



BLAZING NEW TRAILS

Contents

1. Message from Chairman and Chief Executive Officer.....	1
2. Report of the Audit Committee.....	2
3. Board of Directors.....	5
4. Executive Committee and Subsidiary's Management.....	14
5. Highlight Events of 2017.....	21
6. Online Games Launching in 2017.....	44
7. Policy and Overview of the Company's Business	47
8. Nature of Business.....	52
9. Risk Factors	71
10. General Information.....	74
11. Information of Securities and Shareholders	81
12. Management Structure	83
13. Corporate Governance	90
14. Corporate Social Responsibility.....	100
15. Internal Control and Risk Management	114
16. Connected Transactions	116
17. Statement of the Board of Directors' Responsibilities for the Financial Reporting	122
18. Financial Highlight.....	123
19. Management Discussion and Analysis of Financial Status and Operating Results	125
20. Financial Statement	132
Next Step of Asiasoft.....	189

1

MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

In 2017, the overall game industry continued to be highly competitive with rapidly changing market situations. The Company; therefore, has duly adjusted the business strategies to reflect such changes. As a result, Asiasoft's business profits have risen to a better year than the past. This is the results of many factors, such as a reconstruction of business management to be more effective, choosing products that corresponded well with market needs thus reaching out to more players. As such, the Company could earn income and profits as targeted with continuous growth. In 2017, the PC game market still consisted of old games which have many players, which reflected well for the revenue and profits of the Company. The market value for mobile game continued to grow, so emphasis has been made on quality co-publishing services. This, in turn, resulted in reduced investment risks and lower production costs for new games launches. All in all, the Company continued to gain revenue and profits accordingly.

For next year, the Company still aim for growth in revenue and profit, as well as developing more new games for online entertainment. In addition, we will continue to synergize careful investment plans, so that the Company will be as strong as ever in the game industry. Asiasoft would thus like to thank you all for being important elements that have helped us to overcome past obstacles and now successfully back on our feet. We would like to thank all staff and the whole management team for your dedication and devotion to surmount all difficulties of the past year. We would like to thank all our customers for believing in us. Huge thanks go to all our business partners who have always been supporting Asiasoft. We would also like to thank our shareholders and investors for support and constructive feedback. We would like to reassure you that Asiasoft will operate our business with commitment, prudence, and with transparency and social responsibility, for the optimum benefits of all parties.



Mr. Tan Tgow Lim
Chairman



Mr. Pramoth Sudjitporn
Chief Executive Officer



REPORT OF THE AUDIT COMMITTEE

The Audit Committee of Asiasoft Corporation Public Company Limited consists solely of three independent directors with the qualifications set forth by the Securities & Exchange Commission i.e. Mr. Chalermphong Jitkuntivong as Chairman of the Audit Committee, Mrs. Monluedee Sookpantararat and Pol.Col. Yanaphon Youngyuen (who replaced Mr. Thanwa Loahasiriwong), as Audit Committee Member.

The Audit Committee has always performed its work in accordance with duties and responsibilities that assigned by the Board of Director and under the charter of Audit Committee that comply with the best practice guidelines for audit committee, relative Rules and Regulations of the Stock Exchange of Thailand.

During the year 2017, the Audit Committee met totally 7 times together with the Management, the Account and Finance Department, Outsourced Internal Audit and the external auditors every quarter depending on the relevant agenda which can be concluded as follows :

1. Ensure accurate and adequate financial reports.

To review the quarterly and yearly Company's financial statements together with the external auditors and the Management by questioning, discussing and advising on certain issues and matters relating to the Company's financial reports. In addition, the Audit Committee held the meeting with external auditors without management 1 times, in order to grant external auditors the opportunity to express any problems and recommendation.

The Audit Committee is of the opinion that the financial statements of the Company and its subsidiaries were prepared in accordance with generally accepted accounting standards and were presented accurately and fairly with adequate information disclosure.

2. Ensure suitable and efficient internal control and internal audit systems as well as to review the independence of internal audit office.

To review internal audit systems, approve the structure of the internal audit plans, acknowledge the result of auditing including the evaluation of the adequacy of the Company's internal control system together with Outsourced Internal Audit, such as Crowe Horwath First Trust Risk Advisory Pte. Ltd. who audited Asiasoft Online Pte. Ltd. (ASO) in year 2017.

The Audit Committee is of the opinion that the Company has appropriate and adequate internal control and audit systems.

3. Consider, elect and nominate the Company's outsourced internal audit for the year 2018.

The Audit Committee considers, elects and nominates Baker Tilly Monteiro Heng Governance Sdn. Bhd., Malaysia, as the outsourced internal audit for the year 2018 for CIB Development Sdn. Bhd., and Baker Tilly Monteiro Heng Governance Sdn. Bhd., Malaysia, has assigned Mr. Kuan Yew Choong, Head of Internal Audit and Governance Advisory, to be the Project Leader and responsible for the performing of the Company's internal audit in the part of Revenue Recognition and Payment for both PC and Mobile Game.

The Audit Committee has considered the qualification of Baker Tilly Monteiro Heng Governance Sdn. Bhd., Malaysia and Mr. Kuan Yew Choong, and has the opinion that Mr. Kuan Yew Choong has a sufficient appropriateness of such duties, because he is an independent internal auditor who have experience in providing internal auditing for both Private and Enterprise companies in several industries.

4. Ensure compliance with laws pertaining to securities and the stock exchange, regulations of the Stock Exchange of Thailand, Securities and Exchange Commission and laws concerning Company business.

The Audit Committee is of the opinion that the Company has complied with relevant rules and regulations that concerning Company business.

5. Consider, elect and nominate the Company's auditors for the year 2018.

To present the Board of Directors to propose to the shareholders' meeting on the consideration of appointing Mazar Limited as the Company's external auditor for year 2018. Mazar Limited has assigned Mr. Sompop Pholprasarn, Certified Public Accountant (Thailand) No. 6941 and Ms. Wannawat Hemachayart, Certified Public Accountant (Thailand) No. 7049 to be the Project Leader and responsible for the performing of the Company's external audit of the Company, because he is an independent auditor who has knowledge, ability and experience providing external auditing with the authority, duties, and responsibilities set forth by the Securities and Exchange Commission.

6. Consider the transactions with related parties and transactions with conflict of interest in line with relevant legislation and regulations.

To review process, practice, regulations and articles of association of the Company in order that the approved transactions and disclosure comply with the rules or notification of the Stock Exchange of Thailand as accurate and complete.

The Audit Committee is of the opinion that the transactions to be in order and are in the best interest of the Company with adequate information disclosure.

7. Self-Assessment.

The Audit Committee conducted collective self-assessment in order to guide whether the performance of the Audit Committee is in accordance with the entire scope of responsibilities or not. The Self-Assessment showed that the Audit Committee performed mainly of their duties in accordance with the entire scope of responsibilities.

8. Others :

8.1 Reviewing the information disclosed to the Stock Exchange of Thailand and the Securities and Exchange commission, as disclosed in the Company's annual report year 2017 (Form 56-2) and in the annual information disclosure form as at 31 December 2017 (Form 56-1).

8.2 Reporting the Audit Committee's activities to the Board of Directors periodically.

8.3 Reviewing the Charter of Audit Committee for ensuring the Charter of Audit Committee is update and suitable for the Organization Environment.

8.4 The record of attendance of the Audit Committee members is summarized as follows :

Name	Position	At the Meeting
1. Mr. Chalermphong Jitkuntivong	Independent Director and Chairman of the Audit Committee	7/7
2. Mrs. Monluedee Sookpantarat	Independent Director and the Audit Committee Member	7/7
3. Mr. Thanwa Laohasiriwong	Independent Director and the Audit Committee Member	4/7 <i>(Resigned on 1 October 2017)</i>
4. Pol.Col. Yanaphon Youngyuen	Independent Director and the Audit Committee Member	0/7 <i>(Appointed on 13 November 2017)</i>

On behalf of the Audit Committee



(Mr. Chalermphong Jitkuntivong)
Chairman of the Audit Committee

23 February 2018

BOARD OF DIRECTORS

BOARD OF DIRECTORS



Mr. Tan Tgow Lim

Chairman

57 years old

Educational Background

- Business Administration, Cambridge GCE Ordinary Level
- Presbyterian Boys School, Singapore

Work Experiences

- Chairman, Asiasoft Corporation PCL.
- Director, Asiasoft International Co., Ltd.
- Director, Asiasoft Online Pte. Ltd.
- Director, AS Online Sdn. Bhd.
- Director, PT. Asiasoft
- Director, CIB Development Sdn. Bhd.
- Director, Level Up! Inc.
- Director, Playpark Inc.

Training Program organized by Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP 50/2006)

Illegal Record in past 10 years

- None

Number of Company Shares as of 31 December 2017

- Common shares 30,023,300
- Warrant -

Number of Company Shares of spouse as of 31 December 2017

- Common shares 6,000,000
- Warrant -



Mr. Pramoth Sudjitporn

Vice Chairman

43 years old

Educational Background

- Bachelor of Business Administration, Bangkok University

Work Experiences (Present)

- Vice Chairman, Chief Executive Officer and Chairman of Executive Committee, Asiasoft Corporation PCL.
- Director, A Capital Co., Ltd.
- Director, Playpark Co., Ltd. (former name Funbox Co., Ltd.)
- Director, Miryn Innovation Co., Ltd.
- Director, Skynet Systems Co., Ltd.

Work Experiences (Former)

- Director, Asiasoft Online Pte. Ltd.

Training Program organized by Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP 50/2006)

Illegal Record in past 10 years

- None

Number of Company Shares as of 31 December 2017

- Common shares 197,397,907
- Warrant 49,349,476

Number of Company Shares of spouse as of 31 December 2017

- Common shares 41,397,656
- Warrant 10,349,414



Mr. Lertchai Kanpai

Director

57 years old

Educational Background

- Bachelor of Laws, Ramkhamhaeng University

Work Experiences (Present)

- Director and Managing Director, Asiasoft Corporation PCL.
- Director, Asiasoft International Co., Ltd.
- Director, Playpark Co., Ltd.

Work Experiences (Former)

- Director, A Capital Co., Ltd.
- Director, Funbox Co., Ltd.

Training Program organized by Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP 51/2006)

Illegal Record in past 10 years

- None

Number of Company Shares as of 31 December 2017

- Common shares 14,177,800
- Warrant -



Mr. Chalermphong Jitkuntivong

Independent Director and Chairman of the Audit Committee

57 years old

Educational Background

- Master of Laws, Cornell University, USA
- Barrister at laws (Thai Bar)
- Bachelor of Laws (Hons.), Chulalongkorn University
- Graduate Diploma in Business Laws, Thammasat University

Work Experience

- Independent Director and Chairman of the Audit Committee, Asiasoft Corporation PCL.
- Attorney, Domnern Somgiat & Boonma Law Office Limited

Training Program organized by Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP 53/2006)
- Understanding the Fundamental of Financial Statements (UFS 9/2007)

Specific Knowledge or Expertise

- Law

Illegal Record in past 10 years

- None

Business Relationship with the Company

- None

Number of Company Shares as of 31 December 2017

- Common shares 407,600
- Warrant 76,425



Mrs. Monluedee Sookpantararat

Independent Director and Audit Committee Member

53 years old

Educational Background

- Master's Degree in Accounting, Thammasat University
- Graduate Diploma in Auditing, Thammasat University
- Bachelor's Degree in Accounting with 2nd class honors, and Major in Accounting, Thammasat University
- Certified Public Accountant, Thailand License No.4020
- Arbitrator, Thailand Arbitration Center (THAC)
- Arbitrator, Thai Arbitration Institute (TAI)
- ASEAN Chartered Professional Accountant

Work Experiences (Present)

- Independent Director and Audit Committee Member, Asiasoft Corporation PCL.
- Independent Director and Audit Committee Member, Plan B Media PCL.
- Independent Director and Chairman of Audit Committee, ASN Broker PCL.
- Chief Financial Officer, Nava Nakorn PCL.
- Vice President - Finance, Nava Nakorn Electricity Generating Co., Ltd.
- Visiting Lecturer, Faculty of Commerce and Accountancy, Thammasat University
- Visiting Lecturer, Faculty of Accountancy, Bangkok University

Work Experiences (Former)

- Director, Wave Entertainment PCL.
- Chief Financial Officer, Group of Wave Entertainment PCL.
- Audit Manager, EY Office Limited

Training Program organized by Thai Institute of Directors Association (IOD)

- Director Certification Program (DCP 31/2003)
- Director Diploma Award (Fellow Member) (Class 11/2003)
- Director Accreditation Program (DAP 34/2005)
- Audit Committee Program (ACP 23/2008)

Other Training during year 2017

- KPMG Audit Committee Forum “TFRS9 Financial Instruments : Overview and key challenges”, KPMG Phoomchai Audit Ltd.
- “Readiness with new CG Code of Listed Company” CG Code : Benefits for Competency and Sustainable Development, 3 years’ Dynamic-Plan Growth, Securities and Exchange Commission, Thailand, The Stock Exchange of Thailand
- PwC Forensics Seminar on Internal Investigation and Legal Housekeeping to Prevent and Tackle Employee Fraud, PricewaterhouseCoopers ABAS Ltd.
- EY Center for Board Matters “Critical Insight for Board and Audit Committees”, EY Thailand
- Audit Committee Forum “The Audit Committee’s Role in Compliance and Ethical Culture Oversight”, Thai Institute of Directors (IOD), Bangchak Corporation Plc., Kasikornbank Plc., PTT Plc., PricewaterhouseCoopers ABAS Ltd.
- EY Center for Board Matters “Business in Abnormal Divergence Era”, EY Thailand

Illegal Record in past 10 years

- None

Business Relationship with the Company

- None

Number of Company Shares as of 31 December 2017

- Common shares 116,000
- Warrant -

Number of Company Shares of spouse as of 31 December 2017

- Common shares 185,000
- Warrant 46,250



Pol.Col. Yanaphon Youngyuen

Independent Director and Audit Committee Member

64 years old

Educational Background

- Bachelor of Public Administration Science; Police Cadet Academy Class 28
- Master of Urban Planning; Faculty of Architecture, Chulalongkorn University
- Master of Science Program in Computer Science; Department of Computer Engineering, Faculty of Engineering, Chulalongkorn University
- Chief Information Officer (CIO 16)
- Senior Executives Development Program : Visionary Leadership Class 46
- Capital Market Academy (CMA 7)
- National Security Management for Senior Executives (NSM 3)
- Management for Senior Executives Program 2 Class 3
- Advance Political and Electoral Development Institute (APED 3)
- Advanced Security Management Program (ASMP 4)

Work Experiences (Former)

Royal Thai Police

- Suppression Division : Chakawat Police Station, Prarajawang Police Station, Bangsue Police Station
- Supporter Division : HR of Metropolitan Police Bureau, Purchasing Department, AFIS Criminal Records Division, Police Information System Center

Department of Special Investigation (DSI)

- Director of Hi-Tech Crime Bureau
- Director of Technology and Information Bureau
- Deputy Director-General of DSI

Office of Public Sector Anti-Corruption Commission (PACC)

- Deputy Secretary-General of Office of Public Sector Anti-Corruption Commission

Achievement

- The Automated Fingerprint Identification System (AFIS)
- Criminals Database Operating System (CDOS)
- Police Information System (POLIS)
- Command Control Communication Information Center (C³I)
- Design and Developer Programing; Gunman System, Important Personal Information System, Lost Vehicle System, Payroll System, Crime Statistics System
- Internet Developer for Royal Thai Police (www.police.go.th)
- Sub-Committee for Drafting Computer Crime Law 2007 and 2017
- Sub-Committee for Online Media Reform Steering
- President of Thai Webmaster Association
- Vice President of Thai Computer Association
- President of Thai Information Security Association (TISA)

Lecturer in Ecology of Crime, Computer and Computer Crime

- Police Cadet Academy and many other Universities and Institutes

Training Program organized by Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP 144/2018)

Illegal Record in past 10 years

- None

MANAGEMENT

4

EXECUTIVE COMMITTEE AND SUBSIDIARY'S MANAGEMENT



Mr. Ung Chek Wai, Gerry

Chief Financial Officer

Educational Background

- Business Administration, Middlesex University
- Master of Science in Corporate Finance, Salford University

Work Experiences (Present)

- Chief Financial Officer, Asiasoft Group

Work Experiences (Former)

- Director, Singtel (International Group)
- Managing Director, Asiasoft Online Pte. Ltd.
- Country Manager, Southeast Asia, Danone

Training Program organized by Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP 88/2011)

Illegal Record in past 10 years

- None



Mr. Quang Quach Dong

Chief Operation Officer

Educational Background

- University of Warwick - Warwick Business School
- University of Nottingham
- Dudley College of Technology

Work Experiences (Present)

- Chief Operating Officer, Asiasoft Group
- Managing Director, Asiasoft Online Pte. Ltd.
- Managing Director, AS Online Sdn. Bhd.
- Managing Director, PT. Asiasoft
- Managing Director, Level Up! Inc.
- Managing Director, Playpark Inc.
- Managing Director, Asiasoft (VN) Co., Ltd.

Work Experiences (Former)

- Game and Biz development, ASIASOFT (VN)
- Regional Manager (SEA), Vivendi Universal Games
- Country Manager, BIC ASIA - Indochina
- Country Manager, Danone International Brand

Illegal Record in past 10 years

- None



Mr. Kittipong Prucksa-aroon

Deputy Managing Director

Educational Background

- BBA, Assumption University

Work Experiences (Present)

- Deputy Managing Director, Asiasoft Corporation PCL.
- Managing Director, Thinkplus Digital Co., Ltd.
- Managing Director, Miryn Innovation Co., Ltd.
- Managing Director, Skynet Systems Co., Ltd.

Work Experiences (Former)

- Managing Director, Cybergames Corporation Co., Ltd.
- Assistant Vice President and Director, MFEC PCL.
- Executive Director, Advance Intelligence Modernity Co., Ltd.
- Deputy Managing Director, Asys Computer Co., Ltd.
- General Manager, Advanced Research Group Co., Ltd.

Training Program organized by Thai Institute of Directors Association (IOD)

- Successful Formulation & Execution of Strategy (Class 13/2011)

Specific Knowledge or Expertise

- Business Management

Illegal Record in past 10 years

- None

Number of Company Shares as of 31 December 2017

- Common shares 17,300
- Warrant 4,325



Miss Siriratt Waisarayutt

Deputy Managing Director

Educational Background

- Master of Business Administration, Southeastern University, USA
- Bachelor of Arts, Thammasat University

Work Experiences (Present)

- Deputy Managing Director, Asiasoft Corporation PCL.

Work Experiences (Former)

- Assistant Project Director, Asiasoft Corporation PCL.
- Managing Director, Miryn Innovation Co., Ltd.

Training Program organized by Thai Institute of Directors Association (IOD)

- Successful Formulation & Execution of Strategy (Class 13/2011)

Specific Knowledge or Expertise

- Project Management

Illegal Record in past 10 years

- None



Mrs. Ratana Manomongkolkul

Deputy Managing Director

Educational Background

- Master of Business: Administration (General Management), Mahidol University
- Bachelor of Administration: Accounting, Bangkok University

Work Experiences (Present)

- Deputy Managing Director, Asiasoft Corporation PCL.

Work Experiences (Former)

- Shared Service Manager, ABB Limited
- Chief Financial Officer, Ingram Micro (Thailand) Co., Ltd.
- Chief Financial Officer, Roxcel (Thailand) Co., Ltd.

Training Program organized by Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP 126/2016)

Specific Knowledge or Expertise

- Accounting

Illegal Record in past 10 years

- None

Subsidiary's Management



Mr. Pipat Rungruang

- Managing Director, Playcybergames Co., Ltd.
- Managing Director, Skynet Systems Co., Ltd.



Miss Ketesara Parinyanusorn

- Managing Director, Thinkplus Digital Co., Ltd.



Mr. Surapong Weerarakdeacha

- Managing Director, Miryn Innovation Co., Ltd.

5

HIGHLIGHT EVENTS OF 2017

THAILAND

January

“Audition Thailand Championship 2017 by true money” registration was open. The champions from this competition were the national representative in global competition in South Korea on September.



Audition’s LINE sticker set was available in store. 100 lucky new players got it for free.



Dragonica returned to mobile platform, joined with Playpark in Dragonica Mobile SEA.



“DOT Battle Arena 2017” registration was open. The prize pool was over THB 80,000.



February

At this exclusive party “Audition Dance Party EP.9”, more than 1,000 Audition players had fun with mini concert of Kao Jirayu’s “Sleep Runway” at SNOP Ratchada Soi 4.



Playpark welcomed new players with Chinese New Year gifts.



Tales Runner released new character “Kinnaree”, which was inspired by Thai literature.



Destiny of Thrones’ “1v1 Tournament 2017” was open for registration with total prize pool of THB 20,000.



Playpark launched new event “Unlimited Love” from 6 games to celebrate Valentine’s Day.



March

Tales Runner celebrated 10th anniversary with 3 activities and free items for all players.



Audition held an item design contest, offering the prize money of THB 20,000. The winning item became the reward of Audition Thailand Championship 2017 by true money.



Pre-registration for Tales Runner gave free items to players.



“Friend Get Friends” event encouraged Tales Runner players to invite new friends to the game.



Destiny of Thrones’ “Mid Wars Tournament 2017 Season 1” was 3v3 battle with total prize pool of THB 20,000.



April

Annual General Meeting 2017



“DOT SEA Tournament Thailand Qualifier 2017” was 5v5 online battle with prize pool of THB 100,000. The winner would be a representative of Thailand to compete in SEA Tournament.



Tales Runner invited net idol “Amy – Sunanta Deva” to voice a new character “Miho”.



“Tales Runner Freshy Contest” was searching for the game’s presenter. The winners got the prize money of THB 100,000.



Granado Espada launched new summer costume collection, which promoted by a sexy model “Jessie Vard”.



Dragon Nest with Redbull Extra extended the special time to give free items to 30 June 2017.



“Playpark Live Party” was the Facebook Live event featured by 9 games on 26 - 30 April 2017.



“Playpark Application” was launched with interesting features for gamers. Available in App Store and Google Play.



May

“Meeting Mobile Game @Lazgam” was the first meeting for Playpark mobile game. The participants enjoyed Laser Games together and the winners got the prizes.



Audition with Government Savings Bank launched co-campaign “GSB GEN”. Member registration on the bank’s website were rewarded with free items.



“CD Gunttee” from The Star 10 was the model for School Costume, new collection of Granado Espada.



Destiny of Thrones players competed in “Southeast Asia Online League 2017” to win the prize pool at over THB 60,000.



“Playpark Cosplay Contest 2017 by Sponsor” was held with the prize pool at over THB 100,000.



The customers who topped up via PlayMall got chances to win gaming gears and many rare items from Lucky Spin.



June

Audition celebrated 11th anniversary by launching new server “Soi 2”, which is easy to play for new players. The number of new IDs increased 100%, becoming the best record of Year 2017.



Luna X Online invited their gamers to test the game, and to listen to the game’s road map presentation under the service of Asiasoft.



Audition launched new campaign “To Challenge, To Play Audition” to recruited new teenage players. Four stars from Nadao Bangkok were invited to play Audition via Facebook Live.



Granado Espada invited “Grace The Face Thailand Season 3” to play game via Facebook Live.



“Audition Thailand Championship 2017 by true money” began with regional battles, in order to find the best of Thailand who would be our representative in Audition World Championship in South Korea.



Six presenters from “2 Moon Series” promoted Audition’s new server targeting at new players “Soi 2”.



“Audition School Tour” delivered fun to ten high schools around Bangkok and surrounding provinces throughout June and July.



Lucky Spin returned in Season 2. Topping up via PlayMall gave chances to win big prizes such as Vivo Y51 and many gaming gears.



July

Granado Espada launched new server “Orion”. The enjoyment was guaranteed by celebrities like Grace The Face Thailand Season 3, Jessie Vard and CD Gunttee The Star 10.



Campaign “Dragon Nest Couple Matching” invited players to vote for favorite couple to get a chance to win the reward from “Make It Right”. A supporting event took place on following August.



New server pre-registration event gave out free starter kit. There's also voting for favorite class, which the highest voted class got free permanent items.



The final round of “Dragon Nest Thailand Championship 2017” was held on 30 July, as a part of “Playpark Fan Fest 8”.



“Playpark Fan Fest 8” The biggest gaming event of Playpark held on 29 - 30 July 2017 at The Mall Ngamwongwan



“Audition Dance Party EP.10” presented the performance of a band “Lomosonic” as a part of Playpark Fan Fest 8.



“Luna X Online” was launched, promoted by “zbing z.” the most famous Thai caster with more than 3M YouTube followers.



Luna X Online held the Meet & Greet with “zbing z.” where she showed her real-time game casting skill at Playpark Fan Fest 8.



New Playpark mobile racing game “Toykart” was launched.



Game caster “Maser Gamer” met with gamers at Toykart booth in Playpark Fan Fest 8



“Audition Let’s Dance” challenged players to post dancing clip on social network to win a Meet & Greet with 6 actors from “2 Moons Series”.



Destiny of Thrones presented “Mid Wars Tournament Season 2 by true money” with THB 20,000 prize pool. Four winning teams on this stage met again in the final round at Playpark Fun Fest 8.

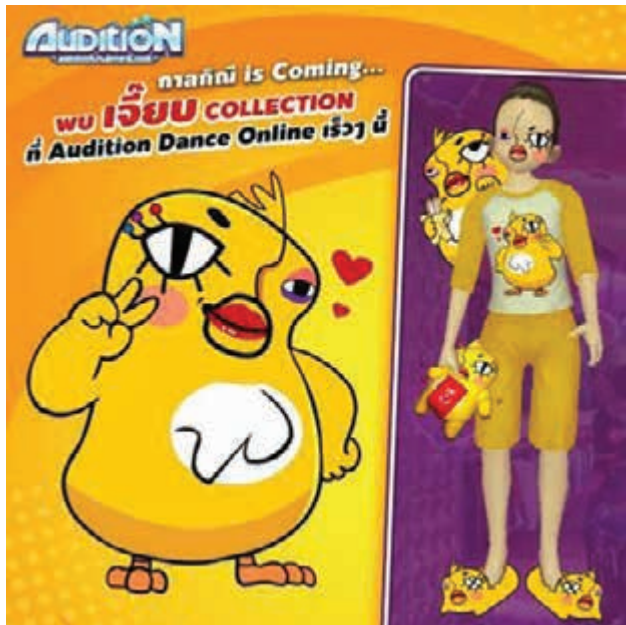


August

Audition celebrated 11th anniversary with campaign “Growing Together”. Lucky players got new T-shirt specially designed for this occasion.



Audition released new item collection based on the character of 2.5M-follower Facebook celebrity “ejeab”.



Audition encouraged players to post photos with self-written love poems for their mothers to celebrate the Mother’s Day.



