	(3,319,768.66)	(376,543.03)	-	(3,696,311.69)
Net	5,500,623.59	(376,543.03)	-	5,124,080.56

Amortization as shown in statements of comprehensive income

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,			
	2017	2016	2017	2016
Recognized in administrative amount expenseson	6,569,133.63	7,332,019.01	376,543.03	376,543.07
Recognized on cost of real estate project for ental under financial lease agreement	-	3,879,177.22	-	-

Parent company

According to the resolution of Board of Director (BOD) meeting No. 2/2008, dated February 27, 2008, the BOD has approved the investment plan in real estate project by acquiring a leasehold rights from a non-related company in order to entering a contract with State Railway Thailand to lease 6,126 square meters land. Later in the BOD meeting No. 3/2008, dated March 24, 2008, the BOD has provided the ratification to approve the aforementioned lease.

The Company entered into an aforesaid direct leasehold contract with State Railway of Thailand and the rights of leasehold has been completely transferred to the Company since March 11, 2008. The value of transferred rights is not higher than the official appraisal value which is evaluated by market comparison approach and income approach according to leasehold appraisal report in 2005 by an independent appraiser, providing by the rights transferred company.

Leasehold rights consists of 2 leasehold agreements as follows;

Agreements No.1 Land leasehold agreement for construction, commenced from March 10, 2008 until October 31, 2010 for the period of 2 years 7 months and 21 days. Next time State Railway of Thailand has approved the extension of construction period as follows:

On November 9, 2009; State Railway of Thailand has approved the extension of construction period for another 1 year and 6 months, starting from November 1, 2010 to April 30, 2012.

On July 24, 2012; State Railway of Thailand has approved the extension of construction period for 8 months, starting from May 1, 2012 to December 31, 2012.

The Company recognized rental from Land leasehold agreement for construction is expenses with the lease period of contract.

Agreements No.2 Land and property leasehold agreement, commenced from November 1, 2010 to August 14, 2031 for the period of 20 years 9 months and 14 days. Next time State Railway of Thailand has approved the extension of construction period as follows:

On November 9, 2009; State Railway of Thailand has approved the extension of construction period for another 1 year and 6 months, this leasehold agreement shall also be postponed to start from May 1, 2012 to August 14, 2031 for the period of 19 years 3 months and 14 days.

On July 24, 2012 ; State Railway of Thailand has approved the extension of construction period for 8 months, this leasehold agreement shall also be postponed to start from January 1, 2013 to August 14, 2031 for the period of 18 years 7 months and 14 days.

The Company recognized rental from Land and property leasehold agreement in account Real estate development project for rental under financial lease agreement

Subsidiary company

Leasehold rights consists of 2 leasehold agreements as follows;

Agreements No.1 Land leasehold agreement for construction, commenced from March 10, 2008 until October 31, 2010 for the period of 2 years 7 months and 21 days. Next time State Railway of Thailand has approved the extension of construction period as follows:

On November 9, 2009; State Railway of Thailand has approved the extension of construction period for another 2 year and 6 months, starting from November 1, 2010 to October 31, 2012.

The Company recognized rental from Land leasehold agreement for construction is expenses with the lease period of contract.

Agreements No.2 Land and property leasehold agreement, commenced from November 1, 2010 to August 14, 2031 for the period of 20 years 9 months and 14 days. Next time State Railway of Thailand has approved the extension of construction period as follows:

On November 9, 2009; State Railway of Thailand has approved the extension of construction period for another 2 year and 6 months, this leasehold agreement shall also be postponed to start from November 1, 2012 to August 14, 2031 for the period of 18 years 9 months and 14 days.

The Company recognized rental from Land and property leasehold agreement in account Real estate development project for rental under financial lease agreement

As at December 31, 2017 and 2016, a subsidiary has used leasehold right of the land for guaranteeing the loan from commercial bank and financial institution as described in note to the financial statement no.26.

22. Leasehold rights

(Unit : Baht)

	Consolidated financial statements/Separate financial statements			
	Balance as at December 31, 2016	Purchase/ Transfer in	Sale/ Transfer out	Balance as at December 31, 2017
Leasehold rights	27,535,771.22	-	-	27,535,771.22
<u>Less</u> Accumulated amortization	(24,542,921.76)	(485,925.80)	-	(25,028,847.56)
Net	2,992,849.46	(485,925.80)	-	2,506,923.66

Amortization as shown in statements of comprehensive income for the years ended December 31,

2017	485,925.80
2016	487,257.12

As at December 31, 2017 and 2016, the Company pledged a leasehold rights which has original value of Baht 9.90 Million with book value of Baht 2.51 Million and original value of Baht 9.90 Million with book value of Baht 2.99 Million, respectively which as collateral for the credit facility from commercial banks and finance institutions in the note to the financial statement no.26.

