



รายงานประจำปี 2561

# ANNUAL REPORT 2018

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

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## Message from Chairman

Dear Shareholders

The growth of that communication technology from the overall picture, The emergence of the technology will be together with the rapid change in the past few years from the 2G era to 3G to 4G, which is still not fully utilized by consumer. Now is entering the 5G era within the next two years. We find that the world of communication is developing rapidly and continuously. Make our world are many changing. The influence of that communication technology can be create new people, create new jobs, create new business platforms, create the new world, create a way of the new living that is strange or even destroying a career destroying many old businesses. There are closed until a new evolution creates change and a variety of things. We have seen though ourselves. We're still felt that have to adjust to the world. With life changing, it was not the same from a year or two years ago, our world leaves smaller. The society can be seen everywhere. And it seems that each day is shorter, smart life.

As for the 2G and 3G business, they are being exhausted moving customers process to the 4G system will be an important mission soon in the sluggish global economy. The communication business is still a top business compared with other industries. The new technology have coming with more competition. Whoever has to clear stance or to strength and focus to take care of each other all the time but with our high experience together with important strategies partner.

We have a variety of alliances that enable us to grow together to be stronger. We will be improved with the advent of the 5G technology that will coming. We are study and prepare businesses to support this technology. Especially, it is a Smart Phone device that can support Gbps speeds, various connectivity devices. We are calling it the IOT (Internet Of Thing) device certainly of course in 5G Technology.

All of them are an opportunity for us to accelerate the development of the organization. All of our staff will development program by training. It's to be able to run together to the maximum potential to create stability and results for the organization.

(Mr. Puttachat Rungkasiri)  
Chairman

(Mr. Kittipong Kittipassorn)  
Chief Executive Officer

# Directors and Management Team



## Mr. Puttachat Rungkasiri

Position	Chairman
Shareholding	9.84%
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. 2013-Present Chairman of TWZ Corporation Plc. 2013-Present Director of Piyachat Co., Ltd. 2016-2018 Director of Mastech Tool and Service Co., Ltd.
Illegal Record in the past 10 years	None



## Mr. Kittipong Kittipassorn

Position	Director, Deputy Managing Director, Acting Managing Director
Shareholding	None
Education	Bachelor of Avionic Engineering program: AEE, 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	2018-Present Director of TWZ Corporation Plc. 2018-Present Director of Piyachat Co., Ltd. 2018-Present Director of Mastech Tool and Service Co., Ltd. 2018-Present Vice President - Marketing and Business Development 2016-Present Director of Gear Corporation Co., Ltd. 2018-Present Acting Vice President - Marketing and Business Development Department of TWZ Corporation Plc. 2015-Present Director of TZ Trading Co., Ltd. 2015-2018 Acting Vice President - Marketing and Business Development Department of TWZ Corporation Plc. 2012-2014 Vice President - Product Management and Marketing Department TWZ Corporation Plc. 2009-2012 Vice President - Product Management Department TWZ Corporation Plc. 2009-2009 Vice President-Sales Department 1 of TWZ Corporation Plc. 2006-2009 Assistant Vice President - Marketing and Business Development Department of TWZ Corporation Plc.
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
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 Director of Sino-Thai Engineering & Construction Plc. 2013-Present Director of National Power Supply Plc. 2013-Present Independent Director and Member of Audit Committee Solartron Co., Ltd. 2012-Present Independent Director and Chairman of Audit Committee TWZ Corporation Plc. 2011-2012 Independent Director and Member of Audit Committee TWZ Corporation Plc. 2007-2008 Deference Inspector General 2005-2007 Commanding General of Armed Forces Development Command
Illegal Record in the past 10 years	None





### Police General Aek Angsanantont

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 Thaioil Plc. 2016-Present Chairman Director of Big C Supercenter Plc. 2012-Present Independent Director and Member of Audit Committee TWZ Corporation Plc.
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 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. Kongsakol Borvorpanyopong

Position	Vice President - Internal Audit Department
Shareholding	None
Education	M.B.A. (Management) Ramkhamhaeng University
Program	Director Accreditation Program (DAP) Class 97/2012 Anti-Corruption : The Practical Guide (ACPG) Class 25/2015 Thai Institute of Directors Association (IOD) Certified Professional Internal Auditors of Thailand (CPIAT) No. 286 The Institute of Internal Auditors of Thailand
Working Experience	2018-Present Vice President - Internal Audit Department of TWZ Corporation Plc. 2017-2018 Vice President of F1 Auto Sport Co., Ltd. 2014-2017 Vice President - Internal Audit Department of Muang Thai Life Assurance Plc. 2012-2014 Vice President - Internal Audit Department and Company Secretary of TWZ Corporation Plc 2005-2012 Internal Audit Manager of TWZ Corporation Plc
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) Thai Institute of Directors Association (IOD)
Working Experience	2018-Present Director of Gear Corporation Co., Ltd. 2018-Present Director of Mastech Tool and Service Co., Ltd. 2018-Present Director of TZ Trading Co., Ltd. 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
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	Bachelor of Business Administration Accounting Rajamangala University Of Technology Phranakhon Master of Business Administration Management Kasetsart University
Program	Director Accreditation Program (DAP) Class 159/2019
Working Experience	2018-Present Director of TZ Trading Co., Ltd. 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	2016	2017	2018
Total Assets	4,835.86	4,765.21	5,015.61
Total Liabilities	2,439.43	2,405.96	2,323.85
Shareholders' Equity	2,396.43	2,359.25	2,691.76
Sales and Services Revenues	4,085.51	3,526.96	3,406.76
Total Revenues	4,248.36	3,707.29	3,520.82
Profit from continuing operations	99.98	(3.41)	63.61
Net Profit Margin (%)	2.35	(0.09)	1.81
Book Value per share (Baht)	0.38	0.38	0.31

# General Information

<b>Name</b>	<b>TWZ Corporation Public Company Limited</b>
<b>Nature of Business</b>	Core business is a distributor of telecommunication devices which are mobile phones,  SIM cards, pre-paid cards, and accessories.
<b>Head Office</b>	269 Ratchadapisek Road, Ratchadapisek Sub-District, Din Daeng District,  Bangkok 10400
<b>Registration No.</b>	0107548000285
<b>Home Page</b>	<a href="http://www.twz.co.th">www.twz.co.th</a>
<b>Telephone No.</b>	(66) 2275-9789
<b>Facsimile No.</b>	(66) 2275-9798
<b>Paid-up capital</b>	Baht 854,895,274.30
<b>Share Registrar</b>	Thailand Securities Depository Company Limited,  62 Rachadapisek Road, Klongtoey, Bangkok 10110  Telephone (66) 2299-2800  Facsimile (66) 2359-1262
<b>Auditor</b>	Mr. Jadesada Hungsapruet  CPA No. 3759  Karin Audit Company Limited  72 CAT Telecom Tower, Floor 24,  Charoen Krung Road,  Bangrak, Bangkok 10500  Telephone (66) 2105-4661  Facsimile (66) 2026-3760

# 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. The Company’s main business is selling mobile phone and communication equipment. And company executives have experience, ability, experts Telecommunication business. As a result, the company has continued to expand its business. As of December 31, 2018, the Company has paid up capital Baht 854,895,274.30.

In 1994, the Company was granted Telewiz franchise from Advance Info Service Plc. (“AIS”) for selling goods and services under the trademark “Telewiz” such as registering numbers providing various registration services and being a service provider to receive payment for services or other expenses. The company opened the first Telewiz in Central Plaza Ramaindra. After that, the company has expanded its branches according to the growth of the mobile phone industry.

In 2008, the Company is the distributor of mobile phones “TWZ”. The Company has imported such products from China to distribute under its own brand names. And In 2012, 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 a complete marketing management, both retail and wholesale.

At present, the Company has total 29 branches, 21 Telewiz Shops, 2 AIS Shops, 1 AIS Buddy Shop, 4 TWZ Shops and 1 HUAWEI Shop.

Location		
TELEWIZ / AIS SHOP	1. Room 333/1, 3 <sup>rd</sup> fl., Central Plaza Pinklao	13. Room 3032B, 3 <sup>rd</sup> fl., Fashion Island
	2. Room 305, 3 <sup>rd</sup> fl., Central Plaza Rama III	14. Room 509A, 5 <sup>th</sup> fl., Central City Bangna
	3. 1st fl., Tesco Lotus Chaengwattana	15. Basement, Big C Supercenter Bangna
	4. 2nd fl., Tesco Lotus Sukhumwit 50	16. Room 529, 5 <sup>th</sup> fl., Central City Bangna
	5. 2nd fl., Tesco Lotus Laksi	17. Room GCR109, Big C Supercenter Rama II
	6. 1st fl., Tesco Lotus Rattanaibet	18. Room 225, 2 <sup>nd</sup> fl., Central Plaza Rama II
	7. 2nd fl., Tesco Lotus Rama III	19. Room L007/1, 2 <sup>nd</sup> fl., Shinawatra Tower 3
	8. 2nd fl., Tesco Lotus Bangna-Trad	20. Room 2CR220/1, Big C Supercenter Bangpli
	9. 1st fl., Tesco Lotus Srinakarin	21. Basement, Big C Supercenter Don Muang Sapanmai
	10. Room 309/1, 3 <sup>rd</sup> fl., Central Plaza Ramaindra	22. Room R252 2 <sup>nd</sup> fl., Market Village Suvarnabhumi
	11. Room 336/3, 3 <sup>rd</sup> fl., All Srason Complex	23. Room 416 4 <sup>st</sup> fl., Central Plaza Chaengwattana
	12. Room A115,122,126 Bonmache Market	24. 269 Ratchadapisek Road, Ratchadapisek, Din Daeng



ชื่อร้าน	สถานที่ตั้ง
TWZ SHOP	1. No. 100/1-2 Mae Sot Tak 2. Room 2CR2208/2, Big C Supercenter Bangpli 3. No. 270/12 Namuang, Muang, Ratchaburi 4. No. 381/51 nai mueang mueang khon kaen
HUAWEI SHOP	1. Room K304, 3 <sup>rd</sup> 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 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.

The Company has emphasized more on building up its brand name "TWZ" in order to strengthen its business operation. Therefore, the Company has 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 renewable energy. The company will develop all businesses to continue to increase profits for the company in the future.

# Industry and Competition

The world is fast-changing, caused by the technology of communication systems connection system with higher efficiency and more coverage enabling people to be able to get to know various stories or perform various transactions efficiently and quickly. Regardless of where. For this reason, the behavior of our people is being developed, adjusted according to this technology, online systems or transactions. Being developed easier. Faster and more economical. Therefore came to replace all offline systems. Many of businesses have to close. Many businesses were born in this era and the era of new technology. That is going to happen in the next few years. We call this the 5G era that will make this world smaller and will help to make a variety of devices. More efficient. Can connect together. Control each other and communicate effectively. Those are called the IOT (Internet Of Things) device. That is what is going to be a part of our lives and is about to change our lives.

As for the official 5G operate, it will happen no later than year 2020, but we will see the 5G service trial at various world-class sport events, such as the 2018 Winter Olympics in Pyeongchang Korea. World Championship Rugby Tournament 2019 in Tokyo. And full in the 2020 Olympic Games in Tokyo that comes with connecting to other devices. And now in the transmission of various programs will be more spectacular. The HD resolution technology has been seen fully developed into 4K or into 8K. Its value added to the human eye that can be merging with AR (Augmented Reality) technology or VR (Virtual Reality) to allow viewers to experience new experiences that are different from the original.

So on 5G Generation, The Communication isn't from humans to humans but it will be from humans to machines or machines to machines by all network connecting. The 5G generation will change social and activities include so many servicing support approve new technologies such as smart home smart city smart car which are coming to be robot, AI and all automatically.

Next, it will be a huge amount of data processing. Which is systematically stored in the online world (Big Data Analysis) on every lifestyle or activity of each day of everyone. Data will be stored. And was analyzed in depth and used as various uses. Used in planning various planning, transactions or other matters are important topics. In this digital age will happen in the online world.

As for the overall market, there is still having strong competition. The overall smart telecommunication market in year 2019 is likely slowing growth direction, which is expected to be worth approximately 111,548 - 187,360 million baht or 14.3 - 16.8 million units per year. The framework is 5.8 percent from the year 2018. The average per person is around 7,690 baht. The main support comes from the marketing of smart machines. From many Chinese camps that have come to market and focus on more middle-level marketing. Together with the telephone service provider. Pushing for more monthly users. And the same monthly users change the package that will come with a new smart device. And come to a higher price level with the package to use mobile internet that has a greater amount of demand as a force.

As for the value of the data communication service market, it continues to expand. By Kasikorn Thai Institution Research Center, it is expected that in year 2018 - 2019, the value of the data communication services market in Thailand should be around 190,490 - 210,660 million baht with the growth rate in the framework of approximately 18.1 percent from year 2017. It is expected that the value may be less in year 2017 and the growth rate was approximately 21.8 percent due to the lower service fee due to intense competition in the market.

For the voice calling service market in the year 2018-2019, it continues to shrink. Kasikorn ThaiInstitution Research Center expects that the value of the voice calling services market will be around 67,270 - 69,090 million baht, shrinking by 13.3 - 15.6 percent from year 2017, due to the popularity of people who turn to use more internet calling.

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 distribute their mobile phones SIM cards, Top-up Service 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. 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.

### 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. 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 24 branches. TWZ has most Telewiz shops in Bangkok. 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 4 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 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 24 Telewiz shops, AIS Shop and AIS Buddy under TWZ management.. Therefore, the revenues of the Company might decrease if the contract is terminated. But due to the prime locations of the Company's 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. Besides, Telewiz shops under the Company's management have been granted rewards come continuously. The Company has most Telewiz shops in Bangkok. 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 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.

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.

## 3. 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.

## 4. 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 more than 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.

## 5. 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.

## 6. Risk associated with the rental contracts

The Company distributes its products to its retail customers via its 29 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.