Luna X Online held the first PVP Tournament, which the winners got rare items as prizes.



Dragon Nest launched new server “Fire Dragon”. Players who reached Level 95 got money prize, THB 100,000 in total. There were also promoting clips from influencers whose more than 4.7M views in total.



Luna X Online held a contest to find a new game caster, drawing many participants.



Toykart gave free Huawei GR5 and many rare items to the players who topped up via PlayMall with DTAC money cash card and won the Lucky Spin.



“War of Heroes”, a strategy game with tower defense style, was launched on both Google Play and App Store.



80 players from 8 FAMs joined together in a volunteer activity “Audition FAM Outing 4” to delivered the donated goods to children at Baan Jing Jai in Chonburi.



September

Tales Runner launched new character “Codename R” with many activities to join.



Yulgang launched new character “Mae You Jin” along with new server. Young actress “Nara” was the presenter for this content.



Granado Espada celebrated 11th anniversary with new stories from new patches “Resurrection of Orden” and “The Storm and The Dragon”.



Dragon Nest reopened “Ice Dragon” server and held the event “Online Marathon” to celebrate this special occasion.



Audition and true money welcomed new players who registered and played until level 15 with 15,000 Cash. The total prize was 5M Cash.



Thai representatives join “Audition World Championship 2017” competition at South Korea and got 2nd runner-up for Team Battle.



RAN Online announced that 7 September, a day before the official launch, was “Exclusive Day” that all players got free items from Web Shop for 5,000 R-Coins.



Destiny of Thrones gave free Huawei GR5 2017 and other items to players who topped up via PlayMall and won the prizes from Lucky Spin.



Fantasy Squad gave free Huawei GR5 2017 and rare items to the lucky winner who participated in Like & Share activity.



“Fantasy Squad” was launched on both Android and iOS.



Luna X Online gave THB 25,000 to players who got at least 3.00 GPA in school and could completed the game's missions.



Luna X Online updated big patch with level expanding to 70, 3rd Class and new map.



Luna x Online invited 200K-follower “Toffie” to broadcast the gameplay via Facebook Live, along with prize-winning activity.



Players who invited friends to play Audition could win BABY-G watches every week throughout the month.



October

Audition invited players to dress in black in remembrance of His Majesty King Bhumibol Adulyadej.



“Fantasy Squad Showing” asked players to show their greatest heroes, and got a chance to win Huawei GR5 2017 and 5-star Hero.



Fantasy Squad gave iPhone X for free to the lucky winner who participated in social network activity.



November

Luna X Online launched “Siege War” activity to add more challenge and more fun into the game.



Audition updated “Matching Card” system, which players can use their own photos on their profiles.



Luna X Online and Audition joined together in an activity. Any players who complete the missions would get the reward from both games.



Audition held the special competition “Challengers vs Champions” where any players could battle with Thai champions. The total prize was THB 100,000.



Audition added the song “Khon La Chan” by “Jaonaay” into the game.



RAN Online updated new patch “Shaper - Ultimate Rush LV.210”.



RAN Online’s activity “Boss Hunt” challenged players to complete the mission on time to get the money prize of THB 10,000.



“Dice Legend” the classic snake and ladder game by Thai developer was open for the Alpha Test on 8 November.



The biggest competition “Dragon Nest Ultimate Championship 2017” was held at “Thailand Game Show 2017”. The total money prize was THB 220,000.



“Audition Dance Party EP.11” presented “Keng Tachaya” concert. All participants also got free special items.



December

Audition launched special rare item “Motorcycle” for the first time in the game.



Audition held an exclusive Meet & Greet with “Jaonaay”, and added the remix version of his song “Khon La Chan” into the game.



RAN Online held 4 activities to help players to level up.



“Dragon Nest League Season 1” with THB 780,000 prize pool was the first step of the competition series in 2018.



Audition with 490K-follower Facebook beauty page “Jeu Pak” promoted the game’s new system “Matching Card” via Facebook Live.



Elsword’s biggest update came with new classes, new skills and Force Skill system, which boosted up the number of new players over 100%.



“Playpark 12.12 Knockout Sale” was one-day grandest sale of the year. Many rare items from Playpark PC and mobile games were available to buy at special prizes in 5 countries (Thailand, Malaysia, Singapore, Philippines and Indonesia).



Audition’s “Talking LIVE Program” interviewed “Lotte Thakorn” along with dancing girls “Milk and Mild from So-M” via Facebook Live.



Singapore

February

MapleStorySEA held an event “Maple V-Day MMV Challenge”.



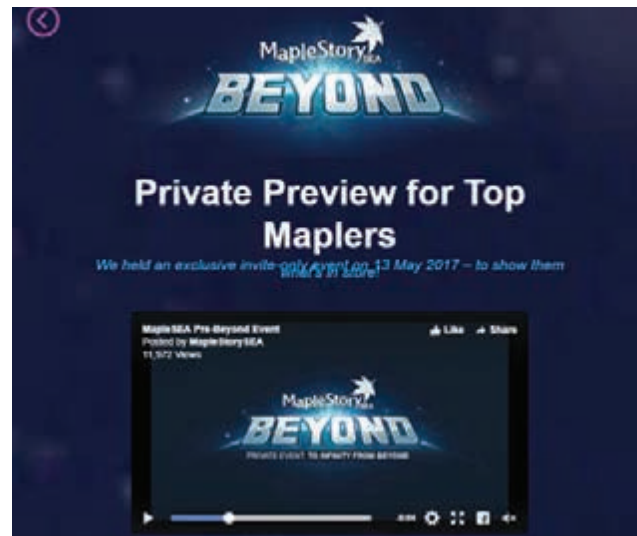
April

AuditionSEA rebranded to recruit new customers with new campaigns and new interface.



May

150 top players of MapleStorySEA attended “Beyond Private Event”, where they tested sneak preview of new patch.



July

MapleStorySEA celebrated its 12th anniversary with “Fun-fest!”.



September

“MapleStorySEA Community Day” was happening at a multi-game community event “Finding Party” which was attended by more than 600 gamers.



Many MapleStorySEA gamers attended the gaming community event “Finding Party”



“My Real Stop Hidden Challenge” was a MapleStorySEA challenge that exposed a diverse range of new players to the game.



AuditionSEA celebrated 11th Anniversary by attending “Finding Party” and holding a competition “FAM of the Year”.



October

MapleStorySEA celebrated Halloween season with “MapleSEA Hallowoots” event.



December

MapleStorySEA gamers had some Christmas fun together with bowling.



AuditionSEA held an event “Clubber of the Year”.



Malaysia

January

Mission Against Terror 2 was held the competition “MATIC 2017” or “Mission Against Terror International Championship 2017”.



Destiny of Thrones and Genki Heroes joined “MATIC VIVO 2017”. Gamers could play the games at the booths, or even had fun with Lucky Draw.



April

Destiny of Thrones and Genki Heroes also joined “CIB Carnival @ MMU”. Gamers could play the games at the booths, and had fun with Lucky Draw.



May

Mission Against Terror 2's female players competed against each other at “MAT Girls Championship 2017”.



Mission Against Terror 2 players battled to find the best team at “Battle of the Clan 2017”.



July

Destiny of Thrones, Genki Heroes and Kung Fu All-Star ran activity booths at “HELP Tech Day” at HELP University.



September

Super Dancer Online Xtreme held a competition “Multiple Mode Elite Tournament 2017”.



December

At “CIB Game Fest 2017”, Moxiang, Wulin Online, Super Dancer Online Xtreme, Mission Against Terror 2, Genki Heroes, Kung Fu All-Star, Mahjong Kaki 3P and Fair Fight / Global Ops all held the competitions and ran the activity booths.



Philippines

January

“Playpark GameFest 2017” was held on two periods : January to May and August to October. The hot competitions took place here. There were also the special deals from MSI Laptop and Playpark.



Internet cafes and partners of Playpark was invited to “NVIDIA Internet Cafe Assembly Partnership”. The attendees were updated about new and currently popular games at this seminar.



February

“Playpark All-Stars 2017” was the biggest tournament series of the year, consisted of Special Force Philippine Championship, Special Force 2 Ultimatum Philippine Championship, Audition Dance Battle Philippine Championship, Cabal Online 5v5 Carnage - Road to Thailand, Perfect World Phoenix Council Wars and Kritika Online Seize and Secure.



April

Playpark ran a booth at “Cyberzone Games and Gaming Fair” with many fun activities and game items and merchandise to offer.



July

“Playpark All-Stars 2017 Finals” marked the end of a nationwide search for best teams. Held at Skydome, SM City North EDSA.



October

“Playpark Launchpad” became the kickoff event for “RF Online”. There were also many exciting activities from Special Force, Audition Dance Battle and other Playpark games.



December

“Playpark XP 2017” was a Christmas party for thousands of Playpark gamers. The venue was fun-filled with the performance of Tana Kuta and Chicosci.



6

ONLINE GAMES LAUNCHING IN 2017



Luna X Online

Thailand, Singapore,
Malaysia, Philippines



RAN Online

Thailand



Fantasy Squad

Thailand



Toykart

Thailand, Singapore, Malaysia,
Philippines, Indonesia



War of Heroes

Thailand, Singapore, Malaysia,
Philippines, Indonesia



RF Online

Philippines



Dragonica Mobile

Thailand, Singapore, Malaysia,
Philippines, Indonesia



Kung Fu All-Star

Malaysia



Wulin Online
Malaysia



Mahjong Kaki 3P
Malaysia



168 Slot
Malaysia

POLICY AND OVERVIEW OF THE COMPANY'S BUSINESS



POLICY AND OVERVIEW OF THE COMPANY'S BUSINESS

7.1 Vision and Strategy

Asiasoft strives to be the leading Online Entertainment Service Provider in Southeast Asia, with our Operational Strategies as follows :

- To extend our service offering geographically to the entire Southeast Asia region.
- To continuously enhance our service offering to provide more relevant online entertainment services from online gaming and beyond.
- To provide the best content to gaming community by offering the best title from different genres. Asiasoft is committed bringing in AAA titles and IPs from leading developers and partners from around the world.
- To improve our engagement with consumers by embracing the online community and working with them to jointly develop the shared virtual space.

7.2 Business Overview

Asiasoft Corporation Public Company Limited (the “**Company**” or “**AS**”) was formerly called B.M. Media (Thailand) Co., Ltd. The Company was incorporated on 20 September 2001, with the registered capital of 5.0 million baht as a distributor of PC games by co-founders of the Company, Mr. Pramoth Sudjitporn, Mr. Tan Tgow Lim and Mr. Lertchai Kanpai, all of whom have long experience in the entertainment software business.

- In 2003, the Company began online game service business in Thailand by launching “Ragnarok Online” licensed from Gravity Co., Ltd., South Korea. It was localized into Thai language to serve Thai gamers. This game was an immense success, and put the foundation for the Company to be widely known as one of the leading online game operators in Thailand.
- In 2004 - 2005, the Company restructured its shareholding within the Company through the purchase of shares from its major shareholders to focus on the Company’s operating structure, to save costs, and to enhance the efficiency of the Company’s management.
- In 2006, the Company expanded the market with Casual game like “Audition”. As a result, Audition has been quite successful and be the number 1 of the dance and music game in Thailand. In the same year, the Company established Asiasoft Online Pte. Ltd. in Singapore, which is the first step to expand the market to cover Southeast Asia.
- In 2011, the Company expanded the business from online entertainment business to IT Information and News business by investing in Thaiware Communication Co., Ltd., which runs IT web portal www.thaiware.com. Listed as the number 1 IT web portal by Truehits.net ranking, Thaiware provides download distribution of both local and international software, and also includes an E-Commerce platform service for distributing IT gadgets.
- In 2012, the Company expanded the market to Malaysia by investing in CIB Development Sdn. Bhd.
- In 2014, the Company has continuously grown and expanded the market with mobile games, and expanded the business to digital media platform by investing in Thinkplus Digital Co., Ltd. to run a digital

marketing agency business that provides a full suite of digital media services to both external customers and the group's customers. The Company also jointly invested in Miryn Innovation Co., Ltd. to offer digital content and game development services (i.e. online PC games, mobile games and mobile applications). Furthermore, we has continuously expanded the market to cover Southeast Asia by acquiring Level Up! Inc. in Philippines.

- In 2017, the Company invested in Skynet Systems Co., Ltd., a FinTech Startup that develops stock and security market trading platform application. This is another step to keep improving our business.

7.3 Company Structure

As at 31 December 2017, the Asiasoft Group comprises of 15 companies, as follows :



The Company's main business is in online entertainment, as detailed below.

Company	Country	Main business
1. Asiasoft Corporation Plc. ("AS")	Thailand	Online game services business and distribution of games in Thailand
2. Asiasoft International Co., Ltd. ("ASI")	Thailand	Investment arm in overseas
3. Playpark Co., Ltd. ("Playpark")	Thailand	Online mobile game services in Thailand
4. A Capital Co., Ltd. ("A Capital")	Thailand	Investment arm in Thailand
5. Thaiware Communication Co., Ltd. ("Thaiware")	Thailand	Exchange of information and distribution of software and IT service, including software download on the website "www.thaiware.com"
6. Asiasoft Online Pte. Ltd. ("ASO")	Singapore	Online game services and providing in Singapore in online game service as well as distributing prepaid cards in Singapore
7. AS Online Sdn. Bhd. ("ASM")	Malaysia	Temporary dormant
8. PT. Asiasoft ("ASID")	Indonesia	Online game services in Indonesia
9. CIB Development Sdn. Bhd. ("CIB")	Malaysia	Online game services in Malaysia
10. Playcybergames Co., Ltd. ("PCG")	Thailand	Online game services in Thailand
11. Thinkplus Digital Co., Ltd.	Thailand	Digital marketing agency in Thailand
12. Level Up! Inc.	Philippines	Online game services in Philippines
13. Miryn Innovation Co., Ltd.	Thailand	To develop the game applications on mobile phone
14. Pomelo Network Pte. Ltd.	Singapore	To Develop the mobile applications and mobile messengers
15. Skynet Systems Co., Ltd.	Thailand	To develop stock and security market trading platform application



NATURE OF BUSINESS

8.1 Structure of the Company's Income

The Company's income can be divided into three type of business as follows :

Type of Revenue	2017		2016	
	THB M	%	THB M	%
1. Revenue from online game service	760	91	867	90
2. Revenue from distribution business	19	2	28	3
3. Other income	56	7	72	7
Total	835	100	967	100

The Company's income can be divided into two geographical areas as follows :

Type of Revenue	2017		2016	
	THB M	%	THB M	%
1. Revenue from operation in Thailand	476	57	468	48
2. Revenue from overseas operation	359	43	499	52
Total	835	100	967	100

8.2 Products and Services

8.2.1 Nature of the Company's Business

The Company is a leading provider of online entertainment service in Southeast Asia, focusing in online games.

The Company's launch of "Ragnarok Online" in Thailand in 2007 was an immense success. In 2008, Asiasoft published and operated "MapleStory SEA", which is one of the most played Massively Multiplayer Online Role-Playing Games in Singapore. This was a major milestone, which made the Company's reputation as one of the leading online game operators in Southeast Asia.

As of 31 December 2017, The Company operates 35 online game titles in 5 countries : Thailand (15 games), Singapore (6 games), Malaysia (19 games), Philippines (11 games) and Indonesia (11 games). During the past 3 years, the provision of online game services was a major contributor of the Company's revenue, accounting for 80 - 85% of the Company's overall profits.

The online services were operated through affiliated companies in each country. Each local subsidiary provides localized support services for gamers in their territories.

Affiliated company's revenue is generated through the primary business activities of providing online services for online games. This is achieved through the following payment channels :

- Online game prepaid money card distributed under our Company's @Cash and Level Up! card. The prepaid card is produced in the form of plastic and electronic card, distributed through domestic dealers and leading retailers covering Southeast Asia.
- Cash card or prepaid card distributed by domestic mobile service providers, for example, One-2-Call! and true money, available in the form of plastic and electronic card platforms.
- Payment service channels via debit and credit card which are certified by Visa and MasterCard.
- Online banking of five domestic banks in Thailand, including Bangkok Bank, Krungsri Bank, Krung Thai Bank, Kasikorn Bank, and Siam Commercial Bank.
- Payment Service via the Rabbit LINE Pay Wallet.
- Payment Service via PayPal account.
- Payment via SMS Domestic Service in each county.

Therefore, with reference to the services mentioned above, they can be used with all online games published under the Company in each country. Under a joint partnership with other online game publishers, users can share common services, including payment and customer service.

Specifically, for mobile games, users can refill money to the games through the refill system of iOS' App Store and Android's Google Play.

In 2015, the Company launched PlayMall, a new online game refill channel. PlayMall is a prepaid wallet system providing convenient services for our users to top up or refill cash to the games. PlayMall supports more currencies inclusive of USD, THB, MYR, SGD, VND, PHP, and IDR. With enhanced features, users can readily access the Company's online services.

The Company has established customer service function, consisting of 11.00 a.m. - 08.00 p.m. for call center and a 24-hour email service to answer any technical questions relating to the game play or payment procedures regarding the Company's products.

As of 31 December 2017, the Company was granted the rights to service 35 online games in 5 countries.

Online Game	Type of Game ^a	Type of Revenue Model ^b
1. MapleStory	MMORPG	Item Sale
2. Yulgang	MMORPG	Item Sale
3. Cabal II	MMORPG	Item Sale
4. Perfect World	MMORPG	Item Sale
5. Granado Espada	MMORPG	Item Sale
6. Cabal	MMORPG	Item Sale
7. TLBB	MMORPG	Item Sale

8. Dragon Nest	MMORPG	Item Sale
9. Elsword	MMORPG	Item Sale
10. Zone4	MMORPG	Item Sale
11. Moxiang	MMORPG	Item Sale
12. Luna Online	MMORPG	Item Sale
13. RAN Online	MMORPG	Item Sale
14. Rising Force Online	MMORPG	Item Sale
15. Wulin Online	MMORPG	Item Sale
16. Audition	Casual	Item Sale
17. Super Dancer Online Xtreme	Casual	Item Sale
18. Tales Runner	Casual	Item Sale
19. Mission Against Terror 2	FPS	Item Sale
20. Special Force 2	FPS	Item Sale
21. Special Force	FPS	Item Sale
22. Dragonica Mobile	Mobile	Item Sale
23. Dragon Encounter	Mobile	Item Sale
24. The Heroes	Mobile	Item Sale
25. Destiny of Thrones	Mobile	Item Sale
26. Genki Heroes	Mobile	Item Sale
27. Disney Catch Catch	Mobile	Item Sale
28. Fantasy Squad	Mobile	Item Sale
29. Disney Magic Kingdom	Mobile	Item Sale
30. Super Slug	Mobile	Item Sale
31. War of Heroes	Mobile	Item Sale
32. Puzzle Guardians	Mobile	Item Sale
33. Dice Legend	Mobile	Item Sale
34. Toykart	Mobile	Item Sale
35. Kung Fu All-Star	Mobile	Item Sale
Total 35 Games		

Remarks :

^{a1} Massively Multiplayer Online Role-Playing Game (“MMORPG”) : Role-playing games where a very large number of players interact with one another within a virtual game world online. The storyline in MMORPGs is mostly about action adventures where one has to defend oneself or be part of a battle between warring countries, along with the following general characteristics :

- Gamers can take up to one or more roles in the game, using the Multi Character Control System : MCC). Each character varies in their strengths and weaknesses.
- Gamers can train to level up their game characters and collect various items such as weapons or points to increase the statistics of their characters and differentiate their game characters from other players’ characters by customizing, exchanging and selling their in-game items.
- There is no end-game in an MMORPG and there is no definite win or lose in the game.
- Most gamers are loyal to the game, partly due to the nature of the game which requires a considerable amount of commitment (both psychologically and financially) to improve the game characters and to level up.

^{a2} Casual Game : An online game which has simple gameplay and visual, and it is often associated with cute, colourful cartoon characters. A Casual Game is relatively easy to play as compared to most of the other game genres. Gamers do not need a large amount of time or skills to play and can usually finish each session of the game within a short period of time.

^{a3} First-Person Shooter : An action-oriented online game where players are pitted against each other to achieve certain objectives (e.g. : Death Match, Capture Point and Capture The Flag). The genre’s name derives from the game presentation where the game simulates a scenario from a first-person’s perspective.

^{a4} Web-based Game : An online game where player can enjoy on their web browsers without downloading any program and/or software.

^{a5} MOBA Game : Sub-genre of games under the Real-Time Strategy category. The gameplay is characterized by strategic combat between two small teams of players, each trying to destroy the opponent’s base.

^{a6} Mobile Game : A game that can be played on various portable devices, such as smart devices, feature phones, tablets, etc. These Mobile games should not be too complex and should not consume much playing time.

^b Airtime Sale is a revenue model which charges gamers according to playing time; Item sale is a revenue model which profits through the sale of in-game items and hybrid sale is a combination of the aforementioned revenue models

Affiliated companies also gain profitability through @Cafe membership services, which derives from domestic internet cafe service memberships. The type of membership is divided into 2 categories, Annual Membership enables benefits for all games and Normal Membership grants benefits for specific online games. @Cafe members will be able to gain special channel service bonus to the game like IP Bonus for all their users who play our game at internet cafe. In addition, members are entitled to receive more benefits such as, cafe’s decorations and game’s item codes to use for hosting events.

An online game is a computer game that is hosted on the internet where gamers can play with, compete and

interact with other gamers simultaneously through the game's servers system whereby the main game's program and gamers' information are stored. Online game operators provide services to gamers who install the games, either on PC platform or smartphone with the game client, and have registered their details under a game operator's database or game portal. Online games do not include games which operate solely on LAN system.

The online game business is the main source of the Company's income, accounting for 80 - 85% of the Company's total income in 2014. The Company operates its business on a comprehensive basis to enable the best and most efficient way in operating online game services to gamers in each country, from acquiring game licenses, marketing and establishing game information centers to payment channels. Another important task is to prepare the technology and system for the provision of services, including the server system, computer equipment and software, client program as well as creating websites for online games. Each company in each country has its own separate server system.

As of 31 December 2017, the Company provides online game services in total of 35 games in 5 countries, as follows :

Service Countries	Number (games)	Online games for which service are provided as of 31 December 2017
Thailand	15	Yulgang, Granado Espada, Dragon Nest, Elsword, Cabal II, Audition, Tales Runner, Luna Online, RAN Online, Dragon Encounter, Destiny of Thrones, The Heroes, Fantasy Squad, War of Heroes, Toykart
Singapore	6	MapleStory, Audition, Special Force 2, Special Force, Dragonica Mobile, Dragon Encounter
Malaysia	19	TLBB, Super Dancer Online Xtreme, Mission Against Terror 2, Moxiang, Zone4, Special Force, Special Force 2, Wulin Online, Dragonica Mobile, Dragon Encounter, Disney Catch Catch, Puzzle Guardians, Super Slug, Disney Magic Kingdom, Destiny of Thrones, Kung Fu All-Star, Genki Heroes, Mahjong Kaki 3P, 168 Slot
Philippines	11	Perfect World, Cabal, Special Force, Special Force 2, Audition, Dragon Encounter, Destiny of Thrones, Luna Online, War of Heroes, Dice Legend, Rising Force Online
Indonesia	11	Special Force, Zone4, Dragonica Mobile, Dragon Encounter, Disney Catch Catch, Puzzle Guardians, Disney Magic Kingdom, Super Slug, Destiny of Thrones, Toykart, War of Heroes

Note : Some games were served in more than one country.

The Company also operates related businesses to support the online game services. For instance, "www.playpark.com", a game portal website which allows gamers to connect to the games. Moreover, it is a venue for gamers to browse and download for any of the Company's' published games, while serving as a virtual community center for gamers to interact with one another, to read about game related news and updates, as well as to share the opinions.

The Company also invested in related business "www.thaiware.com" for source of technology regarding about IT. Thaiware also a center for downloading software, both domestic and overseas, including freeware, and the community sharing related news for IT sector.

The Company also established a new company Playcybergames Co., Ltd. for online game service in Thailand with paid-up capital of 20 million baht. The Company holds 100% of the registered capital.

In 2013, the Company invested in ordinary shares of Thinkplus Digital Co., Ltd. in proportion of 60% of Thinkplus' registered and paid-up capital of 5 million baht. Thinkplus provides the service of digital marketing agency and media selling house to the Company's business in Thailand. Company considered that Thinkplus has the potential to carry on providing the service of digital marketing agency via internet and media selling. The Company believes that investment in Thinkplus will support the core business of the Company in the future.

In early 2014, the Company invested in ordinary shares of Level Up! Inc., acquiring full shares of Level Up!, an online game publishing company in the Philippines. The Company registered and paid-up capital of 103 million baht, considering that Level Up! has the potential to expand the Company's online game business in Philippines with its strong foothold in the local game industry. Level Up! will support the online gaming service that is the core business of the Company in the future, and will become an additional overseas source of income to the Company.

In terms of revenue, the Company currently charges gamers by Item Sale. This method usually allows gamers to play the game for free in order to sell in-game items such as weapons, clothes and accessories to gamers who will decide whether or not to buy the items using real cash. The sales of these in-game items are vital to the Company's income. However, the price of these virtual items will vary depending on each country in which services are provided, the latest marketing strategies, and the type and number of in-game items available for sale. Such virtual items are often charged at a lower price when offered in packages.

At present, revenue model of online game services around the world has gradually changed from Airtime Sale to Item Sale. The reason is that once gamers play games for free first, there is higher possibility that they will be drawn into the game and be more inclined to make in-game purchases, and thus increase the opportunity of earning greater income for the Company.

8.2.2 Distribution and Distribution Channels

Marketing activities

The Company has been operating under the trade name "Asiasoft" from the beginning of its operation in 2001. The name has become widely known among gamers throughout the region as the leader in the online game market, signifying a good level of quality in the games the Company publishes and the Company's ability to retain its customer base as well as the trust in the Company's server system for the game services.

Marketing activities are an important strategy for effective communication with customers regarding the services and online games offered by the Company. The objective of these efforts means to create awareness among potential customers of online games, bringing the promoted game across as an inexpensive and convenient means of daily entertainment. In addition to the launch of new games, the Company's marketing activities also aim at strengthening the Company's market position, organizational image and social responsibility. The Company also regularly conducts market surveys in order to understand needs and behaviours of gamers, which are the basis for effective marketing strategies. In addition, the Company conducts marketing activities in conjunction with distributors and Internet cafes to give gamers' the best understanding about online games, services, and pricing strategies of the Company.

Distribution

With the services provided for online games under the Company and the distribution of prepaid top up service like @Cash and other partnership in various platforms to spend and refill cash into games, we believe that an efficient distribution channel is the fastest way to achieve the target. Domestic users in Thailand can refill cash into games via @Cash prepaid card, One-2-Call! and true money cash card, credit and debit cards, online banking, and Rabbit LINE Pay. Descriptions are as follows :

Thailand :

@Cash

@Cash prepaid card is the primary card used to refill cash to our online games. Users will gain a Serial Number and Security Code from the physical card itself, which can be used to directly verify and purchase an item in game or refill to PlayMall. Moreover, cash from @Cash can be used for other supported games in partnership with the Company.