23. Intangible asset

(Unit : Baht)

	Consolidated financial statements			
	Balance as at December 31, 2016	Purchase/ Transfer in	Sale/ Transfer out	Balance as at December 31, 2017
Application Program	6,768,012.08	647,705.00	-	7,415,717.08
Cost of Accounting System Design	360,000.00	-	-	360,000.00
Purchase of Investments in subsidiaries (See note no.18 "Electricity supply contract**)	97,455,656.31	-	-	97,455,656.31
Total cost	104,583,668.39	647,705.00	-	105,231,373.39
<u>Less Accumulated amortization</u>	<u>(5,602,000.01)</u>	<u>(4,403,890.44)</u>	<u>-</u>	<u>(10,005,890.45)</u>
Net	98,981,668.38			95,225,482.94

Amortization as shown in statements of comprehensive income for the years ended December 31,

2017	4,403,890.44
2016	396,280.00

(Unit : Baht)

	Separate financial statements			
	Balance as at December 31, 2016	Purchase/ Transfer in	Sale/ Transfer out	Balance as at December 31, 2017
Application Program	5,413,651.94	22,705.00	-	5,436,356.94
Cost of Accounting System Design	360,000.00	-	-	360,000.00
Total cost	5,773,651.94	22,705.00	-	5,796,356.94
<u>Less Accumulated amortization</u>	<u>(5,326,974.24)</u>	<u>(171,137.19)</u>	<u>-</u>	<u>(5,498,111.43)</u>
Net	446,677.70			298,245.51

Amortization as shown in statements of comprehensive income for the years ended December 31,

2017	171,137.19
2016	178,031.26

24. Deferred tax assets (deferred tax liabilities)

Deferred tax assets and liabilities were as follows :

(Unit : Baht)

	Consolidated financial statements					
	As at December 31, 2017			As at December 31, 2016		
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Deferred tax assets	1,843,312.30	-	1,843,312.30	288,327.16	-	288,327.16
Deferred tax	44,394,556.03	95,324,980.89	(50,930,424.86)	48,864,547.01	112,554,391.73	(63,689,844.72)
Net	46,237,868.33	95,324,980.89	(49,087,112.56)	49,152,874.17	112,554,391.73	(63,401,517.56)

(Unit : Baht)

	Separate financial statements					
	As at December 31, 2017			As at December 31, 2016		
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Deferred tax liabilities	38,618,738.50	(46,247,941.18)	(7,629,202.68)	35,166,007.39	(49,023,049.88)	(13,857,042.49)

Movements in total deferred tax assets and liabilities during the years ended December 31, 2017 and 2016 were as follows:

(Unit : Baht)

	Consolidated financial statements			
	As at December 31, 2016	Changing increase/(decrease)		As at December 31, 2017
		Profit or loss	Other comprehensive income	
Deferred tax assets				
Allowance for diminution in value of inventories	5,267,867.90	1,205,267.69	-	6,473,135.59
Allowance for diminution in value of land and improvement	428,996.53	-	-	428,996.53
Liabilities by contract of financial leased	29,961.42	(17,840.00)	-	12,121.42
Employee benefit obligations	1,706,568.60	573,677.40	(491,797.80)	1,788,448.20
Cost of real estate project for rental under financial lease agreement	35,640,826.18	(3,983,354.98)	-	31,657,471.20
Loss carry forward	5,909,475.24	(5,909,475.24)	-	-
Allowance for doubtful accounts	169,178.30	4,730,358.40	-	4,899,536.70
Allowance for impairment in real estate development	-	978,158.69	-	978,158.69
Total	49,152,874.17	(2,423,208.04)	(491,797.80)	46,237,868.33

	Consolidated financial statements			
	As at	Changing increase/(decrease)		As at
	December 31,		Other comprehensive	December 31,
	2016	Profit or loss	income	2017
Deferred tax liabilities				
Revenue from real estate project for rental under financial lease agreement	70,772,355.48	(3,912,890.63)	-	66,859,464.85
Additional assets from the acquisition of subsidiaries	41,782,036.25	(13,316,520.21)	-	28,465,516.04
Total	112,554,391.73	(17,229,410.84)	-	95,324,980.89
Net	(63,401,517.56)	14,806,202.80	(491,797.80)	(49,087,112.56)

(Unit : Baht)

	Separate financial statements			
	As at	Changing increase/(decrease)		As at
	December 31,		Other comprehensive	December 31,
	2016	Profit or loss	income	2017
Deferred tax assets				
Allowance for diminution in value of inventories	4,993,803.99	1,225,293.58	-	6,219,097.57
Liabilities by contract of financial leased	29,961.42	(17,840.00)	-	12,121.42
Employee benefit obligations	1,543,247.00	435,188.80	(420,333.20)	1,558,102.60
Cost of real estate project for rental under financial lease agreement	28,444,079.93	(1,923,507.93)	-	26,520,572.00
Allowance for doubtful accounts	154,915.05	4,153,929.86	-	4,308,844.91
Total	35,166,007.39	3,873,064.31	(420,333.20)	38,618,738.50
Deferred tax liabilities				
Revenue from real estate project for rental under financial lease agreement	49,023,049.88	(2,775,108.70)	-	46,247,941.18
Total	49,023,049.88	(2,775,108.70)	-	46,247,941.18
Net	(13,857,042.49)	6,648,173.01	(420,333.20)	(7,629,202.68)

(Unit : Baht)

	Consolidated financial statements				
	Changing increase/(decrease)				
	As at	Subsidiary as at		Other	As at
	December 31, 2015	acquisition date	Profit or loss	income	December 31, 2016
Deferred tax assets					
Allowance for diminution in value of inventories	5,569,733.45	-	(301,865.55)	-	5,267,867.90
Allowance for diminution in value of land and improvement	428,996.53	-	-	-	428,996.53
Liabilities by contract of financial leased	47,800.70	-	(17,839.28)	-	29,961.42
Employee benefit obligations	1,356,120.20	-	349,750.40	698.00	1,706,568.60
Cost of real estate project for rental under financial lease agreement	37,976,818.86	-	(2,335,992.68)	-	35,640,826.18
Loss carry forward	5,909,475.24	-	-	-	5,909,475.24
Allowance for doubtful accounts	155,704.75	-	13,473.55	-	169,178.30
Total	51,444,649.73	-	(2,292,473.56)	698.00	49,152,874.17
Deferred tax liabilities					
Revenue from real estate project for under financial lease agreement	72,087,204.90	-	(1,314,849.42)	-	70,772,355.48
Additional assets from the acquisition of subsidiaries	23,677,958.83	19,491,131.26	(1,387,053.84)	-	41,782,036.25
Total	95,765,163.73	19,491,131.26	(2,701,903.26)	-	112,554,391.73
Net	(44,320,514.00)	(19,491,131.26)	409,429.70	698.00	(63,401,517.56)