# Shareholders and Management

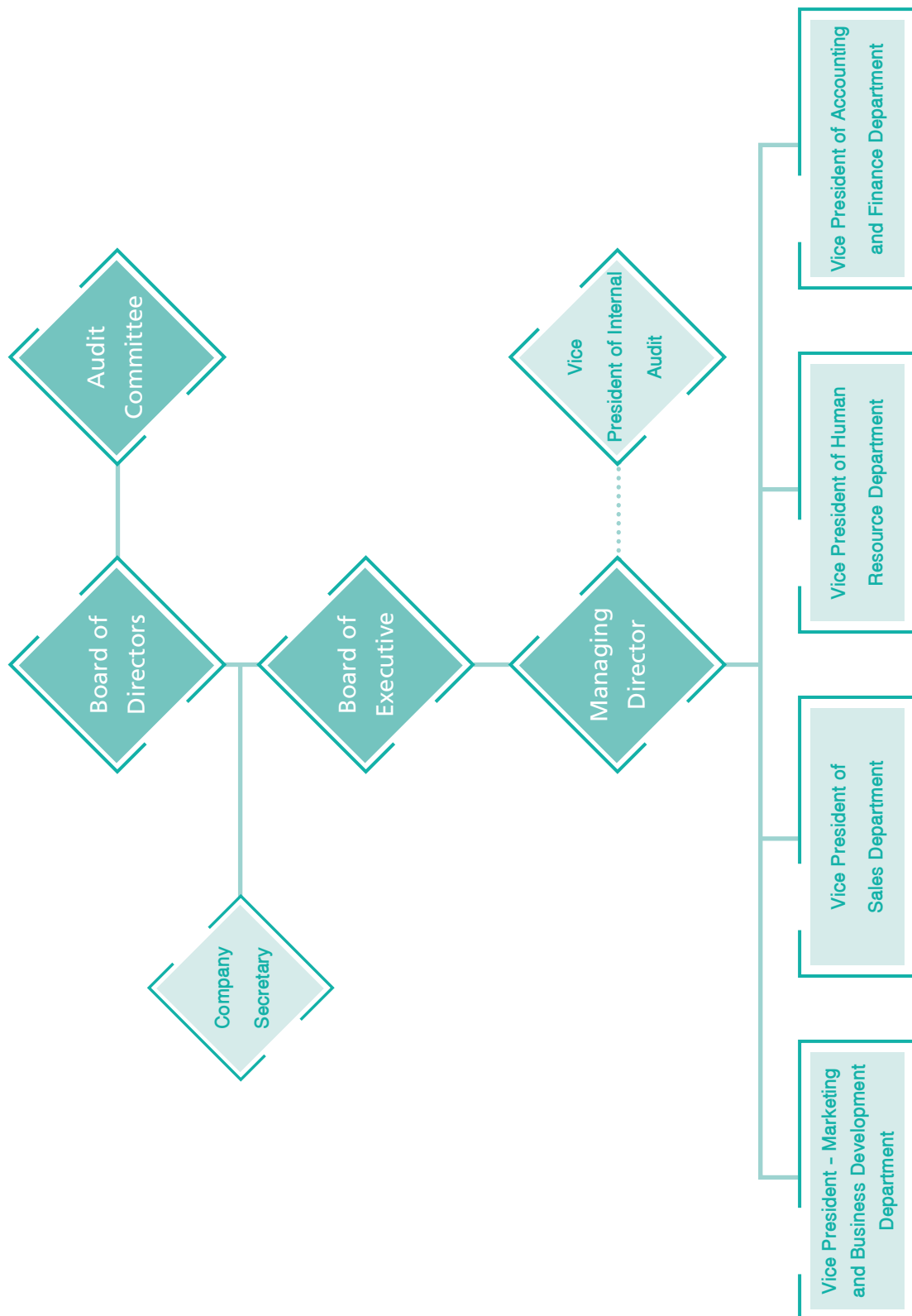
List of top 10 major shareholders as of the book closing date on March 26, 2019.

Name of Shareholders	On March 26, 2019	
	No. of shares	%
1. Rungkasiri Group		
Mr. Puttachat Rungkasiri	841,428,571	9.84
Miss Nuttanuj Rungkasiri	496,440,800	5.81
Total Rungkasiri Group	1,337,869,371	15.65
2. Mr. Sippakorn Khaosaard	300,353,600	3.51
3. Mrs. Sasithorn Charnvirakul	251,370,000	2.94
4. Mr. Jaturon Komolmis	208,128,000	2.43
5. Mr. Nattawat Wootti	205,603,400	2.41
6. Mrs. Petcharat Thongtang	161,000,000	1.88
7. MS. Saowanee Jirawutthikul	155,000,000	1.81
8. Mr. Kun Chinangkuipiwat	108,000,000	1.26
9. Thai NVDR Company Limited	75,789,112	0.89
10. Mr. Theerawat Thanyalakphark	71,755,800	0.84

## 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

As of December 31, 2018 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. Mr. Kittipong Kittipassorn	Director and Deputy 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.

**Note :** Mrs. Piyanuj Rungkasiri resigned as director on 13 November 2018 and Mr. Kittipong Kittipassorn entered as a director on 14 November 2018.

### Authorized Directors

The authorized directors are Mr. Kittipong Kittipassorn 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	Position
1. Mr. Kittipong Kittipassorn	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	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 5 persons as follows:

Name	Position
Mr. Kittipong Kittipassorn	Deputy Managing Director Acting Managing Director Acting Vice President - Marketing and Business Development Department
Mr. Kongsakol Borvornpinyopong	Vice President - Internal Audit Department
Miss Nalinee 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

**Note :** Mrs. Piyanuj Rungkasiri resigned as Managing Director on 13 November 2018 and Mr. Kittipong Kittipassorn entered as a Deputy Managing Director on 14 November 2018.

#### 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, its 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 of 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 9 persons in 2018, the remunerations of each director were as follows:

Name	Position	Remuneration* (Baht)	No. of Attendances	
			Regular	Additional
1. Mr. Puttachat Rungkasiri	Chairman	960,000	4/4	6/6
2. Mrs. Piyanuj Rungkasiri **	Vice Chairman	525,000	3/4	6/6
3. Mr. Kittipong Kittipassorn ***	Director	-	1/4	-/6
4. Asst. Prof. Dr. Tippakorn Rungkasiri	Director	500,000	4/4	6/6
5. Miss Kaikae Cherdvisavapan	Director	460,000	3/4	5/6
6. Mr. Bandal Udol	Independent Director	480,000	4/4	5/6
7. General Dr. Surapan Poomkaew	Independent Director and Chairman of Audit Committee	665,000	4/4	6/6
8. Police General Aek Angsanant	Independent Director and Member of Audit Committee	560,000	2/4	5/6
9. Assoc. Pachara Pacharavanich	Independent Director and Member of Audit Committee	600,000	4/4	5/6
Total			4,750,000	

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

\*\* Mrs. Piyanuj Rungkasiri resigned as Director on 13 November 2018.

\*\*\* Mr. Kittipong Kittipassorn entered as Director on 14 November 2018.

According to the resolution of the Annual General Meeting of shareholders No. 1/2018 on April 28, 2018, the shareholders approved the Board of Directors' remuneration for not more than Baht 6 million per year.

#### Executives' Remuneration

Executives' remunerations in 2017 and 2018 were as follows:

Remuneration	2017		2018	
	No.	Total (Baht)	No.	Total (Baht)
Short term employee benefits	5	13,123,239	6	13,975,763
Post-employment benefits	5	871,309	6	911,118
<b>Total</b>		<b>13,994,548</b>		<b>14,886,881</b>

## (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 2018, 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 : The Company realizes the responsibility to the community and society by considering the  
Society 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](http://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 1/3 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](http://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 2018, there were 9 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, 2018, 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	10
Marketing and Business Development Department	17
Accounting and Finance Department	28
Sales and After Sales Services Department	343
<b>Total</b>	<b>410</b>

### Staff Remuneration

#### (1) Monetary Remuneration

Staff remunerations (exclude executives remuneration) in 2017 and 2018 were as follows:

Type of Remuneration	2017 (Baht)	2018 (Baht)
Short term employee benefits	130,745,460	123,786,241
Post-employment benefits	1,788,376	1,559,510
<b>Total</b>	<b>132,533,836</b>	<b>125,345,751</b>

#### (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. 1/2019 on February 27, 2019, 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 Transactions

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

Related parties	Relationship	Details	Transaction Value (Million Baht)	Necessity and Reasonableness
Mrs. Piyanuj Rungkasiri	Managing Director resigned from the position on 13 November 2018	Loan agreement, did not interest, and repayable on called.	6.71	Piyachart Co.,Ltd., a subsidiary company Obtained loan from Mrs. Piyanuj 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 & Analysis (MD&A)

## Revenues

In 2018, the company and its subsidiaries had total revenue Baht 3,520.82 million, decreased from Baht 3,707.29 million in the same period which was Baht 186.47 million or equivalent to increase of 5.30%, as follows

- Revenues from sales and services. The company and its subsidiary's has revenues from sales and services was Baht 3,406.76 million for the year 2018 decreased from Baht 3,526.96 million of the same period last year which was Baht 120.20 million or equivalent to the decrease of 3.41%. Because Advanced Info Service Public Company Limited has set up a promotion to sell the operator device with packages to compete with other networks, the company can be increasing sell the device with packages on the AIS network. But the resulting in a decrease in total sales value from the previous year.
- Sales promotion income was Baht 85.60 million decreased from Baht 128.87 million of the same period last year which was Baht 43.27 million or equivalent to the decrease of 33.58%. 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.
- Others income was Baht 28.46 million which was 0.81% of Total revenue decreased from Baht 51.46 million of the same period last year which was Baht 23.00 million or equivalent to the decrease of 44.69%. Mostly as a result. Proceeds from transfer of assets of real estate projects for lease under finance lease agreements. Gain from foreign exchange rates . Interest income on fixed deposits, interest income on financial lease agreement.

## Cost of Goods Sold

Cost of sales and services was Baht 3,046.26 million decreased from Baht 3,244.21 million of the same period last year. Because the company has distributed products at a lower value from the previous year.

## Distribution Costs and Administration Expenses

- Distribution costs was Baht 99.88 million decreased from Baht 110.15 million of the same period last year. The company has Distribution costs to total revenue was 2.84% and 2.97% in 2018 and 2017 respectively.
- Administrative expenses was Baht 181.66 million decreased from Baht 208.87 million of the same period last year, which was Baht 27.21 million or equivalent to the decrease of 13.03%. 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 118.31 million decreased from Baht 120.07 million of the same period last year. Which was Baht 1.76 million or equivalent to the decrease of 1.47%, which is the result of borrowing in the normal operation of the company.

## Net Profit

An amount of net profit was approximately Baht 64.27 million which was deducted by a deficit of non-controlling interests at Baht 0.66 million accordingly total net profit was Baht 63.61 million. A number of year-over-year increases were around Baht 3.41million was Baht 67.02 million because the operating result as described above.

## Financial Status

### (a) Assets

The total assets of the Company in 2018 were Baht 5,015.61 million decreased from Baht 4,765.21 million of the same period last year which was Baht 250.40 million or equivalent to the increase of 5.25%. The Company's total assets at the end of year 2018 consisted of current assets with the portion of 77.39 % and non-current assets with the portion of 22.61%. The Company's major assets were summarized as follows:

#### Trade and other receivables

Accounts receivable of the Company were Baht 1,423.17 million increases from Baht 1,393.62 million of the same period last year which was Baht 29.55 million or equivalent to the increase 2.12%. The accounts receivable of the Company were the result of the emphasizing on wholesale. The Company has decrease account receivable because The Company has revenue from sales and services by providing customer credit. , there are other debtors from operation such as advance payments for goods, advance payments for expenditures, accrued incomes, cash pledges, and bails. 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 1,523.81 million in year 2018 increases from Baht 1,311.74 million of the same period last year. Because due to the management of the company's products.

#### Real estate development project for sale

Property development for sale in year 2018 were Baht 453.86 million decreases in amount of Baht 476.64 million of the same period last year which was Baht 22.78 million or equivalent to the decrease of 4.78% Because the company amortized condominiums The Pazer Pattaya project and real estate on Nava Nakorn land.

#### Real estate development project for rental under financial lease agreement

Development of real estate for sale in 2018 was Baht 37.03 million decreases from Baht 100.19 million of the same period last year which was Baht 63.16 million or equivalent to the decrease of 63.04%. The Company's subsidiary has transferred its property development projects for lease under finance lease agreements to operate and Investment Property.

#### Non-current assets

Non-current assets of the Company increased from Baht 1,002.80 million in year 2017 to Baht 1,133.94 million in year 2018. 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, 2018 was Baht 442.58 million decreases from the year ended of 2017 amount Baht 37.26 million or equivalent to the decrease of 7.77%. The details of the sources and uses of cash as follows

- Net cash provided from operating activities was Baht 246.53 million. Mainly due to Increase inventories and pay interest payment.
- Net cash used from investing activities was Baht 6.46 million. Mainly due to receiving money from financial assets. And sales of subsidiaries.
- Net cash provided from financing activities was Baht 202.85 million. Mostly caused by the issuance of shares.

### Current Ratio

Current ratio of the Company in year 2017 - 2018 equaled to 1.88 times and 1.98 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.

## (c) Source of Capital

### Capital Structure Appropriateness

The total liabilities of the Company as of December 31, 2018 amounted to Baht 2,323.85 million decreased by 3.41% from year 2017. 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 2,691.76 million the Company's debt to equity ratio was 0.86 times decreases from 1.02 times in year 2017.

## Audit Fee

Karin Audit Company Limited was the office of the auditor of the Company for year 2018, the remunerations are as follows:

### 1. Audit fee

The Company paid the audit fees to the office of the auditor for the year 2018 are as follows:

Company	Audit fees
TWZ Corporation Public Company Limited	1,440,000.00
TZ Trading Co.,Ltd	180,000.00
Piyachart Co.,Ltd	900,000.00
Gear Corporation Co., Ltd.	260,000.00
Mastech Tool and Service Co.,Ltd.	360,000.00
<b>Total Audit fees</b>	<b>3,140,000.00</b>



## 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 2018, 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 2018 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 27, 2019

# INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of TWZ Corporation Public Company Limited

## Opinion

I have audited the financial statements of TWZ Corporation Public Company Limited and its subsidiaries, which comprise the consolidated and separate statements of financial position and as at December 31, 2018, and the related consolidated and separate 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.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position of TWZ Corporation Public Company Limited and its subsidiary as at December 31, 2018, 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 Consolidated Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the consolidated financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Key Audit Matters

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

## Revaluation of plant and equipment

### Risk

As discussed in Note 8 to the financial statements, 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, 2018, the consolidated financial statements shown that the Company had inventories amounted to Baht 1,523.81 million with an allowance for impairment of inventory amounted Baht 31.48 million, 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

#### **Risk Responses of Auditor**

My audit procedures responded to the risk referred to above are as follows:

- 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**

#### **Risk**

As discussed in Note 2.2.2 to the financial statements, "Accounting estimates and Judgement" of allowance for doubtful accounts and the note to financial statements 9.1 "Account receivables of real estate project under financial lease agreement",

As at December 31, 2018, the Group had account receivables of real estate project under financial lease agreement amounted to Baht 141.58 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.