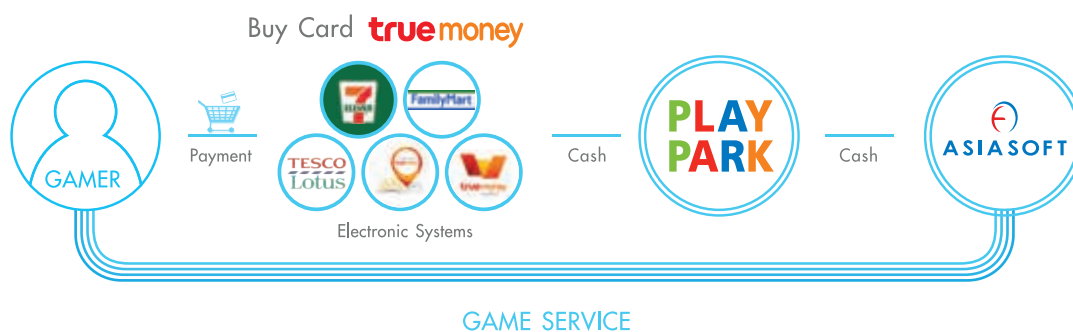
One-2-Call!

The Company partnered with Advanced Info Services Public Company Limited. Similar to our @Cash prepaid card, One-2-Call! cash card enhances user convenience by providing alternative to refill cash into the games. Users can purchase One-2-Call! cash card from various convenience stores.



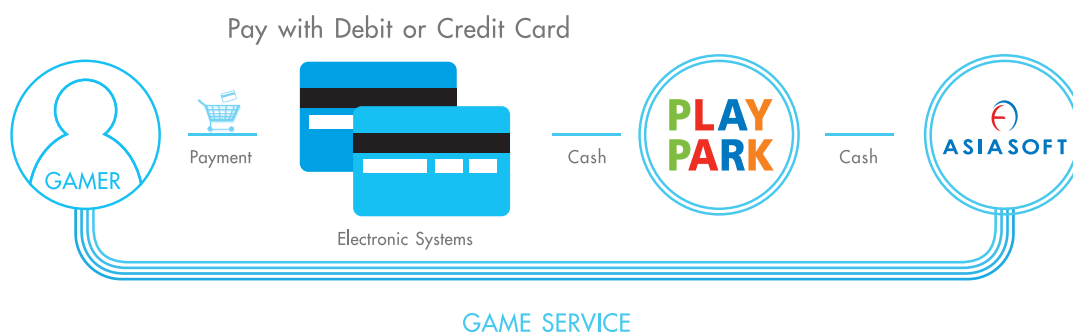
true money

The Company partnered with True Money Co., Ltd. The service provider of true money cash card is the most well-known prepaid card which can refill for almost all domestic games in Thailand. Similar to @Cash prepaid card, users can purchase true money cash card from any convenience stores, then refill cash into the games.



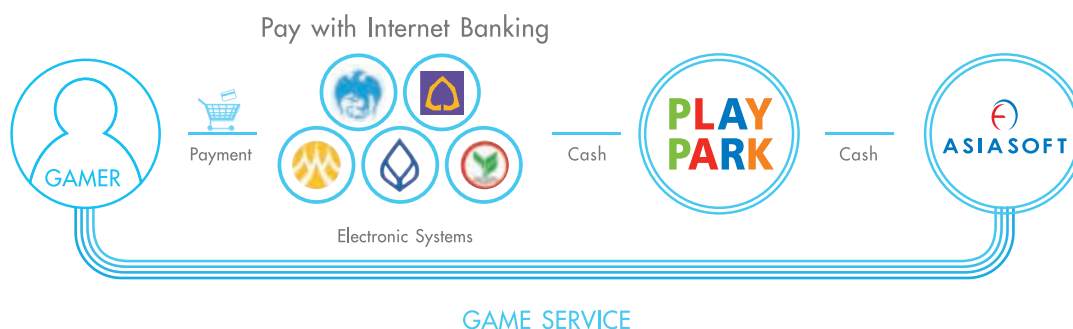
Debit and Credit Card

The Company added a refill channel, allowing user to refill through online banking service, using debit and credit card from domestic banking institutions certificated by Visa and MasterCard.



Internet Banking

The Company's new refill service channel allows users to refill cash into the games by directly deducting amount balance via online banking service through five bank institutions, namely Bangkok Bank, Krungsri Bank, Krung Thai Bank, Kasikorn Bank, and Siam Commercial Bank.



Rabbit LINE Pay

The Company is in partnership with Line Corporation, Ltd., the service provider of LINE, an instant communication mobile application. They have a massive domestic user base. Users can transfer cash from Rabbit LINE Pay Wallet to PlayMall before refilling cash into the game.



Malaysia :

- Online Credit Card : The sale of electronic @Cash cards through “passport.asiasoftsea.com” or “www.paypal.com” where payment is made through credit cards.
- MOL e-Pin : Gamers can purchase electronic @Cash prepaid cards through MOLPoints at the authorized shops or makes an online payment at “www.offgamers.com” or through authorized shops with E-Pay symbol.
- @Cash on Mobile : The sale of electronic @Cash through mobile phone in Malaysia where gamers make the payment through Maxis Network systems.

Singapore :

- Self-Service Automated Machine : @Cash digital pin can be purchased via AXS Station and S.A.M. machine, a multi-application transactional terminal with a debit and credit card payment facilities, running on a high-speed ADSL broadband network 24 hours a day. The machine are installed at high-traffic locations, such as MRT stations and shopping malls.
- Mobile Service : @Cash digital pin can be purchased through any Singtel (GXCredits).
- Online Payment : @Cash digital pin can be purchased from online websites, such as MOL AccessPortal and OffGamers.
- Direct Top-up : Players can directly purchase and top-up @Cash into their accounts using PayPal, Visa (credit card), MasterCard (credit card) and eNETS (debit card)
- Physical Prepaid Card : @Cash prepaid cards are available at 7-Eleven and NTUC Cheers (24-hour convenience store), neighborhood gaming retails shop, and cybercafes.
- @Global Game : Allows players in Southeast Asia to play in the same server, encouraging cross-countries friendly competition among gamers by holding SEA Online Games Tournaments. Players are also able to purchase @Cash in Southeast Asia through all of Asiasoft’s wide range payment systems.

Indonesia :

- GudangVoucher : Online payment system that allows users to top up to pay for services such as phone credits, software licenses, bills and gaming credits as a distribution channel.
- Indomog : Game payment network built around cybercafes with promotional avenues on website. Payment can be made using vouchers, Visa (credit card), MasterCard (credit card) and bank transfers.
- Mimopay : Integrated with telco companies such as Telkomsel, XL Axiata and Three Hutchison to allow users to pay by airtime vouchers. Users can pay through MIMO wallet and Mandiri e-cash that can be topped up using e-banking and ATMs. Mimopay also works with 7-Eleven to sell game vouchers.

Philippines :

- Sale via POS : Prepaid card and electronic @Cash can be purchased at many convenience stores, such as Ministop (prepaid card), 7-Eleven (prepaid card and electronic @Cash) and Cebuana Lhuillier (electronic @Cash).
- Sale via Debit Card : ePLUS sells electronic @Cash, and users can pay with debit card.
- Sale via Customized Platform : ALL SERVE distributes prepaid cards and Electronic @Cash, using ALL SERVE's billing system.
- Sale on Web Platform : GAMEX sells Smart/Sun postpaid and prepaid load which can be converted to electronic @Cash. GAMER, similarly, sells Globe prepaid load which can be converted to electronic @Cash. Load Central, LoadXtreme, Offgamers and PONDO simply distribute electronic @Cash.

8.2.3 Competition Strategies

Diversification of investment to countries with high growth potential

At present, the Company is distributing online games in 5 Southeast Asian countries, Thailand, Singapore, Malaysia, Indonesia, Philippines, and Indochina (Myanmar, and Cambodia) to reduce risks from operating only in Thailand or one particular country. The Company deploys regional management strategies which help to reduce operating costs from purchasing licenses fees of games in packages, computers and related equipment. The Company also shares resources, i.e. human resource, knowledge, technology, and work experiences which are key of success for the Company to penetrate each market.

Increasing the number of online games and continuously updating version for existing games

As of 31 December 2017, the Company provides online game services in total of 35 games in 5 countries. The Company cooperates with game developers and game publishers to improve the features and contents of the Company's online games to be consistently updated. In addition, the Company plans to provide services for new games in each country to satisfy customers' needs in terms of design, graphics, and technology, for example, providing localized in-game contents.

Continuously strengthening its market position and concentrate on CRM

The Company uses 4 main strategies to strengthen its market position, and to gain a competitive edge over its competitors :

- Offering top online games which are well-known and popular in foreign markets : The Company believes that online games that are well-known and popular in foreign markets have outstanding features both in

terms of design and contents, which would increase the chance for the Company's success in marketing such games to customers in each target country.

- Offering and presenting top grossing well-known games in the past : The Company is aware of the popularity of the online games in the past, and the huge fan base that is waiting for the game to return to service. The game's core competency is its' story and integration that matches with new gamers' lifestyle and new marketing trends for in game services, adapting to the changes of consumers' behaviors, in order to develop the strategy to increase the opportunity to gain extended profitability and domestically expand each country respectively.
- Marketing activities towards target customers : The Company has a strong database of gamers and it uses marketing efforts to attract its current user base to its new games, as well as continually expanding the Company's customer base. Such marketing activities include the promotion during the launch of new games, creating noise for the game via in-game competition and special seasonal activities as well as out-of-game activities such as meetings and parties among gamers etc.
- Increase the distribution and payment channels to cover more areas in the country : The Company has focused more on new and various channels to reach the customers as much as possible. In order to gain a competitive advantage, we maintain the current users and increase new users through our portal. We continuously improve electronic payment channels that will result in operation cost efficiency in the future. With the payment channels, it can also be used as a media and marketing channel to create events such as distribution of posters and other media material directly to customers.

Marketing activities to promote the sale of in-game items

Most of online games service operated by the Company take on the business model of free-to-play games, and thus the Company focuses on efforts to encourage gamers to purchase in-game items regularly. For example, through monthly in-game promotions, Item Shop and Item Mall on websites, newsletters and SMS regarding new arrivals in the cash shops, and promoting via social media.

Efficient online game information center

Providing a game information center is an important tool to allow players to enjoy the game and also to build their trust and confidence in using our services, which will result in higher brand loyalty. Playing the game with sufficient information will lead to higher player retention rate and an increased chance for investment in the game. We now provide information to our users via Call Center (11.00 a.m. - 8.00 p.m.), Live Chat (9.00 a.m. - 11.00 p.m.), 24-hour e-support ticket system, and Facebook fan page of every game. We continue to improve the services by training, preparing and equipping staff to match the growth of players in the future.

The development of IT system to service online game

To play online game, it requires all time communication between computer at client site and hosting servers at Data Center. Undoubtedly, an excellent IT infrastructure with high protection will ensure the smoothly, continuously and rapidly interact between both sides, which is the most important thing for online gaming. With above reasons, the Company always invests in improving the quality of IT infrastructure and IT security. Moreover, the Company has team to study, analyze, enhance and modernize all related systems with user-friendly features in every year.

The Company gives precedence to the Information Security Management System. We are the first online game publisher in Thailand that obtained ISO/IEC 27001:2013 (Information Security Management System: ISMS), which is a standard defined by the renowned and reliable international ISO (The International Organization for Standardization) and IEC (The International Electrotechnical Commission). This standard is inclusive both internal working process of IT team and related customer services systems.

Appropriate and competitive online game service fees

It is the Company's policy to set up the online game service fees at the rates that appropriate for customers in each country. For most of its services, the Company allows customers to play games for free and charges for its service through the sale of in-game items to increase the competitiveness of the Company with other operators in the same industry and in other entertainment industries. At the same time, such rates must produce a good return for the Company. However, the Company does not have a price war policy.

Develop new business channels

The Company's direction is to improve and develop new solutions to keep up with the moving trends of consumer behavior and preferences, whether it is internet usage or new generation applications. Focusing on bringing more convenience to users and presenting the right channels will persuade and motivate target markets to be more susceptible to our service. Users will be more engaged under our services. We can then expand our communication channels and grow together with our partners or developers who aim to do business in Southeast Asia.

Thai developer group has been expanding and launching potential products to the market as domestic product which support the domestic industry to gain more credibility. The basic strategy is to integrate Company's infrastructure such as customer base, various payment systems and channels to increase accessibility to the users with lower investment cost.

Industry Trends and Competition

8.3.1 Overview of Southeast Asia Online Gaming Market

The Company's main target for our online entertainment service is the Southeast Asian region, which consist of 5 countries : Thailand, Singapore, Malaysia, Indonesia and Philippines. The growth rate of internet users spiked tremendously in the recent years, resulting in the increase in the pool of online gamers. Meanwhile, with the advancement in technology and infrastructure, the cost of high-speed internet is also becoming more affordable even for the new emerging markets in Southeast Asia. The rate of growth smartphone users in the region has also increased steadily in recent years. These are all the supporting factors of the growth of the gaming industry in the region.

Moreover, operators in the online games industry enjoy a number of advantages over operators in other online entertainment industries such as offline PC games, arcade games, movies, music, and karaoke. Some reasons include :

- Online games are cheaper and easily accessible : Online games can be played anywhere, as long as the user has access to a stable and smooth running internet connection. Compared to other entertainment services, the online games industry in the region sees an optimistic trend of a decreasing cost for playing online games and the improvements in technology and infrastructure to support online gaming from home.

- The majority of online gamers use the services on a continuous basis : The nature of the relationship a gamer has with the game is relatively stronger than that many of the other entertainment products. The attachment to a game usually develops from a gamer's commitment into the game (especially for MMORPG titles), and competitions and contacts with other gamers. For instance, the time and money spent in a game are common reasons for online gamers to continually support their favorite game services.
- Increasing rate of internet and broadband penetration : On top of the need to keep up with the demand for quality internet resulting from the rise in more advanced and affordable computers, Internet Service Providers are also competing against each other for a larger slice of the market. As a result, users stand to enjoy their favorite games via smoother and cheaper network services.
- Low level of piracy : Concerns about piracy arising from entertainment products like music, PC games, and computer programs is a major headache for operators in this region, and has very much impacted their operations. In contrast to that, operators of online games face lesser risk of piracy because the main components of their services are held in the servers, which is difficult for gamers to obtain such data. Moreover, the client program, which is a program for installing the game on the gamers' computers, is relatively inexpensive. Therefore, the issue of piracy in online game is not as severe as compared to copyrighted work stored in the form of CDs, DVDs or cartridges, which can be easily copied and distributed.

8.3.2 Overview of Online Game Industry in Thailand, Singapore, Malaysia, Indonesia, and Philippines

The Company provides online game services in 5 countries : Thailand, Singapore, Malaysia, Indonesia and Philippines. The online game industry in these countries is growing at an exponential rate. In recent years, the region has seen the highest growth in the mobile game market, specifically in Indonesia, Thailand and Malaysia, resulting from the increase of mobile internet usage and smartphone usage. However, the competition in the industry today is increasingly intense due to the entry of foreign developers launching products in our mobile game market.

Thailand will remain in the largest market in terms of gaming revenue in Southeast Asia, closely followed by Indonesia and Malaysia. Vietnam and Thailand will grow in line with the overall market, maintain their market share.

Overview of the esports in this region continues to grow and not only in the PC game market, but the Company also sees trending of esports competition in the mobile game market, especially in Philippines.

The online game licensing fees are an important operating cost for operators in this business. At present, most game operators in the aforementioned countries normally acquire licenses of online games that are popular and/or successful in game developers' home country or other countries of publication. However, online game operators today have began to develop their own games, in order to reduce the increasing cost of licensing.

Industry trends and competition in the online gaming market of Thailand

In 2017 the market value of PC and smartphone platforms is valued around 19,700 million baht*. Dividing into its categories, PC market is valued at about 3,958 million baht* and mobile market take about 9,075 million baht* and 6,667 million baht* is revenue from other platforms. (*according to Newzoo). In 2017, PC game market was quite stable, as the number of service providers remained similar to previous year total of 32 in 2016 versus 28 in 2017. The games that are in service totals to 88 games in 2016 versus 70 games in 2017, out of which 15 are new games launched in 2017.

Major contributing factors to the growth of the online game business in Thailand are as follows :

- Growth of broadband internet service : In the past 3 - 4 years, the broadband internet service business has been growing rapidly due to intense competition among the service providers both in terms of the quality of service and pricing. Recently, the service of high speed internet was charged at around 599 baht per month for 15 - 20 Mbps, which is considered low speed internet. With the current improved technology of fiber optics, it increases the quality of internet signal as compared to LAN cables. As a result, broadband access became widely popular and highly adopted. As online gaming requires speed for downloading data and to make the game experience more enjoyable, the availability of broadband internet service has increased the attachment to online games as well as expansion into an untapped market of customers who are new to online gaming.
- Variety of available online games : Recently, online game operators have launched new online games which have a variety of game features and content which increases the gratifying pleasure from online gaming and attracting more users to the games.
- More Value Added Services (VASs) : As competition becomes more intense over the next few years, support services will become a key factor in retaining gamers and reducing subscriber migration. Service Providers (SPs) are looking to enhance the customer experience through 24-hour Call Center services, regular content updates, roadshows and other social events, as well as promotional campaigns through the various media channels. Online gaming SPs are expected to offer more of such VASs to meet gamers' expectations.
- Growth of mobile game market in 2017 : There are more than 300 mobile games launched during 2017 that has increased the total size of the mobile game market. We believe that the mobile game market will be over 10 billion baht in 2018. Development of the 3G/4G mobile network contributed to the ease of access to mobile game users. 70% of Internet users tend to surf through their mobile phones. In 2017, 60% of the local population (38 million people) had mobile phones that enabled them to engage in mobile gaming.
- The esports evolution : 2017 is the significant year of the esports industry, as the Thai government announced esports to be an officially recognised sport. Thailand E-sports Federation (TESF) has been approved to be a member of Sports Authority of Thailand. TESF has promoted and supported esports players to perform at a professional level. In 2017, a Thai esports player won a medal at 9th Esports World Championship which stimulated further interest in this field. Many TV channels have plans to host major esports competitions to level-up gamers to compete at global standards. Also, Mineski Infinity, the first official game station in Thailand that provides full gaming coverage, will be opened by huge IT companies. Moreover, some Thai universities already have esports curriculums to prepare students to be ready for the professional playing level.

Industry trends and competition in the online gaming market in Singapore

Singapore's games sector comprises over 60 game development, publishing and services companies, and is one of the fastest growing media sector. Companies looking for a regional media hub capable of creating, publishing and distributing cutting edge games content will find in Singapore a skilled workforce, IT infrastructure and strong intellectual property rights protection regime.

The country is home to major industry players such as Gumi Asia, Konami Singapore, Koei Tecmo and Ubisoft, as well as local players such as Touch Dimensions, LambdaMu and Tyler Projects. Singapore also houses established renowned educational institutions such as the DigiPen Institute of Technology and LASALLE College of the Arts.

To develop a vibrant local games industry, IMDA focuses on supporting original IP content creation and delivery via online and mobile means. In October 2011, the former MDA, now IMDA, launched the Games Solution Centre (GSC), located at Mediapolis Phase 0 (also known as Block 71), to provide a rapid prototyping development environment for Singapore-based small-medium game enterprises to develop their games. GSC also houses Southeast Asia's first PlayStation Incubation Studio. One of the games developed in the GSC, Rocketbirds: Hardboiled Chicken by Ratloop Asia, was first released on Sony PlayStation network in 2011, and developed into a Sony PS Vita version, which ranked third on the top-selling games in Asia on the Vita console in 2012.

In 2017, there were 2.9 million gamers in Singapore, spending a total of USD 318 million. 68% of the revenue was from mobile games. This makes Singapore no.36 worldwide in terms of game revenues.

Zooming in on console gamers, 66% are men, with almost one-third of gamers men aged 21 - 35. Of the people who watch video content, 49% enjoy watching game review videos. A relatively low share of gamers, 27%, play on all three platforms - mobile, PC/laptop, and console.

Major contributing factors to the growth of the online game business in Singapore are as follows :

- More frequent updates of existing games or new games : With the free-to-play model being dominant in the market, it will be more challenging for SPs to retain current gamers. SPs need to constantly upgrade existing games or offer new virtual items for sale to attract gamers to commit to the game.
- Cheaper and advanced network : The advancing of internet and wireless communication infrastructure contributes to the growth of online game business and caters for future development of both PC and mobile games. Both broadband and fiber optics subscription fee across all ISPs has shown significant decrease over the years, resulting in an increase in usage from both new and existing users.

Industry trends and competition in the online gaming market in Malaysia

At the end of 2017, there were 22 publishers with 150 online games in the market, 56% of gamers in Malaysia play MOBA, followed by MMORPG and FPS at 17% and 23% respectively. Casual is at 4%. MMORPG titles are predominantly serviced in Chinese, while Casual and SNS titles are in English to target wider audience.

In recent years, the market sees an increase in foreign publishers, mostly China companies, such as Perfect World, Akarnio, plus smaller publishers who are focusing on web titles.

Major contributing factors to the growth of the online game business in Malaysia are as follows :

- More frequent updates of existing games or new games : With the free-to-play model being dominant in the market, it will be more challenging for SPs to retain current gamers. SPs need to constantly upgrade existing games or offer new virtual items for sale to attract gamers to commit to the game.
- Cheaper and advanced network : The advancing of internet and wireless communication infrastructure contributes to the growth of online game business and caters for future development of both PC and mobile games. Both broadband and fiber optics subscription fee across all ISPs has shown significant decrease over the years, resulting in an increase in usage from both new and existing users.

Industry trends and competition in the online gaming market in Indonesia

In 2017, the competition in Indonesia was moderate. There were only 14 publishers operating 42 games, and FPS genre was holding a significant market share with totaling 68%, followed by MOBA totaling 17%.

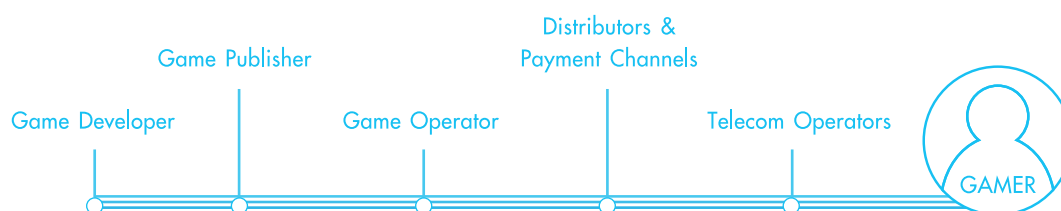
Industry trends and competition in the online gaming market in the Philippines

In 2017, there are 7 publishers active in the Philippines operating 18 games. There were some closures, but old classic MMORPGs were reintroduced to the market, specifically Ragnarok Online and RF Online. MMORPG market is slowly growing but still could not withstand the MOBA, FPS, and most notably the Battle Royale genre with the introduction of Playerunknown's Battlegrounds dominates with an estimated 95% share collectively. Even mobile versions of the MOBA and Battle Royale games were developed and released, such as Mobile Legends, Arena of Valor, and Rules of Survival. The casual game seems to have shifted to the mobile platform, there are only a handful of PC-based products in that specific genre that are currently in operation in the Philippines.

8.4 Procurement of Online Game Services

8.4.1 Overview of the Online Game Business

The online game business consists of 5 main parties, as shown in the picture. First, the Game Developer designs and develops games and then sells the license of the game or appoints a Games Publisher to find appropriate markets to sell the license of the games to the local Game Operator in each country. The Company's business encompasses that of a Game Publisher and a Game Operator.

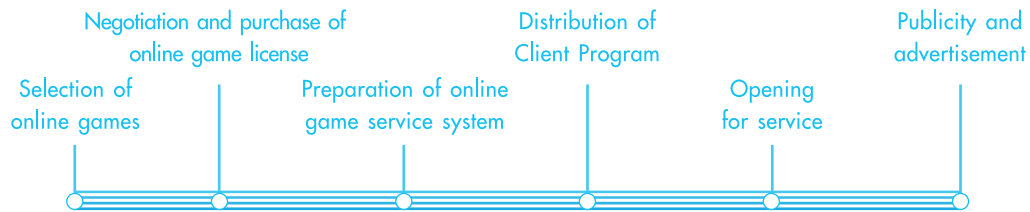


The overview of parties in the online game business

In general, when a Game Operator buys the license of a game, the Game Operator will prepare a Data Center for the installation of game servers to support the online game services required and will usually collect a service fee from gamers through the sale of in-game currency or virtual items (via prepaid cards or credit card). The Internet Service Providers (ISPs) rent out internet bandwidths to enable communication and storage of game data among the servers of the Game Operator, internet cafes and gamers.

8.4.2 The Company's Operating Procedures for the Provision of Online Game Services

To procure a game to provide services in each country, the Company appoints Game Manager team to be responsible for the procurement and preparation of essential game services. Each team will be responsible for one game. The Company has practiced the following 6 steps in the preparation of game services :



The operating procedures for the provision of online game services

Selection of online games

Firstly, the team selects potential games from various sources, for instance, games that are popular in each country. Games will be selected on the basis of their contents, and assessed according to their suitability for the gamers and the culture of each country. In addition, they must have the following basic qualities :

- High quality game visuals and content suitable for the target customer groups, exclusive of extreme violence and sexually explicit content.
- The online game programs are compatible with the target customers' computers specifications.
- Licensing fee is appropriate helping the Company to generate profit from the games.
- Contains unique features and content which differ from those of other games available in the market at that time.

Negotiation and purchase of online game license

The team will negotiate the price and the terms of the game license and then enter into a contract with the Game Developer or Game Publishers to legally service the game in the Company's region of business.

Preparation of online game service system

- Equipment and computer programs : The Company will prepare the server system and computer equipment which meet the specification required by the Game Developer. In this regard, the number of servers required to support the online game services will be estimated by the Company. The Game Developer will then install the online game programs prior to the opening of the game services at a later stage.
- Client Program : The Game Manager will modify and improve the Client Program such that the program will be suitable to be installed on gamers' computers, this includes the translation of the game's language into the local language(s) (also known as Game Localisation).
- Building and hosting game websites : The Game Manager will create websites for online games as a source of information for gamers regarding playing instructions, making payments and customer service matters. They also serve as advertising medium for the Company via website banners.
- Service management system : The Game Manager will prepare the computer system for the manager of the game services, the Game Master, to control and monitor the online game play experience for any new content as well as to facilitate and attend to gamers' feedback.