(Unit : Baht)

	Separate financial statements			
	As at	Changing increase/(decrease)		As at
	December 31,	Profit or loss	Other comprehensive income	December 31,
	2016			2017
Deferred tax assets				
Allowance for diminution in value of inventories	5,355,201.39	(361,397.40)	-	4,993,803.99
Liabilities by contract of financial leased	47,800.70	(17,839.28)	-	29,961.42
Employee benefit obligations	1,175,029.60	368,217.40	-	1,543,247.00
Cost of real estate project for rental under financial lease agreement	30,368,699.13	(1,924,619.20)	-	28,444,079.93
Allowance for doubtful accounts	155,704.75	(789.70)	-	154,915.05
Total	37,102,435.57	(1,936,428.18)	-	35,166,007.39
Deferred tax liabilities				
Revenue from real estate project for under financial lease agreement	51,523,052.81	(2,500,002.93)	-	49,023,049.88
Total	51,523,052.81	(2,500,002.93)	-	49,023,049.88
Net	(14,420,617.24)	563,574.75	-	(13,857,042.49)

25. Other non-current assets

(หน่วย : บาท)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2017	2016	2017	2016
Guarantee for leasehold rights and services	16,808,194.13	17,973,555.15	16,808,194.13	17,973,555.15
Advance payment of share	4,000,000.00	4,000,000.00	-	-
Other non-current assets	1,150,459.44	3,514,220.81	567,327.44	2,762,912.40
Total	21,958,653.57	25,487,775.96	17,375,521.57	20,736,467.55
Revenue sharing under the Electricity				
Generating Agreement	18,000,000.00	18,000,000.00	-	-
<u>Less</u> Accumulated amortization	(729,862.98)	(9,863.01)	-	-
Net	17,270,137.02	17,990,136.99	-	-
Total	39,228,790.59	43,477,912.95	17,375,521.57	20,736,467.55

Subsidiary

On September 28, 2016, Mastech Tools and Services Co., Ltd. (the project sponsor) made a memorandum of understanding for the agreement to support the solar power plant project on the ground for government agencies and agricultural cooperatives 2015 with Hin Son Dairyfarms cooperative Co., Ltd. (The owner of the project) as follows;

- Project contributor will be an investor in solar power projects in order to distribute to the Electricity Generating Authority and will be the project administrator.
- Project owner will receive a revenue sharing on primary project amounting to Baht 18,000,000. The project sponsor will pay the entire amount within 30 days from the contract signing date.

The Company will recognize an amortization of revenue sharing under the Electricity Generating Agreement within the term of the PPA according to the note 40.4.

26. Credit facility from commercial banks and finance institutions

Parent company

As at December 31, 2017, the Company has received credit facilities from 7 commercial banks, consisted of credit facility for letter of credit and trust receipt of Baht 1,265 Million, for promissory note of Baht 635 Million, for foreign exchange forward contract of Baht 265 Million, for bank guarantee of Baht 50 Million, for bank overdraft account of Baht 50 Million, for factoring of Baht 200 Million, Loan 170 Million and credit card from management Baht 3 Million. These credit facilities were guaranteed by the collateral as specified in notes to financial statement no.17 and no.22.

As at December 31, 2016, the Company has received credit facilities from 9 commercial banks, consisted of credit facility for letter of credit and trust receipt of Baht 1,780 Million, for promissory note of Baht 550 Million, for

foreign exchange forward contract of Baht 680 Million, for bank guarantee of Baht 60 Million, for bank overdraft account of Baht 55 Million, for factoring of Baht 200 Million, Loan 30 Million, Bill of exchange 300 Million and credit card from management Baht 3 Million. These credit facilities were guaranteed by the collateral as specified in notes to financial statement no.17 and no.22.

Subsidiaries company

As at December 31, 2017, the subsidiaries has received credit facilities from 4 commercial banks, consisted of credit facility for promissory note of Baht 9 million, letter of guarantee of Baht 11.55 million, bank overdrafts of Baht 11 million and loan Baht 172 million. These credit facilities were guaranteed by the collateral as specified in note to financial statement no.17 and no.21 and TWZ Corporation Public Company Limited has participated in the guarantee credit of the amount Baht 182 million.

As at December 31, 2016, the subsidiaries has received credit facilities from 3 commercial banks, consisted of credit facility for letter of guarantee of Baht 7.33 Million and bank overdrafts of Baht 10 Million. These credit facilities were guaranteed by the collateral as specified in note to financial statement no.17.