#### **Risk Responses of Auditor**

My audit procedures responded to the risk referred to above are as follows:

- 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

### Risk

As discussed in Note 12 to the financial statements, As at December 31, 2018, the Group had investment property amounted to Baht 70.40 million, which represents 1.40% of total assets. During the year, the Group recognized gain from fair value adjustment on investment property of Baht 6.27 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

### Risk Responses of Auditor

My audit procedures responded to the risk referred to above are as follows:

- 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 matters

The consolidated financial statements of TWZ Corporation Public Company Limited and its subsidiaries and the separate financial statement of TWZ Corporation Public Company Limited as at December 31, 2017 and the related consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year ended December 31, 2017, and notes to the consolidated financial statements were audited and reviewed by other auditor, who expressed unqualified opinions on those statements, under her reports dated February 28, 2018.

## Other Information

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

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

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



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

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

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

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

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

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

My objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty

exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation, whether.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Jadesada Hungsapruerk



Mr. Jadesada Hungsapruerk  
Certified Public Accountant (Thailand)

Registration No. 3759

Karin Audit Company Limited

Bangkok, Thailand.

February 27, 2019

# STATEMENTS OF FINANCIAL POSITION

TWZ CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
AS AT DECEMBER 31, 2018

(Unit : Baht)

		Consolidated		Separate	
	Notes	2018	2017	2018	2017
ASSET					
Current assets					
Cash and cash equivalents	6	442,577,207	479,841,562	418,940,100	456,413,278
Current Investments		224,269	-	10,000	10,000
Trade and other current receivables	7	1,423,173,582	1,393,622,018	1,456,348,541	1,404,056,652
Short - term loans		-	-	48,000,000	114,600,000
Inventories	8	1,523,813,464	1,311,733,773	1,519,133,008	1,304,912,991
Other current financial assets					
- Account receivables of real estate project under financial lease agreement	9.1	995,660	381,705	191,747	165,776
- Real estate development project for rental under financial lease agreement	9.2	37,027,165	100,193,653	-	12,882,600
Asset held for sale					
- Real estate development project for sale	10	453,859,646	476,640,797	198,601,775	218,801,927
Total current assets		3,881,670,993	3,762,413,508	3,641,225,171	3,511,843,224
Non-current assets					
Investments in subsidiaries	11	-	-	426,957,769	427,957,769
Investments property	12	70,400,000	46,200,000	17,600,000	-
Property, plant and equipment	13	274,244,192	215,175,301	95,129,617	25,180,559
Goodwill		25,978,362	25,978,362	-	-
Intangible assets					
- Leasehold land	14.1	40,200,545	78,013,870	-	5,124,081
- Leasehold rights	14.2	2,020,998	2,506,924	2,020,998	2,506,924
- Other intangible assets	14.3	89,797,739	95,225,483	140,749	298,245
Deferred tax assets	15	3,285,783	1,843,312	-	-
Other non - current financial assets	9.1	68,871,967	67,338,883	43,450,710	40,771,018
Other non - current assets					
- Restricted bank deposit	16.1	378,419,749	408,383,440	360,860,400	394,603,000
- Land held for development		23,625,000	23,625,000	-	-
- Other non-current assets	16.2	157,097,236	38,508,490	116,591,299	17,375,521
Total non - current assets		1,133,941,571	1,002,799,065	1,062,751,542	913,817,117
Total assets		5,015,612,564	4,765,212,573	4,703,976,713	4,425,660,341

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

# STATEMENTS OF FINANCIAL POSITION

TWZ CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
AS AT DECEMBER 31, 2018

(Unit : Baht)

		Consolidated		Separate	
	Notes	2018	2017	2018	2017
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Bank overdrafts and short-term borrowings					
from financial institutions	17	1,834,093,525	1,842,350,865	1,824,589,929	1,832,657,412
Trade and other current payables	18	103,133,098	124,894,477	96,193,199	106,638,852
Current portion of long - term liabilities	20	13,280,593	22,396,804	-	8,902,684
Short-term borrowing	5.1	6,709,137	6,974,237	-	-
Current income tax payables		1,567,121	1,099,866	823,218	-
Other current financial liabilities					
- Financial lease - Chattel		1,471,600	-	1,471,600	-
- Financial lease - Real Estate	21	850,840	428,124	413,137	207,882
Total current liabilities		1,961,105,914	1,998,144,373	1,923,491,083	1,948,406,830
Non - current liabilities					
Long-term borrowings	20	199,261,079	245,840,405	74,506,267	107,805,000
Deferred tax liabilities	15	45,821,988	50,930,425	8,232,974	7,629,203
Non - Current provisions for employee benefits	22	11,724,024	8,942,241	10,115,912	7,790,513
Other non - current financial liabilities					
- Financial lease - Chattel		4,662,654	-	4,662,654	-
- Financial lease - Real Estate	21	100,847,736	101,698,574	48,968,010	49,381,147
Other non-current liabilities		427,400	400,800	246,600	220,000
Total non - current liabilities		362,744,881	407,812,445	146,732,417	172,825,863
Total liabilities		2,323,850,795	2,405,956,818	2,070,223,500	2,121,232,693

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

# STATEMENTS OF FINANCIAL POSITION

TWZ CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
AS AT DECEMBER 31, 2018

(Unit : Baht)

	Notes	Consolidated		Separate	
		2018	2017	2018	2017
<b>Shareholders' equity</b>					
<b>Share capital</b>					
<b>Authorized share capital</b>					
16,482,246,820 ordinary					
shares of Baht 0.10 each		1,648,224,682	-	1,648,224,682	-
11,415,887,162 ordinary					
shares of Baht 0.10 each	23.1	-	1,141,588,716	-	1,141,588,716
<b>Issued and paid-up share capital</b>					
8,548,952,743 ordinary					
shares of Baht 0.10 each	23.1	854,895,274	-	854,895,274	-
6,259,073,061 ordinary					
shares of Baht 0.10 each		-	625,907,306	-	625,907,306
Share premium on ordinary shares		1,215,168,242	1,169,366,003	1,215,168,242	1,169,366,003
Retained earnings					
Appropriated					
Legal reserve	24	50,640,625	46,736,084	50,640,625	46,736,084
Unappropriated		485,535,127	432,334,164	513,049,072	462,418,255
Other components of shareholders' equity		354,374	400,301	-	-
Total shareholders' equity of parent company		2,606,593,642	2,274,743,858	2,633,753,213	2,304,427,648
Non - Controlling interests		85,168,127	84,511,897	-	-
<b>Total shareholders' equity</b>		<b>2,691,761,769</b>	<b>2,359,255,755</b>	<b>2,633,753,213</b>	<b>2,304,427,648</b>
<b>Total liabilities and shareholders' equity</b>		<b>5,015,612,564</b>	<b>4,765,212,573</b>	<b>4,703,976,713</b>	<b>4,425,660,341</b>

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

# STATEMENTS OF COMPREHENSIVE INCOME

TWZ CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

(Unit : Baht)

	Notes	Consolidated		Separate	
		2018	2017	2018	2017
Revenues from sales or revenues from services	5	3,406,757,380	3,526,960,780	3,302,119,796	3,388,933,545
Other income	25				
- Sales promotion income		85,600,594	128,870,801	83,336,461	126,288,541
- Others income	5.2, 25	28,465,864	51,456,173	25,770,241	33,633,012
<b>Total revenues</b>		<b>3,520,823,838</b>	<b>3,707,287,754</b>	<b>3,411,226,498</b>	<b>3,548,855,098</b>
Cost of sales and services		(3,046,264,354)	(3,244,213,524)	(2,981,247,607)	(3,149,188,117)
Selling expenses		(99,878,246)	(110,146,785)	(92,088,868)	(100,772,790)
Administrative expenses	26	(181,661,393)	(208,873,013)	(153,394,184)	(167,981,333)
Other Expense		-	(12,007,965)	-	-
Finance cost	28	(118,309,644)	(120,069,895)	(107,275,508)	(108,890,105)
<b>Total expenses</b>		<b>(3,446,113,637)</b>	<b>(3,695,311,182)</b>	<b>(3,334,006,167)</b>	<b>(3,526,832,345)</b>
<b>Profit before income tax expenses</b>		<b>74,710,201</b>	<b>11,976,572</b>	<b>77,220,331</b>	<b>22,022,753</b>
Income (Expense) tax	29	(10,442,091)	(7,508,167)	(16,178,597)	(4,973,663)
Net profit for the year from continuing prations		64,268,110	4,468,405	61,041,734	17,049,090
<b>Net Profit for the year</b>		<b>64,268,110</b>	<b>4,468,405</b>	<b>61,041,734</b>	<b>17,049,090</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Actuarial gains arising from post-employment benefit obligations		-	2,458,989	-	2,101,666
Income tax on items that will not be reclassified to profit or loss		-	(491,798)	-	(420,333)
<b>Total items that will not be reclassified to profit or loss</b>		<b>-</b>	<b>1,967,191</b>	<b>-</b>	<b>1,681,333</b>
<b>Other comprehensive income</b>					
Other comprehensive income to be reclassified to profit or loss in subsequent					
Exchange differences on translating financial statement		(45,927)	(538,174)	-	-
<b>Other comprehensive income for the year</b>		<b>(45,927)</b>	<b>1,429,017</b>	<b>-</b>	<b>1,681,333</b>
<b>Total comprehensive income for the year</b>		<b>64,222,183</b>	<b>5,897,422</b>	<b>61,041,734</b>	<b>18,730,423</b>

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



# STATEMENTS OF COMPREHENSIVE INCOME

TWZ CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

(Unit : Baht)

	Notes	Consolidated		Separate	
		2018	2017	2018	2017
<b>Profit attributable to</b>					
Owners of the parent		63,611,880	(3,409,345)	61,041,734	17,049,091
Non - controlling interests		656,230	7,877,749	-	-
<b>Total</b>		<b>64,268,110</b>	<b>4,468,404</b>	<b>61,041,734</b>	<b>17,049,091</b>
<b>Total comprehensive income attributable to</b>					
Owners of the parent		63,565,953	(1,980,328)	61,041,734	18,730,423
Non - controlling interests		656,230	7,877,749	-	-
<b>Total</b>		<b>64,222,183</b>	<b>5,897,421</b>	<b>61,041,734</b>	<b>18,730,423</b>
<b>Earnings per share to owners of the parent</b>					
Basic earnings pershare	30	0.0100	(0.0005)	0.0096	0.0027
Diluted earnings pershare	30	0.0100	-	0.0096	-

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

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

TWZ CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

(Unit : Baht)

	Notes	Consolidated						
		Share capital issued and paid-up	Premium on ordinary shares	Advance received from share subscription	Retained earnings		Total other components of equity	Non Controlling Interests
					Appropriated Legal reserve	Unappropriated		
						financial statement		
Beginning balance as at January 1, 2017		623,574,890	1,165,820,390	-	40,297,435	489,156,358	938,475	76,634,148
Ordinary shares issued		2,332,416	3,545,613	-	-	-	-	-
Paid dividends		-	-	-	6,438,649	(6,438,649)	-	-
Other - Legal reserve		-	-	-	-	(48,941,391)	-	-
Total comprehensive income for the year		-	-	-	-	(3,409,345)	(538,174)	7,877,749
Actuarial gains arising from post-employment benefit obligations		-	-	-	-	2,458,989	-	-
Income tax on items that will not be reclassified to profit or loss		-	-	-	-	(491,798)	-	-
Ending balance as at December 31, 2017		625,907,306	1,169,366,003	-	46,736,084	432,334,164	400,301	84,511,897
Ordinary shares issued		228,987,968	45,802,239	-	-	-	-	-
Paid dividends	24	-	-	-	-	(6,506,376)	-	-
Total comprehensive income for the year		-	-	-	-	63,611,880	(45,927)	656,230
Other - Legal reserve	24	-	-	-	3,904,541	(3,904,541)	-	-
Ending balance as at December 31, 2018		854,895,274	1,215,168,242	-	50,640,625	485,535,127	354,374	85,168,127
								2,691,761,769

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

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

TWZ CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

(Unit : Baht)

	Notes	Separate					
		Share capital issued and paid-up	Premium on ordinary shares	Advance received from share subscription	Retained earnings		Total
					Appropriated Legal reserve	Unappropriated	
Beginning balance as at January 1, 2017		623,574,890	1,165,820,390	-	40,297,435	499,067,871	2,328,760,586
Ordinary shares issued		2,332,416	3,545,613	-	-	-	5,878,029
Legal reserve		-	-	-	6,438,649	(6,438,649)	-
Paid dividends		-	-	-	-	(48,941,391)	(48,941,391)
Total comprehensive income for the year		-	-	-	-	17,049,091	17,049,091
Actuarial gains arising from post-employment benefit obligations		-	-	-	-	2,101,666	2,101,666
Income tax on items that will not be reclassified to profit or loss		-	-	-	-	(420,333)	(420,333)
Ending balance as at December 31, 2017		625,907,306	1,169,366,003	-	46,736,084	462,418,255	2,304,427,648
Ordinary shares issued	24	228,987,968	45,802,239	-	-	-	274,790,207
Paid dividends		-	-	-	-	(6,506,376)	(6,506,376)
Total comprehensive income for the year		-	-	-	-	61,041,734	61,041,734
Other - Legal reserve	24	-	-	-	3,904,541	(3,904,541)	-
Ending balance as at December 31, 2018		854,895,274	1,215,168,242	-	50,640,625	513,049,072	2,633,753,213