Distribution of client program

We freely distribute game client to players via game website and provide @Updater system to @Cafe (members of our internet cafe system). With @Update, internet cafe provider can download and automatically update the game.

For mobile platform, players can download the game via App Store for iOS system and Google Play for Android system.

Opening for service

When all has been prepared, the Company will begin the operation of the online game, which is divided into 4 stages, as follows :

- Internal Test : The Game Manager and staff of the Company will test the online game from the server to find any errors and to fix them prior to the release of the game.
- Closed Beta : The game is open for free trials to a limited number of gamers who have been registered or invited to try the game as part of the effort to find and fix errors.
- Open Beta : The game is open to all gamers who have registered to try the game as the final phase of testing in hosting as many amount of gamers as possible simultaneously.
- Commercial Launch : After the game has been tested, the Company will open the game for service to the general gamers at a specified service rate.

Publicity and advertisement

The Company will publicize and advertise the game to promote the launch of the game. This is also divided into 4 stages, as follows :

Pre-Marketing : This involves the introduction of the game on game portals, online game websites, game magazines and information technology magazines before the game is available to the public.

Launching : This involves advertising on game portals and online game websites and sending Electronic Direct Mailer to introduce the game to the current database.

Developing : The focus is on out-of-game activities on the mass media such as television and newspaper, advertisement boards and internet cafes, as well as in-game activities such as in-game competition.

Maturing : The focus is on maintaining the current performance of the game via continued marketing efforts in the game as well as activities through distributors of @Cash prepaid cards and internet cafes.

8.4.3 Online Game Licensing Fees

In providing online game services, the Company acquires game licenses from several Game Developers or Game Publishers to provide services as the sole operator for the game in a specific territory at the rate agreed by the parties. Most of the agreements have a term of 2 - 4 years from the commercial launch with the right to renew at the same price and under the same conditions. In this regard, the Game Developers/Game Publishers may terminate the agreements in case of a breach of the agreements by the Company and/or the Company facing financial difficulty, insolvency, inability to launch online game services in a specific time etc. The license fee of online game can be divided into 4 main types, as follows :

- Initial licensing fee : a fixed sum to be paid at the date of signing the agreement or within a specified period.
- Monthly royalty fee : will be paid depend upon provision of game service in each month.
- Minimum Guarantee : Some Contact will be specify the minimum license fee in each month.
- Success fee : payable when the Company's revenue from the game reaches the specified level.

The type and amount of licensing fee payable as well as the payment period will depend upon the negotiation between the Company and the Game Developer or Game Publisher.

9

RISK FACTORS

9.1 Risks from external factors

9.1.1 Risks from changes in the laws and regulatory requirements regarding state control

Currently, online game business in Thailand is regulated by the Ministry of Culture, the Ministry of Information and Communication Technology, and Department of Intellectual Property, the Ministry of Commerce. The Ministry of Culture governs game operating licenses and examines the licensed game content before its launch. Within the Department of Intellectual Property, the Ministry of Commerce also plays a part in this regulation through managing the copyright code (DIP code) issued to the licensed owner for game disc production or publication. The Ministry of Information and Communication Technology released the Computer Related Crime Act. B.E. 2550 (2007), and Communication Technology released the Computer Related Crime Act. (No.2) B.E. 2560 (2017) to regulate and prevent computer related crimes. The Ministry of Culture also oversees and assigns game ratings based on the game content. Last year, “The White Game Project” was rolled out to promote and regulate control over the online games industry for gamers in Thailand. where as in Singapore, Malaysia, Indonesia and Philippines, the regulations set in place for online games are less stringent. On the other hand, is relatively new; therefore, government regulations that manages the local operations and licensing of online games and internet cafes have yet to be clearly defined.

9.1.2 Risks from strong competition and increase of new online game operators

At present, the competitiveness in the online games market in Thailand, Singapore Malaysia Indonesia and Philippines is intensifying as a result of the increasing numbers of newcomers vying to share a slice of the pie. The rise in game publishers and influx of oversea publishers, tends to continue due to the exponential growth and potential profitability of the current gaming scene. However, the Company has a strong foothold in Southeast Asia and has covered a wide variety of game genres over the past decade, as compared to its competitors. Currently, there are no other publisher which have published all available game genres and has garnered as many users as the Company in the region. To stay ahead of competition, the Company also pays attention to the daily trends and demands of the games market in Southeast Asia.

9.2 Business risks

9.2.1 Risks from the failure of the game launched to the market which the licenses were already bought by the Company

The initial investment to publish games is substantially high, which primarily accounts for the game’s license fee, servers, related computer equipment, as well as the marketing expenses. If revenues generated from the games operations is not sufficient to cover those costs, or when the revenue does not meet the Company’s expectation, it will have a negative impact on the future operations and profit for the Company. Consequently, the Company may consider to write-off the deferred license fee of the potentially non-remunerative game in full amount if the Company forecasts low profitability out of the game, which will likely have a direct effect on the Company’s review of its operations and profits during the accounting period.

In order to increase the Company's success, the Company will use its experience as well as expertise to understand the product, analyze and assess the game's key selling points before making a decision to invest in new online games. In addition, the Company has defined a clear policy to diversify its sources of revenue into various online games licensing by launching more than one online games for reach each country. As of 31 December 2017, the Company has offered a total 35 online game titles in 5 countries, 15 titles in Thailand, 6 titles in Singapore, 19 titles in Malaysia, 11 titles in Indonesia and 11 titles in Philippines, and is continuously planning to release new online games in the future.

9.2.2 Risks from poor sales of in-game virtual items

In the past, the Company's revenues were mainly derived from the Airtime Sale of its online games. However, its revenue at present mostly comes from the sales of in-game virtual items, the business model which the Company firmly believes in and will continue to practice. The business model was adapted from the change in consumers' behavior towards free-to-play online games where purchase can be made whenever the users desire. Moreover, online game operators today believe that charging service only through selling in-game items would remove the barrier for gamers to enter the game, and potentially converting these gamers into paying users.

However, the Company also foresees a risk in declining revenue from the sales of virtual in-game items due to the intense competition in the free-to-play online game sector. In addition, if a huge proportion of gamers playing the free-to-play game do not refill to support the game's business regularly, it may reflect poorly on the Company's business, finance and results of operations. However, the Company ensures that the chosen games should have various characters and features to entice and encourage gamers to spend; for instance, to buy in-game items to customize game avatars or gain a skill boost. Thus, the Company believes in adopting an aggressive marketing business model to target the right group of gamers can potentially make the Company's business successful.

9.2.3 Risks from dependence on a few of internet service providers

The Company currently provides online game services through the rental of Internet Data Center (IDC) to install its server system, and bandwidth from a few Internet Service Providers (ISPs) in each country as following :

Thailand : For the service in Thailand, the company rents IDC and rents Bandwidth from True Internet Data Center.

Singapore : For the service in Singapore, the company rents IDC from 1-Net Mediacorp and rents Bandwidth from StarHub.

Malaysia : For the service in Malaysia, the company rents IDC and rents Bandwidth from IPServerOne Hosting.

Philippines : For the service in Philippines, the company rents the server and Bandwidth from Philippine Long Distance Telephone Company (ePLDT).

The contract was made on a short term basis and can be renewed. Should the aforementioned service providers be unable to provide quality internet services or discontinue their operations, the Company's online game services would be greatly affected. Such cases will potentially decrease our gamers' enjoyment and satisfaction in the Company's games and thereby affecting the Company's reputation and results of operations in the future.

The ISPs referred to above are the major providers in their respective countries, with the high services quality including redundancy equipment, backup systems and security systems, which meet high international standards.

9.2.4 Risks from not being a copyright owner and/or developer of online games

In providing online game service, the Company buys copyright of games from the copyright owners who are developers or distributors of the online games in foreign countries to provide online game services licensed for release in an identified territory for approximately 2 - 3 years from the commencement of its commercial launch at the fee agreed upon with the copyright owners. The copyright owners will provide support in various aspects of the game services such as improvement of program, creating patch file, solving bugs etc. The Company may face risks if any licensed games that the Company operates are terminated or not renewed at the acceptable price and under acceptable conditions. There is also a risk of the copyright owners being unable to provide assistance or technical support to the Company to enable the Company to provide quality services to gamers, which may affect the Company's business, finance and results of operations in the future.

In order to reduce such risks, the Company has a policy of procuring copyright from various developers or distributors of online games, whose reputation is widely recognized. The agreement with the copyright owners will specify renewed terms and conditions as per original, or improved, in order to maximize the benefits while the games are still popular; in this case. MMORPG and Casual Games tend to be most profitable in the contracted period between 2 - 3 years.

9.2.5 Risks from online games copyright violations

At present, some operators illegally import online game programs whose copyright have been granted to the Company, install them in their servers and provide services of such games through their own network at a lower fee service rate. This may result in the loss of some of revenue. However, the services provided through the pirated servers are normally poor in quality both in terms of speed and ability to accommodate a large number of players simultaneously. Moreover, players can only play the games on the network of servers in which the games have been illegally installed and cannot play them on the Company's network. Therefore, there are only a limited number of players in the community on such illegal networks. Furthermore, operators violating copyright cannot solve the bugs in the game programs or technical problems that arise and therefore their services are not as popular among gamers. Therefore, the Company believes that the loss of income from such cases will not affect the Company's financial condition by much. In order to reduce the impact of such problems, the Company set up a team to investigate and proceed legal action against copyright violators.

9.3 Risks from the majority shareholders' influence on the policy and management of the Company

After this offer of newly issued ordinary shares to the public, the shareholding proportion of Mr. Pramoth Sudjitporn's group, the Company's majority shareholder, becomes 51.59% of the total paid-up capital (Detail as of November 23, 2016), which enables them to control the votes in the passing of all resolutions in the meeting of shareholders, except special resolutions which, according to the law, require a vote of three fourths in value of shares held by those present and eligible to vote. Therefore, other shareholders may not be able to gather votes to provide a counterbalance to the majority shareholders. Moreover, the majority shareholders have the power to manage the Company, with 3 of them being directors out of a total of 7 directors; with 1 of them being an elected director by the other shareholders. As such, the Company has appointed 3 independent directors who are outsiders to assess the management of the executives and ensure that the interest of the minority shareholders are being accounted for.

GENERAL INFORMATION

(As of 31 December 2017)

Company Name	Asiasoft Corporation Public Company Limited
Type of Business	Providing online entertainment services as an online game and mobile game operator in Thailand, Singapore, Malaysia, Indonesia, Philippines and Southeast Asia, including distributing PC Games.
Head Office	9, UM Tower, Room 9/283-5, 28 th Floor, Ramkhamhaeng Road, Suanluang, Bangkok, 10250
Registered Number	0107550000050
Telephone	66 2769 8888
Facsimile	66 2717 4250
Website	www.asiasoft.co.th and www.asiasoft.net
Registered Capital	THB 512,346,270 divided into 512,346,270 ordinary shares with a par value of THB 1 each.
Paid-up Capital	THB 409,877,016 divided into 409,877,016 ordinary shares with a par value of THB 1 each.

Companies in which the Company hold 10% or more of shares

(As of 31 December 2017)

Company Name	Asiasoft International Company Limited
Type of Business	Investment Arm (Holding Company).
Head Office	9, UM Tower, Room 9/283-5, 28 th Floor, Ramkhamhaeng Road, Suanluang, Bangkok, 10250
Telephone	66 2769 8888
Facsimile	66 2717 4250
Registered Capital	THB 112,000,000 divided into 1,120,000 ordinary shares with a par value of THB 100 each. All shares have been issued and fully paid up.
Shareholding Status	99.99% of registered capital.

Company Name	A Capital Company Limited
Type of Business	Investment Arm (Holding Company).
Head Office	9, UM Tower, Room 9/283–5, 28 th Floor, Ramkhamhaeng Road, Suanluang, Bangkok, 10250
Telephone	66 2769 8888
Facsimile	66 2717 4250
Registered Capital	THB 20,000,000 divided into 200,000 ordinary shares with a par value of THB 100 each. All shares have been issued and fully paid up.
Shareholding Status	99.99% of registered capital.

Company Name	Playpark Company Limited (Former name was Funbox Company Limited)
Type of Business	Online game business services.
Head Office	9, UM Tower, Room 9/283–5, 28 th Floor, Ramkhamhaeng Road, Suanluang, Bangkok, 10250
Telephone	66 2769 8888
Facsimile	66 2717 4250
Website	www.playpark.com
Registered Capital	THB 150,000,000 divided into 1,500,000 ordinary shares with a par value of THB 100 each. All shares have been issued and fully paid up.
Shareholding Status	99.99% of registered capital.
Note	This company was changed the name to Playpark Company Limited since 12 May 2014.

Company Name	Thaiware Communication Company Limited
Type of Business	Developing computer software, implement computer system and web advertising services on www.thaiware.com.
Head Office	69/6 Tung Hua Pug Building, B Tower, 4 th Floor, Room No.3, Soi Suksa Wittaya, Silom Road, Silom Sub-district, Bang Rak District, Bangkok
Telephone	66 2635 0744
Facsimile	66 2635 0745
Website	www.thaiware.com
Registered Capital	THB 1,500,000 divided into 150,000 ordinary shares with a par value of THB 100 each. All shares have been issued and fully paid up.
Shareholding Status	40% of registered capital held by A Capital Company Limited.

Company Name	Cybergames Corporation Company Limited
Type of Business	Providing games through the communications and network system services via internet and web advertising services.
Head Office	9, UM Tower, Room 9/283–5, 28 th Floor, Ramkhamhaeng Road, Suanluang, Bangkok, 10250
Telephone	66 2769 8888
Facsimile	66 2717 4250
Website	www.thaicybergames.com
Registered Capital	THB 1,000,000 divided into 100,000 ordinary shares with a par value of THB 100 each. All shares have been issued and fully paid up.
Shareholding Status	30% of registered capital held by A Capital Company Limited.
Note	Under liquidation.

Company Name	Playcybergames Company Limited
Type of Business	Online game business services.
Head Office	9, UM Tower, Room 9/283–5, 28 th Floor, Ramkhamhaeng Road, Suanluang, Bangkok, 10250
Telephone	66 2769 8888
Facsimile	66 2717 4250
Registered Capital	THB 20,000,000 divided into 2,000,000 ordinary shares with a par value of THB 10 each. All shares have been issued and fully paid up.
Shareholding Status	99.99% of registered capital.
Note	Under dormant.

Company Name	Thinkplus Digital Company Limited
Type of Business	Providing the service of digital marketing agency via internet and media selling house.
Head Office	9, UM Tower, Room 9/283–5, 28 th Floor, Ramkhamhaeng Road, Suanluang, Bangkok, 10250
Telephone	66 2769 8888
Facsimile	66 2717 4250
Website	www.thinkplusdigital.com

Registered Capital	THB 5,000,000 divided into 1,000,000 ordinary shares with a par value of THB 5 each. All shares have been issued and fully paid up.
Shareholding Status	59.99% of registered capital.

Company Name	Miryn Innovation Company Limited
Type of Business	Manufacturing and distributing as well as developing and operating the mobile application, mobile game, and computer software.
Head Office	140, One Pacific Place, 10 th floor, Room 1005-06, Sukhumvit Road, Khlong Toei, Bangkok, 10110
Telephone	66 2653 0330
Registered Capital	THB 20,000,000 divided into 2,000,000 ordinary shares with a par value of THB 10 each. All shares have been issued and fully paid up.
Shareholding Status	64.99% of registered capital.

Company Name	Skynet Systems Company Limited
Type of Business	Developing stock and security market trading platform application.
Head Office	9/283-285, UM Tower, Ramkhamhaeng Road, Suanluang, Bangkok, 10250
Telephone	66 2769 8888
Facsimile	66 2717 4250
Website	www.skynetsystem.co.th
Registered Capital	THB 3,500,000 divided into 35,000 ordinary shares with a par value of THB 100 each. All shares have been issued and fully paid up.
Shareholding Status	70% of registered capital held by A Capital Company Limited.

Company Name	Asiasoft Online Pte. Ltd.
Type of Business	Online PC and mobile game business services and distributing PC games in Singapore.
Head Office	20 Kallang Avenue #06-00 Pico Creative Center, Singapore, 339411
Telephone	+65 6291 6129
Facsimile	+65 6291 6830
Website	www.asiasoftsea.net
Registered Capital	SGD 2,000,000, all shares have been issued and fully paid up.
Shareholding Status	100% of registered capital.

Company Name	AS Online Sdn. Bhd.
Type of Business	Online game business services and distributing PC games in Malaysia.
Head Office	Suite C-06-01, 02, 03 & 3A, Level 6, Block C, Sky Park One City, Jalan USJ 25/1, 47650, Subang Jaya, Selangor Darul Ehsan, Malaysia
Telephone	+603 50223020
Facsimile	+603 50223028
Website	www.asiasoftsea.net
Registered Capital	MYR 5,000,000
Paid-up Capital	MYR 4,000,000
Shareholding Status	100% of paid-up capital.

Company Name	PT. Asiasoft
Type of Business	Online game business services in Indonesia.
Head Office	Gd. Cyber Lt. 6, Jalan Kuningan Barat No. 8 Mampang Prapatan Jakarta Selatan
Telephone	+62 2598 5000
Facsimile	+62 2598 5001
Website	www.asiasoft.net
Registered Capital	USD 1,750,000
Paid-up Capital	USD 1,000,000
Shareholding Status	79.90% of paid-up capital held by Asiasoft International Company Limited.

Company Name	CIB Development Sdn. Bhd.
Type of Business	Online PC and mobile game business services in Malaysia.
Head Office	Suite C-06-01, 02, 03 & 3A, Level 6, Block C, Sky Park One City, Jalan USJ 25/1, 47650, Subang Jaya, Selangor Darul Ehsan, Malaysia
Telephone	+603 50223020
Facsimile	+603 50223028
Website	www.cib.com.my
Registered Capital	MYR 1,000,000, all shares have been issued and fully paid up.
Shareholding Status	61.68% of registered capital.

Company Name	Level Up!, Inc.
Type of Business	Online PC and mobile game business services in Philippines.
Head Office	6th Floor, OPL Building, 100C Palanca St., cor Dela Rosa St., Legaspi Village, Makati City, Philippines
Telephone	+63 2 7519600
Facsimile	+63 2 8138966
Website	www.levelupgames.ph
Registered Capital	PHP 310,020,000 divided into 31,000,000 Class A common shares with a par value of PHP 10 each and 2,000,000 Class B common shares with a par value of PHP 0.010 each.
Paid-up Capital	PHP 138,550,850 divided into 13,853,085 Class A common shares with a par value of PHP 10 each and 2,000,000 Class B common shares with a par value of PHP 0.010 each.
Shareholding Status	100% of Paid-up Capital.

Company Name	Pomelo Network Pte. Ltd.
Type of Business	Development of the software and programming activities NEC.
Head Office	1 Coleman Street #08-07 The Adelphi, Singapore, 179803
Telephone	+65 6438 8858
Website	https://palplus.me/
Registered Capital	USD 4,474,864 divided into 1,500,000 ordinary shares with a par value of USD 0.0001 each and 3,614,740 preference shares with a par value of USD 1 each.
Paid-up Capital	USD 4,474,864 divided into 1,500,000 ordinary shares with a par value of USD 0.0001 each and 3,614,740 preference shares with a par value of USD 1 each.
Shareholding Status	11.01% of Paid-up Capital.

Reference Persons

Registrar

Thailand Securities Depository Company Limited

The Stock Exchange of Thailand Building,
93 Ratchadaphisek Road, Dindaeng, Bangkok, 10400, Thailand

Telephone 0 2009 9000

Facsimile 0 2009 9991

Auditors

Miss Napanuch Apichatsatien

CPA License No. 5266

PricewaterhouseCoopers ABAS Ltd.

Bangkok City Tower, 15th Floor,
179/74-80 South Sathorn Road,
Bangkok, 10120, Thailand

Telephone 0 2344 1000

Facsimile 0 2286 5050

11

INFORMATION OF SECURITIES AND SHAREHOLDERS

11.1 Company's Securities

As of 5 May 2017, the Company's registered capital was 512,346,270 baht, divided into 409,877,016 ordinary shares, and 102,469,254 warrants with a par value of baht 1.00 each, of which 409,877,016 baht is paid-up capital, divided into 409,877,016 ordinary shares with a par value of baht 1.00 each.

11.2 Company's Shareholders

Top Ten Company's shareholders were as follows:

Names of Shareholders	Number of Shares (as of the latest book closing date on 17 March 2017)	Number of Warrants (as of issue date on 15 May 2017)	% Holding
1. Mr. Pramoth Sudjitporn ⁽¹⁾	197,397,907	49,349,476	48.160
2. Miss Saowalak Jitsamrit ⁽¹⁾	41,397,656	10,349,414	10.100
3. Mr. Tan Tgow Lim ⁽²⁾	30,023,300	7,505,825	7.325
4. Asia Investment Partners Limited ⁽³⁾	25,453,500	6,363,375	6.210
5. Mr. Taweechat Chulangkul	18,933,333	4,733,333	4.619
6. Mr. Lertchai Kanpai	15,509,500	3,877,375	3.784
7. Miss Seet Jing Huan, Jennifer ⁽²⁾	15,000,000	3,750,000	3.660
8. Mr. Boonrat Panyawisitkul	2,650,000	662,500	0.647
9. Mr. Preecha Hemsatapat	2,032,432	508,108	0.496
10. Mr. Niwat Deelai	1,870,000	467,500	0.456

Remarks :

⁽¹⁾ Mr. Pramoth Sudjitporn is a spouse with Miss Saowalak Jitsamrit.

⁽²⁾ Mr. Tan Tgow Lim is a spouse with Miss Seet Jing Huan, Jennifer.

⁽³⁾ Being company for investment in Lombard Asia III Fund, which support and manage by Lombard Investment, Inc., head office at San Francisco, USA.

Moreover, Asia Investment Partners Limited is the company for investment which was hold the whole shares by Lombard Asia III Fund, having head office at Hong Kong, Lombard Asia III Fund has emphasize to invest in Thailand and other countries in Southeast Asia and has policy to invest in long-term shares in potential competitive company. Unit holders of such fund are famous institution investor such as the California Public Employees' Retirement System (CalPERS), Asian Development Bank, International Finance Corporation of the World Bank Group, and Fund of Funds which established by CDC Group PLC.

List of major shareholders who, according to their conducts, were able to assert their influences towards the management policy and operation procedure of the Company with ulterior motives (Shareholding groups or shareholders who owned over 10% and holding position as the Company's director or sending representative as the Company's director), is Mr. Pramoth Sudjitporn's Group.

11.3 Dividend Payment Policy

In general, if the Company has no funding requirement for additional investment or business expansion and has sufficient cash flow, the Company has a policy to pay dividend to shareholders of the Company and its subsidiaries of at least 30.0% of net profit of each company (according to each company's financial statements) after deducting corporate income tax, legal reserves and other necessary reserves on a half basis. The first dividend payment shall be paid as an interim dividend and the second dividend payment shall be paid as an annual dividend. Nevertheless, this dividend payment rate may be changed depending on the necessity and appropriateness, given that this change must provide the highest benefit to the shareholders. A resolution of the Company's Board of Directors regarding the dividend payment must be proposed to the Shareholder Meeting for approval, except for an interim dividend payment, which the Board of Directors may approve and then report to the next Shareholder Meeting.

12.1 Board of Directors

As of 31 December 2017, the Company's Board of Directors had 6 members, all of whom have attended the Thai Institute of Directors' training programs, as follows :

Name	Position	At the Meeting During 2017
1. Mr. Tan Tgow Lim	Chairman of the Board	4/5
2. Mr. Pramoth Sudjitporn	Vice Chairman of the Board	5/5
3. Mr. Lertchai Kunpai	Director	5/5
4. Mr. Chalermphong Jitkuntivong	Independent Director and Chairman of the Audit Committee	5/5
5. Mrs. Monluedee Sookpantararat	Independent Director and Chairman of the Audit Committee	5/5
6. Pol.Col. Yanaphon Youngyuen	Independent Director and Chairman of the Audit Committee	1/5

Mrs. Monluedee Sookpantararat, the Audit Committee Member, has adequate expertise and experience to review credibility of the financial reports.

Ms. Chonthicha Sombatmongkol is the Secretary to the Board.

Authorized Directors to bind the Company pursuant to its Certificate of Incorporation

Mr. Pramoth Sudjitporn signs signature together with Mr. Lertchai Kunpai or Mr. Tan Tgow Lim totally up 2 persons and affixes the Company seal.

The principal power, duties and responsibilities of the Board of Directors

1. Overseeing, monitoring and managing the Company's operations to ensure that they are carried out pursuant to the law, the Company's objectives and the Company Charter and are in line with resolutions adopted at shareholder meetings on the basis of good corporate governance principles, and ensuring that action taken is in line with the rules and regulations prescribed by the SET and the SEC.

2. Determining or revising the list of authorized directors to bind the Company.

3. Setting policies, strategies and direction for the Company's operations and supervising the management to ensure effective and efficient implementation of the designated policies to create highest economic benefits to its shareholders and for the Company's sustained development.

4. Making decisions on important matters such as business plans, budgets, major investment projects, management authority and any other matters prescribed by law.

5. Appointing any sub-committee(s) or individual(s) e.g. Executive Committee, Audit Committee and Managing Director, to help in the monitoring, follow-up and supervision of the Company's management on matters which are substantial within the Board's jurisdiction. This includes evaluation of performance and determination of remuneration for the members of those sub-committee(s) or individual(s), or delegation of authority of any duration as is deemed expedient. Such authority may, however, be terminated, revoked, modified or revised by the Board.

6. Taking action to ensure that there is an efficient and effective system in place for internal control/internal audit and risk management and monitoring and following up those issues on a regular basis.

7. Preparing the Board's Annual Report(s) and taking charge of preparing and disclosing financial statements to give its shareholders information on the Company's financial status and its performance in the preceding year.