27. Bank overdraft and short-term loans from financial institutions

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2017	2016	2017	2016
Bank overdrafts	28,556,435.14	8,821,155.34	18,862,982.33	125,092.53
Short-term loans from trust receipt	1,098,891,710.10	1,199,333,938.45	1,098,891,710.10	1,199,333,938.45
Short-term loans from promissory note	714,902,720.00	539,000,000.00	714,902,720.00	539,000,000.00
Short-term loans from bill of exchange	-	300,000,000.00	-	300,000,000.00
Total	1,842,350,865.24	2,047,155,093.79	1,832,657,412.43	2,038,459,030.98

Parent company

(Unit : Baht)

	Aging (month)	Interest rate	Amount	
			As at December 31,	
			2017	2016
Bank overdrafts	-	2.70	18,862,982.33	125,092.53
Short-term loans from trust receipt	4	3.17 - 5.80	1,098,891,710.10	1,199,333,938.45
Short-term loans from promissory note	3 - 6	5.25 - 6.25	714,902,720.00	539,000,000.00
Short-term loans from bill of exchange	-	-	-	300,000,000.00
Total			1,832,657,412.43	2,038,459,030.98

Subsidiaries company

(Unit : Baht)

	Interest rate	Amount As at December 31,	
		2017	2016
Bank overdrafts	2.88 - 7.50	9,693,452.81	8,696,062.81

The parent company entered into a factoring agreement which has trade receivables as collateral, with interest rate of MOR-1 per annum.

As at December 31, 2017 and 2016, bank overdraft and short-term loans from financial institutions above of the Group has interest rate at 2.70-7.50 per annum, respectively.

28. Trade and other payables

(Unit : Baht)

	Consolidated financial statements As at December 31,		Separate financial statements As at December 31,	
	2017	2016	2017	2016
Trade payable				
Trade payable	48,210,965.73	65,209,196.85	46,528,939.88	64,378,416.75
	-	194,036.00	-	-
Total	48,210,965.73	65,403,232.85	46,528,939.88	64,378,416.75
Other payables				
Advance received from real estate project	43,852,059.83	46,110,406.72	35,020,980.88	25,365,632.99
Accrued expense	13,572,652.36	56,092,228.94	11,520,651.43	20,718,438.00
Accrued interest expense	5,069,402.38	4,949,378.74	3,594,429.51	3,520,075.39
Account payable of retention	8,945,027.90	5,709,105.34	5,814,377.59	4,529,955.03
Withholding tax payable	377,398.44	4,565,268.11	316,148.23	687,916.03
Other payable - Revenue Department	433,091.20	572,500.68	427,639.67	546,953.62
Other	3,725,335.00	2,275,536.81	3,053,258.41	373,846.75
Total	75,974,967.11	120,274,425.34	59,747,485.72	55,742,817.81
Total Trade and other payables	124,185,932.84	185,677,658.19	106,276,425.60	120,121,234.56

29. Rental for real estate recognized under financial lease agreement

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2017	2016	2017	2016
Rental for real estate recognized under financial lease agreement	176,100,354.00	183,560,767.00	85,507,959.00	89,130,465.00
<u>Less</u> Deferred interest expenses	(73,973,655.64)	(81,382,690.17)	(35,918,930.15)	(39,516,489.15)
Current portion of rental for real estate recognized under financial lease agreement	(428,123.98)	(51,378.47)	(207,881.93)	(24,947.00)
Net	101,698,574.38	102,126,698.36	49,381,146.92	49,589,028.85

The aggregate minimum lease payments under non-cancelable leases agreements as follows

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2017	2016	2017	2016
Less than 1 year	7,833,433.00	7,460,413.00	3,803,632.00	3,622,506.00
More than 1 year but less than 5 years	36,811,457.00	34,194,895.00	17,874,311.00	16,603,803.00
More than 5 years	131,455,464.00	141,905,459.00	63,830,016.00	68,904,156.00
Total	176,100,354.00	183,560,767.00	85,507,959.00	89,130,465.00

30. Long-term loans

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2017	2016	2017	2016
Loans from financial institutions	268,237,208.50	23,962,158.32	116,707,684.26	23,962,158.32
<u>Less</u> Current portion of long-term loans	(22,396,803.66)	(15,960,000.00)	(8,902,684.26)	(15,960,000.00)
Net	245,840,404.84	8,002,158.32	107,805,000.00	8,002,158.32

During 2017, movements of loans from financial institutions are as follows :

(Unit : Baht)

	Consolidated financial statements	Separate financial statements
Balance as at December 31, 2016	23,962,158.32	23,962,158.32
<u>Add</u> Received loans during the year	278,211,466.90	113,384,000.00
<u>Less</u> Repayment loans during the year	(34,380,190.80)	(20,638,474.06)
<u>Add</u> Amortization of borrowing expenses	443,774.08	-
Balance as at December 31, 2017	268,237,208.50	116,707,684.26

During the year 2017, the Company received and drawdown additional loans from the financial statements for the year ended December 31, 2016 as follows:

The parent company has a long-term loan from financial institution amounting to Baht 140 million. The loan is a 36 month loan as of the date of the first drawdown and when the mortgage of condominium is released and ready to transfer to the buyer. The borrower will pay the principal 70% of the selling price of each condominium unit. Interest is paid every month at MLR per annum, which the Company pledged land and building as collaterals.

The subsidiary has a long-term loan from financial institution amounting to Baht 172 million which should not exceed 75% of the estimated total Project cost of subsidiary company which has a loan agreement. The term of the loan is 13 years from the signing date. There is a grace period for 6 months and the term of payment is quarterly basis with a fixed interest rate at 4.50% per annum, which the Company pledged building as collaterals include TWZ Corporation Public Company Limited joined the guarantee credit.