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

# STATEMENTS OF CASH FLOWS

TWZ CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

(Unit : Baht)

	Consolidated		Separate	
	2018	2017	2018	2017
<b>Cash flows from operating activities</b>				
Profit before income tax expense	74,710,201	11,976,572	77,220,331	22,022,753
Adjustment of profit (loss) on cash received (paid)				
Adjustment on financial cost				
- Real estate development project for rental under financial lease agreement	592,355	7,407,637	3,590,097	3,596,881
- Others	117,717,289	112,662,258	103,685,410	103,928,102
Adjustment on Trade and other receivables (increase) decrease	(11,855,067)	(131,197,474)	(58,546,953)	(93,025,793)
Adjustment on Inventories (increase) decrease	(209,838,332)	54,838,792	(212,095,172)	52,707,580
Adjustment on other assets (increase) decrease	(84,266,077)	22,526,005	(46,625,116)	3,187,941
Adjustment on Trade and other payable increase (decrease)	(24,864,800)	(61,651,547)	(10,859,570)	(13,990,884)
Adjustment on Other current liabilities (increase) decrease	(8,234,801)	(126,779)	26,600	(438,129)
Depreciation depletion and amortization charge				
- Depreciation	23,290,125	19,836,057	13,234,403	10,157,222
- Amortization of leasehold land	5,810,174	6,569,134	291,522	376,543
- Amortization of leasehold rights	485,926	485,926	485,926	485,926
- Amortization of intangible assets	4,059,926	4,403,890	157,496	171,137
Adjustment loss impairment of asset (reversal)				
- Loss from diminution values of inventories (reversal)	(734,374)	3,231,584	(687,424)	3,272,840
- Loss from obsolete inventories	(151,581)	2,794,755	(82,017)	2,853,628
- Provision cost of goods return	(1,355,405)	(1,237,303)	(1,355,405)	(1,237,302)
- Reverse of goods return	-	10,125	-	10,125
- Allowance for real estate development project for rental under financial lease agreement	-	4,890,793	-	-
Adjustment on Provisions liabilities (reversal)				
- Employee benefit expenses	2,781,783	2,659,685	2,325,399	1,991,298
- Provision liabilities of lawsuit	8,261,401	-	-	-
Adjustment on loss (gain) fair value	(6,270,183)	-	(4,631,208)	-
Adjustment on bad debts and allowance for doubtful accounts (reversal)				
- Allowance for doubtful accounts	(864,023)	23,723,108	104,508	20,769,649
- Provision refund liability	148,629	-	148,629	-
Adjustment on Unrealized loss (gain) on exchange rate	(34,701)	15,177	(34,701)	9,842
Adjustment on loss (gain) on disposal of non current assets	-	(259,064)	-	1,196,675
Cash flows from operating activities (Cont.)				
Adjustment on Cash generated from investments or loans				
- Interest income	(5,391,265)	(6,766,086)	(6,171,341)	(16,851,906)
- Interest income from financial lease agreement	(5,585,213)	(4,718,656)	(4,142,080)	(2,887,548)
- Loss (Gain) Disposal of investment	500,000	12,007,965	500,000	-
<b>Net cash provided by (used in) operating</b>	<b>(121,088,013)</b>	<b>84,082,554</b>	<b>(143,460,666)</b>	<b>98,306,580</b>

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

# STATEMENTS OF CASH FLOWS

TWZ CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

(Unit : Baht)

	Consolidated		Separate	
	2018	2017	2018	2017
<b>Cash flows from operating activities (C0nt.)</b>				
Interest expenses	(115,519,642)	(107,782,445)	(106,826,889)	(99,516,121)
Interest income	9,321,652	5,069,119	8,893,618	6,937,831
Income Tax expense refund (paid)	(19,248,248)	(13,857,569)	(17,507,451)	(12,898,452)
Cash received (paid) from other operating activities				
- Cash received (paid) for real estate development project for sale	-	(13,223,097)	-	(57,658,113)
- Cash received (paid) for interest expense under financial lease agreement	-	(3,545,031)	-	(1,047,601)
- Cash received (paid) for real estate development project for rental under financial lease agreement	-	108,106	-	236,466
<b>Net cash flows from (used in) operating activities</b>	<b>(246,534,251)</b>	<b>(49,148,363)</b>	<b>(258,901,388)</b>	<b>(65,639,410)</b>
<b>Cash flows from investing activities</b>				
Cash received from disposal of investment subsidiary form cash payment	3,277,573	24,497,000	3,277,573	-
Cash paid for purchase of equity or debt Instruments unrelated parties	(224,269)	-	-	-
Cash paid for purchase of land property, plant and equipment	(1,439,017)	(12,158,785)	(2,263,460)	(1,077,629)
Cash payment for purchase intangible assets	-	(647,705)	-	(22,705)
Other cash receipt from investing activities - financial assets	5,394,551	-	3,392,793	217,000,000
Other cash (receipt) from investing activities - financial assets	(545,000)	(15,493,486)	-	(7,996,601)
<b>Net cash provided (used) from investing activities</b>	<b>6,463,838</b>	<b>(3,802,976)</b>	<b>4,406,906</b>	<b>207,903,065</b>
<b>Cash flows from financing activities</b>				
Cash receipt from issue of ordinary share	274,790,207	5,878,029	274,790,207	5,878,029
Cash received from term borrowings	97,400,000	278,211,467	97,400,000	113,384,000
Cash paid for loans	(161,617,977)	(239,204,604)	(147,668,900)	(226,460,277)
Cash receipt from repayment of finance lease payable	(1,213,869)	-	(993,627)	(24,947)
Dividends paid	(6,506,376)	(48,859,319)	(6,506,376)	(48,859,319)
<b>Net cash provided (used) from financing activities</b>	<b>202,851,985</b>	<b>(3,974,427)</b>	<b>217,021,304</b>	<b>(156,082,514)</b>

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

# STATEMENTS OF CASH FLOWS

TWZ CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

(Unit : Baht)

	Consolidated		Separate	
	2018	2017	2018	2017
Net Increase (decrease) in cash and cash equivalents				
before difference in exchange rates				
on translation of financial statement	(37,218,428)	(56,925,766)	(37,473,178)	(13,818,859)
Effect from foreign exchange in cash and cash equivalents	(45,927)	(538,182)	-	(8)
Net Increase (decrease) in cash and cash equivalents	(37,264,355)	(57,463,948)	(37,473,178)	(13,818,867)
Cash and cash equivalents at the beginning of the year (Note 6)	479,841,562	537,305,510	456,413,278	470,242,145
Cash and cash equivalents at the ending of the year (Note 6)	442,577,207	479,841,562	418,940,100	456,423,278

## Supplemental disclosures of cash flows information :

- For the purpose of preparing the statement of cash flows, cash and cash equivalents items include cash in hand and cash at banks and short-term investment in promissory notes which are due within 3 months.
- During the year 2018, The Company has commitment on account receivables of real estate project under financial lease agreement in consolidated and separate financial statements amount of Baht 69.87 and 43.64 million, respectively.(2017 : Baht of 82.12 and 57.11 million, respectively).
- During the year 2018, The Company has commitment on real estate development project for rental under financial lease agreement in consolidated and separate financial statements amount of Baht 101.70 and 49.38 million, respectively.(2017 : Baht of 102.13 and 49.59 million, respectively).
- During the year 2018, The Company has transferring the real estate development project for rental under financial lease agreement and leasehold land to investment property amount of Baht 7.95 million. (2017 : Baht of 36.17 million)
- During the year, 2018, The Company received land and plant from subsidiary. To offset the loans. The value of land transferred amount of Baht 74.00 million.
- During the year 2018, The Company disposal of investment in a subsidiary the following statement of cash flows:

Trade and other current receivables	-
Other intangible assets	1.00
Trade and other current payables	(3.00)
Ordinary shares	(1.00)
Deficit	1.00
Cash and cash equivalents	(2.00)
- During the year 2018, The Company purchased 2 vehicles by entering into a financial lease agreement of Baht 6.92 million.
- During the year 2017, The Company has invested in the subsidiary has not yet paid. Total amount in the consolidated financial statements was Baht 38.06 million.

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



# NOTE TO THE FINANCIAL STATEMENT

TWZ CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
DECEMBER 31, 2018

## 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 Ratchadapisek, 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 for financial statement preparation and principles of consolidation

### 2.1. Basis for financial statement

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

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.2.

An English version of the financial statements have been prepared from the statutory financial statements that are in the 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. 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:

**2.2.1. 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.

**2.2.2. Allowance for doubtful account**

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.

**2.2.3. 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.

**2.2.4. 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.

**2.2.5. 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.

**2.2.6. Building improvement and equipments and 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.

**2.2.7. Deferred tax assets**

A deferred tax assets is recognised to the extent that it is probably the future 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.

**2.2.8. 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, 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.

## 2.3. Principle of consolidation

The consolidated financial statements include the financial statements of TWZ Corporation Public Company Limited and its subsidiaries which are under its control with more than 50 percent voting rights as follows:

Company's name		Percentage of holding (%)		
		As at		Country of incorporation
		December 31, 2018	December 31, 2017	
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	Thailand
Gear Corporation Co., Ltd.	Investing in the generating and selling electricity	100	100	Thailand
Indirect shareholding through by Gear Corporation Co., Ltd.				
Mastech Tool and Service Co., Ltd.	Generating and selling electricity	49	49	Thailand

Significant transactions with subsidiaries have been eliminated in the consolidated financial statements.

The consolidated financial statements have been prepared with the same accounting policies for the separate financial statements for the same accounting transactions or accounting events.

The total assets of subsidiaries as at December 31, 2018 and 2017 and total revenues for the year ended December 31, 2018 and 2017, as included in the consolidated financial statements presented in term of percentages are as follow:

	Percentage of subsidiaries's total assets to consolidated total assets		Percentage of subsidiaries's total revenues to consolidated total revenues	
	December 31, 2018	December 31, 2017	For the year ended December 31, 2018	For the year ended December 31, 2017
Subsidiaries company	16.57	18.27	5.45	6.04

### 3. NEW FINANCIAL REPORTING STANDARDS

#### 3.1. Financial reporting standards that became effective in the current year

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

#### 3.2. Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

During the current year, the Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) including new accounting treatment guidance, which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

- TFRS 15 Revenue from Contracts with Customers  
TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard no.15 to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

#### 3.3. Financial reporting standards that will become effective for fiscal years beginning on or after January 1, 2020

During the current year, the Federation of Accounting Professions issued the set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

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

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

## 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).

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.

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 the value with the remaining amount less allowance for doubtful accounts.

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	50 %
Over 90 Days	00 %

#### 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

Inventory of financial statement are valued at lower of moving average cost or net realizable value.

The net realizable value is from 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 rebates from purchase goods (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 inventory</u>	<u>Rate of Estimated Allowance for obsolete inventory</u>
181-270 Days	25 %
271-365 Days	50 %
over 365 Days	100 %

#### 4.6. Real estate development project for sale

Real estate development project for sale in consist of land and cost of real estate development project progress are stated at cost less provision for loss on diminution in value of projects. The details of cost calculation are as follows: -

Land, The cost of land is recorded by separating the sale area of each project.

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

Cost of real estate development consist of cost of construction, public utility costs and interest capitalised to cost of projects (if any) 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's 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, 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 weight 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 is consisted 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 :

	Year
Building	20
Building Improvement	5
Tool and Equipment	5
Office Equipment	5
Office Equipment	5
Vehicle	5
Equipment of electric from solar power	10-25

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

#### 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. Other 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 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 capitalized 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.

Capitalization 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

##### 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 recognize deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probably that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At the end of reporting period, the Group will 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 percent 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 resources to those segments.

#### **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 Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

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

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

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

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

#### **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 acquire.

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. Related party transactions

The Group had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon between the Company and those companies. The summary of those transactions are as follows:

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.

<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 until February 28, 2018
Gear Corporation Co., Ltd.	Subsidiary company by direct holding
Mastech Tool and Service Co., Ltd.	Subsidiary hold by Gear Corporation 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
Acquisition of properties	Determined by an independent appraiser amount of Bath 74 million

During the year 2018, The parent company was sale investment of The Boxes Company Limited. As a result. The lost control on February 28, 2018.

## 5.1. Asset and liabilities

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2018	2017	2018	2017
<b>Transactions with subsidiaries</b>				
TWZ International Limited				
Advance receipts	-	-	27,794	50,621
TZ Trading Co., Ltd.				
Advance payment	-	-	-	1,139,163
Accrued income	-	-	1,730,697	3,623,193
Account payable	-	-	859,760	-
Advance receipts	-	-	14,148,242	-
The Boxes Co., Ltd.				
Advance payment	-	-	-	2,777,573
Piyachart Co., Ltd.				
Advance payment	-	-	22,964,980	17,395,186
Accrued interest income	-	-	27,699,537	24,808,647
Loan	-	-	48,000,000	114,600,000
Accrued expenses	-	-	1,047,240	-
Gear Corporation Co., Ltd.				
Advance payment	-	-	13,470,050	-
Advance receipts	-	-	-	2,500,100
<b>Transactions with related party</b>				
<b>Short-term loan from related party</b>				
Mrs. Piyanuj Rungkasiri				
Balance as of beginning	6,974,237	6,974,237	-	-
Increase	(265,100)	-	-	-
Balance as of ending	6,709,137	6,974,237	-	-

During the year, The Company has an acquisition of properties for investment instead of repayment loans to related party amount of Baht 74 million, which the value is such as appraised by an independent appraiser "N&A Appraisal Co., Ltd.", dated January 15, 2018, and determined by using cost and income approach.

As at December 31, 2018 and 2017, short-term loan from related party represents loan under a loan agreement. The loan is due for repayment on call with on interest.