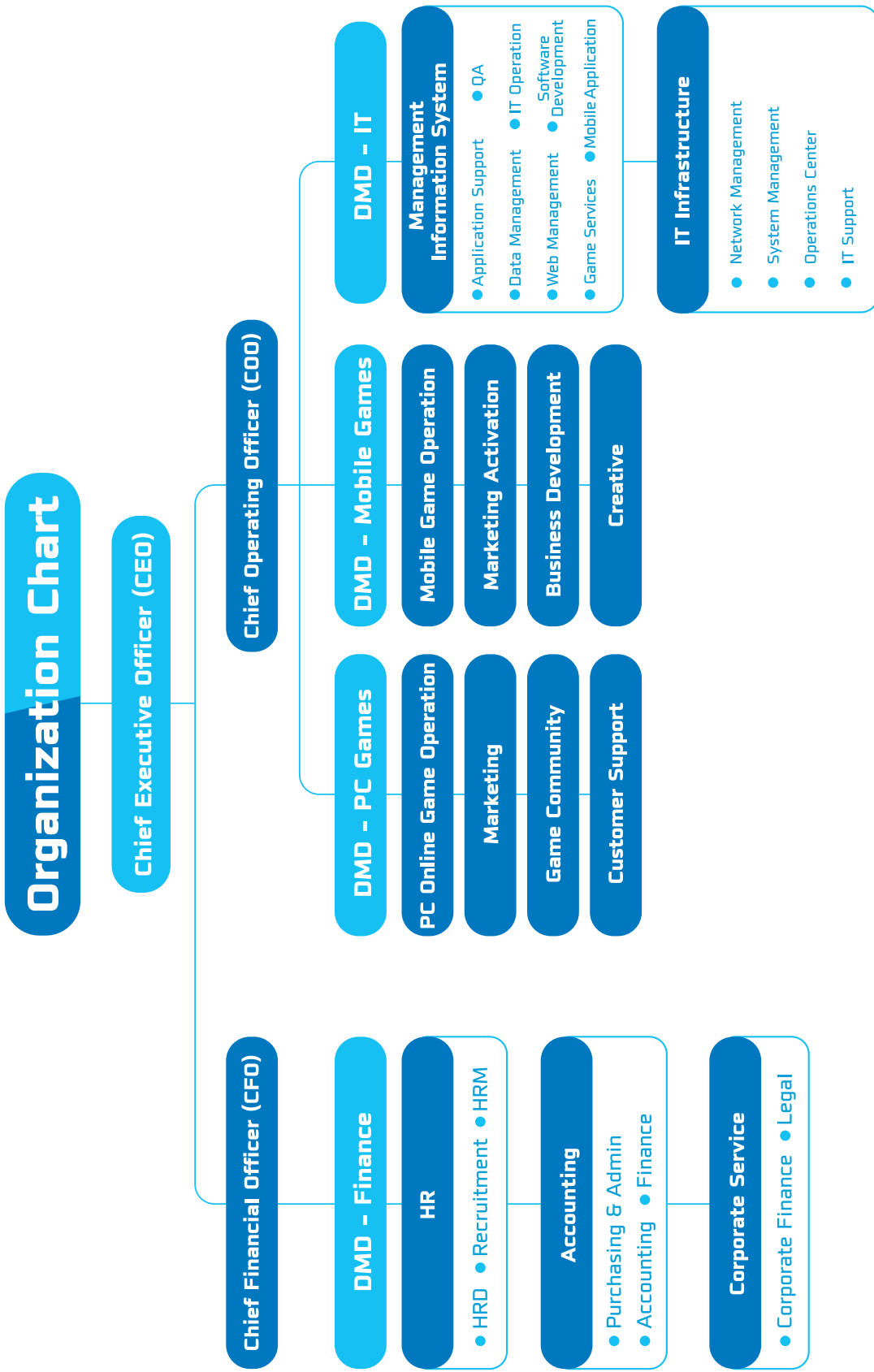
However, delegation of authority to the above sub-committee(s) or individual(s) shall not include any delegation of authority which will empower any of them to authorise a transaction between the Company or any of its subsidiaries and the above sub-committee(s) or individual, or their authorised representative with a possible conflict of interest of any kind. In addition, the Company is required to ask for prior approval from the Company's shareholders regarding the Company's entering into a connected party transaction and acquisition or disposal of its material assets in accordance with the SET applicable regulations. If any director or individual may have a conflict of interest (as stipulated in Notification(s) of the SEC and/or the SET), that director(s) or individual(s) shall not have a right to vote or be authorized to approve that transaction in any way.

Moreover, the Board has delegated authority to any of the above sub-committee(s) or individual(s) to execute transactions concerning the Company's operations and investment in its normal course of businesses in which the scope of authority and financial limits, at each level, are clearly defined. Such delegation of authority may not be made without setting a financial limit.

12.2 Management (according to the definition of the SEC and the SET)

As of 31 December 2017, the Company's Management consisted of 6 executives as follows :

Name	Position
1. Mr. Pramoth Sudjitporn	Chief Executive Officer
2. Mr. Ung Chek Wai, Gerry	Chief Financial Officer
3. Mr. Quach Dong Quang	Chief Operation Officer
4. Mr. Kittipong Prucksa-aroon	Deputy Managing Director - Mobile Games
5. Miss Siriratt Waisarayutt	Deputy Managing Director - PC Games
6. Miss Ratana Manomongkolkul	Deputy Managing Director - Accounting and Finance



The principal power, duties and responsibilities of Chief Executive Officer

1. Supervising, monitoring and approving transactions/matters pertaining to the normal course of the Company's business and that of its subsidiaries to ensure that they remain in line with the Board's policies and decisions. It is also authorised to delegate authority, as considered appropriate, to the Managing Director, executives or one or several individuals in the Company and its subsidiaries to take any action relating to the Company's regular and daily operations and those of its subsidiaries.

2. Taking action and managing operations/activities involving the administration of the Company and its subsidiaries.

3. Taking any action in the normal course of the Company's business or that of its subsidiaries such as the purchase of goods and licenses, and investment in properties which does not exceed 20 million baht per each contract, and delegating authority for payments to personnel at executive levels in the Company and its subsidiaries to purchases, contractual hire/employment for properties and services for the benefit of the Company and its subsidiaries.

4. Delegating authority to the Managing Director, employees at the executive level or one or several individuals in the Company and its subsidiaries to take any action considered appropriate on behalf of the Chief Executive Officer (the CEO), discharging specific duties (such as purchases, employment, payment) under the CEO's supervision and within the timeframe the CEO sets. Such delegation of authority may be terminated, revoked, revised or modified by the CEO.

5. Taking action on behalf of and representing the Company and its subsidiaries to third parties in matters relating and beneficial to the Company and its subsidiaries.

6. Appointing advisors in various areas necessary for the operations of the Company and its subsidiaries within the budgetary framework authorised each year by the Board.

7. Carrying out any other duties which may be assigned to them from time to time by the Board or the Executive Committee.

The CEO will report directly to the Executive Committee. He or she must act in accordance with the guidelines and policies set by the Executive Committee.

Moreover, the CEO will have no authority to take any action or be involved in any transaction or matter between the Company or any of its subsidiaries and the CEO or his/her authorised representative with a possible conflict of interest of any kind. However, this rule may be waived if the authorisation involves a transaction which is to be undertaken on an arm's' length basis in the normal course of the Company's business within the scope of his/her powers and/or financial limit set by the Board subject to the criteria, terms and procedure under the Company's articles of association and the applicable rules of the SEC.

The principal power, duties and responsibilities of the Managing Director

1. Supervising, monitoring and authorising matters pertaining to the normal course of the Company's operations to ensure they remain in line with the policies set by the CEO. The Managing Director is also authorised to delegate authority to executives or one or several individuals to take any action involving the Company's regular operations as he or she sees fit.

2. Undertaking action and managing operations/activities involving the general administration of the Company's affairs.

3. Employing, appointing, relocating, dismissing and terminating Company employees below the executive level as well as determining and adjusting their remuneration and bonuses, together with appointing individual(s) to represent the Employer on the Company's Provident Funds Committee.

4. Authorising action in the normal course of the Company's operations such as the purchase of goods and licenses, and investment in properties which does not exceed 10 million baht per each contract, and delegating the authority for payments to Company's executives to purchases, contractual hire/employment for property and services for the benefit of the Company.

5. Delegating authority to employees at the executive level or to one or several individuals to take any action considered appropriate on behalf of the Managing Director in order to discharge specific duties on his or her behalf (such as purchases, employment, payment) under his or her supervision and within the timeframe that he or she sets. Such delegation of authority may be terminated, revoked, revised or modified by the Managing Director.

6. Issuing orders, rules, announcements and memoranda to ensure that work is carried out pursuant to the Company's policies and in its interests and for the sake of maintaining order within the organisation.

7. Taking action on behalf of and representing the Company to third parties in matters relating and beneficial to the Company.

8. Carrying out any other duties which may be assigned from time to time by the CEO.

The Managing Director will come under the CEO's jurisdiction and will report directly to him or her. The Managing Director will act in accordance with guidelines and policies set by the CEO. Moreover, the Managing Director will have no authority to take any action in or relating to transactions or matters between the Company or any of its subsidiaries and the Managing Director or their authorised representative with a possible conflict of interest of any kind. However, this rule may be waived if the authorisation involves a transaction which is undertaken on an arm's length basis in the normal course of the Company's business and is within the scope of its powers and/or the financial limit set by the CEO, subject to the criteria, terms and procedure under the Company's articles of association and the applicable rules of the SEC.

12.3 Company Secretary

The Board of Directors' Meeting No. 5/2008 held on 13 August 2008 has the resolution to appoint Mr. Chalermchai Duphatsakul as the Company Secretary. He resigned from the Company on 1 October 2015. The Board of Directors' Meeting No. 5/2015 held on 11 November 2015 has the resolution to appoint Mr. Parinya Kaewmanee as the Company Secretary. He resigned from the Company on 15 February 2016. The Board of Directors' Meeting No. 1/2016 held on 26 February 2016 has the resolution to appoint Mrs. Ratana Manomongkolkul as the Company Secretary, she resigned from being a Company Secretary, which was effective on 31 May 2017. The Board of Directors' Meeting No. 2/2017 held on 12 May 2017 has the resolution to appoint Ms. Chonthicha Sombatmongkol as the Company Secretary, which was effective on 1 June 2017 and has the rights, duties and responsibilities in accordance with the laws as summarized following :

1. Prepare and keep the following documents :

- a register of directors
- a notice for calling director meeting, a minute of meeting of the board of directors and an annual report of the Company
- a notice for calling shareholder meeting and a minute of shareholders' meeting

2. Keep reports of conflict of interest which are reported by a director or management.

3. Perform any other acts as specified in the notification of the Capital Market Supervisory Board.

4. Provide an advice on the related Laws, Regulations, and any Corporate Governance to all Director(s).

5. Conduct the Board of Meeting and Annual General Meeting.

6. Contact with the Regulator(s) such as, Office of Securities and Exchange Commission and The Stock Exchange of Thailand, and to comply with the Laws and Regulations, be responsible for disclosing and reporting information to the Regulator(s) and Public.

Ms. Chonthicha Sombatmongkol graduated Bachelor of Law from Thammasat University; Master of Law in International and Comparative Law from Chicago-Kent College of Law, Illinois Institute of Technology, USA; and Master of Law in Intellectual Property Law from Queensland University of Technology, Australia.

12.4 Directors and Management Remuneration

Directors' Monetary Remuneration in 2017 :

Director	Remuneration (Baht)	Meeting Allowance (Baht)
1. Mr.Tan Tgow Lim	360,000.00	-
2. Mr. Pramoth Sudjitporn	240,000.00	-
3. Mr. Lertchai Kanpai	240,000.00	-
4. Mr. Surasak Khaoroptham	100,000.00	-
5. Mr. Chalermphong Jitkuntivong	240,000.00	280,000.00
6. Mrs. Monluedee Sookpantararat	240,000.00	210,000.00
7. Mr. Thanwa Laohasiriwong	180,000.00	120,000.00
8. Pol.Col. Yanaphon Youngyuen	40,000.00	-
Total	1,640,000.00	610,000.00

Management's Monetary Remuneration in 2017:

Position	Persons	Remuneration ^a (Baht)
Executives ^b	8	15,214,535.34 ^c

Remarks :

^a Comprising salaries, bonus, contributions to Social Security Funds and Provident Funds, overtime payments, and welfare benefits.

^b As defined by the SEC and the SET, and includes Mr. Pramoth Sudjitporn, as the CEO.

^c Remuneration were calculated by the actually work days, some management has resigned from the Company during the year.

13.1 Corporate Governance Policy

The Board is aware of its role, duties, and responsibilities towards the Company and its shareholders, and has already approved written policies pertaining to supervision and monitoring of its operations. Criteria and operating guidelines have been set, in line with Principles of Good Corporate Governance of the SET to support the Good Corporate Governance in practice. Moreover, the Company must comply with the various rules and regulations prescribed by the SEC and the SET in every respect, and review its governance policies and evaluate the result pursuant to those policies at least once a year.

On 20 June 2007, the Board of Directors Meeting No.1/2007 resolved to create policies on the supervision of its operations, which will be used as guidelines. They can be divided into 5 sections, as follows :

1. The Rights of Shareholders

The rights of shareholders covers a variety of rights such as the right to purchase, sell, or transfer shares, the right to share in the Company's profits, the right to attend shareholder meetings, and the right to express an opinion and to participate in making important decisions in the Company. Such decisions include the selection of directors, approval of major transactions with a potential impact on the Company's direction, and revisions of the Company's Memorandum and Articles of Association.

It is the Company's policy to promote and facilitate the shareholders' exercise of their various rights, by such means as the following :

- Distribute information concerning shareholder meetings on the Company's website before sending out paper documents, and elaborating on the rights of shareholders in attending the meeting and voting.
- Where a shareholder cannot attend the meeting in person, he or she is given the opportunity to appoint an independent director or any individual as his or her proxy at the meeting by using any of the forms of proxy sent by the Company together with the convening notice for the meeting.
- Before a scheduled meeting date, shareholders are given the opportunity to send their opinions, recommendations and questions by e-mail to the Investment Relations Officer or the Board Secretary.
- The Company will arrange an appropriate time-slot for shareholders to make their comments and recommendation or raise questions freely on any agenda item before a resolution is adopted on that item. Adequate information has already been provided to shareholders for these meetings and the Company will arrange to have available staff who are well informed in each area under question, under the Board's supervision, to respond to any questions or doubts raised from the floor.
- All directors will attend the meeting so that shareholders may ask for further details or information on any relevant issues.

2. Equitable Treatment of Shareholders

It is the Company's policy to treat all shareholders equally and protect their rights in the interest of strengthening equitable treatment particularly for minority shareholders. For instance :

- Shareholders will be given equal opportunities and facilities. No action will be taken that will limit, violate or diminish their rights.
- The right to vote at meetings will be determined by the number of shares held by each shareholder at the rate of one vote for one share.
- Independent directors are assigned to take care of minority shareholders who may make recommendations, comments or complaints to them. These independent directors will give appropriate consideration to each issue. For example, in the case of complaints, they will establish the facts and decide a suitable remedy. In the case that the independent directors consider that the recommendation has significant impact on those with vested interests or on the Company's operations in general, that issue will then be submitted to the shareholder meeting for the shareholders' consideration.
- Shareholders will be encouraged to exercise their rights. For example, minority shareholders will be given the opportunity to add agenda items before the scheduled meeting date or to nominate directors. The agenda, however, may not be expanded without prior notice to shareholders.
- The Board has taken measures against insider trading by relevant parties including directors, executives, employees and employees of the Company involved with that information (including the spouses and non sui juris children of those individuals).

3. Role towards Stakeholders

The Company takes seriously the rights of all stakeholders such as customers, suppliers, employees or shareholders as well as the public and society overall. They will be treated by the Board in accordance with their rights, conditions, legal requirements and various related rules and regulations. Action will also be taken for co-operation between these various stakeholders according to their roles and duties to ensure smooth operations with stability and equitable returns for all parties.

To ensure that stakeholders receive their due, the Company has established an operating guideline in its Code of Conduct for Employees. The Code of Conduct has been distributed on the Company's website and internal communications media such as the Intranet and the PR Board. The directors, executives and employees at every level must adhere closely to the Code of Conduct in their work. In addition, channels have been opened for stakeholders to communicate with, and comment or provide information to the Board through independent directors.

- Shareholders : In its determination to achieve good performance, stable growth and competitiveness for the Company in the face of current and future risks, and to create added value for its shareholders in the long-term, it is the Company's duty to disclose information for the sake of equity and transparency such that it will endeavour to protect the Company's property and to preserve its good reputation to the best of its ability.
- The Company's Board of Directors : The Board is aware of the rights of all stakeholders and the action to be taken to treat all fairly and equitably.

- **Employees :** Employees are a valuable asset of the Company. Therefore the Company recruits people with the relevant skills and experience to ensure the Company's growth and satisfy its requirements. Human resource development is ongoing to ensure that staff competencies are maintained at a high level and that staff are appropriately and competitively compensated vis-a-vis leading companies. Moreover, the Company is focused on building up and reinforcing a good working culture and environment and treating its employees fairly on an equal basis. The Company looks after employees' security and welfare through its Provident Funds and its provision of loans to employees, arrangements for fire-drills, provision of safety/security systems etc.
- **Customers :** The Company focuses on customer satisfaction with its workforce of quality staff and excellent service together with its readiness to meet their demands. Customers are treated respectfully and responsibly and care is taken to keep information from them confidential. Customer feedback is encouraged with staff specifically assigned to receive complaints.
- **Suppliers :** The Company takes care to treat its suppliers in line with commercial terms and contractual obligations. Action is taken within a framework of fair competition avoiding cheating behavior.
- **Competitors :** The Company functions within a framework of fair competition and has always avoided dishonest measures that try to eliminate competitors.
- **Communities, Society and the Environment :** The Company fully cognizant of its role as a part of society with a commitment for its well-being, public activities is supported in the interest of developing communities and the Environment. Our online game services are provided with a serious commitment to Society as it is the Company's policy to provide games with suitable content without violence and with appropriate warnings in its games and advertisements. Seminars are arranged to encourage players to spend their time appropriately and to play their games properly. The Company is the first online games operators in Thailand to provide an age-classification for each game in accordance with the State's age-classification policy. It also makes a Game Master available for each game in order to check and monitor gamers' various activities in the games and to ensure that no violence, gambling or other inappropriate activity is involved. Moreover, its online games services help to build gamers' computer skills and expand the internet usage and internet network infrastructure, enabling the public to easily access data and various information. In addition, online games developed by the Company have contributed to the development of Thailand's R&D in software and animation.

4. Disclosure and Transparency

Besides making complete and timely financial disclosure or disclosure of other information to the public via various channels in strict compliance with the law, the Company shall also make the following disclosures to show the transparency of its operations :

- Disclosure of information concerning performance by various sub-committees such as the frequency of their meetings.
- Disclosure of guidelines in recruiting directors, relevant evaluation guidelines and evaluation of the Board's performance.
- Disclosure of remuneration policies for directors and high-level executives as well as the form, manner and amount of remuneration received by each member of the various sub-committees.

- Disclosure of policies created for protection of the environment and in support of society, and the results of their implementation.
- Report on policies of corporate governance and their implementation.
- Opportunity for the public to raise any concern/query via the Investment Relations Officer.

5. Responsibilities of the Board, its Structure and Various Sub-committees

The Board's Structure

The vision outlined by the Company is that : “We are determined to maintain our leadership in Online Entertainment Services involving online games in the Southeast Asian region, with a focus on providing efficient services, developing our personnel to support the services and expanding investment to other high potential countries in the region, under a transparent and accountable management pursuant to the principles of Good Corporate Governance”. To realize this vision, the Board strives to maintain the highest ethical standards within the framework of the law, the Company’s objectives and its Charter as well as resolutions adopted at shareholder meetings with commitment, honesty, integrity and prudence in line with good operating practice so as to deliver highest economic value to the Company and maximum stability to shareholders.

The Company’s Board of Directors comprises of people who have knowledge, skills and experience drawn from a variety of professions in the areas of PC games, online business, finance, marketing, law, management, IT and other fields beneficial to the Company’s work. The Board is free to decide in the best interests of the Company and its shareholders overall. This Board has played a part in determining (or approving) the Company’s Vision, Mission, Strategies, Targets, Business Plans and Budgets as well as supervising the performance of its management to ensure effective implementation of the Business Plans and Budgets for the greatest economic benefit for the Company and maximum stability for the shareholders. Action has also been taken to ensure that there is a process for regular evaluation of the adequacy of internal control, internal audit, risk management, financial reporting and follow-up of performance.

Currently, the Company’s Board of Directors comprises of 7 members, 3 of whom are executive and 4 are non-executive. Three members of the Board are independent directors which, therefore, exceeds one-third of the Board thereby giving an appropriate balance vis-a-vis executive directors. The Board has set up 2 sub-committees to help supervise operations of the Company, i.e. the Executive Committee and the Audit Committee which consists of 3 independent directors with a term of office of up to 3 years. The duties and responsibilities of those Committees have been expressly defined at previous shareholder meetings.

The Company has clearly separated the duties and responsibilities of its Board and senior executives. While the Board’s duty is to establish policies and supervise performance of high level executives pursuant to those policies, it is the duty of high-level executives to administer the Company’s affairs in various areas to ensure that these policies are implemented appropriately. The Chairman of the Board and the Chief Executive Officer must be two different individuals to ensure that there is a clear separation between the determining of supervisory policies and the administration of regular affairs. However, both of them will be representatives of majority shareholder groups, albeit different groups, which together constitute the Company’s founders.

Remuneration for Directors and Executives

The Company has a policy of determining remuneration for its directors, both in monetary and non-monetary terms, openly and transparently. The remuneration shall be submitted for approval to the annual general meeting of shareholders. Criteria governing remuneration of directors are as follows :

- Appropriate and commensurate with the duties and responsibilities of each director.
- At a level capable of attracting and retaining quality directors with suitable ability and knowledge.
- Clear, transparent and easily comprehensible.
- Comparable to the remuneration of directors in the same or similar industry(ies).

The remuneration for executives will be determined by the Board, both in monetary and non-monetary terms, in line with the Company's performance and each executive's performance. They will be set at such rates as are adequately attractive to retain quality senior executives and shall be comparable to rates of other companies in the same grade or operating in the same line of business.

Board Meetings

Board meetings will be convened and conducted pursuant to the Company's Charter, the laws governing public companies and the rules and regulations of the SET with special meetings to be convened, where necessary.

The Chairman of the Board, as chairman of the meeting, will support the exercise of prudent discretion and will allow enough time for the meeting to ensure that major problems may be submitted and discussed by management with due diligence. An invitation to the meeting, together with the agenda items and supporting documents, will be sent to the Board at least 7 days before the meeting. All directors will be required to attend every Board meeting except in the case of an emergency. Minutes of the meeting will be properly and correctly recorded by the Company and will be accessible by shareholders for verification.

Report from the Board of Directors

The Board will be responsible for preparing the Company's financial statements including the Consolidated Financial Statements for the Company and its subsidiaries and the Financial Information to be presented in the Annual Report. Those financial statements will be prepared pursuant to the accounting standard generally accepted in Thailand based on appropriate, acceptable and consistent accounting policies. Discretion and care will be exercised to ensure that the Notes to the Financial Statements disclose adequate vital information.

Self-evaluation by the Board/Committee Members

To enhance the efficiency of performance by its various Committees, arrangements are made by the Company to have members of each Committee evaluate their own overall performance so that they can together appraise and look at their performance and problems. Following this evaluation, the Board will analyse their performance and determine measures which will improve the Committees' efficacy.

Development of Directors and Executives

The Company will support the attendance of its Board and senior executives at training courses which will be beneficial to their performance and will enable them to exchange opinions, on a regular basis, with Board members and senior executives of other organisations. Such courses include those arranged by the Company's employee training unit, units under the State's jurisdiction and independent entities such as Thai Institution of Directors. It is

an SEC requirement that directors of listed companies attend at least one of these courses, e.g. Director Certification Program (DCP), Director Accreditation Program (DAP) and Audit Committee Program (ACP) so that knowledge and experience gained can be used for the Company's further development.

Investor Relations

The Board takes care that adequate information is disclosed to its shareholders, investors and other relevant parties. That disclosure must be correct, complete, transparent, comprehensive and on-time pursuant to Good Corporate Governance principles. It must include financial reports, operating results and other related information as well as information which may have an impact on the pricing of its securities. Information and various newsletters will be distributed, through channels set up by the SET and the SEC including the Company's own website (www.asiasoft.co.th or www.asiasoft.net) and will help ensure that investors, shareholders and related parties can use the information in their investment decisions. The Company plans to set up an Investor Relations Unit to monitor and provide information and newsletters, and to answer queries raised by shareholders, investors, analysts and the public in general.

13.2 Committees

Audit Committee

As of 31 December 2017, the Audit Committee had 3 members as follows :

Name	Position	At the Meeting During 2017
1. Mr. Chalermphong Jitkuntivong	Independent Director and Chairman of the Audit Committee	7/7
2. Mrs. Monluedee Sookpantararat	Independent Director and the Audit Committee Member	7/7
3. Mr. Thanwa Laohasiriwong	Independent Director and the Audit Committee Member	4/7 (Resigned on 1 October 2017)
4. Pol.Col. Yanaphon Youngyuen	Independent Director and the Audit Committee Member	0/7 (Appointed on 13 November 2017)

Ms. Rungrudee Denlumpai is Secretary to the Audit Committee.

The Principal Power, Duties and Responsibilities of the Audit Committee

1. To review the Company's financial reporting process to ensure that it is accurate and adequate.
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.
3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business.
4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year.

5. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company.
6. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information :
 - An opinion on the accuracy, completeness and creditability of the Company's financial report.
 - An opinion on the adequacy of the Company's internal control system.
 - An opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business.
 - An opinion on the suitability of an auditor.
 - An opinion on the transactions that may lead to conflicts of interests.
 - The number of the audit committee meetings, and the attendance of such meetings by each committee member.
 - An opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter.
 - Other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors.
7. To perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

Executive Committee

As of 31 December 2017, the Executive Committee had 4 members as follows :

Name	Position	At the Meeting During 2017
1. Mr. Pramoth Sudjitporn	Chairman of the Executive Committee	7/7
2. Mr. Tan Tgow Lim	Executive Committee Member	7/7
3. Mr. Lertchai Kanpai	Executive Committee Member	7/7
4. Mr. Ung Chek Wai Gerry	Executive Committee Member	2/7 (Appointed on October 2017)

The Principal Power, Duties and Responsibilities of the Executive Committee

1. Planning and determining policies, direction and strategies for the Company's operations to keep them in line with the targets set by the Board for further submission to the Board for approval.
2. Determining business plans, budgets and principles governing the operations to keep them in line with the targets set by the Board. It is also authorised to supervise and monitor the Company's operations to ensure that they are in line with the policies, business plans and business strategies approved by the Board, subject to the laws, any conditions, the relevant rules and regulations and the Company's Charter.

3. Determining the Company's organizational structure, management authority, remuneration policy and salary structure, as well as appointing, employing, relocating, terminating, and determining salaries, remuneration and bonus for employees at executive levels.
4. Taking any action in the normal course of the Company's business such as the purchase of goods or licenses or investment in properties which exceed 20 million baht but not exceeding 40 million baht per each contract.
5. Undertaking financial transactions with banks/financial institutions pertaining to the opening of accounts, lending and borrowing, procurement of credit lines, pledges, mortgages, provision of collateral/security including the purchase/sale and registration of title over land in the normal course of its operations, as considered appropriate, which does not exceeding 40 million baht.
6. Considering the Company's profits and loss so as to recommend to the Board whether an interim or annual dividend should be declared.
7. Delegating authority to one or several individuals to act on its behalf on any matter, as considered appropriate, under the supervision of the Executive Committee and for such period as it deems fit. Such authority may, however, be terminated, revoked, modified or revised by the Executive Committee.
8. Carrying out other duties as may be assigned from time to time by the Board.