31. Employee benefit obligations

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2017	2016	2017	2016
Employee benefit obligations at beginning of year	8,532,843.00	6,780,601.00	7,716,235.00	5,875,148.00
<u>Add</u> Employee benefit	2,659,685.00	1,796,838.00	1,991,298.00	1,697,763.00
Financial cost (interest expense)	208,702.00	162,424.00	184,646.00	143,324.00
<u>Less</u> Payments employee benefit during the year				
Transference to subsidiary in order to settle share payment	-	(210,510.00)	-	-
<u>Add</u> (Less) Actuarial (gains) losses arising from post-employment benefits employment benefits	(2,458,989.00)	3,490.00	(2,101,666.00)	-
Employee benefit obligations at end of year	8,942,241.00	8,532,843.00	7,790,513.00	7,716,235.00

Long-term employee benefit expenses included in the consolidated statements of comprehensive income for the year ended December 31, 2017 and 2016, amounted to Baht 2.87 Million and Baht 1.96 Million, respectively and the Company statements of comprehensive income for the year ended December 31, 2017 and 2016, amounted to Baht 2.18 Million and Baht 1.84 Million, respectively.

The cumulative amount of actuarial gains recognised in the other comprehensive income for the year ended December 31, 2017, of the consolidate and separate financial statements amounted to Baht 2.46 million and Baht 2.10 million (2016, actuarial loss recognised in the separate financial statement amounted to Baht 0.01 million)

The principal actuarial assumptions used were as follows :

(Unit : percent)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2017	2016	2017	2016
Discount rate	2.05 - 3.25	2.11 - 2.44	2.7	2.44
Future salary increases rate	5	5	5	5

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	7,961,762.00	9,988,572.00	6,925,146.00	8,797,185.00
Future salary increases rate	9,982,030.00	7,949,097.00	8,793,909.00	6,911,355.00
Turnover rate	7,882,518.00	9,287,853.00	6,852,658.00	8,152,261.00

Amounts of defined benefit obligation for the current and previous four periods are as follows:

(Unit : Baht)

	Defined benefit obligation	
	Consolidated financial statements	Separate financial statements
Year 2017	8,942,241.00	7,790,513.00
Year 2016	8,532,843.00	7,716,235.00
Year 2015	6,780,601.00	5,875,148.00
Year 2014	6,193,037.00	5,852,159.00
Year 2013	4,779,884.00	4,515,493.00

32. Share capital

(Unit : Baht)

	Consolidated financial statements / Separate financial statements			
	As at December 31, 2017		As at December 31, 2016	
	Number of shares	Amount	Number of shares	Amount
	(Shares)	(Baht)	(Shares)	(Baht)
Registered share capital				
Beginning ordinary share	10,333,794,526	1,033,379,452.60	10,333,794,526	1,033,379,452.60
<u>Add</u> Increased ordinary shares	1,800,000,000	180,000,000.00	-	-
<u>Less</u> Decreased ordinary share	(717,907,364)	(71,790,736.40)	-	-
Ending ordinary shares	11,415,887,162	1,141,588,716.20	10,333,794,526	1,033,379,452.60
Issued and paid-up share capital				
Beginning ordinary shares	6,235,748,903	623,574,890.30	6,235,748,903	623,574,890.30
<u>Add</u> Increased ordinary shares	23,324,158	2,332,415.80	-	-
Total ordinary shares	6,259,073,061	625,907,306.10	6,235,748,903	623,574,890.30

Parent company

The following agendas were approved in the annual general shareholder's meeting for the year 2017, held on April 28, 2017 :

- (1) To decrease registered capital of the Company from Baht 1,033,379,452.60 to Baht 961,588,716.20 cancelling all 717,907,364 undistributed shares, at a par value of Baht 0.10, totaling Baht 71,790,736.40.
- (2) To amend the Company Memorandum of Association No.4 in order to conform with the decrease in registered share.
- (3) To increase registered share by Baht 180,000,000 composing of 1,800,000,000 ordinary shares with par value of Baht 0.10 per share. As a result, registered share will be increased from Baht 961,588,716.20 to Baht 1,141,588,716.20 composing of 11,415,887,162 ordinary shares with par value of Baht 0.10 per share.
- (4) To amend the Company Memorandum of Association No.4 in order to conform with the increase in registered share.
- (5) Allocation of shares by General Mandate of not more than 1,800,000,000 shares at par value of Baht 0.10 per share to be offered to existing shareholders in proportion.

Accordance with the minutes of board of directors meeting no. 5/2017 dated July 17, 2017 it was resolved to allocated new common shares by General Mandate not exceeding 1,800,000,000 shares to the existing shareholders of the Company based on the ratio of 7 existing shares to 2 new shares. The offered price is Baht 0.25 per share with par value of Baht 0.10 per share which the expiration date on August 25, 2017. During the year 2017, the Company sold 22,365,190 shares and received a capital increase of Baht 5.59 million.

33. Dividend payment

In accordance with the minutes of the annual general shareholder meeting 2017, dated April 28, 2017, the Company was unanimously approved to allocate Baht 6.44 Million of net income to legal reserve and to pay dividend for 2016 at Baht 0.00785 per share totalling Baht 48.95 Million. The dividend is payable on May 22, 2017.

In accordance with the minutes of the annual general shareholder meeting 2016, dated April 20, 2016, the Company was unanimously approved to allocate Baht 1.09 Million of net income to legal reserve and to pay dividend for 2015 at Baht 0.00133 per share totalling Baht 8.29 Million. The dividend is payable on May 17, 2016.

34. Warrants

Parent company

	Unit As at	
	December 31, 2017	December 31, 2016
Warrant (TWZ-W3)		
Total right of warrants	399,999,858	399,999,858
Exercise right of warrants balance forward	-	-
Add Exercise right of warrants during the year	(958,968)	-
Exercise right of warrants balance ended	(958,968)	-
Net total right of warrants	399,040,890	399,999,858

TWZ-W3 remaining warrants in number of 399.04 unit Million which expired from listed on the Stock Exchange of Thailand since June 23, 2017 and can not converted to ordinary share capital.