## 5.2. Revenue and expenses transactions as follows :

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended December 31,			
	2018	2017	2018	2017
<u>Transactions with subsidiaries</u>				
TZ Trading Co., Ltd.				
Purchases	-	-	803,514	97,563
Revenues from sales	-	-	-	9,629,009
Management fee	-	-	2,749,866	5,136,364
Piyachart Co., Ltd.				
Interest income	-	-	2,890,890	9,340,236
Management free	-	-	-	5,500,000
Rental	-	-	1,047,240	-
Gear Corporation Co., Ltd				
Interest income	-	-	-	884,126

## 5.3. Management remunerations

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Short term employee benefits	18,725,762	17,753,239	18,725,762	17,753,239
Post-employment benefits	911,118	871,309	911,118	871,309
<b>Total</b>	<b>19,636,880</b>	<b>18,624,548</b>	<b>19,636,880</b>	<b>18,624,548</b>

## 6. Cash and cash equivalents

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Cash	1,618,713	4,672,624	1,266,966	3,240,939
Bank - current accounts	268,053,116	201,926,491	265,547,345	198,680,473
Bank - saving accounts	116,387,253	273,242,447	95,607,664	254,491,866
Cheque on hand	56,518,125	-	56,518,125	-
<b>Total</b>	<b>442,577,207</b>	<b>479,841,562</b>	<b>418,940,100</b>	<b>456,413,278</b>

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

## 7. Trade and other receivables

Outstanding trade accounts receivables can be aged as follows:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
<b>Trade account receivables</b>	<b>1,089,536,431</b>	<b>1,066,614,111</b>	<b>1,075,619,970</b>	<b>1,047,108,639</b>
<u>Less</u> Allowance for doubtful debt	(4,604,771)	(5,468,794)	(2,619,843)	(2,515,335)
Estimated goods return	(6,289,777)	(6,141,148)	(6,289,777)	(6,141,148)
<b>Trade account receivables - net</b>	<b>1,078,641,883</b>	<b>1,055,004,169</b>	<b>1,066,710,350</b>	<b>1,038,452,156</b>
<b>Other current receivables</b>				
Advance payment for goods	291,284,717	288,633,691	291,284,717	288,633,691
<u>Less</u> Allowance for doubtful debt	(729,048)	(729,048)	(729,048)	(729,048)
Net	290,555,669	287,904,643	290,555,669	287,904,643
Other receivables	21,321,765	9,200,026	18,796,664	6,960,062
Prepaid expenses	2,615,685	2,757,915	1,617,401	1,835,801
Accrued income	11,106,502	6,513,941	12,081,998	9,582,306
Accrued interest income	1,832,259	3,060,037	29,262,761	27,842,958
Advance	1,821,371	2,097,872	38,133,075	23,291,089
Account receivable - Revenue department	16,142,735	18,894,773	-	-
Deposits and guarantee	173,908	8,188,642	173,908	8,187,637
Total	345,569,894	338,617,849	390,621,476	365,604,496
<u>Less</u> Allowance for doubtful debt	(1,038,195)	-	(983,285)	-
<b>Total other receivables</b>	<b>344,531,699</b>	<b>338,617,849</b>	<b>389,638,191</b>	<b>365,604,496</b>
<b>Total trade and other current receivables</b>	<b>1,423,173,582</b>	<b>1,393,622,018</b>	<b>1,456,348,541</b>	<b>1,404,056,652</b>
<b>Recourse trade account receivables</b>	<b>7,666,854</b>	<b>7,057,244</b>	<b>7,666,854</b>	<b>7,057,244</b>
<b>Trade account receivables :</b>				
In due	906,604,205	532,760,238	903,679,457	522,361,722
Over due :				
1 - 30 Days	162,340,580	155,805,159	157,860,644	153,813,532
31 - 60 Days	5,549,880	160,634,710	5,134,152	159,468,880
61 - 90 Days	722,257	203,802,696	87,100	201,413,573
More than 91 Days	6,652,655	6,554,062	1,191,763	2,993,688
Total	1,089,536,431	1,066,614,110	1,075,619,970	1,047,108,639
<u>Less</u> Allowance for doubtful debt	(4,604,771)	(5,468,794)	(2,619,843)	(2,515,335)
Estimated goods return	(6,289,777)	(6,141,148)	(6,289,777)	(6,141,148)
<b>Net</b>	<b>1,078,641,883</b>	<b>1,055,004,169</b>	<b>1,066,710,350</b>	<b>1,038,452,156</b>

As at December 31, 2018 the Company and subsidiary has overdue accounts receivable of Baht 164.27 million and Baht 175.26 million respectively however, such debtor has come to pay after the end of the period. Therefore, recorded an allowance for doubtful accounts only for those who have not paid in the amount of Baht 0.25 million.

#### Parent company

As at December 31, 2018 and 2017 the Company sold the partial of trade receivables under the factoring agreement in the amount Baht 224.95 million. And Baht 100.18 million. Respectively, 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.

Allowance for doubtful accounts receivable have changed during the year as follows:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
Beginning balance	(11,609,942)	(8,276,777)	(8,656,483)	(8,153,026)
Increase	(253,137)	(3,333,165)	(253,137)	(503,457)
Decrease	968,531	-	-	-
Ending balance	(10,894,548)	(11,609,942)	(8,909,620)	(8,656,483)

During the year 2018, the company has reversed the allowance for doubtful accounts of 0.97 million baht due to payment from account receivable.

## 8. Inventories

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
Mobile phones and accessories	1,539,048,800	1,321,092,747	1,533,214,668	1,313,001,775
Spare part for repairing	11,458,481	16,865,393	11,458,481	16,865,393
Total	1,550,507,281	1,337,958,140	1,544,673,149	1,329,867,168
Add Estimated cost for goods return	4,785,906	6,141,311	4,785,906	6,141,311
Total	1,555,293,187	1,344,099,451	1,549,459,055	1,336,008,479
Less Allowance for diminution value of inventories	(2,932,131)	(3,666,505)	(2,932,131)	(3,619,555)
Allowance for obsolete inventories	(28,547,592)	(28,699,173)	(27,393,916)	(27,475,933)
Net	1,523,813,464	1,311,733,773	1,519,133,008	1,304,912,991

Allowance for declining in value of inventories have changed during the year as follows:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
Beginning	(32,365,678)	(26,275,782)	(31,095,488)	(24,969,020)
Increase	(7,156,364)	(6,072,629)	(7,543,053)	(6,126,468)
Decrease	8,042,319	(17,267)	8,312,494	-
Ending	(31,479,723)	(32,365,678)	(30,326,047)	(31,095,488)

During the year 2018, the Group reverse allowance from the net realisable value being lower than cost in the consolidated and separate statements of comprehensive income amounting to Baht 8.04 million and Baht 8.31 million, respectively, since the sale of such inventories.

## 9. Financial asset

### 9.1. Account receivables of real estate project under financial lease agreements.

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
Account receivables of real estate Project under financial lease agreement	141,582,941	143,976,203	99,686,017	100,077,522
<u>Less</u> Deferred interest income from financial lease agreement	(52,686,424)	(57,226,725)	(37,014,670)	(40,111,838)
Current portion of account receivables of real estate project under financial lease agreement	(995,660)	(381,705)	(191,747)	(165,776)
Total	87,900,857	86,367,773	62,479,600	59,799,908
<u>Less</u> Allowance doubtful debt	(19,028,890)	(19,028,890)	(19,028,890)	(19,028,890)
Net	68,871,967	67,338,883	43,450,710	40,771,018

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, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
Less than 1 year	11,110,323	9,452,678	8,025,763	6,471,384
More than 1 year but less than 5 years	33,313,908	30,037,404	23,264,995	20,730,186
More than 5 year	97,158,710	104,486,121	68,395,259	72,875,952
Total	141,582,941	143,976,203	99,686,017	100,077,522



## 9.2. Real estate development project for rental under financial lease agreement

(Unit : Baht)

	Consolidated financial statement				
	As at December 31, 2017	Increase	Decrease	Transfer in / Transfer out	As at December 31, 2018
Building	75,544,715	630,550	(38,973,303)	(8,659,348)	28,542,614
Rental under financial lease agreement	29,539,731	-	(11,649,721)	(4,514,666)	13,375,344
Total	105,084,446	630,550	(50,623,024)	(13,174,014)	41,917,958
<u>Less</u> Allowance for impairment in real estate development project for rental under financial lease agreement	(4,890,793)	-	-	-	(4,890,793)
Net	100,193,653	630,550	(50,623,024)	(13,174,014)	37,027,165

### The Company / subsidiary

During the year 2018, the Company transferred assets in the real estate development project for rent under the financial lease agreement to investment property amount to Baht 13.17 million and Baht 47.17 million.

(Unit : Baht)

	Separate financial statements				
	As at			Transfer in /	As at
	December 31,			Transfer out	December 31,
	2017	Increase	Decrease		2018
Building	8,632,900	-	(2,316,144)	(6,316,756)	-
Rental under financial lease agreement	4,249,700	-	(1,140,163)	(3,109,537)	-
Total	12,882,600	-	(3,456,307)	(9,426,293)	-
Less Allowance for impairment in real estate development project for rental under financial lease agreement	-	-	-	-	-
Net	12,882,600	-	(3,456,307)	(9,426,293)	-

During the year 2018, the Company transferred assets in the real estate development project for rent under the financial lease agreement to investment property amount to Baht 9.43 million

### The Company / subsidiary

#### 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 7.251% per annum. By the end of the year of the lease of land and buildings agreement beginning on May 1, 2012 to August 14, 2031, in Note .14.1

## 10. Asset held for sale - Real estate development project for sale

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Land 281,590,146	282,120,214	29,469,932	30,000,000	
Cost of development project				
(Construction expenses)	188,667,944	196,182,232	183,921,550	188,318,593
Capitalised interest and financial costs	4,519,263	4,519,262	4,519,263	4,519,263
Total	474,777,353	482,821,708	217,910,745	222,837,856
Add Cost of development project	1,378,910	-	1,378,910	-
Total Cost of development project	476,156,263	482,821,708	219,289,655	222,837,856
Less Accumulated transfer to cost of project	-	(4,035,929)	-	(4,035,929)
Total	476,156,263	478,785,779	219,289,655	218,801,927
Less Allowance for loss on decline in value of projects	(22,296,617)	(2,144,982)	(20,687,880)	-
Net	453,859,646	476,640,797	198,601,775	218,801,927

For the year end December 31, 2018, the Company has capitalized 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.17) and long-term loans from institutions (Note.20)

For the year end December 31, 2018, and 2017 the real estate development expenses recognize as cost of sales in the statement of income amounted to Baht 19.80 million and Baht 4.04 million respectively.

## 11. Investments in subsidiaries

	Separate financial statements							
	Percentage of				Thousand Baht			
	Investment (%)		Issue and paid up capital		Cost		Devidend received	
	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017
TWZ INTERNATIONAL LIMITED	100	100	1,000	1,000	3,958	3,958	-	-
TZ Trading Co., Ltd.	100	100	3,000	3,000	3,000	3,000	-	-
Piyachart Co., Ltd.	100	100	250,000	250,000	320,000	320,000	-	-
The Boxes Co., Ltd.	-	100	-	1,000	-	1,000	-	-
Gear Corporation Co., Ltd.	100	100	100,000	100,000	100,000	100,000	-	-
<u>Less</u> Impairment of investment	-	-	-	-				
Net					426,958	427,958	-	-

#### **The Boxes Co., Ltd**

The Board of Directors Meeting No. 1/2018 held on February 28, 2018 has resolved the extension of disposal of investment in such subsidiary to the third party amount Baht 3.77 million and loss on disposal of investment in such subsidiary in the separate financial statements amounted to Baht 0.5 million and gain on disposal of the subsidiary in the consolidated financial statements was Baht 0.14 million, which was included in the statement of comprehensive income.

#### **Piyachart Co., Ltd.**

TWZ Corporation Public Company Limited (TWZ) purchased ordinary shares of Piyachart Company Limited (PYC) from old shareholder 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 year of 2013-2016 is less than Baht 150 million, TWZ has the right to sell the shares back to old shareholder. If TWZ chooses to exercise the right, old shareholder 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 old shareholder 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 shares 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 Baht 176.82 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 there main der 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.

#### **Le Andaman Development Co., Ltd. (Subsidiary hold by Piyachart Co.,Ltd.)**

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.

#### Non-controlling interest

Details of non-wholly owned subsidiaries which have material non-controlling interests as at December 31, 2018 and 2017, are as follows;

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	2018	2017	2018	2017	2018	2017	2018	2017
	(%)	(%)						
Mastech Too & Service Co.,Ltd.	51%	51%	85.17	84.51	0.66	7.88	-	-

The summarized financial information before intragroup eliminations of each non-wholly owned subsidiary which has material non-controlling interests for the years ended December 31, 2018 and 2017, are as follows;

#### **Statement of Financial Position for the year ended December 31, 2018 and 2017**

(Unit : Baht)

	As at December 31, 2018	As at December 31, 2017
Current Asset	37,286,454	32,052,463
Current Liabilities	(23,172,970)	(18,168,453)
<b>Net Current Asset</b>	<b>14,113,484</b>	<b>13,884,010</b>
Non-Current Asset	206,829,182	211,896,473
Non-Current Liabilities	(124,892,930)	(138,035,405)
<b>Net Non-Current Asset</b>	<b>81,936,252</b>	<b>73,861,068</b>
<b>Net Asset</b>	<b>96,049,736</b>	<b>87,745,078</b>

#### **Statement of Comprehensive Income for the year ended December 31, 2018 and 2017**

(Unit : Baht)

	For the year ended December 31, 2018	For the year ended December 31, 2017
Revenue	40,565,746	42,246,322
Net Profit	8,304,658	12,006,567
Total comprehensive income for the year	6,648,778	12,006,567

## Statement of Cash Flows for the year ended December 31, 2018 and 2017

(Unit : Baht)

	For the year ended December 31, 2018	For the year ended December 31, 2017
Net cash flows from (used in) operating activities	23,723,819	(15,981,093)
Net cash provided (used) from investing activities	(125,189)	(9,717,558)
Net cash provided (used) from financing activities	(17,549,493)	30,037,187
<b>Net Increase (decrease) in cash and cash equivalents</b>	<b>6,049,137</b>	<b>4,338,536</b>
Cash and cash equivalents at the beginning of the year	7,587,603	3,249,067
Cash and cash equivalents at the Ending of the year	13,636,740	7,587,603

## 12. Investment property

(Unit : Baht)

	Consolidated financial statements	Separate financial statements
Investment property at January 1, 2018	46,200,000	-
Transfer from		
- Real estate development project for rental under financial lease agreement	13,174,014	9,426,293
- Leasehold land	4,755,803	3,542,499
<b>Total</b>	<b>64,129,817</b>	<b>12,968,792</b>
Gain (loss) from transfer asset	6,270,183	4,631,208
<b>Investment property at December 31, 2018</b>	<b>70,400,000</b>	<b>17,600,000</b>

During the year 2018, the Company and its subsidiary brought 2 and 1 commercial buildings out of the total 3 and 17 respectively to lease to a client which have entered into 3 year 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 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.