In no circumstance will the above authorisation empower the Executive Committee or its authorised representative to authorise any transaction between the Company or any of its subsidiaries and the Executive Committee or their authorised representative with a possible conflict of interest of any kind. However, this rule may be waived if the authorisation involves a transaction which is entered into on an arm's length basis in the normal course of the Company's business and is within the specified scope of the Executive Committee's power and/or its authorised financial limit, subject to the criteria, terms and procedure under the Company's articles of association and the applicable rules of the SEC.

Moreover, the Board may revise, where necessary or appropriate, any of the Executive Committee's duties and responsibilities.

13.3 Recruitment of Directors and Top Executives

Currently, the Company has no Nominating Committee for selecting directors. This matter is therefore left to the Board, which will select individuals and propose them to the shareholders based on a variety of factors such as their educational background, competencies and business experience. They must also be qualified under the Public Limited Companies Act, B.E. 2535, Notification of the SEC and other relevant laws. Director selection will be made by majority vote at shareholder meetings in accordance with the following criteria and procedure :

1. A shareholder will be entitled to one vote for each share.
2. The vote to select directors will be done on an individual basis.
3. The person with the most votes will be selected as a director. If there is more than one vacancy, the persons with the most votes in descending order will be selected as directors. Where there is a tie, the Chair of the shareholder meeting has a casting vote.

Directors will be in office for a term of 3 years. At each Annual General Shareholders Meeting, one-third of the Board will retire with those who have been longest in office retiring first. A retiring director may be reappointed for another term.

For selection of Top Executives, the Board will consider and nominate the Top Executives by considering based on a variety of factors such as their educational background, competencies, business experience and their work responsibilities.

13.4 Subsidiaries and Affiliates Governance

The Company has sent the representatives to be director in subsidiaries and affiliates according to the proportion of shareholding of the Company. Such representatives have the rights to control the material transaction that is any material agreement or contract of subsidiaries or affiliates shall sign by director who is the representative of the Company. The representative of the Company who is nominated to be directors of subsidiaries or affiliates has the duty to do for the best benefit of such subsidiaries or affiliates.

In addition, in case is the subsidiaries, the representatives of the Company who is nominated to be director of subsidiaries shall manage subsidiaries to keep the information and accounting records in order to the Company can verify and collecting such information to prepare the consolidated financial statements in time.

13.5 Monitoring the Use of Inside Information

The Company has introduced a policy and measures to prevent the use of inside information which has not yet been disclosed to the public, for personal gain and securities trading :

1. Directors, executives, employees and workers within the Company must keep Company information and other inside information confidential.
2. Directors, executives, employees and employees within the Company may not disclose any confidential information or other inside information about the Company, or use it for their own gains or those of others, whether directly or indirectly, and whether or not it is for compensation.
3. Directors, executives, employees and workers within the Company may not buy or sell, transfer or accept the transfer of the Company's securities through the use of confidential or inside information about the Company, or take any other action using that confidential or inside information which would cause the Company to suffer a loss, whether directly or indirectly.

Directors, executives, employees and workers of the Company who work in a unit which has acquired inside information should avoid buying or selling the Company's securities for 1 month before disclosure of its financial statements to the public.

This provision includes the spouses and non sui juris children of directors, employees and workers of the Company. It is a serious offence to breach this provision.

4. Directors and executives are required to report to the SEC any change in their holding of securities or that of their spouses and non sui juris children.

The Company will take disciplinary action against any of its directors, executives, employees and workers who breaches or fails to comply with the Company policy. The disciplinary action begins with a written notice and is followed by salary cut(s), unpaid temporary suspension from work and dismissal from employment, depending on the severity of the offence and the provisions in the Company's Charter informing all directors, executives, employees and workers of the disciplinary action.

Moreover, each director and executive has acknowledged in writing his or her duty to report his or her holding of the Company's securities and those held by his or her spouses and non sui juris children, and to report any change in such holdings to the SEC and the SET pursuant to section 59 and the penalty prescribed by section 275 of the Securities and Exchange Act, B.E. 2535.

On the subject of providing supporting data to its affiliates, the Company has prescribed procedures to prevent information leaking, such as requesting a signed Confidentiality Agreement and a ban against photocopying of documents without authorization.

13.6 The Auditor's Remuneration

In 2016, PricewaterhouseCoopers ABAS Ltd. was the external auditor for the Company and subsidiaries both local and oversea (excluding three subsidiaries in Thailand which were audited by PYS Audit Co., Ltd. with the expense 0.2 million baht; and a subsidiary in Indonesia, PT Asiasoft, which was audited by Jimmy Budhi & Rekan Registered Public Accountants, Indonesia, with the expense of 0.07 million baht; and a subsidiary in Malaysia, AS Online Sdn. Bhd., which was audited by RSM RKT Group, Malaysia, with the expense of 0.18 million baht.)

In 2016, Honor Audit and Advisory Co., Ltd. provided outsource internal audit with 0.26 million baht. The said auditor has no relationship with the Company and the subsidiaries.

In 2017, PricewaterhouseCoopers ABAS Ltd. was the external auditor for the Company and subsidiaries both local and oversea (excluding three subsidiaries in Thailand which were audited by PYS Audit Co., Ltd. with the expense of 0.14 million baht; and a subsidiary in Indonesia, PT Asiasoft, which was audited by Jimmy Budhi & Rekan Registered Public Accountants, Indonesia, with the expense of 0.07 million baht; and a subsidiary in Malaysia, AS Online Sdn. Bhd., which was audited by Ari & Co. (AF 1351), Malaysia, with the expense of 0.01 million baht.)

The following table shows the auditing expenses for year 2016 and 2017.

Expense Types	2017			2016		
	The Company	Subsidiaries (12)	Total	The Company	Subsidiaries (12)	Total
Audit Fees (Baht)						
- Statutory Financial Statement	1,110,000.00	5,490,840.00	6,600,840.00	900,000.00	4,976,933.33	5,876,933.53
- Review of Interim Financial Statement (3 Quarters)	1,570,000.00	-	1,570,000.00	1,260,000.00	-	1,260,000.00
Total Audit Fees	2,680,000.00	5,490,840.00	8,170,840.00	2,160,000.00	4,976,933.33	7,136,933.53
Other Fees (Baht)						
- PricewaterhouseCoopers ABAS Ltd.	10,500.00	-	10,500.00	36,400.00	-	36,400.00
- Honor Audit and Advisory Co., Ltd.	-	-	-	250,000.00	8,000.00	258,000.00
Total Other Fees	10,500.00	-	10,500.00	286,400.00	8,000.00	294,400.00
Total Fees	2,690,500.00	5,490,840.00	8,181,340.00	2,446,400.00	4,984,933.33	7,431,333.53

CORPORATE SOCIAL RESPONSIBILITY

A decorative graphic at the bottom of the page consisting of several thick, wavy, light blue lines that sweep across the width of the image. To the right of these lines, there is a vertical column of five small, solid blue circles of increasing size from top to bottom.

Asiasoft's vision is absolutely determined to be the high-quality online entertainment provider in the Southeast Asia and resolutely follow the mission that the Company would offer the online entertainment to faithful customers. Hence, we have constantly developed and raised the service quality for our customers within the framework "Your Satisfaction is our Success", for making the most high-quality online entertainment in the region as completely as possible, and contributing the service to be a part of social responsibility which highly focuses on the three essential dimensions : Economic, Social, and Environment.

14.1 Economic

Asiasoft have run the business based on "Corporate Governance" which has the structure conduction and internal procedure to determine the direction and supervise the performance for the utmost value including supporting and reinforcing the business to be sustainable. The principles are as follows :

- The shareholder's right : the shareholder has his ownership by controlling the corporate through appointing the committee to operate instead, and could have the right to make a decision relating to the corporate's critical transformation. The corporate should support its shareholder to attribute and manage his own right.
- The practice to shareholder should be impartially done : All of the shareholders, both executive and non-executive shareholders, and foreign shareholders must be treated equally and fairly, and the minor ones who has their right offended should be compensated.
- The role of Interested Persons : the interested persons should receive the very good care from the corporate as their right based on the relevant law. The committee should provide the cooperation between the corporate and the interested persons in creating the wealth, the financial stability and the business sustainability.
- The information disclosure and transparency : the committee supervise and ask the corporate to disclose the critical information both financial and non-financial information accurately, completely, in time, and transparent via the simply accessible, impartial, and reliable channel.
- The committee responsibility : the committees have a big role in supervision for the highest benefit of the corporate and are responsible for the outcome of mission operation to shareholders, and are independent of the management control.

The good Corporate Governance assessment within the management of Thailand Institute of Director (IOD) : Asiasoft has enrolled the survey in listed companies in 2015 with regard of the 5 aspects mentioned above, 235 items altogether, which Asiasoft gets the assessment score at 70 - 79 or in good level continually.

The Annual General Meeting of Shareholders Quality Assessment 2017 of the Thailand Listed Company by Thai Investors Association. Asiasoft has scored 93 percent this year, a decrease from last year but remains higher than the average score of 91.97% across all listed companies. In 2016, Asiasoft achieved 98%, which was higher than the average score of 91.62% then.

Asiasoft determines key stakeholders that related to the business operation and both direct and indirect affecting to the business existence.

Stakeholders	Policy and Strategy	Method and Channel
Customers : Gamers	<ul style="list-style-type: none"> • Select only high-quality game and service based on their need. • The products and services are in trend and up-to-date. • The customers' information would be the most safely protected. 	<ul style="list-style-type: none"> • Create the survey of service satisfaction. • Call Center, Live Chat, Website are contact channels. • Conduct within the framework of ISO 270001:2005, 24/7 supervision ready for service.
Customers : Internet Cafes	<ul style="list-style-type: none"> • Update the new information about game. • Increase promotion for the internet cafes. • Develop the critical program to facilitate the internet cafes. • Support the knowledge for internet cafes owner continually. 	<ul style="list-style-type: none"> • Visit internet cafes and discuss through the corporate agents. • Call Center / Live Chat. • Meet and exchange ideas and accept suggestions.
Staff	<ul style="list-style-type: none"> • Take care staff as family member. • Provide the good welfare. • Work within the good environment. • The in-trend device is well managed. • Every staff gets the impartiality or no partiality. • Support the working progress in all levels. 	<ul style="list-style-type: none"> • The internal communication channel is well prepared for the right comprehension. • The activities for reinforcing the good relationship are done. • Town Hall Meeting is for the executive to talk with staff. • Survey the staff' satisfaction for the welfare and the fixed activities. • Consider the promote internal staff prior to external persons.
Shareholders and Investors	<ul style="list-style-type: none"> • Run the business worth for the utmost benefit. • Operate the business with "good governance" and follow "Corporate Governance". • Follow the law. • Provide the appropriate supervision. 	<ul style="list-style-type: none"> • The communication channel to corporate is prepared through investor relations. • Give the equality to all shareholders and investors by offering the information constantly and accurately.
Trading Partners and Alliance	<ul style="list-style-type: none"> • Transparent and sincere in business contact for the proper benefit. 	<ul style="list-style-type: none"> • Cooperate and improve the contact fairly in case of request. • Accept the problem and meet to find the right conclusion.
Community and Society	<ul style="list-style-type: none"> • Support the society to learn and understand the effect from providing service. • Campaign the white game cafe of Ministry of Culture. • Participate and support the education standard of Thai youth. 	<ul style="list-style-type: none"> • Meet to talk and discuss about the management guideline. • Listen to the society and improve the service process for the utmost benefit. • Open channels to accept the problems and provide CSR activity to reinforce the sustainable development.

Environment	<ul style="list-style-type: none"> • Campaign using the power worthily for decreasing the effect to environment. 	<ul style="list-style-type: none"> • Survey the quantity of consuming the powers. • Set the target using the power worthily for reducing the expense.
Government Sectors and Audit Agents	<ul style="list-style-type: none"> • Follow every steps of regulations. 	<ul style="list-style-type: none"> • Participate in meeting to offer suggestions and join the relevant activities.

The business conduction transparently is what the corporate highly focuses on. From announcing the intention of Collective Action Coalition of Thai private sectors to be against with corruption on 8 December 2014, throughout the year 2016, Asiasoft provided the training against corruption for new staff monthly for causing everyone seriously realize the importance and work within the framework of corporate policy resisting the corruption including the minor companies. Also, the joint venture corporates each support the policy against every form of the cheats and corruptions because the corporate extremely realizes that to bribe and to corrupt could cause a lot of damage to the economic and social development and the country stability. The Company is now in the process of preparing to join the certification by the alignment of private sectors in Thailand for being an anti-corruption company. The Company has also provided detailed information on policies against corruption which appear on the Company's website, www.asiasoft.co.th/IR, under the topic called Corporate Governance.

Accepting and Considering the Complaints

The corporate provides the channel for all stakeholders to contact, offer the information, complain, and suggest including informing any clues relating to the suspicious behavior of corruption or whistleblowing behavior of the corporate members, staff, and other interested persons. Hereby, the committees contribute the management consistent to the good supervision as follows :

- Post : Asiasoft Corporation Public Limited Company
9 UM Tower, Room 9/283-5, 28th Floor, Ramkhamhaeng Road,
Suanluang, Bangkok, 10250, Thailand
- Tel : +66 (0) 2769-8888
- Fax : +66 (0) 2717-4250
- Website : www.asiasoft.co.th/IR/index.html
- E-mail : corpcom@asiasoft.co.th

Protection Measurement for Whistleblowers about the Corruption

To build the confidence for the complainers and whistleblowers, Asiasoft emphasizes on keeping the complaints and information confidentially and has the measurement to protect the whistleblowers from intimidating or threatening, and for the staff, they will be protected not to be affected in working. For anyone who reacts or threatens the whistleblowers will be punished properly, including being charged based on the law.

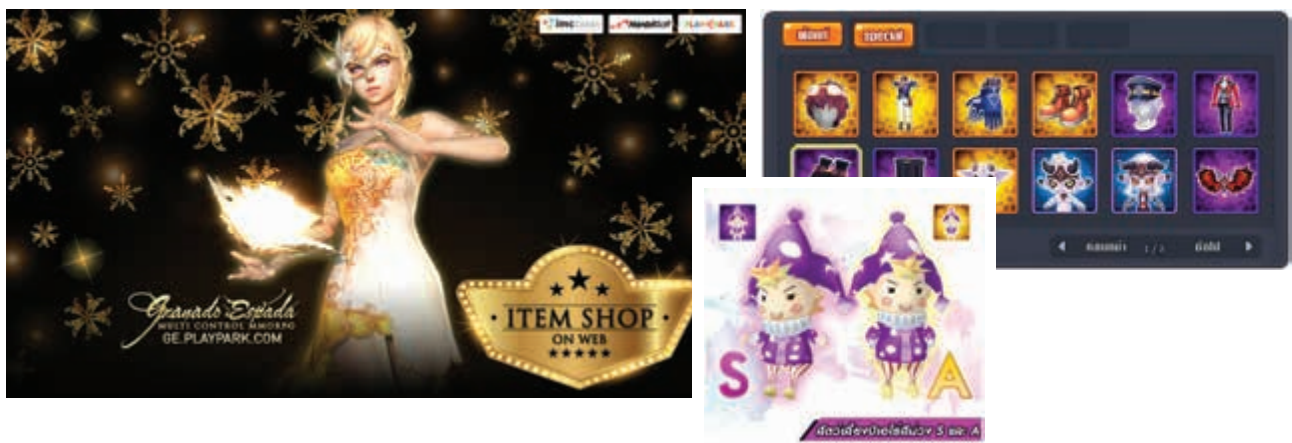
For the previous year, the whole picture of game industry has extremely transformed. The players have changed their behavior from previously playing the PC games mainly to currently heading to attend the mobile games increasingly. The corporate itself has planned and adapted to keep up with the market trend and player needs by moving forward to the mobile games more and more. For providing the service game both PC and mobile, the corporate has improved the service system constantly by mainly considering the players' needs.

Asiasoft has been expanding business direction from only online PC game service to mobile game and application market by providing new services as follows :

Playpark Application : This application comes with features that support gaming lifestyle, such as Game Launcher, Chat and News Alert. It's also an activity channel where gamers can get free items from 12 Playpark games.



Playpark Item Shop : In 2017, Playpark continued to expand item's distributing channel on games' official websites. We got positive responses from Tales Runner, Dragon Nest and Granado Espada players, so the income from item sales has increased steadily.

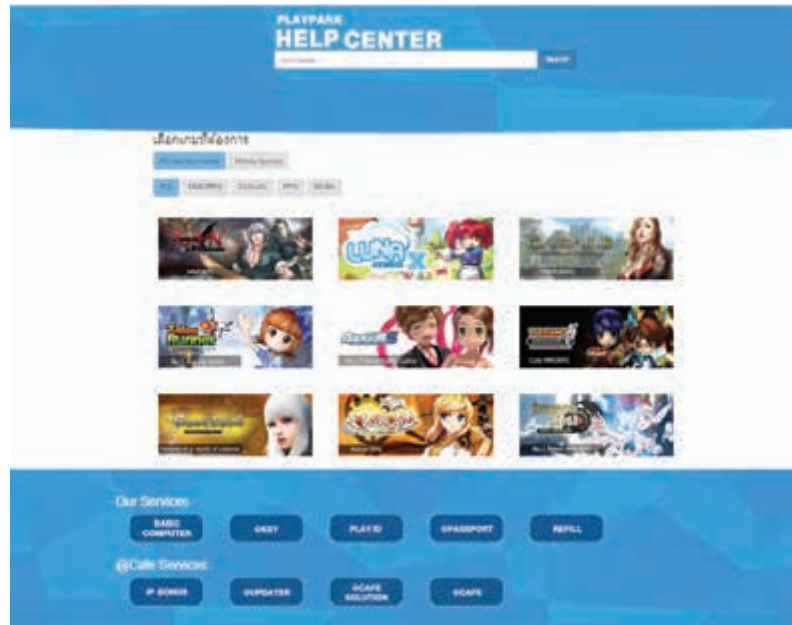


Providing customer service is the very first thing that Asiasoft attends the most because “Customers’ Satisfaction is Our Work”. Our Call Center is available from 11.00 a.m. to 8.00 p.m., and Live Chat service is available from 9 a.m. to 11.00 p.m., while the E-Support via website (Form Tool) is a 24-hour service. Moreover, we have a team that is ready to respond to any feedback on Facebook Fan Page from 9 a.m. to 11.00 p.m.

The proportion of use of the support channels are : Live Chat 63.6%, Call Center 7.8%, and Form Tool 28.6% which has seen more than 202,080 cases thus far. Most of them were related to game problems, such as the in-game bugs, queries on game promotions and in-game activities.

The campaign of fair play without usage of hacks is still a topic that Asiasoft continually focuses on, aimed to minimize advantages or disadvantages amongst gamers. Monitoring wrongdoers who use hacking programs resulted in banning 127,067 IDs.

Knowledge Base or the corpus of game and computer knowledge had been updated to make it easier for users to browse for game information through help.playpark.com. To date, there are 1,502 topics in the Knowledge Base, which was created by our team who supervises the games' information. We also value feedback and input topics and experiences from other gamers.



14.2 Social

For Asiasoft's business operation, the heart of providing the online entertainment service to our customers is "Staff". The staff are the powerful gears that drive our business by delivering the happiness to the society. We pay attention to our staff as if they are our family. We believe the staff who work happily, are able to multiply their happiness and deliver it to our customers via our service. We have had totally 394 staff in Asiasoft, converging in 5 counties in Southeast Asia.

In 2017, we have had 83 new staff with average 7 newcomers per month. Asiasoft is the careerbuilder for Game Industry, both general careers like Accounting, Information Technology, Marketing; and Game Specialist like Game Planning, Game Support, and Game Tester, which require the passion in gaming and the abilities to apply the expertise to generate benefits for organization.

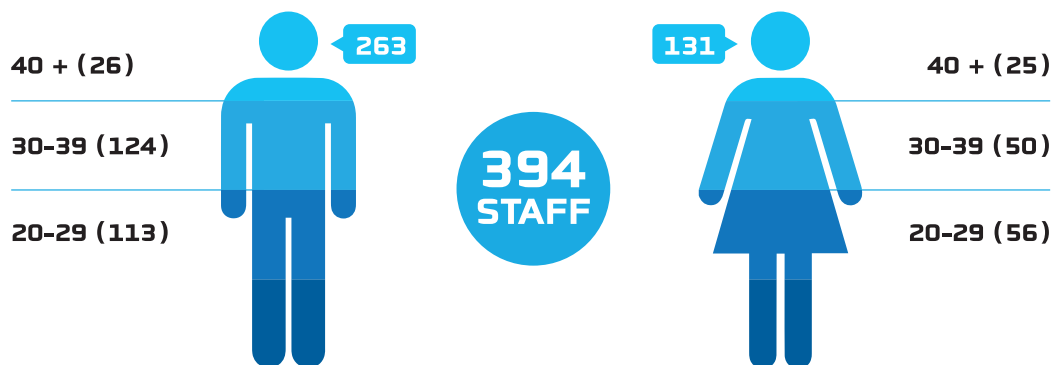
Asiasoft is the organization that creates and delivers online happiness to the people, therefore, our staff are the new generation that understands the customers' needs. We do not discriminate on the basis of gender for recruitment and employment. Asiasoft gives opportunities to all staff to be a part of creating online entertainment to the society.

Potential Development of all staff levels are well supported by the Executives due to foreseeing the importance of learning, so that, our staff can always catch up with the change and transformation of the technology, including all knowledge from thinking out of the box or out of the old framework. In 2017, there were a lot of training courses and seminars conducted for our staff.

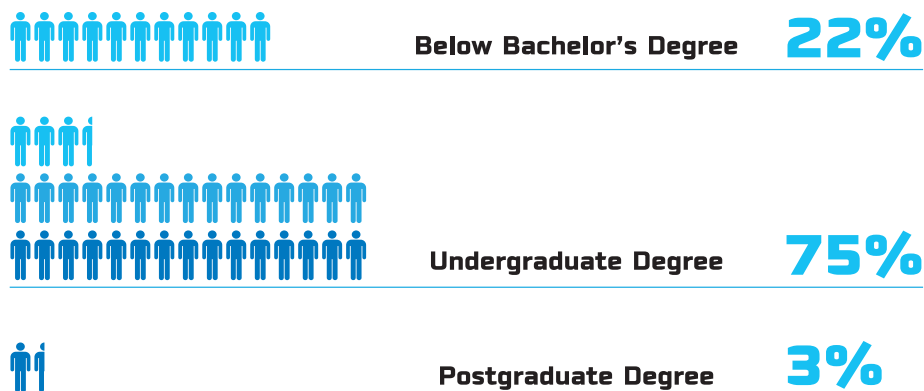
Apart from domestic training for our staff, Asiasoft have also held regional meeting for staff from other countries by using Thailand as "Regional Meeting Venue", for online training and workshop to develop our staff's potential in each country to reach the same standard, both operation and management level.

In 2017, there were 15 cases of employee promotion by consideration based on their knowledge, competency, and potential in taking responsibility in the higher position. It was the corporate policy to push staff forward to grow in their careers. Moreover, in each year, Top Tester Award would be given to staff who contributed in testing the games prior to officially launched.

Asiasoft Staff

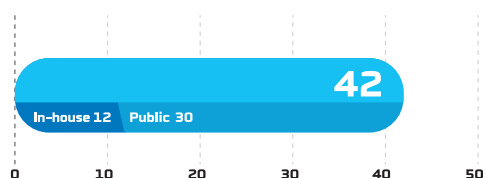


Education Level

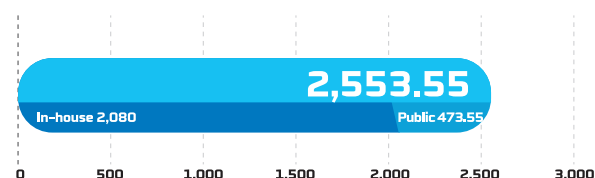


Knowledge Training and Seminar in 2017

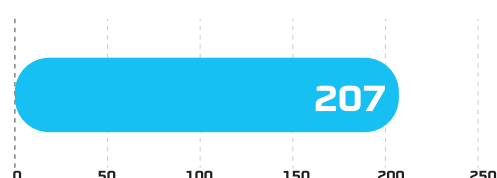
Total courses



Total training hours



Total trainees



Department	In-House Training		Public Training		Total Hours
	Participants	Hours	Participants	Hours	
Management	9	128	7	102.05	230.05
Accounting	10	176	2	15.5	191.5
Corporate Finance	1	8	3	42	50
Human Resources	1	8	0	0	8
Marketing Activation	4	56	1	8	64
Business Development	3	24	2	12	36
Customer Care	43	424	0	0	424
Mobile Games	14	136	1	6	142
PC Games	14	144	2	12	156
Creative	8	96	0	0	96
MIS Department	30	472	6	127	599
Infrastructure Mgt	14	208	7	131	339
Marketing	21	200	4	18	218

Asiasoft pays attention to the staff's welfare, which covers basic welfare, for example, salary, social security, allowance of travelling and accommodation. The other fringe benefits include provident fund which encourages savings for retirement, and the group insurance (which covers life insurance, personal accident insurance, and health insurance) which is provided for our staff additionally apart from social security. Furthermore, we have annual health check-up, and the badminton club which was setup to encourage our staff to take care of their health.

Asiasoft builds up awareness for all staff to have sense of social responsibility, aiming to be the online entertainment creator that get along with the society sustainably. Everyone should have the opportunities to be happy both in the virtual world and in the real life, by sharing happiness to people in society through various activities.



Songkran Festival :

To encourage our staff to inherit Thai culture, and to improve organizational relations, the executives have been invited to be the representative of the seniors. The staff poured water on the seniors' hands while asking for blessing. There were also other joyful activities in this event, including the lucky draw.



Annual Check-up :

Asiasoft concerns about the staff's healthiness. We provide health check-up for all staff on a yearly basis, organizing by the leading hospitals. We believe that the staff will work effectively when they are healthy.

Sandalwood Flower Making :

Employees of Asiasoft made 1,009 sandalwood flowers for The Royal Cremation of His Majesty King Bhumibol Adulyadej.



Badminton Club :

This sport club has encouraged Asiasoft's staff to exercise for health. This was also a nice way to spend time with colleagues after work.

Movie Preview :

Asiasoft always pays attention to the staff's happiness. Watching movie together was another reward for our hard-working staff. This activity also helped maintaining the healthy employee relations.





Next-Gen Careers by KTB :

Asiasoft welcomed students in this open house event as a selected IT company that provides the occupations of the future.