34.1 In accordance with the minutes of the annual general shareholder meeting 2015, dated April 30, 2015, the Company was approved to issue 2,980,138,401 units of Warrant TWZ-W4 with the following detail:

Warrant TWZ-W4

- Holder (Name) specified and transferable
- Listed on the Stock Exchange of Thailand.
- Term of Warrants 3 years from the issuing date
- Issue date June 1, 2015
- There are 3 exercise dates, December 30, 2016, December 29, 2017, and May 31, 2018 which will be the last exercise date.
- Exercised Ratio of 1 warrant to 1 ordinary share.
- Exercised price of Baht 0.70 per share, par value of Baht 0.10 per share.

34.2 In accordance with the minutes of the annual general shareholder meeting 2014, dated April 18, 2014, the Company was approved to issue 400,000,001 units of warrants TWZ-W3 with the following detail:

Warrant TWZ-W3

- Holder (Name) specified and transferable
- Listed on the Stock Exchange of Thailand.
- Term of Warrants 3 years from the issuing date
- Issue date June 23, 2014
- There are 3 exercise dates, December 30, 2015, December 30, 2016, and June 22, 2017 which will be the last exercise date.
- Exercised Ratio 1 warrant can be exercised to purchase 1 common share.
- Exercised price of Baht 0.30 per share, par value of Baht 0.10 per share.

35. Others income

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended December 31,			
	2017	2016	2017	2016
Interest income from financial lease agreement	4,718,656.38	5,929,696.46	2,887,548.39	4,114,518.74
Interest income	6,766,085.86	5,766,301.31	16,851,905.63	16,898,002.15
Gain from transfer asset (Note 19)	2,890,340.54	-	-	-
Others income	37,081,090.03	11,478,730.95	13,893,557.94	9,196,274.12
Total	51,456,172.81	23,174,728.72	33,633,011.96	30,208,795.01

36. Finance cost

(Unit : Baht)

	(RMB '000,000)			
	Consolidated financial statements		Separate financial statements	
	For the year ended		December 31,	
	2017	2016	2017	2016
Bank charge	3,685,692.95	3,266,607.79	3,685,692.95	3,266,607.79
Finance cost	116,384,202.16	89,470,492.56	105,204,412.10	85,306,606.04
Total	120,069,895.11	92,737,100.35	108,890,105.05	88,573,213.83

37. Income tax expense

Corporate income tax was calculated on profit before income tax for the year, using the estimated effective tax rate for the year as follows :

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended		December 31,	
	2017	2016	2017	2016
Current income tax :				
Corporate income tax	13,248,970.33	33,968,749.09	11,621,836.32	33,387,361.43
Deferred tax :				
Relating to origination and reversal of temporary differences	(5,740,802.81)	(409,429.70)	(6,648,173.01)	(563,574.75)
Income tax expenses reported in the statements of comprehensive income	7,508,167.52	33,559,319.39	4,973,663.31	32,823,786.68

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the year ended December 31 :

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended		December 31,	
	2017	2016	2017	2016
Accounting profit before tax	11,976,572.11	129,847,250.78	22,022,753.88	161,596,766.00
Add loss accounting of some subsidiary	3,896,785.74	20,752,205.51	-	-
Accounting profit before tax-net	15,873,357.85	150,599,456.29	22,022,753.88	161,596,766.00
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	2,395,314.42	32,826,945.10	4,404,550.78	32,319,353.20
Effects of :				
Tax exempted revenue and tax exempted revenue	5,317,865.50	732,374.29	569,112.53	504,433.48
Promotional privileges expenses	(2,404,657.39)	-	-	-
Tax loss	2,199,644.99	-	-	-
Income tax expenses reported in the statements of comprehensive income	7,508,167.52	33,559,319.39	4,973,663.31	32,823,786.68

As at December 31, 2017 and 2016, the Group has accumulated tax loss amounting to Baht 58.79 Million and Baht 56.21 Million, respectively, the Company has not recognised those tax losses as deferred tax assets since the management assesses that there are economical uncertainties on future operating performance. This, the Company will recognise the deferred tax assets from tax loss when actual tax obligation incurred.

38. Basic earnings per share/diluted earnings per share

Basic earnings per share for the year ended December 31 are as follows ;

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended December 31,			
	2017	2016	2017	2016
Basic earnings per share				
Net profit attributable to equity holders of the parent company (Unit : Baht)	(3,409,344.60)	99,982,260.67	17,049,090.57	128,722,979.32
Weighted average number of ordinary shares in issue (Unit : Share)	6,243,332,287	6,235,748,903	6,243,332,287	6,235,748,903
Basic earnings per share (Unit : Baht per share)	(0.0005)	0.0160	0.0027	0.0207

Diluted earning per share for the year ended December 31 are as follows ;

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended December 31,			
	2017	2016	2017	2016
Diluted earning per share				
Net profit attributable to equity holders of the parent company (Unit : Baht)	(3,409,344.60)	99,982,260.67	17,049,090.57	128,722,979.32
Weighted average number of ordinary shares in issue (Unit : share)	6,243,332,287	6,235,748,903	6,243,332,287	6,235,748,903
Effect of dilutive potential ordinary share - Warrant - Shareholders	1,963,678	30,264	1,963,678	30,264
Weighted average number of ordinary shares for diluted earning per share (Unit : share)	6,245,295,965	6,235,779,167	6,245,295,965	6,235,779,167
Profit of ordinary shareholders by assumption the conversion of warrants to ordinary shares (Unit : Baht per share)	(0.0005)	0.0160	0.0027	0.0207

39. Segment financial information

Segment information is presented in respect of the Company's business segment. The primary format, business segments is based on the Company's management and internal reporting structure.