As at 31 December 2018 and 2017, the fair value of investment properties, by using the appraiser's report of valuer According to the market price comparison method by bringing the land price, which can be compared at the nearby area, to adjust which is the fair value in level 2 of the fair value hierarchy. (Note 4.28)

### 13. 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
<b>Cost:</b>										
January 1, 2018	4,380,108	4,499,892	39,706,664	4,075,137	21,407,356	48,222,014	20,925,363	-	198,000,000	338,366,628
Addition	-	72,692,900	1,094,206	375,964	68,045	137,901	7,990,000	-	-	82,359,016
Disposal/Write-off	-	-	(2,795,285)	-	-	-	-	-	-	(2,795,285)
December 31, 2018	4,380,108	77,192,792	35,155,679	4,451,101	21,475,401	48,359,915	28,915,363	-	198,000,000	417,930,359
<b>Accumulated Depreciation:</b>										
January 1, 2018	-	564,027	25,985,910	2,705,943	19,686,442	44,834,274	19,844,202	-	9,570,529	123,191,327
Depreciation for the year	-	5,395,139	4,180,927	435,299	631,770	1,668,388	1,414,346	-	9,564,256	23,290,125
Depreciation on disposals/write-off	-	-	(2,795,285)	-	-	-	-	-	-	(2,795,285)
December 31, 2018	-	5,959,166	27,371,552	3,141,242	20,318,212	46,502,662	21,258,548	-	19,134,785	143,686,167
<b>Net Book Value:</b>										
January 1, 2018	4,380,108	3,935,865	10,870,848	1,369,194	1,720,914	3,387,740	1,081,161	-	188,429,471	215,175,301
December 31, 2018	4,380,108	71,233,626	7,784,127	1,309,859	1,157,189	1,857,253	7,656,815	-	178,865,215	274,244,192
Depreciation are recognized in statements of comprehensive income for the year ended December 31,										
2018										23,290,125
2017										19,836,057

(Unit : Baht)

## Consolidated financial statements

[illegible]



(Unit : Baht)

Separate financial statement							
	Land	Building	Building improvement	Machineries and equipment	Office Equipment	Office Furniture	Motor Vehicles
<b>Cost:</b>							
January 1, 2018	4,380,108	4,499,892	36,836,140	2,923,434	20,966,548	47,805,020	18,804,802
Addition	-	74,000,000	1,094,206	15,198	55,076	28,981	7,990,000
Disposal/Write-off	-	-	(2,795,285)	-	-	-	-
Transfer-In/(Out)	-	-	-	-	-	-	-
December 31, 2018	4,380,108	78,499,892	35,135,061	2,938,632	21,021,624	47,834,001	26,794,802
<b>Accumulated Depreciation:</b>							
January 1, 2018	-	564,028	25,983,232	2,564,807	19,499,136	44,700,540	17,723,642
Depreciation for the year	-	5,338,267	4,176,803	170,506	550,580	1,583,901	1,414,346
Depreciation on disposals/write-off	-	-	(2,795,285)	-	-	-	-
December 31, 2018	-	5,902,295	27,364,750	2,735,313	20,049,716	46,284,441	19,137,988
<b>Net Book Value:</b>							
January 1, 2018	4,380,108	3,935,864	10,852,908	358,627	1,467,412	3,104,480	1,081,160
December 31, 2018	4,380,108	72,597,597	7,770,311	203,319	971,908	1,549,560	7,656,814
Depreciation are recognized in statements of comprehensive income for the year ended December 31,							
2018							13,234,403
2017							10,157,222

(Unit : Baht)

Separate financial statement							
	Land	Building	Building improvement	Machineries and equipment	Office Equipment	Office Furniture	Motor Vehicles
Cost							Total
January 1, 2017	4,380,108	4,499,892	39,706,664	2,899,427	20,836,413	47,508,530	18,804,802
Addition	-	-	626,997	24,007	130,135	296,490	-
Disposal/Write-off	-	-	(3,497,521)	-	-	-	-
Transfer-In/(Out)	-	-	-	-	-	-	-
December 31, 2017	4,380,108	4,499,892	36,836,140	2,923,434	20,966,548	47,805,020	18,804,802
<b>Accumulated Depreciation:</b>							
January 1, 2017	-	339,033	20,376,874	2,389,799	18,850,623	42,881,589	16,935,042
Depreciation for the year	-	224,995	6,501,155	175,008	648,513	1,818,951	788,600
Depreciation on disposal/write-off	-	-	(894,797)	-	-	-	-
December 31, 2017	-	564,028	25,983,232	2,564,807	19,499,136	44,700,540	17,723,642
<b>Net Book Value:</b>							
January 1, 2017	4,380,108	4,160,859	19,329,790	509,628	1,985,790	4,626,941	1,869,760
December 31, 2017	4,380,108	3,935,864	10,852,908	358,627	1,467,412	3,104,480	1,081,160
<b>Depreciation are recognized in statements of comprehensive income for the year ended December 31,</b>							
2017							10,157,222
2016							10,724,531

As at December 31, 2018 and December 31, 2017, the Company had assets with the depreciation fully calculated but still in use which had a cost of Baht 95.26 million and Baht 90.53 million, respectively.

As at December 31, 2018, assets under financial lease agreement which Company is tenant are included in the motor vehicles listed above, having net book value of Baht 7.08 million (cost and accumulated depreciation of Baht 7.99 million and Baht 0.91 million, respectively).

### Subsidiaries Company

As at December 31, 2018 and December 31, 2017, the subsidiaries had assets with the depreciation fully calculated but still in use which had a cost of Baht 2.2 million and Baht 2.17 million, respectively.

## 14. Intangible asset

### 14.1. Leasehold Land

(Unit : Baht )

Consolidated financial statement				
	As at December 31, 2017	Increase	Decrease	Tranfer in/ Tranfer out
	As at December 31, 2018			
Lasehold Land	118,861,231	-	(35,730,933)	(8,880,554)
<u>Less</u> Accumulated amortization	(40,847,361)	(5,810,174)	8,483,585	4,124,751
Net	78,013,870	(5,810,174)	(27,247,348)	(4,755,803)
	40,200,545			

During the year 2018, the Company and its subsidiary transferred leasehold land to investment property amount to Baht 4.76 million. Because the Company and its subsidiary have brought 2 commercial buildings and 1 building from a total of 3 building and 17 building respectively, which has a 3 Year lease agreement to be rented to customers (Note 12).

(Unit : Baht )

Separate financial statement				
	As at December 31, 2017	Increase	Decrease	Tranfer in/ Tranfer out
	As at December 31, 2018			
Lasehold Land	8,820,392	-	(2,366,447)	(6,453,945)
<u>Less</u> Accumulated amortization	(3,696,311)	(291,522)	1,076,387	2,911,446
Net	5,124,081	(291,522)	(1,220,060)	(3,542,499)
	-			

During the year 2018, the Company transferred leasehold land to investment property amount to Baht 3.54 million. Because the Company have brought 2 commercial buildings and 1 building from a total of 3 building. Which has a 3 Year lease agreement to be rented to customers (Note 12).

As at December 31, 2018 and 2017, the subsidiaries has pledged a leaseholder land as collateral for the credit facility from commercial banks and financial institute. (Note 19).

### 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 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 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 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.19.

#### 14.2. Leasehold right

(Unit : Baht )

	Consolidated and Separate financial statement				As at December 31, 2018
	As at December 31, 2017	Increase	Decrease	Transfer in/ Transfer out	
Lasehold Land	27,535,771	-	-	-	27,535,771
<u>Less</u> Accumulated amortization	(25,028,847)	(485,926)	-	-	(25,514,773)
Net	2,506,924	(485,926)	-	-	2,020,998

As at December 31, 2018 and December 31, 2017, the Company pledged a leasehold rights which has original value of Baht 9.90 million with book value of Baht 2.02 million and original value of Baht 9.90 million with book value of Baht 2.51 million, respectively, which as collateral for the credit facility from commercial banks and finance institutions (Note.19).

#### 14.3. Other intangible asset

(Unit : Baht )

	Consolidated financial statement			As at December, 31 2018
	As at December, 31 2017	Increase	Decrease	
Application Program	7,415,717	-	(1,367,818)	6,047,899
Cost of Accounting System Design	360,000	-	-	360,000
Purchase of Investment in subsidiaries	97,455,656	-	-	97,455,656
Total cost	105,231,373	-	(1,367,818)	103,863,555
<u>Less</u> Accumulated amortization	(10,005,890)	(4,059,926)	-	(14,065,816)
Net	95,225,483	(4,059,926)	(1,367,818)	89,797,739

Depreciation for the year in the comprehensive income statement for the year ended December 31,

2018	4,059,926
2017	4,403,890

(Unit : Baht )

	Separate financial statement			
	As at			As at
	December, 31			December, 31
	2017	Increase	Decrease	2018
Application program	5,436,356	-	-	5,436,356
Cost of Accounting System Design	360,000	-	-	360,000
<b>Total cost</b>	<b>5,796,356</b>	<b>-</b>	<b>-</b>	<b>5,796,356</b>
Less Accumulated amortization	(5,498,111)	(157,496)	-	(5,655,607)
<b>Net</b>	<b>298,245</b>	<b>(157,496)</b>	<b>-</b>	<b>140,749</b>
Depreciation for the year in the comprehensive income statement for the year ended December 31,				
2018				157,496
2017				171,137

## 15. Deferred tax assets (deferred tax liabilities)

(Unit : Baht )

	Consolidated financial statements					
	As at December 31, 2018			As at December 31, 2017		
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Deferred tax assets	3,285,783	-	3,285,783	1,843,312	-	1,843,312
Deferred tax liabilities	56,237,940	(102,059,928)	(45,821,988)	44,394,556	95,324,981	(50,930,425)
<b>Net</b>	<b>59,523,723</b>	<b>(102,059,928)</b>	<b>(42,536,205)</b>	<b>46,237,868</b>	<b>95,324,981</b>	<b>(49,087,113)</b>

(Unit : Baht )

	Separate financial statements					
	As at December 31, 2018			As at December 31, 2017		
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Deferred tax liabilities	37,196,054	(45,429,028)	(8,232,974)	38,618,739	(46,247,941)	(7,629,202)

Movement in total deferred tax assets and liabilities during the years ended December 31, 2018 and 2017 were as follows:

(Unit : Baht)

	Consolidated financial statements			
		Changing increase/(decrease)		
	As at December 31, 2017	Profit or loss	Other comprehensive income	As at December 31, 2018
Deferred tax assets				
Allowance for diminution in value of inventory	6,473,135	(177,191)	-	6,295,944
Allowance for diminution in value of land and improvement	428,997	-	-	428,997
Liabilities by contract of financial leased	12,121	11,974	-	24,095
Employee benefit obligations	1,788,448	552,756	-	2,341,204
Cost of real estate project for rental under financial lease agreement	31,657,471	11,263,156	-	42,920,627
Loss carry forward	-	-	-	-
Allowance for doubtful accounts	4,899,537	(20,720)	-	4,878,817
Allowance for impairment in real estate development project for rental under financial lease agreement	978,159	-	-	978,159
Provision liabilities of lawsuit	-	1,655,880	-	1,655,880
Total	46,237,868	13,285,855	-	59,523,723
Deferred tax liabilities				
Revenue from real estate project for rental under financial lease agreement	66,859,464	7,929,731	-	74,789,195
Additional assets from the acquisition of subsidiaries	28,465,517	(1,194,784)	-	27,270,733
Total	95,324,981	6,734,947	-	102,059,928
Net	(49,087,113)	6,550,908	-	(42,536,205)



(Unit : Baht)

	Consolidated financial statements			
	Changing increase/(decrease)			
	As at December 31, 2017	Profit or loss	Other comprehensive income	As at December 31, 2018
Deferred tax assets				
Allowance for diminution in value of inventory	5,267,868	1,205,267	-	6,473,135
Allowance for diminution in value of land and improvement	428,997	-	-	428,997
Liabilities by contract of financial leased	29,961	(17,840)	-	12,121
Employee benefit obligations	1,706,569	573,677	(491,798)	1,788,448
Cost of real estate project for rental under financial lease agreement	35,640,826	(3,983,355)	-	31,657,471
Loss carry forward	5,909,475	(5,909,475)	-	-
Allowance for doubtful accounts	169,178	4,730,359	-	4,899,537
Allowance for impairment in real estate development project for rental under financial lease agreement	-	978,159	-	978,159
Total	49,152,874	(2,423,208)	(491,798)	46,237,868
Deferred tax liabilities				
Revenue from real estate project for rental under financial lease agreement	70,772,355	(3,912,891)	-	66,859,464
Additional assets from the acquisition of subsidiaries	41,782,036	(13,316,519)	-	28,465,517
Total	112,554,391	(17,229,410)	-	95,324,981
Net	(63,401,517)	14,806,202	(491,798)	(49,087,113)

(Unit : Baht)

Separate financial statements				
	Changing increase/(decrease)			
	As at December 31, 2017	Profit or loss	Other comprehensive income	As at December 31, 2018
Deferred tax assets				
Allowance for diminution in value of inventory	6,219,098	(153,888)	-	6,065,210
Liabilities by contract of financial leased	12,121	11,974	-	24,095
Employee benefit obligations	1,558,103	465,080	-	2,023,183
Cost of real estate project for rental under financial lease agreement	26,520,572	(1,918,837)	-	24,601,735
Allowance for doubtful accounts	4,308,845	172,986	-	4,481,831
Total	38,618,739	(1,422,685)	-	37,196,054
Deferred tax liabilities				
Revenue from real estate project for rental under financial lease agreement	46,247,941	(818,913)	-	45,429,028
Total	46,247,941	(818,913)	-	45,429,028
Net	(7,629,202)	(603,772)	-	(8,232,974)

(Unit : Baht)

Separate financial statements				
		Changing increase/(decrease)		
	As at December 31, 2017	Profit or loss	Other comprehensive income	As at December 31, 2018
Deferred tax assets				
Allowance for diminution in value of inventory	4,993,804	1,225,294	-	6,219,098
Liabilities by contract of financial leased	29,961	(17,840)	-	12,121
Employee benefit obligations	1,543,247	435,189	(420,333)	1,558,103
Cost of real estate project for rental under financial lease agreement	28,444,080	(1,923,508)	-	26,520,572
Allowance for doubtful accounts	154,915	4,153,930	-	4,308,845
Total	35,166,007	3,873,065	(420,333)	38,618,739
Deferred tax liabilities				
Revenue from real estate project for rental under financial lease agreement	49,023,050	(2,775,109)	-	46,247,941
Total	49,023,050	(2,775,109)	-	46,247,941
Net	(13,857,043)	6,648,174	(420,333)	(7,629,202)

## 16. Other non-current assets

### 16.1. Restricted bank deposit

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
Bank - saving accounts	10,472,708	6,706,110	-	-
Bank - fixed accounts	367,947,041	401,677,331	360,860,400	394,603,000
<b>Total</b>	<b>378,419,749</b>	<b>408,383,440</b>	<b>360,860,400</b>	<b>394,603,000</b>

As at December 31, 2018 and 2017, the Company pledged a fixed deposit as collateral for the credit facility from commercial banks and finance institutions. (Note.19)

Fix accounts has year 3 - 12 months, by interest rate 0.09 - 3.56% per annum.