Volunteers for Dad Supporting : Asiasoft provided drinking water for Volunteers for Dad at Thammasat University, for using in the Royal Cremation Ceremony for His Majesty King Bhumibol Adulyadej.

Music Video “I Love the Father Because...” :

To mark the 100th day since the passing of His Majesty King Bhumibol Adulyadej, Asiasoft, as a representative of all Thai gamers, showed the loyalty to the late king through the music video “I Love the Father Because...”.



Service Closing for Mourning :

During the Royal Cremation Ceremony for His Majesty King Bhumibol Adulyadej, Asiasoft's game servers, PlayMall, Live Chat and Call Center service in Thailand were temporarily closed for three days, from 25 October 2017 at 8:00 a.m. to 27 October 2017 at 11:59 p.m.



Marigold Planting :

In remembrance of His Majesty King Bhumibol Adulyadej, Management and Staff of Asiasoft planted Marigold on Ratchadaphisek Road, Bangkok, as a part of “Yat-ngeua Phraracha Project”.



Donation to Baan Nokkamin Foundation : Asiasoft donated office supplies to Baan Nokkamin Foundation to support the education and improve the quality of life of orphans, street children and disadvantaged children.



Audition FAM Outing :

80 Audition players from 8 FAMs volunteered and donated goods to disadvantaged children at Baan Jing Jai in Chonburi. This activity was a social responsibility that encouraged good relationship among the players and the game providers.



14.3 Environment

Asiasoft strives in running business while paying attention to environment by preventing and reducing pollution or whatever impacts and destroys the environment as per Environment Conservation Policy of Asiasoft practiced continuously for years. Therefore, we concerns about energy saving, cleanliness, and anything that create a relaxing workplace, such as fitness, karaoke, after-work exercise, air purifier and aroma diffuser.

Energy Saving Project : Reduce lighting usage during break time, switching off the air conditioner 30 minutes before clock out, clean air conditioner every 3 months, turn off the computer screens, then announce monthly electricity bill on board. The result was the reducing of electricity expense up to 6%, comparing with year 2016. In 2018, we aim to continue this project to show social responsibility.

Water Save Project : In 2017, we had campaigned for water saving, which could reduce the expense up to 21%, comparing with year 2016.

Reduce Paper Use Project : Starting from 2014, we have encouraged all staffs to reduce paper usage by using electronic documents instead of hard copy.

Big Cleaning Project : All staff keep their workplace tidy and eliminate unused documents every three months.

The Company's Board of Directors and Audit Committee assessed the Company's internal control systems by following the internal control system adequacy assessment form. They concluded that the Company's internal control system is adequate and proper for the Company's business, free from any material defect and can prevent the Company's or the subsidiaries' properties from misuse or unauthorized use of the management. The Board of Directors and the Audit Committee also highlighted the Company's improvement in the practice of good corporate governance in accordance with the SET's 2006 good corporate governance principles for listed companies.

15.1 Internal Control

The Company has strongly emphasized on the efficiency of its internal control systems at both the management and the operational levels with the aim to prevent or reduce possible risks. In this regard, the Company prepared a compliance manual to specify the duties, responsibilities and powers of staff and management, and to clearly separate the duties of operators, controllers and assessors from one another so as to create a proper system of checks and balances. Additionally, the Company hire Outsourcing Internal Audit to audit and assess the Company's internal control systems and to ensure that the Company's major activities and significant financial activities are performed in accordance with the stipulated rules with maximum efficiency and to check the Company's compliance with related laws and regulations (Compliance Control). To ensure that the Outsourced Internal Audit are independent and able to perform its supervisory duty, the Board of Directors requires that the Outsourced Internal Audit report the audit results directly to the Audit Committee and that the Outsourcing Internal Audit must be assessed its performance by the Audit Committee.

In the Meeting of the Company's Board of Directors No. 1/2018 held on 26 February 2018, attended by all members of the Audit Committee, the Board considered and evaluated the internal control system and approved the Company's internal control system adequacy assessment form that was prepared by Management. After assessing the Company's internal control system in 5 areas which are divided into 17 principles, namely (1) Control Environment which consists of 5 principles, (2) Risk Assessment which consists of 4 principles, (3) Control Activities which consists of 3 principles, (4) Information and Communication which consists of 3 principles, and (5) Monitoring Activities which consists of 2 principles, the Board was informed that the Audit Committee was of the same opinion as the outsourced internal auditor. Both parties have stated that the Company's internal control systems are adequate and proper for its business. So far, the Company has not found any crucial defects in the internal control systems which could materially affect the Company's financial condition or the auditor's opinion of the financial statements. The Company has also designed its internal control systems to conform with those suggested by the SET and with the international internal control framework of the Committee of Sponsoring Organizations of the Treadway Commission or COSO. Summarized details of the Company's internal control system are set out below.

1. Control Environment : The Company has set up control systems for the work of the finance and accounts, operations, organization, and personnel departments based on the good corporate governance principles and policies.

2. Risk Assessment : The Company always takes into consideration the risk factors that are now encountered or expected to be encountered for analyzing and estimating impacts and chances of those risks as well as formulating countermeasures to prevent and manage those risks. The Company then prepares risk management reports to its management and follows up regularly.

3. Control Activities : The Company provides supervisory tools to its management through its development of various systems e.g. management information systems security (ISO: 27001). This supervisory tools emphasis on information reliability, the protection of Company's properties and compliance with internal and external rules and regulations as well as information security.

4. Information and Communication : The Company emphasizes on information systems and communication channels both inside and outside the Company by providing an intranet system and a website to serve all-level communication.

5. Monitoring Activities : The Company assesses staff performance twice a year. It also informs its operating results on a quarterly basis at an executive meeting and staff meeting.

15.2 Internal Audit

The Outsourced Internal Audit have been established to bolster the Audit Committee's confidence in the supervision and review of the accuracy of the financial reports, the adequacy of information disclosure, the transparency of information, internal control and risk management. It focuses on having a preventive and creative audit policy and adheres to audit guidelines of international standard and good corporate governance principles. The audit system is developed in consistence with the fast pace environment of the Company's business in order for the Company to have a transparent, auditable and reliable image.

The Audit Committee considers, elects and nominates Baker Tilly Monteiro Heng Governance Sdn. Bhd., Malaysia, as the outsourced internal audit for the year 2018 for CIB Development Sdn. Bhd., and Baker Tilly Monteiro Heng Governance Sdn. Bhd., Malaysia, has assigned Mr. Kuan Yew Choong, Head of Internal Audit and Governance Advisory, to be the Project Leader and responsible for the performing of the Company's internal audit in the part of Revenue Recognition and Payment for both PC and Mobile Game.

The Audit Committee has considered the qualification of Baker Tilly Monteiro Heng Governance Sdn. Bhd., Malaysia and Mr. Kuan Yew Choong, and has the opinion that Mr. Kuan Yew Choong has a sufficient appropriateness of such duties, because he is an independent internal auditor who have experience in providing internal auditing for both Private and Enterprise companies in several industries.

The appointment external consultant to conduct internal audit shall be approved by the Audit Committee.

Procedure for Approval of Connected Transactions of the Company and Subsidiaries

The Company has set up a procedure in accordance with the relevant SEC notifications to control the Connected Transactions between the Company or its subsidiaries and interested person in the present or in the future. The procedure requires the Audit Committee to comment on the necessity of the transaction and the appropriateness of the transaction price, taking into account that all the conditions must be considered in the ordinary course of business and comparing the price with that offered by third parties. However, if the Audit Committee does not have expertise in the subject matter of the transaction, the Company must provide a comment of independent expert or the Company's auditor on the transaction to support the decision of the Company's Board of Directors, Audit Committee or shareholders, as the case may be. The interested person shall have no right to vote on the transaction. Additionally, the Company shall disclose information on the Connected Transactions and the acquisition or disposal of major assets of the Company and its subsidiaries, in accordance with the rules prescribed by the SEC and SET, including the accounting standard prescribed by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King.

The Company and its subsidiaries associated had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, subsidiaries associated and those related parties. The Company has disclosed the Related party transactions.

**The Connected Transactions between the Company or its Subsidiaries
or Related Companies and Interested Parties in 2016 and 2017 (Unit : THB M)**

Company or Individual/ Type of Business	Nature of Relationship	Transaction Description	Transaction Value according to Consolidated Final Statement		Rationale for Transaction
			31 Dec 2016	31 Dec 2017	
Asiasoft International Co., Ltd. (ASI) Holding Company	A subsidiary in which 99.99% of the shares are held by the Company and has common directors	<ul style="list-style-type: none"> Revenue from services Dividend Income 	0.012	0.012	<ul style="list-style-type: none"> ASC charged for the accounting basic fee Revenue income dividend from ASO
			-	-	
Asiasoft Online Pte. Ltd. (ASO) Online game service provider in Singapore and Malaysia	A subsidiary in which 99.99% of the shares are held by the Company through ASI and has common directors	<ul style="list-style-type: none"> Revenue from distribution income of @Cash card License and service fee 	0.02	0.10	<ul style="list-style-type: none"> The Company sold the products for using in its business The revenue from license fee, Management, IT service
		<ul style="list-style-type: none"> Inter Business Develop (IBD) cost and promotion expenses 	18.21	18.43	<ul style="list-style-type: none"> Charged IBD cost and other expenses to ASC
		<ul style="list-style-type: none"> Revenue from online games 	1.61	1.55	<ul style="list-style-type: none"> ASC charged @Cash
		<ul style="list-style-type: none"> Transfer of license fees 	-	-	
		<ul style="list-style-type: none"> Interest income 	2.10	2.43	
		<ul style="list-style-type: none"> Accounts receivable 	0.08	0.23	
		<ul style="list-style-type: none"> Other receivable from related parties 	0.31	0.60	
		<ul style="list-style-type: none"> Long-term loan to a related company 	84.35	106.24	
		<ul style="list-style-type: none"> Interest income 	0.15	0.19	
		<ul style="list-style-type: none"> Accounts payable 	1.73	1.81	
		<ul style="list-style-type: none"> Loan from ASC's Director 	-	9.05	

*The loan amount is repaid in August 2016, and new Loan amount USD 250,000 in August 2016 as well.

CIB Development Sdn. Bhd. (CIB) Online game service provider in Malaysia	A subsidiary in which 61.68% of the shares are held by the Company and has common directors	<ul style="list-style-type: none"> • License and service fee • Revenue from distribution • Revenue from online games • Inter Business Develop (IBD) cost and promotion expenses • Accounts Payable • Other receivable from related parties • Accounts receivable 	2.17 0.02 4.78 0.58 0.54 0.37 2.83	1.67 0.27 2.10 0.95 0.65 1.29 2.04	<ul style="list-style-type: none"> • The revenue from license and management fee • The Company sold the products for using in its business • ASC charged @Cash • Charged IBD cost and other expenses to ASC
Trilight Cove Enterprises Ltd. (TLC) Online game service provider in Indochina	A subsidiary in which 60.00% of the shares are held by the Company through ASM and has common directors	<ul style="list-style-type: none"> • License and service fee • Revenue from online games • Accounts receivable • Other receivable from related parties • Accounts payable 	- - - - -	0.21 0.69 0.69 0.10 0.27	<ul style="list-style-type: none"> • The revenue for license fee and service
AS Online Sdn. Bhd. (ASM) Online game service provider in Malaysia	A subsidiary in which 99.99% of the shares are held by the Company through ASI and has common directors	<ul style="list-style-type: none"> • Revenue from online games • Licence and service fee • Other receivable from related parties • Accounts payable 	- - - -	- 0.01 0.01 -	<ul style="list-style-type: none"> • The revenue from game and network
A Capital Co., Ltd. Holding Company	A subsidiary in which 99.99%	• Revenues from service	0.012	0.012	• ASC charged for the accounting basic fee
CONG TY TNHH CHAU A MEM (CTCM) Online game service provider in Vietnam who sub-licensed game from Asiasoft Group only	A sub-licensee of online games from Asiasoft Group for online game service in Vietnam	<ul style="list-style-type: none"> • License and service fee • Revenue from online games • Transfer of license fee • Accounts receivable (The Company and ASI collected the license fee for online games from CTCM under a sub-license agreement) • Accounts payable 	- 0.72 0.29 19.46 0.01	1.10 0.08 - 20.31 0.21	<ul style="list-style-type: none"> • The Company sub-licensed online games to CTCM for online game service in Vietnam • ASC charged @Cash for SF1, KTK • ASC transfer game license fee

Cybergames Corporation Co., Ltd. (TCG) Online game service provider	An associate in which 30% of the shares are held by the Company through A Capital	<ul style="list-style-type: none"> Revenue from distribution income of @Cash card 	-	0.11	<ul style="list-style-type: none"> The Company sold the products for using in its business
		<ul style="list-style-type: none"> Revenue from service 	-	1.19	<ul style="list-style-type: none"> ASC charged for the accounting basic fee and service
		<ul style="list-style-type: none"> Promotion expenses 	-	-	
		<ul style="list-style-type: none"> Accounts receivable 	-	-	
		<ul style="list-style-type: none"> Other receivable from related parties 	-	-	
Playcybergames Co., Ltd. (PCG) Online game service provider	A subsidiary in which 59.99% of the shares are held by the Company and has common directors	<ul style="list-style-type: none"> Accounts payable 	-	-	
		<ul style="list-style-type: none"> Revenue from distribution income of @Cash card 	-	-	<ul style="list-style-type: none"> The Company sold the products for using in its business
		<ul style="list-style-type: none"> Revenue from service 	0.06	0.06	<ul style="list-style-type: none"> ASC charged for the accounting basic fee and service
		<ul style="list-style-type: none"> Transfer of license fee 	-	-	
		<ul style="list-style-type: none"> Interest income 	0.01	0.01	
		<ul style="list-style-type: none"> Accounts receivable 	3.49	3.49	
		<ul style="list-style-type: none"> Other accounts receivable from related parties 	0.29	0.23	
		<ul style="list-style-type: none"> Accrued interest receivable 	-	-	
		<ul style="list-style-type: none"> Accounts payable 	-	-	
Thinkplus Digital Co., Ltd. (TPD) Web portals for online games and web advertisement service	A subsidiary in which 59.99% of the shares are held by the Company and has common directors	<ul style="list-style-type: none"> Revenue from service 	0.79	0.12	<ul style="list-style-type: none"> ASC charged for the accounting basic fee and service
		<ul style="list-style-type: none"> Advertising and service 	2.46	9.81	<ul style="list-style-type: none"> Charged to ASC for advertising and service
		<ul style="list-style-type: none"> Other accounts receivable from related parties 	0.10	0.74	
		<ul style="list-style-type: none"> Accounts payable 	0.21	1.50	

Level Up! Inc. (LUI) Online game service provider	A subsidiary in which 100% of the shares are held by the Company and has common director	<ul style="list-style-type: none"> • Revenue from service • Revenue from online games and goods • Promotion expenses • Income Interest • Accounts receivable • Other accounts receivable from related parties • Accrued interest receivable • Long-term loan to a related company • Accounts payable 	- - 0.40 1.77 2.86 8.92 4.83 70.59 -	0.41 5.55 2.29 1.79 8.65 11.90 3.42 77.42 2.78	<ul style="list-style-type: none"> • ASC charged other expenses • ASC charged @Cash and IT tools • The Company has provided a loan for operations
Miryn Innovation Co., Ltd. (MYN) Mobile game application	A subsidiary in which 65% of the shares are held by the Company and has common directors	<ul style="list-style-type: none"> • Revenue from service • Other accounts receivable from related parties • Income interest • License and service • Accounts payable • Accrued interest receivable • Short-term loan to a related company • Loan from Director Surapong, who held 35% shares 	0.06 0.01 0.26 - - 0.00 0.26 -	0.06 0.01 0.18 - - 0.05 6.50 4.20	<ul style="list-style-type: none"> • ASC charged for the accounting basic fee and service • ASC charged expense for advance • Charged expense for licensed software
Pomelo Network Pte. Ltd. Mobile game application	A subsidiary in which 11.09%	-	-	-	-

Remarks : Asiasoft Group has a regional purchasing policy. The Company is responsible for purchasing all properties, including online game licenses, which enable the Company to purchase at better prices and on better condition than separate purchases by each company.

STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL REPORTING

The Board of Directors of Asiasoft Corporation Public Company Limited has managed to prepare consolidated and separate financial statements to present the financial positions and operating results of the Company and its subsidiaries, as well as financial information contained in the Company's Annual Report of 2017, which are true and reasonable in accordance with all relevant regulations and legislations.

Directors have their accountability and responsibility on behalf of directors of listed companies for governance and ensuring that the Company's financial reporting present fairly, accuracy, completely, transparency and sufficiency for maintaining the Company's assets and for determining the weak points and material issues. There will also be sufficient disclosures of significant information in notes to financial statements, complied with proper and consistency of accounting policies, as well as reasonable and prudent judgment and estimation in accordance with generally accepted accounting standards.

In order for the governance of financial reporting to be efficient, the Company's Board of Directors have set up the Audit Committee, with three independent directors who do not hold any positions on the Executive Board, responsible for supervising the quality of financial reporting and the internal control systems. The Audit Committee is also in charge with overseeing preparations for the mandated adoption of International Financial Reporting Standards (IFRS). The opinions on the aforementioned matters are detailed in the Company's Annual Report.

The Company's Board of Directors' opinion, the consolidated financial statements and the separate financial statements of Asiasoft Corporation Public Company Limited and its subsidiaries of Asiasoft Corporation Public Company Limited, which the Audit Committee has reviewed jointly with the Company's executives and external auditors, PricewaterhouseCoopers ABAS Ltd., present fairly in all material respects and operational results in accordance with generally accepted accounting standards, proper and consistency of accounting policies, sufficient information disclosures and compliance with relevant legislations and regulations, along with prudent and cautious considerations.



Mr. Tan Tgow Lim
Chairman

On behalf of the Board of Directors

Statement of Financial Position of Company and Subsidiaries
as at 31 December 2016 - 2017

Asset (THB M)	2017	2016
Cash and Cash equivalents	135.15	223.86
Current Investments	-	-
Trade and Other Receivables	88.29	97.91
Inventories	0.04	0.12
Prepaid License Fees	6.96	25.61
Other Current Assets	49.20	74.63
Total Current Assets	279.64	422.13
Total Non-Current Assets	129.45	159.75
Total Asset	409.09	581.88
Total Current Liabilities	277.75	449.44
Total Non-Current Liabilities	8.70	18.48
Total Liabilities	286.46	467.92
Registered	512.35	409.88
Issued and Fully Paid-Up	409.88	409.88
Share Premium	-	796.83
Retained Earnings	(274.45)	(1,122.03)
Equity Attributable to Owners of Company	129.79	112.30
Non-controlling Interests of Subsidiaries	(7.15)	1.65
Total Shareholder's Equity	122.64	113.96
Total Liabilities and Shareholder's Equity	409.09	581.88

Statement of Comprehensive Income of Company and Subsidiaries
end of 31 December 2016 - 2017

Profit and Loss (THB M)	2017	2016
Revenue from Sales and Services	835.57	967.18
Other Income	13.86	15.58
Total Revenue	849.44	982.76
Cost of Sales and Services*	514.47	716.04
Selling and Administrative Expenses*	316.19	418.98
Total Expense	830.66	1,135.02
Profit (Loss)	12.64	(216.68)
Basic Earning Per Shares	0.03	(0.70)

Remark : *including one-time items

Statement of Cash Flows of Company and Subsidiaries
end of 31 December 2016 - 2017

Cash Flow Statements (THB M)	2017	2016
Cash Flows from Operating Activities	3.43	67.53
Cash Flows from Investing Activities	(69.63)	(43.25)
Cash Flows from Financing Activities	(14.28)	76.67
Net Decrease in Cash and Cash Equivalents	(88.84)	100.78
Cash and Cash Equivalents at End of Year	135.15	223.86

Financial Ratio

Financial Ratio	Financial Statement	
	2017	2016
Current Ratio (Time)	1.01	0.94
Gross Profit Margin (%)*	38.42	25.96
Net Profit Margin (%)	1.51	(22.40)
ROE (%)	10.44	(128.86)
ROA (%)	2.55	(31.48)
Total Asset Turnover (Time)	1.69	1.41
DE (Time)	2.34	4.11

Remark : *including one-time items.

19.1 Financial Status and Operating Results

Overview of Past Operating Results

Business Structure 2017

In 2016, the Company's main revenues are realized from online revenue from both PC and mobile games, advertising, distribution of PC games and payment channels in Thailand, Singapore, Malaysia, Indonesia, Vietnam, and Philippines.

Operating Result

Asiasoft Corporation Public Company Limited, a regional online entertainment service provider in Southeast Asia with a dominating market share in the region covering Thailand, Singapore, Malaysia, Indonesia and Philippines.

As of 31 December 2017, the Company operated 36 online game titles in 5 countries : Thailand (15 games), Singapore (6 games), Malaysia (19 games), Indonesia (11 games) and Philippines (11 games), comprised of 22 PC games and 14 mobile games. Total revenue generated from domestic 57% and oversea 43%. (If exclude one-time items, domestic generate 54% and oversea 46%)

Revenue in 2017 comprised of revenue from online game 91%, distribution 2% and others 7%.

Total revenue in 2017 was 835.6 million baht, decreased 131.6 million baht or 13.6% from previous year which had 967.2 million baht, because the major revenue still came from old games while new games have not yet generated additional revenue as expected. Although revenue in domestic market increased but still have not compensated the shortage of revenue in some country for oversea market.

In 2017 consolidation statement and separate statement, there was one-time expense at the amount of 37.7 million baht and 23.1 million baht, comprised of impairment on prepaid royalty fee at 8.9 million baht and 5.2 million baht, impairment of license fee 28.7 million baht and 17.9 million baht respectively, because revenue didn't meet the expected amount. In addition, the separate statement has a reclassification account between impairment of long-term loan and impairment of investment at the amount of 116.5 million baht as to the continue loss in subsidiary companies.

Impairment and Write-off	Consolidation Statement (THB M)	Separate Statement (THB M)
Loss on Impairment of License Fee and Prepaid Royalty Fee	37.7	23.1
Loss on Impairment of Investment in Subsidiary Companies	-	116.5
Reversal of Loan Impairment	-	(116.7)
Total	37.7	22.9

Despite of the continuous of market competition and a decline of total revenue, in 2017, the Company can turnaround from loss 216.7 million baht in 2016 to profit 12.6 million baht, improved by 229.3 million baht or 105.8%.

As to the Company restructure and the proper control of expenses, the expense of IT, employee, rental and marketing were reduced significantly.

Overview of Performance for 2017

As of year ended 2017 and 2016, the portion of domestic market and oversea market was 57:43 and 48.4:51.6 respectively. The total revenue in 2017 was 835.6 million baht, reduced from previous year revenue 967.2 million baht. It was comprised of the below proportion of revenue from online game, distribution, advertising and others.

Revenue by Business	2017		2016		Variance	
	THB M	%	THB M	%	THB M	%
Online Game Service	760.3	91.0	866.8	89.6	(106.5)	(12.3)
Distribution	18.9	2.3	28.6	3.0	(9.7)	(33.9)
Advertising	26.2	3.1	20.2	2.1	6.0	29.7
Others	30.2	3.6	51.6	5.3	(21.4)	(41.5)
Total*	835.6	100	967.2	100	(131.6)	(13.6)

***Remark :** The above revenue is already eliminated the related parties transactions.

1. Online game service : In 2017, the Company had online revenue 760.3 million baht, a portion of 91% from total revenue, decreased by 12.3% of last year revenue 866.8 million baht, due to a decline in some country from oversea market. The domestic revenue had increased, but still have not covered the shortage.

2. Distribution : The Company had revenue on payment channel in 2017 at the amount of 18.9 million baht, reduced 9.7 million baht or 33.9% from previous year which had 28.6 million baht, due to the change of gamers' behavior and technology.

3. Advertising and others : It was comprised of advertising income, sponsoring, licensing and social network advertising management. The Company had revenue 56.4 million baht, decreased 15.4 million baht or 21.4% from previous year which had 71.8 million baht as to the change of business model.

Revenue by Geographic	2017		2016	
	THB M	%	THB M	%
Thailand	476.3	57.0	468.2	48.4
Overseas	359.3	43.0	499.0	51.6
Total	835.6	100	967.2	100
Growth Rate (%)	(13.6)			

Costs, Expenses, Finance Costs and Income tax

In 2017, the Company and subsidiaries had costs, expenses, finance costs and income tax 833.7 million baht, decreased 359.1 million baht or 30.1% from 2016 which was 1,192.8 million baht.

List	Consolidated		Variance	
	2017 (THB M)	2016 (THB M)	THB M	%
Costs of Sales and Services	(476.7)	(648.8)	(172.1)	26.5
Selling Expenses	(149.9)	(214.4)	(64.5)	30.1
Administrative Expenses	(166.3)	(185.0)	(18.7)	10.1
Loss on Impairment and Write-off of Intangible and Prepaid License Fee	(37.7)	(67.3)	(29.6)	43.9
Loss on Impairment of Investment in Associates	-	(19.5)	(19.5)	100
Total Operation Cost	(830.6)	(1,135.0)	(304.4)	26.8
Finance Costs	(1.2)	(2.2)	(1.0)	45.4
Income Tax Income (Expense)	(1.9)	(55.6)	(53.7)	96.6
Total	(833.7)	(1,192.8)	(359.1)	30.1

Cost of sales decreased 26.5%, mainly due to the decreased of royalty fee and IT expenses.

Selling expenses decreased 30.1%, mainly due to the strong management on marketing expense for advertising and promotion, in order to create more value added.

Administrative expenses decreased from last year 10.1%, due mainly to the reduction of employee cost 6%, rental 35% subsequent from the Company's restructure. In addition, the one-time expenses also reduced e.g. impairment on intangible assets and prepaid license fee.

Net Profit (Loss)

Year 2017, the Company ended with profit 12.6 million baht, improved from loss 216.7 million baht by 105.8% from previous year as to the controlling of cost and expenses as per above explanation. The Company had a continuous improvement for net profit (loss) by geographic as following table :

Net Profit by Geographic	2017		2016		2015	
	THB M	%	THB M	%	THB M	%
Thailand	(9.2)	(1.1)	(167.1)	(19)	(251)	(29)
Overseas	21.9	2.6	(49.6)	(26)	(224)	(26)
Total	12.6	1.5	(216.7)	(25)	(475)	(55)
Growth Rate (%)	106		(55)		(24)	

Balance Sheet

Assets

Total assets as of 31 December 2017 was 409.1 million baht, decreased 172.7 million baht or 29.7% from previous year which was 581.88 million baht. The details are as follows :

1. Current assets decreased 142.5 million baht or 33.7% from last year due to the following :

- Cash and cash equivalent decreased 88.7 million baht from last year, due to payment on due course and a collateral for credit facilities.
- Inventory reduced from 1) promotion campaign and 2) purchasing control. The Company record inventory at cost (first-in, first-out basis) or net realizable value whichever is the lower. There is a policy on 100% E&O provision for inventory aged more than 90 days.
- Account receivables and other receivables 88.3 million baht consist of debt from third party 53.8 million baht and related party 34.5 million baht, decreased from last year 9.6 million baht or 9.8% because of collection on due date and a decline on revenue.