Segment assets and revenues include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segments

The Company comprises of four business segments that are communication equipment trading segment, real estate development segment and generate and selling electricity and Investment property segment.

Segment information by operating segments for the year ended December 31, 2017 and 2016 us as follows ;

(Unit : Baht)

	Consolidated financial statements				
	For the year ended December 31, 2017				
	Communication equipment trading segment	Real estate development segment	Generating and selling electricity segment	Investment property segment	Total
	segment	segment	segment	segment	Total
Revenues					
Domestic	3,474,664,721.41	7,709,072.25	42,230,843.80	2,356,142.48	3,526,960,779.94
Total revenues	3,474,664,721.41	7,709,072.25	42,230,843.80	2,356,142.48	3,526,960,779.94
Interest income	6,664,855.83	4,800,648.33	19,238.08	-	11,484,742.24
Finance costs	95,958,885.24	9,134,846.72	14,976,163.15	-	120,069,895.11
Depreciation and amortization	10,568,503.13	7,262,087.31	13,464,416.37	-	31,295,006.81
Profit from continuing operations	51,138,849.14	(41,305,597.98)	886,758.44	1,256,562.51	11,976,572.11
Income tax expenses	10,687,424.34	(1,956,060.00)	(2,201,355.51)	978,158.69	7,508,167.52

(Unit : Baht)

Consolidated financial statements				
For the year ended December 31, 2017				
	Communication equipment trading segment	Real estate development segment	Generating and selling electricity segment	Total
Revenues				
Domestic	4,074,048,219.59	11,455,164.22	-	4,085,503,383.81
Total revenues	4,074,048,219.59	11,455,164.22	-	4,085,503,383.81
Interest income	5,518,872.92	6,002,968.54	14,735.67	11,536,577.13
Finance costs	77,358,277.51	7,736,110.65	7,471,725.63	92,566,113.79
Depreciation and amortization	8,814,135.61	10,297,040.16	134,533.61	19,245,709.38
Profit from continuing operations	165,044,019.83	(21,228,672.00)	(14,139,083.61)	129,676,264.22
Income tax expenses	35,918,767.98	(858,174.84)	(1,501,273.75)	33,559,319.39

Segmental assets

(Unit : Baht)

	Consolidated financial statements					
	Communication equipment trading		Real estate development		Generating and selling electricity	
	Segment	Segment	Segment	Segment	Segment	Total
	2017	2016	2017	2016	2017	2016
	3,591,486,593.99	3,573,564,369.97		975,427,202.94	286,863,811.64	47,178,158.69
Segmental assets					-	4,765,212,573.26
						4,835,855,384.55

Information about main client

For the year ended December 31, 2017 and 2016, the Group has revenues from client of communication equipment trading segment and real estate development segment amounts 3 clients (2016 : amount 3 clients) representing 59.54 percent (2016 : 41.84 percent) of the total revenues of the Group.

40. Obligations commitment and contingent liabilities

Obligations commitment and contingent liabilities are as follows :

40.1 Obligation about L/C and L/G are as follows :

	Currency	Consolidated financial statements		Separate financial statements	
		As at December 31,		As at December 31,	
		2017	2016	2017	2016
Letter of guarantee	THB	55,355,749.00	49,905,995.00	43,805,995.00	43,905,995.00
Letter of credit	USD	1,637,163.00	2,211,500.00	1,637,163.00	2,211,500.00

Parent company

As at December 31, 2017 and 2016, the financial institutions issued letter of bank guarantee to give subsidiary company has loans facility amounting to Baht 172 Million which should not exceed 75% of the estimated total Project cost of subsidiary company and short loans facility amounting Baht 10 million.

40.2 Foreign exchange forward contract

The company had obligations under foreign exchange forward contract from financial institutions as follows :

	Currency (Million)	Consolidated financial statements and separate financial statements	
		As at	
		December 31, 2017	December 31, 2016
Value of foreign exchange forward contract	USD	1.02	1.43
Gain (loss) of fair value of foreign exchange contract	Baht	(0.21)	0.67

The Company does not recognize derivatives on foreign exchange contracts in its financial statements. Derivatives on foreign exchange contracts (Fair value level 2) will be evaluated by valuation model. The variables are obtained from comparison with existing variables in the market with respect to information on relationship of foreign exchange, discount rate, time to maturity, and volatility. The fair value is calculated by counter parties which are financial institutions.

40.3 Obligations as long-term lease agreement

Parent company

As at December 31, 2017 and 2016, the Company entered into 66 long-term lease agreements and 75 long-term lease agreements respectively, with various durations from 1 to 25 years whereas the Company holds rights to renew such contract.

Subsidiary company

As at December 31, 2017 and 2016, the Company entered into 6 long-term lease agreements and 4 long-term lease agreements respectively, with durations from 1 to 26 years.

The aggregate minimum amount of lease payments in the future under non-cancellable leases agreements and services agreements are as follows :

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2017	2016	2017	2016
Less than 1 year	21,075,990.78	32,813,506.97	20,726,482.78	32,541,226.97
More than 1 year but less than 5 years	11,191,177.25	22,118,997.07	10,941,177.25	22,118,997.07
More than 5 years	950,000.00	99,233.88	-	99,233.88
Total	33,217,168.03	55,031,737.92	31,667,660.03	54,759,457.92

40.4 Revenue Sharing Program

The Company has commitments in respect of the revenue sharing from solar power generation projects.