## 16.2. Other non-current assets

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
Guarantee for leasehold rights and services	17,142,876	16,808,194	16,512,276	16,808,194
Advance payment of share	124,000,000	4,000,000	100,000,000	-
Other non-current assets	124,523	1,150,159	79,023	567,327
<b>Total</b>	<b>141,267,399</b>	<b>21,958,353</b>	<b>116,591,299</b>	<b>17,375,521</b>
Revenue sharing under the Electricity Generating Agreement	18,000,000	18,000,000	-	-
Less Accumulated amortization	(2,169,863)	(1,449,863)	-	-
<b>Net</b>	<b>15,830,137</b>	<b>16,550,137</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>157,097,536</b>	<b>38,508,790</b>	<b>116,591,299</b>	<b>17,375,521</b>

### 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 Dairy farms 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 (Note 32.4)

## 17. Bank overdraft and short-term loans from financial institutions

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
Bank overdrafts	28,905,014	28,556,435	19,401,418	18,862,982
Short-term loans from trust receipt	1,075,231,071	1,098,891,710	1,075,231,071	1,098,891,710
Short-term loans from promissory note	729,957,440	714,902,720	729,957,440	714,902,720
<b>Total</b>	<b>1,834,093,525</b>	<b>1,842,350,865</b>	<b>1,824,589,929</b>	<b>1,832,657,412</b>

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

	Consolidated financial statements		Separate financial statements	
	Aging		Aging	
	(month)	Interest rate	(month)	Interest rate
Bank overdrafts	-	2.70	-	2.70
Short-term loans from trust receipt	1 - 3	3.17 - 6.25	1 - 3	3.17 - 6.25
Short-term loans from promissory note	1 - 3	5.25 - 6.25	1 - 3	5.25 - 6.25

## 18. Trade and other payables

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
<b>Trade payable</b>				
Trade payable	54,940,079	48,210,966	51,991,677	46,528,940
Total	54,940,079	48,210,966	51,991,677	46,528,940
<b>Other payables</b>				
Advance received from real estate project	10,541,982	43,852,060	9,400,482	35,020,981
Accrued expense	15,410,475	13,572,652	13,590,372	11,520,651
Accrued interest expense	4,991,446	5,069,402	4,043,048	3,594,430
Account payable of retention	3,932,929	8,945,028	1,310,481	5,814,378
Witholding tax payable	409,618	377,398	358,526	316,148
Other payable - Revenue Department	421,241	433,091	412,198	427,640
Other	12,485,328	4,433,880	15,086,415	3,415,684
Total	48,193,019	76,683,511	44,201,522	60,109,912
<b>Total Trade and other payables</b>	<b>103,133,098</b>	<b>124,894,477</b>	<b>96,193,199</b>	<b>106,638,852</b>

## 19. Credits received from commercial banks and financial institutions

### Parent company

As at December 31, 2018, the Company has received credit facilities from 6 commercial banks, consisted of credit facility for letter of credit and trust receipt of Baht 1,265 Million, for promissory note of Baht 550 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.14.1 and no.16.1

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.14.1 and no.16.1

#### Subsidiaries company

As at December 31, 2018, 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 11.50 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.14.1 and no.16.1 and TWZ Corporation Public Company Limited has participated in the guarantee credit of the amount Baht 182 million.

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.14.1 and no.16.1 and TWZ Corporation Public Company Limited has participated in the guarantee credit of the amount Baht 182 million.

## 20. Long-term loans

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2018	2017	2018	2017
Loans from financial institutions	212,541,672	268,237,209	74,506,267	116,707,684
<u>Less</u> Current portion of long-term loans	(13,280,593)	(22,396,804)	-	(8,902,684)
<b>Net</b>	<b>199,261,079</b>	<b>245,840,405</b>	<b>74,506,267</b>	<b>107,805,000</b>

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

(Unit : Baht)

	Consolidated financial statements	Separate financial statements
Balance as at January 1, 2018	268,237,209	116,707,684
<u>Add</u> Received loans	-	-
<u>Less</u> Repayment loans	(56,162,304)	(42,201,417)
Amortization of borrowing expenses	466,767	-
<b>Balance as at December 31, 2018</b>	<b>212,541,672</b>	<b>74,506,267</b>

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. 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.

## 21. Financial liabilities

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
Rental for real estate recognized under financial lease agreement	168,266,921	176,100,354	81,704,327	85,507,959
<u>Less</u> Deferred interest expenses	(66,568,345)	(73,973,656)	(32,323,180)	(35,918,930)
Current portion of rental for real estate recognized under financial lease agreement	(850,840)	(428,124)	(413,137)	(207,882)
<b>Net</b>	<b>100,847,736</b>	<b>101,698,565</b>	<b>48,968,010</b>	<b>49,381,147</b>

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

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
Less than 1 year	8,225,105	7,833,433	3,993,813	3,803,632
More than 1 year but less than 5 years	40,081,346	36,811,457	19,462,051	17,874,311
More than 5 years	119,960,470	131,455,464	58,248,463	63,830,016
<b>Net</b>	<b>168,266,921</b>	<b>176,100,354</b>	<b>81,704,327</b>	<b>85,507,959</b>

## 22. Employee benefit obligations

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
Employee benefit obligations at beginning of year	8,942,241	8,532,843	7,790,513	7,716,235
<u>Add</u> Employee benefit	2,488,626	2,659,685	2,073,419	1,991,298
Financial cost (interest expense)	293,157	208,702	251,980	184,646
<u>Less</u> Payments employee benefit during the year	-	-	-	-
<u>Add</u> (Less) Actuarial (gain) losses arising from post-employment benefits employment benefit	-	(2,458,989)	-	(2,101,666)
<b>Employee benefit obligations at end of year</b>	<b>11,724,024</b>	<b>8,942,241</b>	<b>10,115,912</b>	<b>7,790,513</b>

The cumulative amount of actuarial gains recognised in the other comprehensive income for the year ended December 31, 2017 of the consolidated and separate financial statements amounted to Baht 2.46 million and Baht 2.10 million respectively.

The principal actuarial assumptions used were as follows:

(Unit : percent)

	Consolidated financial statement		Separate financial statements	
	As at December 31,		As at December 31,	
	2018	2017	2018	2017
Discount rate	2.7	2.7	2.7	2.7
Future salary increases rate	5	5	5	5
Turnover Rate	0 - 42	0 - 42	0 - 42	0 - 42
Retirement age	60	60	60	60

#### The result of sensitivity analysis

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2018 are summarized below:

(Unit : Baht)

	Consolidated financial statement		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(1,406,239)	1,640,253	(1,294,074)	1,509,248
Salary increase rate	1,777,015	(1,541,720)	1,631,124	(1,414,444)
Turnover rate	(1,526,688)	614,689	(1,403,574)	571,161
Life Expectancy	63,994	(63,660)	58,626	(58,312)

The sensitivity analysis presented above may not be representative of the actual change in employee benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

As at December 31, 2018, the maturity analyses of undiscounted cash flows of benefit payments are as follows:

(Unit : Baht)

	Consolidated financial statements	Separate financial statements
Within 1 year	-	-
Over 1 and up to 5 year	1,704,172	-
Over 5 year	382,305,663	361,268,368

On December 13, 2018, the National Legislative Assembly has passed an amendment to the labour protection law, Which the law is in the process of being announced in the Government Gazette. This new Labor Protection Act stipulates additional compensation rates for employers to terminate employment. For employees who serving more than 20 years, they are entitled to 400 days of pay. Such change is considered a project amendment for

post-employment benefits, the Company and subsidiaries will record the effect of such change by recognizing the past service cost as an expense immediately in the Consolidated and Separate Income Statements, of the period in which such law is effective for the amount of 1.67. Million and 1.54 million baht respectively.

## 23. Share capital

### 23.1. Ordinary share

(Unit : Baht)

	Consolidated financial statement		Separate financial statements	
	As at December 31, 2018		As at December 31, 2017	
	Number of shares (shares)	Amount (Baht)	Number of shares (shares)	Amount (Baht)
<b>Registered share capital</b>				
Beginning ordinary share	11,415,887,162	1,141,588,716	10,333,794,526	1,033,379,452
<u>Add</u> Increased ordinary shares	10,223,165,749	1,022,316,575	1,800,000,000	180,000,000
<u>Less</u> Decreased ordinary share	(5,156,806,091)	(515,680,609)	(717,907,364)	(71,790,736)
<b>Ending ordinary shares</b>	<b>16,482,246,820</b>	<b>1,648,224,682</b>	<b>11,415,887,162</b>	<b>1,141,588,716</b>
<b>Issued and paid-up share capital</b>				
Beginning ordinary shares	6,259,073,061	625,907,306	6,235,748,903	623,574,890
<u>Add</u> Increased ordinary shares	2,289,879,682	228,987,968	23,324,158	2,332,416
<b>Ending ordinary shares</b>	<b>8,548,952,743</b>	<b>854,895,274</b>	<b>6,259,073,061</b>	<b>625,907,306</b>

23.1.1. The Company held the Extraordinary General Meeting 1/2018 on November 5, 2018 to resolutions are as follows:

- 1) Approved of the decrease of registered capital of the company from Baht 1,141,588,716.20 to Baht 625,908,107.10 by cancelling all 515,680,609.10 undistributed shares, at a par value of Baht 0.10, totaling Baht 5,156,806,091 which is not reserved for the exercise of warrants to purchase common shares of the Company (TWZ-W4) which the last exercise was May 31, 2018.
- 2) Approval of the issuance of warrants to purchase common stock of the Company (TWZ-W5) to be offered to the existing shareholders to subscribe for new ordinary shares of the Company according the proportion to subscribed are 4,172,720,714 units, the ratio of 1 ordinary shares subscribed to 1 unit of the warrant, Exercise Price Baht 0.10 per share. The warrants holders will be able to exercise rights only 1 time falling on one year.
- 3) Approval of the increase of the Company share registered by Baht 1,022,316,574.90, which 10,223,165,749 common shares shall be issued at par value of Baht 0.10 per share. The Company share registered shall increase from Baht 625,908,107 to Baht 1,648,224,682 Consists of 16,482,246,820 shares at par value of Baht 0.10 per share. The capital increase is as follows:
  - 1) Specified Objectives Baht 834,544,142.80, which 8,345,441,428 common shares shall be issued at par value of Baht 0.10 per share. To offer to the existing shareholders proportionally and Capital increase to accommodate the exercise of warrants (TWZ-W5).



- 2) General Mandate Baht 187,772,432.10 which 1,877,724,321 common shares shall be issued at par value of Baht 0.10 per share. To offer to the existing shareholders proportionally and Private Placement Allotment of new shares.
- 4) Approved the allocation of new ordinary shares issued by the Company of 10,223,165,749 Shares as follows.
  - 1) 4,172,720,714 new shares at the par value of Baht 0.10 each are allotted to existing shareholders by way of rights issue at the subscription ratio of 3 existing share to 2 new shares at the offering price of Baht 0.12 to determine the list of shareholders entitled to subscribe for shares.
  - 2) 1,877,724,321 new shares at the par value of Baht 0.10 each are allocated to existing shareholders as General mandate. (Representing 30% of the Company's paid-up capital as of the date of the resolution of the Board of Directors to increase the share capital of the Company) For Right offering proportionately to their shareholding (Rights Issue) 1,251,816,214 shares (Representing 20% of the Company's paid-up capital as of the date of the resolution of the Board of Directors to increase the share capital of the Company) and be allotted to specified investors and/or institutional investors by way of private placement (Investors) 625,908,107 shares. (Representing 10% of the Company's paid-up capital as of the date of the resolution of the Board of Directors to increase the share capital of the Company).
  - 3) 4,172,720,714 new shares at the par value of Baht 0.10 each are allocated to reverse for the exercise of the warrants (TWZ-W5).

The Company has registered capital increase to the Department of Business Development Ministry of Commerce Completed in December 18, 2018.

23.1.2 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.

23.1.3 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.

## 23.2. Warrants

According to the resolution of the Extraordinary shareholder's meeting of 2018 held on November 5, 2018. Resolved to approve the issuance of warrants to purchase common stock of the Company (TWZ-W5) are 2,289,871,672 units as follows :

Warrant trading symbol	: TWZ -W5
Secondary market	: SET
Trading date	: February 8, 2019
Number of listed warrants (unit: warrants)	: 2,289,871,672
Exercise ratio (Warrant : Common stock)	: 1 : 1
Exercise price (baht per share)	: 0.10
Term of warrants	: 1 year from the Issuance date (February 1, 2019)
Warrant price (baht per unit)	: 0.00
First exercise date	: January 31, 2020
Last exercise date	: January 31, 2021

As at December 31, 2018, the outstanding balance of unexercised warrants to purchase ordinary share is 2,289,871,672 unit.

(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 cannot converted to ordinary share capital.

(TWZ-W4) remaining warrants in number of 2,980.14 unit million, by has exercise price with the value of Baht 0.70 per share, the expired date of registration is May 31, 2018.

During the year 2018, Have the intend to exercise the rights to purchase ordinary share were 8,010 ordinary shares with a par value of Baht 0.70 per share and payment amount of Baht 5,607. The Company registered with the Department of Business Development on June 13, 2018.

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.

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.

## 24. Legal reserve allocation And dividend payment

### 24.1 Legal reserve allocation

According to the Public Company Limited Act. The Company must allocate a portion of its annual net profit as a legal reserve of not less than 5 percent of the annual net profit after deducting the deficit brought forward (if any) until the reserve is not less than 10 percent of the registered capital. consequently, legal reserve Can not be used to pay dividends.

### 24.2 Dividend payment

The Annual General Meeting of Shareholders of 2018, held on April 30, 2018, approved the allocation of net profit to legal reserve in the amount of Baht 0.85 million and dividend payment for the year 2017 to the Shareholders at Baht 0.00104 per share, total dividends payment amount of Baht 6.51 million. Dividend payment date set on May 23, 2018.

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 on of net income to legal reserve and to pay dividend for 2016 at Baht 0.00785 per share to telling Baht 48.95 million. The dividend is payable on May 22, 2017.

## 25. Other income

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended December 31,			
	2018	2017	2018	2017
Interest income from financial lease	5,585,213	4,718,656	4,142,080	2,887,548
Interest income	3,402,224	6,766,086	6,171,341	16,851,906
Gain from transfer assets	1,638,975	2,890,341	-	-
Other income	17,839,452	37,081,090	15,456,820	13,893,558
Total	28,465,864	51,456,173	25,770,241	33,633,012

## 26. Expenses by nature

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended December 31,			
	2018	2017	2018	2017
Change in inventories	1,305,831,054	54,838,792	1,303,574,213	52,707,580
Loss from devaluation of goods	885,955	6,026,338	769,441	6,126,468
Purchases of goods	9,008,455,113	3,174,786,541	9,009,108,662	3,085,658,730
Purchase of land and project-related expenses	14,681,000	37,529,411	20,200,152	59,182,447
Changes in real estate development projects for sale	-	(17,617,106)	-	4,035,929
Salaries, wages and employee compensation	144,982,632	151,158,445	136,356,908	139,081,584
Depreciation	20,494,840	18,948,284	10,439,118	9,262,424
Amortization Lasehold Land	6,296,100	3,065,139	494,783	862,469
Amortization Intangible	4,059,926	508,652	10,439,118	171,137
Rental and Service	45,022,326	49,338,382	44,097,399	48,480,483
Promotion expenses	1,229,468	2,185,557	1,229,468	2,185,557

## 27. Provident fund

The Company established a contributory registered provident fund covering all permanent employees in accordance with the Provident Fund Act A.D. 1987.

Under the provident fund plan, employees and Company's contributions are equivalent pay to certain percentages of employees' basic salaries. The employees are entitled to the Company's contributions in accordance with the rules and regulations of the fund and on the length of service with the Company. The Company appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in the Provident Fund Act. A.D. 1987.

The Company and its subsidiary have contributed to provident fund for the years ended December 31, 2018 and 2017 were as follows:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
For the years ended December 31,	838,678	779,574	737,235	673,180

## 28. Finance cost

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended December 31,			
	2018	2017	2018	2017
Bank charge	4,163,067	3,685,693	4,163,067	3,685,693
Finance cost	114,146,577	116,384,202	103,112,441	105,204,412
Total	118,309,644	120,069,895	107,275,508	108,890,105

## 29. 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,			
	2018	2017	2018	2017
Current income tax :				
Corporate income tax	16,992,999	13,248,970	15,574,825	11,621,836
Deferred tax :				
Relating to origination and reversal of temporary differences	(6,550,908)	(5,740,803)	603,771	(6,648,173)
Income tax expenses reported in the statements of comprehensive income	10,442,091	7,508,167	16,178,596	4,973,663

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

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended December 31,			
	2018	2017	2018	2017
Accounting profit before tax	75,011,085	11,976,572	77,220,331	22,022,754
Add loss accounting of some subsidiary	(300,883)	3,896,786	-	-
Accounting profit before tax-net	74,710,202	15,873,358	77,220,331	22,022,754
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by	15,002,217	3,199,277	15,444,066	4,404,551
Effects of :				
Tax exempted revenue and tax exempted revenue	(1,584,865)	14,419,256	734,530	569,113
Promotional privileges expenses	(1,304,846)	(2,256,314)	-	-
Promotional privileges expenses	(1,670,415)	(7,854,322)	-	-
Income tax expenses reported in the statements of comprehensive income	10,442,091	7,508,168	16,178,596	4,973,664

As at December 31, 2018 and 2017, the Group has accumulated tax loss amounting to Baht 53.20 Million and Baht 45.55 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.

### 30. Basic earning per share

(Unit : Baht : Share)

	Consolidated financial statements		Separate financial statements	
	For the year ended December 31,			
	2018	2017	2018	2017
Basic earning per share				
Net profit attributable to equity holders of the parent company	63,611,880	(3,409,344)	61,041,734	17,049,091
Weighted average number of ordinary shares in issue	6,340,634,545	6,243,332,287	6,340,634,545	6,243,332,287
Basic earnings per share	0.0100	(0.0005)	0.0096	0.0027

Diluted earnings (loss) per share Weighted average number of ordinary shares in issue during the year is adjusted by the number of dilutive potential ordinary shares, assuming that the dilutive potential ordinary shares are exercised. Converted to ordinary shares. The Company has diluted ordinary shares, is warrants to purchase ordinary shares. The Company calculates the equivalent of the discounted shares based on the fair value based on the par value of the share option price accompanying the warrants to purchase the ordinary shares. The calculation is based on the weighted average number of ordinary shares in issue during the year. The calculation is based on the weighted average number of ordinary shares in issue during the year. However, the Company does not calculate diluted earnings per share for the year ended December 31, 2018 and 2017 because the fair value of ordinary shares is less than the exercise price.

### 31. 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.

(Unit : Baht)

	Consolidated financial statements				
	For the year ended December 31, 2018				
	Communication equipment trading segment	Real estate Development segment	Generating and selling electricity segment	Investment property segment	Total
Revenues domestic	3,300,789,779	55,205,687	40,506,850	10,255,064	3,406,757,380
Interest income	3,299,786	5,661,495	26,446	-	8,987,727
Finance costs	(98,672,246)	(12,440,770)	(6,729,861)	(466,767)	(118,309,644)
Depreciation and amortization	(11,186,942)	(5,959,588)	(13,654,682)	-	(30,801,212)
Profit from continuing operations	59,866,622	8,939,549	2,892,821	3,011,209	74,710,201
Income (Expense) tax	(13,963,086)	758,468	2,438,528	323,999	(10,442,092)
Net book value of segment assets	3,966,277,480	612,732,696	366,202,388	70,400,000	5,015,612,564

#### Information about main client

For year ended December 31, 2018 and the Group has revenues from client of communication equipment trading segment amounts 2 clients representing 54.64 percent of the total revenues of the Group.

(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
Revenues domestic	3,474,664,721	7,709,072	42,230,844	2,356,142	12,526,960,780
Interest income	6,664,856	4,800,648	19,238	-	11,484,742
Finance costs	(95,958,885)	(9,134,847)	(14,976,163)	-	(120,069,895)
Depreciation and amortization	(10,568,503)	(7,262,087)	(13,464,416)	-	(31,295,007)
Profit from continuing operations	51,138,849	(41,305,598)	886,758	1,256,563	11,976,572
Income (Expense) tax	(10,687,424)	1,956,060	2,201,356	(978,159)	(7,508,168)
Net book value of segment assets	3,591,486,594	775,602,557	350,945,243	47,178,159	4,765,212,573

#### Information about main client

For the year ended December 31, 2018 the Group has revenues from client of communication equipment trading segment amounts 3 clients representing 59.54 percent of the total revenues of the Group.

## 32. Obligations commitment and contingent liabilities

Obligations commitment and contingent liabilities are as follows:

### 32.1. Obligation about L/C and L/G are as follows :

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
Letter of guarantee (Baht)	53,983,312	55,355,749	43,405,995	43,805,995
Letter of credit (Thousand USD)	1,610,700	1,637,163	1,610,700	1,637,163

### 32.2. Foreign exchange forward contract

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

(Unit : Million Baht)

	Currency (Million)	Consolidated financial statements and separate financial statements	
		As at December 31, 2018	As at December 31, 2017
Value of foreign exchange forward contract	USD	0.76	1.02
Gain (loss) of fair value of foreign exchange contract	Baht	(0.03)	(0.21)

	Consolidated financial statements/ Separate financial statements					
	Foreign currency contract amount		Contract rate		(Unit : Million Baht)	
	As at	As at	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,
	2018	2017	2018	2017	2018	2017
Foreign Currency						
USD (Million)	0.76	1.02	32.49 - 32.57	32.57 - 32.75	24.72	33.17

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.

### 32.3. Obligations as long-term lease agreement

#### Parent company

As at December 31, 2018 and December 31, 2017 the Company entered into 53 and 66 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, 2018 and December 31, 2017, the Company entered into 5 long-term lease agreements 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	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2018	2017	2018	2017
Less than 1 year	23,921,603	21,075,991	23,432,203	20,726,483
More than 1 year but less than 5 years	12,987,827	11,191,177	12,172,147	10,941,177
More than 5 years	950,000	1,000,000	-	-
Total	37,809,430	33,217,168	35,604,350	31,667,660



#### 32.4. 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  
/ Separate financial statements**

**As at December 31, 2018**

Less than 1 year	2,400,000
More than 1 year but less than 5 years	9,600,000
More than 5 years	43,200,000
<b>Total</b>	<b>55,200,000</b>

#### 32.5. 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.

#### 32.6. Obligation the future aggregate construction

##### Parent company

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

##### Subsidiary company

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

#### 32.7. Litigation case

The subsidiary company (Mastech Tool and Service Co., Ltd.) has a lawsuit because the former director of Mastech Tool and Service has entered into a car lease agreement with a company. Before Gear Corporation Company Limited will make a contract to buy shares of the company. The former director concealed the facts, not informing the car lease agreement and the obligation.

At present, Mastech Tool and Service Co., Ltd. has been informed by the company in order to prosecute the embezzlement and have a letter demanding the subsidiary to pay damages. The Federal Court has judgment the subsidiary to pay damages in the amount of 8.26 million baht. Therefore, the subsidiary recorded a provision for liabilities in the period For the year ended December 31, 2018, the whole amount, however, the subsidiary company has already submitted the matter to the Appeal Court.

### 33. Financial instrument

#### 33.1. 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.

#### 33.2. 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.

#### 33.3. 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.

#### 33.4. 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 :

(Unit : Million Baht)

	Consolidated financial statements								Interest rate % per annum
	Floating		Fixed		Non-interest		Total		
	interest rate		interest rate		bearing				
	2018	2017	2018	2017	2018	2017	2018	2017	
<u>Financial assets</u>									
Cash and cash equivalents	118.01	273.24	-	0.15	324.57	206.45	442.58	479.84	0.10 - 0.63
Trade and other receivables	-	-	-	-	1,423.17	1,383.62	1,423.17	1,385.98	-
Restricted bank deposit	10,47	6.70	367.95	401.68	-	-	378.42	408.38	1.05 - 1.50
<u>Financial liabilities</u>									
Bank overdraft and short-term loans									
from financial institutions	-	-	1,834.10	1,842.35	-	-	1,834.01	1,842.35	0.08 - 2.70
Trade and other payables	-	-	-	-	103.13	124.89	103.13	124.19	-
Short-term borrowings	-	-	-	-	6.71	6.97	6.71	6.97	-

### 33.5. Foreign exchange risk

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 32.2

As at December 31, 2018 and 2017 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, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
<b>Financial asset</b>				
Cash and cash equivalent (Thousand CNY)	-	50,245	-	1,606.86
<b>Financial liabilities</b>				
Advance receipts (Thousand HKD)	-	-	6,648	12,000
Accounts payable (Thousand USD)	417,100	137,700	-	137,700
Trust receipts (Thousand USD)	2,346,400	226,500	2,346,400	226,500
<b>Obligation</b>				
Letter of credit (Thousand USD)	1,610,700	1,637,163	1,610,700	1,637,163

### 33.6. Fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. Fair values have been determined for measurement and/or disclosure purposes based on the following methods (when applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability).

The fair value of cash and cash equivalents, trade and other accounts receivable, short-term loans, other current assets, bank overdrafts, short-term borrowings, trade and other accounts payable and other current liabilities is taken to approximate the carrying value.

The fair value of investments in equity securities - available-for-sales, are determined by reference to their quoted bid prices at the reporting date.

The fair value of long-term borrowings is taken to approximate the carrying value because most of these financial instruments bear interest at market rates.

Fair values and the carrying values of financial assets and liabilities other than the aforementioned were as follows:

(Unit : Baht)

	Consolidated/Separate financial statements							
	Level 1		Level 2		Level 3		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Financial assets for which fair value are disclosed Investment properties	-	-	70,400,000	46,200,000	-	-	70,400,000	46,200,000

\* Level 2 - The fair value determined by using the net asset value as published by the Asset Management

## 34. Reclassificatio

Certain transactions in the financial statements for year 2017 have been reclassified in accordance with the Notification of the Department of Business Development dated October 11, 2016 regarding "The Brief Particulars in the Financial Statements B.E. 2016".

## 35. Subsequent Event

The Board of Directors Meeting No. 1/2019 on February 27, 2019. Resolved to approve the dividend payment for the net profit for the year 2018 to the shareholders and will be used for an agenda in the annual general meeting of shareholders.

## 36. Approval of the financial statements

These financial statements have been approved by the Company's board of director on February 27, 2019.

บริษัท ทีดับบลิวแซด คอร์ปอเรชั่น จำกัด (มหาชน)  
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