The details are as follows:

(Unit : Baht)

	Consolidated financial statements
	As at December 31, 2017
Less than 1 year	2,400,000.00
More than 1 year but less than 5 years	12,000,000.00
More than 5 years	43,200,000.00
Total	57,600,000.00

40.5 Electricity Purchase Agreement

The Company has a electric purchase agreement with the Provincial Electricity Authority for a period of 25 years. The Company will distribute electricity to the provinces at the agreed volume and price as a counterparty to the Provincial Electricity Authority. The Company must comply with the terms and conditions as in the agreement.

40.6 Obligation the future aggregate construction

Parent company

As at December 31, 2017 and 2016, the Company had obligation the future aggregate construction payments under construction agreements Baht 0.37 Million and Baht 30.53 Million, respectively.

Subsidiary company

As at December 31, 2017 and 2016, the Company had obligation the future aggregate construction payments under construction agreements Baht 42.18 Million.

40.7 Litigation case

Subsidiary (Mastech Tool and Service Co.,Ltd.)

As a past former director of Mastech tool and Service Co., Ltd. has entered into a car rental agreement with a company before Gear Corporation Co.,Ltd. entered into a share purchase agreement of Mastech Tool and Service Co., Ltd. which the past former director did not notify the leased agreement and its debt. At present, Mastech Tool and Service Co., Ltd. has been notified to prosecute by a company, with the legal letter requesting the Company to pay for compensation amounted to Baht 7.87 million. At present, the Company does not know the estimate the damage since the car has already been partially returned. The lawyer has commented about the damages that the Company will pay will depend on the facts and the judgment of the court. As a result, the Company did not record such estimated liability at the end of the reporting period.

41. Financial instrument

41.1 Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

41.2 Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

41.3 Credit risk

Credit risk means the risk that the party of the one part will be unable to execute according to commitments, which is specified with financial instruments and it makes the party of other part damage in term of finance.

The Company has the credit risk related to account receivable which the company has several and various customers. However, the Company has a comprehensive loan policy which required guarantee for large loans, thus the Company expects no significant damage from collecting debt of such account receivable. The Company also estimate the allowance for doubtful accounts based on the management appraisal regarding the account receivables debt service ability in the past which the management believes it is sufficient.

41.4 Interest rate risk

Interest rate risk means the risk that the value of financial instruments will change because the changes of interest rate. The Company is exposed to interest rate risk relating primarily to its deposits, short term loans and loans from financial institutions. So the company is exposed to the risk of the fluctuation in the future market rate.

Significant financial assets and liabilities as at December 31, 2017 and 2016 classified by type of interest rates are summarised in the table below :

	Consolidated financial statements					(Unit : Million Baht)		(Unit : %)	
	Floating interest rate 2017	2016	Fixed interest rate 2017	2016	Non-interest bearing 2017	2016	Total 2017	2016	Interest rate % per annum
Financial assets									
Cash and cash equivalents	273.24	530.40	0.15	5.07	206.45	6.83	479.84	542.30	0.13-0.75
Trade and other receivables	-	-	-	-	1,385.98	930.12	1,385.98	930.12	-
Restricted bank deposit	6.70	0.06	401.68	387.83	-	-	408.38	387.89	0.90-3.56
Financial liabilities									
Bank overdrafts and short-term loans from financial institutions	-	-	1,842.35	2,047.16	-	-	1,842.35	2,047.16	2.63-7.20
Trade and other payables	-	-	-	-	124.19	65.40	124.19	65.40	-
Short-term borrowings	-	-	-	-	6.97	6.97	6.97	6.97	-

41.5 Foreign exchange risk

Foreign exchange risk arises from the change in foreign currency exchange rates to have an adverse effect on the Company in the current reporting and in future years. The Company expects that there may be an effect from changes in exchange rates resulted from a portion of assets and liabilities in foreign currencies which has not been hedge.

The Company has exposure to foreign exchange rate risk because the company has assets dominated in foreign currencies. However, the management believe that the risk does not have a significant impact on the company financial statements as the Company has arranged foreign exchange forward contracts as disclosed note 38.2

As at December 31, 2017 and 2016, the Group has financial assets and financial liabilities denominated in foreign currencies are as follow :

		Consolidated financial statements		Separate financial statements	
		As at December 31,		As at December 31,	
	Currency	2017	2016	2017	2016
Financial asset					
Cash and cash equivalent	CNY	50,244.81	51,061.01	1,606.86	10,529.38
Financial liabilities					
Advance receipts	HKD	-	-	12,000.00	12,000.00
Trade accounts payable	USD	137,700.00	438,500.00	137,700.00	438,500.00
Trust receipts	USD	226,500.00	1,071,900.00	226,500.00	1,071,900.00
Obligation					
Letter of credit	USD	1,637,163.00	2,211,500.00	1,637,163.00	2,211,500.00

41.6 Fair values

Given that almost financial assets and financial liabilities are short-term include cash and bank which interest rate increase/decrease under market interest rates, the Company's management believes that the fair value of financial assets and financial liabilities does not materially differ from their carrying value.

As at December 31, 2016, the Company have forward exchange contracts which the fair value of liabilities derivative Baht 0.67 million. The Company determined the fair value by level 2 input.

42. Approval of financial statements

These financial statements have been approved by the Company's director on February 28, 2018.



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