Receivables	2017	% of net A/R	2016	% of net A/R
Current	37	65	43	61
Less Than 3 Months	14	25	19	27
3 - 6 Months	1	2	-	-
6 - 12 Months	-	-	3	4
Over 12 Months	5	8	5	8
Total	57	100	70	100
Less Allowance for Doubtful Accounts	(5)	(9)	(8)	(11)
Trade Accounts Receivable	52	91	62	89

In 2017, the Company has current third-party accounts receivable and overdue less than 6 months at 52 million baht. The Company has no significant concentrations of credit risk arising from trade receivables as a large number of trade receivables and experience from previous collection. The Company had revised the policy of doubtful allowance, therefore, management believes that the doubtful allowance is sufficient.

2. Non-current asset decreased 30.2 million baht or 18.9% from last year due mainly to the following :

- Decrease of equipment 23.3 million baht as to disposal and written off.
- Decrease of intangible asset and prepaid license fee 21.4 million baht and 1.6 million baht respectively as to written off and impairment.
- Decrease of other current asset 1.6 million baht.
- Increase of restricted bank deposits 16 million baht for collateral of credit facilities.

Liabilities

As of 31 December 2017, the Company had total liabilities at 286.5 million baht, decreased 181.5 million baht or 38.8% from last year which had 467.9 million baht due to the following :

1. Current liabilities decreased 171.7 million baht or 38.2% due mainly to the following :

- Decreased of trade account payables and other account payables 38.1 million baht as to settlement on due cause.
- Decreased of deferred revenue and license fees 104.6 million baht because of revenue recognition.
- Repayment of Short Term Loan 8.7 million baht.

2. Non-current liabilities decreased 9.8 million baht or 52.9% from last year due mainly to reduction of employee benefit obligations 5.3 million baht and repayment of long-term loan from director 3.5 million baht.

Equities

The equity attributable to owns of the parent as of 31 December 2017 was 129.8 million baht, increased by 17.5 million baht or 15.6% from last year which had 112.3 million baht. The change mainly came from a reduction of unappropriated deficits (retained earning) from 1,122 million baht to 274 million baht subsequent from profit in year 2017 and cleaned up with premium on share capital as well as legal reserve.

Profitability

As of 31 December 2017, the Company and subsidiaries had gross profit margin 38.42% of net revenue (including the one-time items) against gross profit margin 25.96% in 2016. This reflected a good sign on improvement. Net profit margin 1.5% turnaround from net loss 22.4%, indicating the significant improvement of the Company.

Asset Management Ability

In 2017, the Company and subsidiaries had return on assets (ROA) 2.55%, comparing to (31.48%) from previous year. Total assets turnover 1.69 times, comparing to 1.41 times of previous year, reflecting the good asset management.

Liquidity and Capital Adequacy

In 2017, the Company and subsidiaries had liquidity ratio 1.01 times improved from 2016 which had 0.94 times because current asset higher than current liabilities.

Debt to equity ratio 2.34 times and 4.1 times for year 2017 and 2016 respectively, describing that the Company had a lower exposure.

19.2 Factors that Affect Financial Position Significantly in the Future, Both Internal and External

The following factors may affect the overall performances, financial position and/or operations of the Company.

1. Risk of Product's Hit Factors : Online game industry in Southeast Asia has become more and more competitive where gamers have become more selective in terms of which games they will spend their time and money into. Hence, the Company is committed to publish hit games and top-notch services that will appeal to our market and will result into positive financial performance for the Company.

2. Operation Schedules : Timing is key in online game industry whether for launching new titles, new game updates, new types of services, gaming events, etc. The Company is carefully scheduling key activities based on consumer's behavior and trend, such as school terms, holiday seasons, key sports events, or competitor's products schedules to ensure optimum timing for any product activities.

3. Changes in Technology and Platforms : Consumer behaviors have changed drastically, due to changes in technology and the games are easier to access and more prevalent. In the last several years, smartphone penetration has grown significantly in Thailand, so game application or mobile game became popular. However, the online game service providers are attend to entry in this business by launching mobile games which have been developed by themselves or with a partner for Thailand's market. Furthermore, the Company strives to look out for oncoming changes in behaviour and the Company will constantly adapt business plan to move into mobile gaming market. However, the Company also continues focusing on PC games with the strategy that let the players access the games easier and faster. The Company is also launching new business with co-publishing model, and developing a system to serve internet users in Southeast Asia both games and other services.

4. Disruption of Online Service : Despite our attempts to maintain adequate operational services for the smoothest gaming experience, sometimes external factors such as natural disasters, political unrest, internet and data service provider failure, cyber attack, and buggy game contents may disrupt our online services. In 2017, The Royal Cremation Ceremony of His Majesty King Bhumibol Adulyadej caused an overwhelming sorrow in the whole country. Every entertainment services, including the services of our Company temporarily closed in the mourning period.

5. Privacy Protection : One of the Company's strengths is our massive amount of users from all across Southeast Asia and beyond. Hence, any leak of consumer's data by and to third parties may negatively affect our relationship with our users and our revenue. However, the Company has implemented security system to store and to protect our user database.

6. Diversifying Channel Partners : the Company has been maintaining good relationship with the channel partners (e.g. for payment, sales, distribution) such as mobile service providers, cyber cafes, convenient shops, gaming shops, and online gaming news portals. Our channel partners have significant influence over the products and services that we offer on their platforms. As such, the Company will maintain to provide agreement that beneficial to our channel partners.

7. Talents in Online Game Industry in Southeast Asia : the Company believes in keeping and nurturing talents as integral part in the Company's overall growth. As game industry in the region has grown significantly in the past decade, the demand for and quality of talents in game industry has increased too. The Company will stay competitive in terms of remuneration and advances in job environment, as well as maintaining the effort to draw top talents into the Company.

8. Risk in Expanding Business Abroad : the Company has expanded its investment in Southeast Asia since 2012. However, if the Company does not have an efficient analyzing system, internal control, and monitoring system, and if the Company cannot develop its own employees, the operating result might be affected.

9. Risk in Copyright Amortization : the Company has a risk from copyright cost for obsolete game which will be considered to terminated or estimated reserves for impairment which may affect the operation results. However, the Company has tried to revise the terms of contract and negotiate with the manufacturers or game developers to reduce the risk.

FINANCIAL STATEMENT

The background is a solid blue color. In the lower-left quadrant, there are several thick, wavy, horizontal lines in a lighter shade of blue. In the lower-right quadrant, there is a graphic consisting of four parallel horizontal bars of increasing length, each ending with a small circle. The text 'FINANCIAL STATEMENT' is written in white, uppercase, sans-serif font, tilted at an angle, and positioned over the wavy lines and the graphic.

Independent Auditor's Report

To the shareholders and the Board of Directors of Asiasoft Corporation Public Company Limited

My opinion

In my opinion, the consolidated financial statements of Asiasoft Corporation Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2017, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The consolidated financial statements and the separate financial statements comprise :

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

Key audit matters

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

Key audit matter	How my audit addressed the key audit matter
<i>Revenue recognition from online game services</i> <p>Refer to Note 2.19 'Accounting policies - revenue recognition' and Note 7 'Operating Segments' to the financial statements.</p> <p>The Group has the main revenue from online game services. The amount paid in advance by gamers via the refill channels is presented as deferred revenue in the statement of financial position, and is recognised as revenue in the statement of comprehensive income when the gamers purchased an item in game. The revenue from online game services in the consolidated and separate statements of comprehensive income for the year ended 31 December 2017 were Baht 760 million and Baht 420 million, respectively.</p> <p>I focused on revenue recognition from online game services due to the high volume of transactions derived from many gamers, the magnitude of this revenue to the financial statements, and the complexity of information technology system relating to online game revenue to report information for online game services.</p>	<p>I performed the following procedures regarding the revenue recognition:</p> <ul style="list-style-type: none">• Obtained an understanding of and evaluated the design effectiveness of the system, process, and key controls for revenue recognition.• Tested the information technology general controls over the system relating to online game revenue.• Tested key internal controls over the revenue and receivable cycle for online game services, on a sample basis.• Tested, on a sample basis, the information technology system relating to online game revenue of key online games to check the accuracy of processing and reporting information relating to cash refilled and used in game.• Recalculated the monthly reconciliations of cash receipt from gamers and cash used in games. For the cash receipt from gamers, I tested a sample of receipt transactions as deferred revenues. For the cash used in game, I agreed with the reports generated by the system relating to online game revenue.• Sent out the confirmation letters to selected game developers to confirm the accuracy and completeness of the balances of cash refilled and used in game by gamers of key online games.• Tested the recording of transactions with the underlying documents related to revenue and deferred revenue. <p>From the result of my procedures described above, I noted that revenue recognition from online game services was appropriate and complied with Thai Financial Reporting Standards.</p>
<i>Impairments of game licenses and prepaid royalty fees</i> <p>Refer to Note 2.12 'Accounting policies - Impairment of assets' and Note 14 'Intangible assets' to the financial statements.</p> <p>Game licenses and prepaid royalty fees relate to costs incurred when acquiring a game from game developer. These assets require an impairment review if there is an indicator that</p>	<p>I tested management's impairment review of game licenses and prepaid royalty fees, and also examined the future cash flow projections prepared by management for each game. My audit procedures included:</p>

the carrying amount may not be recovered. During the year, the management determined the adequacy of allowance for impairment by preparing the future cash flow projections using key assumptions on revenue growth rates and discount rates to consider the impairment.

As at 31 December 2017, the gross amounts of game licenses and prepaid royalty fees in the consolidated and separate statements of financial position were Baht 192.86 million and Baht 88.90 million, respectively. The impairment losses of Baht 32.56 million and Baht 22.55 million were recognised in the consolidated and separate statements of comprehensive income for the year ended 31 December 2017, respectively.

I focused on this area due to the magnitude of the amounts to the financial statements and involvement of management judgement in determining key assumptions on revenue growth rates and discount rates used in the calculation of the recoverable amounts.

- testing the mathematical accuracy of the cash flow projection.
- inspecting the inputs and assumptions on revenue growth rates and discount rates used in the model. These inputs and assumptions were agreed to supporting documents or based on reasonable sources such as historical information or future market plan.
- comparing the current year actual revenue results of each game to the budget and challenged the management to assess the appropriateness of assumptions used.
- evaluating the scenarios of cash flow projections prepared by management and considered whether the chosen scenario appropriately reflected the circumstances of each game.

With the procedures performed above, I considered that the assumptions used by management in estimating the recoverable amounts were reasonable and the allowance for impairment of game licenses and prepaid royalty fees was appropriately recorded.

Other information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

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

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

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

I also provide the audit committee 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 the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate 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.

PricewaterhouseCoopers ABAS Ltd.



Nopanuch Apichatsatien

Certified Public Accountant (Thailand) No. 5266

Bangkok

26 February 2018

Asiasoft Corporation Public Company Limited
Statement of Financial Position
As at 31 December 2017

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	8	135,153,402	223,857,324	75,307,732	111,490,532
Trade and other receivables	9	88,284,895	97,908,643	68,748,387	47,416,193
Short-term loans to related parties	26 (d)	-	-	-	-
Inventories		37,842	123,914	34,291	113,002
Prepaid royalty fees - current		6,961,708	25,606,759	5,303,263	20,362,053
Other current assets	10	49,198,222	74,629,184	15,503,330	19,330,919
Total current assets		279,636,069	422,125,824	164,897,003	198,712,699
Non-current assets					
Restricted bank deposits	11	25,500,664	9,504,687	25,500,664	9,504,687
Investments in subsidiaries	12 (a)	-	-	18,768,734	14,156,538
Investments in associates	12 (b)	9,918,690	8,526,203	-	-
Long-term loans to related parties	26 (e)	-	-	-	-
Equipment	13	25,663,333	48,912,050	10,321,223	20,292,606
Intangible assets	14	59,935,690	81,294,282	52,269,181	58,954,373
Prepaid royalty fees		2,427,260	4,010,513	2,427,260	1,437,514
Deferred tax assets	17	386,965	281,469	-	-
Other non-current assets		5,622,360	7,224,938	5,286,633	3,370,412
Total non-current assets		129,454,962	159,754,142	114,573,695	107,716,130
Total assets		409,091,031	581,879,966	279,470,698	306,428,829

Director _____

Director _____

The accompanying notes are an integral part of these consolidated and separate financial statements.

Asiasoft Corporation Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 December 2017

		Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
Notes		Baht	Baht	Baht	Baht
Liabilities and equity					
Current liabilities					
Short-term borrowings from					
financial institution	15	23,504,060	24,883,123	23,504,060	24,883,123
Trade and other payables	16	128,507,277	166,632,465	48,473,664	33,967,808
Short-term loan from director	26 (f)	1,030,000	9,746,790	-	-
Short-term loan from related party	26 (h)	-	-	7,000,000	11,000,000
Deferred revenue and license fees		114,946,037	219,544,614	73,709,409	154,648,137
Other current liabilities		9,764,781	28,632,835	1,662,255	2,925,804
Total current liabilities		277,752,155	449,439,827	154,349,388	227,424,872
Non-current liabilities					
Finance lease liabilities		209,152	888,896	209,152	888,896
Long-term loan from director	26 (g)	-	3,500,000	-	-
Deferred tax liabilities	17	295,382	325,271	-	-
Employee benefit obligations	18	8,199,232	13,454,835	8,199,232	13,454,835
Other non-current liabilities		-	315,401	-	-
Total non-current liabilities		8,703,766	18,484,403	8,408,384	14,343,731
Total liabilities		286,455,921	467,924,230	162,757,772	241,768,603
Equity					
Share capital	19				
Authorised share capital					
512,346,270 ordinary shares					
of par Baht 1 each		512,346,270	409,877,016	512,346,270	409,877,016
(2016 : 409,877,016 ordinary shares					
of par Baht 1 each)					
Issued and paid-up share capital					
409,877,016 ordinary shares					
of par Baht 1 each		409,877,016	409,877,016	409,877,016	409,877,016
Premium on share capital	19	-	796,833,756	-	796,833,756
Retained earnings (deficits)					
Appropriated - legal reserve	20	-	31,600,000	-	31,600,000
Unappropriated		(274,453,266)	(1,122,011,111)	(293,164,090)	(1,173,650,546)
Other components of equity		(5,638,558)	(3,998,214)	-	-
Equity attributable to owners of the parent		129,785,192	112,301,447	116,712,926	64,660,226
Non-controlling interests		(7,150,082)	1,654,289	-	-
Total equity		122,635,110	113,955,736	116,712,926	64,660,226
Total liabilities and equity		409,091,031	581,879,966	279,470,698	306,428,829

The accompanying notes are an integral part of these consolidated and separate financial statements.

Asiasoft Corporation Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2017

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Revenues from sales and services	4,7	835,571,299	967,182,474	430,936,355	380,827,484
Cost of sales and services		(476,755,251)	(648,776,794)	(223,321,351)	(229,345,376)
Gross profit		358,816,048	318,405,680	207,615,004	151,482,108
Other income	21	13,864,659	15,576,265	48,091,088	18,786,984
Selling expenses	4	(149,878,379)	(214,416,617)	(67,659,526)	(67,327,257)
Administrative expenses		(166,312,208)	(185,027,807)	(118,468,385)	(128,977,900)
Loss on impairment and write off of prepaid royalty fee	7	(8,961,667)	(31,247,144)	(5,160,253)	(6,500,959)
Loss on impairment and write off of intangible assets	7	(28,754,610)	(36,013,554)	(17,969,111)	(22,298,306)
Loss on impairment of investments in subsidiaries	12 (a)	-	-	(116,500,000)	(15,443,463)
Loss on impairment of investments in associates		-	(19,533,119)	-	(25,072,500)
Reversal of (loss on) impairment of short-term loans to subsidiaries	26 (d)	-	-	20,080,628	(1,622,364)
Reversal of (loss on) impairment of long-term loans to subsidiaries	26 (e)	-	-	96,654,179	(59,999,596)
Finance costs		(1,230,601)	(2,213,938)	(1,116,483)	(1,171,539)
Share of profit from investment in associates	12 (b)	1,792,687	3,746,934	-	-
Profit (Loss) before income tax expense	22	19,335,929	(150,723,300)	45,567,141	(158,144,792)
Income tax expense	23	(1,975,107)	(55,599,343)	-	(55,043,834)
Profit (Loss) for the year		17,360,822	(206,322,643)	45,567,141	(213,188,626)
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of post-employment benefit obligations	18	6,485,559	1,866,411	6,485,559	1,866,411
Income tax on items that will not be reclassified subsequently to profit or loss		-	-	-	-
Total items that will not be reclassified subsequently to profit or loss		6,485,559	1,866,411	6,485,559	1,866,411

The accompanying notes are an integral part of these consolidated and separate financial statements.

Asiasoft Corporation Public Company Limited
Statement of Comprehensive Income (Cont'd)
For the year ended 31 December 2017

		Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
Note		Baht	Baht	Baht	Baht
Other comprehensive income: (Cont'd)					
Items that will be reclassified subsequently					
to profit or loss:					
Exchange differences on translation of					
financial statements in foreign currencies		(2,733,433)	(376,444)	-	-
Total items that will be reclassified					
subsequently to profit or loss		(2,733,433)	(376,444)	-	-
Other comprehensive income					
for the year, net of tax		3,752,126	1,489,967	6,485,559	1,866,411
Total comprehensive income (expense)					
for the year		21,112,948	(204,832,676)	52,052,700	(211,322,215)
Profit (loss) attributable to:					
Owners of the parent		12,638,530	(216,680,325)	45,567,141	(213,188,626)
Non-controlling interests		4,722,292	10,357,682	-	-
		17,360,822	(206,322,643)	45,567,141	(213,188,626)
Total comprehensive income (expense)					
attributable to:					
Owners of the parent		17,483,745	(214,163,082)	52,052,700	(211,322,215)
Non-controlling interests		3,629,203	9,330,406	-	-
		21,112,948	(204,832,676)	52,052,700	(211,322,215)
Earnings (loss) per share					
Basic earnings (loss) per share	24	0.03	(0.70)	0.11	(0.69)
Diluted earnings (loss) per share	24	0.03	(0.70)	0.11	(0.69)

The accompanying notes are an integral part of these consolidated and separate financial statements.

Asiasoft Corporation Public Company Limited
Statement of Changes in Equity
For the year ended 31 December 2017

Consolidated financial statements													
Attributable to owners of the parent													
Other components of equity													
Other comprehensive income (expenses)													
Exchange differences													
on translation of financial statements in foreign currencies													
Change in parent's ownership interests in subsidiaries													
Total other components of equity													
Total owners of the parent													
Non-controlling interests													
Total equity													
Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings (Deficits)	Unappropriated	Appropriated	Legal reserve	Change in parent's ownership interests in subsidiaries	Other comprehensive income (expenses)	Exchange differences	Other components of equity	Total owners of the parent	Non-controlling interests	Total equity
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Opening balance as at 1 January 2016	307,407,762	796,833,756	31,600,000	(907,197,197)	(4,037,428)	(611,618)	(223,995,275)	(5,016,381)	218,978,894				
Proceeds from ordinary share issued	102,469,254	-	-	-	-	-	102,469,254	-	102,469,254				
Change in parent's ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-				
Total comprehensive income (expenses) for the year	-	-	-	(214,813,914)	650,832	-	(214,163,082)	(2,659,736)	(204,832,676)				
Closing balance as at 31 December 2016	409,877,016	796,833,756	31,600,000	(1,122,011,111)	(3,386,596)	(611,618)	112,301,447	1,654,289	113,955,736				
Opening balance as at 1 January 2017	409,877,016	796,833,756	31,600,000	(1,122,011,111)	(3,386,596)	(611,618)	112,301,447	1,654,289	113,955,736				
Proceeds from ordinary share issued	-	-	-	-	-	-	-	4,550,000	4,550,000				
Dividend	-	-	-	-	-	-	-	(16,983,574)	(16,983,574)				
Reclassify premium on share capital to offset deficits	-	(796,833,756)	-	796,833,756	-	-	-	-	-				
Reclassify legal reserve to offset deficits	-	-	(31,600,000)	31,600,000	-	-	-	-	-				
Total comprehensive income (expenses) for the year	-	-	-	19,124,089	(1,640,344)	-	17,483,745	3,629,203	21,112,948				
Closing balance as at 31 December 2017	409,877,016	-	-	(274,453,266)	(5,026,940)	(611,618)	129,785,192	(7,150,082)	122,635,110				

The accompanying notes are an integral part of these consolidated and separate financial statements.

Asiasoft Corporation Public Company Limited
Statement of Changes in Equity (Cont'd)
For the year ended 31 December 2017

Separate financial statements						
Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings (Deficits)		Total equity	
			Baht	Baht		

The accompanying notes are an integral part of these consolidated and separate financial statements.

Asiasoft Corporation Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2017

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Cash flows from operating activities					
Profit (Loss) before income tax expense		19,335,929	(150,723,300)	45,567,141	(158,144,792)
Adjustments for:					
Depreciation and amortisation	13, 14	71,225,387	149,736,273	42,635,859	54,768,088
Increase (Decrease) in doubtful accounts		(2,007,973)	1,372,895	8,909,468	17,626,447
Reversal of loss on net realisable value of inventories		(566,743)	(2,123,297)	(574,162)	(2,658,842)
Loss on (reversal of) impairment of short-term loans to subsidiaries	26 (d)	-	-	(20,080,628)	1,622,364
Loss on (reversal of) impairment of long-term loans to subsidiaries	26 (e)	-	-	(96,654,179)	59,999,596
Share of profit from investments in associates	12 (b)	(1,792,687)	(3,746,934)	-	-
Loss on impairment of investments in subsidiaries	12 (a)	-	-	116,500,000	15,443,463
Loss on impairment of investment in associates		-	19,533,119	-	25,072,500
Gain from disposal of investment in subsidiaries		-	(1,522,235)	-	(639,956)
Loss on impairment and write-off of prepaid royalty fees		8,961,667	31,247,144	5,160,253	6,500,959
Loss on impairment and write-off of intangible assets		28,754,610	36,013,554	17,969,111	22,298,306
Gain from disposals of equipment		(315,763)	(398,979)	(310,858)	(382,063)
Loss from disposal of short-term investments		-	835,723	-	835,723
Gain from revaluation of short-term investments		-	(63,677)	-	(53,886)
Unrealised loss (gain) on exchange rate		1,141,763	(3,509,417)	1,614,916	1,688,411
Dividend income	21	-	-	(26,270,666)	-
Employee benefit expenses	18	1,229,956	1,233,261	1,229,956	2,655,213
Finance costs		1,230,601	2,213,938	1,116,483	1,171,539
Cash flows before changes in operating assets and liabilities		127,196,747	80,098,068	96,812,694	47,803,070
Changes in operating assets and liabilities:					
Trade and other receivables		9,907,410	42,256,975	(32,902,467)	7,068,260
Inventories		652,815	4,294,782	652,873	3,377,668
Prepaid royalty fees		10,966,904	(21,894,774)	5,550,326	(177,337)
Other current assets		25,641,140	(4,632,966)	3,827,591	(2,875,164)
Other non-current assets		1,602,578	7,024,536	(1,916,221)	(133,944)
Trade and other payables		(40,157,328)	18,638,832	10,089,612	10,735,847
Deferred revenue and license fees		(104,598,577)	(55,485,581)	(80,938,728)	(61,666,900)
Other current liabilities		(19,507,558)	(1,518,435)	(1,263,549)	(1,958,111)
Other non-current liabilities		(6,800,960)	1,204,298	-	888,896
Cash generated from operations		4,903,171	69,985,735	(87,869)	3,062,285
Interest income received		1,225,045	407,585	3,888,499	5,053,970
Interest paid		(1,230,601)	(2,213,938)	(1,118,037)	(1,132,934)
Income tax paid		(1,470,988)	(648,540)	-	-
Net cash generated from operating activities		3,426,627	67,530,842	2,682,593	6,983,321

The accompanying notes are an integral part of these consolidated and separate financial statements.

Asiasoft Corporation Public Company Limited
Statement of Cash Flows (Cont'd)
For the year ended 31 December 2017

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Cash flows from investing activities					
Increase in restricted bank deposits, net		(15,995,977)	(263,865)	(15,995,977)	(263,865)
Cash received from short-term investments		-	11,927,838	-	9,259,386
Decrease in short-term investments from maturity of fixed deposits		-	80,577,087	-	-
Cash paid for short-term loans to subsidiaries		-	-	-	(8,892,594)
Cash received from short-term loans to subsidiaries	26 (d)	-	-	20,080,628	43,621,075
Cash paid for long-term loans to subsidiaries	26 (e)	-	-	(4,260,000)	(38,750,000)
Cash received from long-term loans to subsidiaries	26 (e)	-	-	100,914,179	404
Dividends received from associates	12 (b)	400,200	2,122,200	-	-
Purchase of investments in subsidiaries	12 (a)	-	-	(121,112,197)	-
Purchase of equipment		(6,063,545)	(4,478,836)	(2,190,634)	(6,411,687)
Purchase of intangible assets		(48,929,436)	(137,444,459)	(36,874,880)	(59,901,070)
Proceeds from disposals of equipment		965,071	2,601,532	375,698	756,266
Proceeds from disposal of subsidiary		-	1,706,944	-	639,956
Dividends received from subsidiaries	21	-	-	26,270,666	-
Net cash used in investing activities		(69,623,687)	(43,251,559)	(32,792,517)	(59,942,129)
Cash flows from financing activities					
Cash paid for short-term loan from director	26 (f)	(9,046,790)	(42,396,588)	-	-
Cash paid from long-term loan from director	26 (g)	(3,500,000)	-	-	-
Cash received from short-term loan from director	26 (f)	330,000	13,316,961	-	-
Cash received from long-term loan from director		-	1,750,000	-	-
Cash paid for short-term loan from related party	26 (h)	-	-	(4,000,000)	-
Cash received from short-term loan from related party		-	-	-	11,000,000
Increase (decrease) from short-term borrowings from financial institution, net	15	(1,379,063)	1,899,862	(1,379,063)	1,899,862
Payment of finance lease liabilities		(679,744)	(366,016)	(679,744)	(366,016)
Proceeds from issue of ordinary shares	19	-	102,469,254	-	102,469,254
Net cash generated from (used in) financing activities		(14,275,597)	76,673,473	(6,058,807)	115,003,100
Translation adjustment of cash and cash equivalents		(8,362,992)	(175,873)	-	-
Net increase (decrease) in cash and cash equivalents		(88,835,649)	100,776,883	(36,168,731)	62,044,292
Cash and cash equivalents at the beginning of the year		223,857,324	121,192,942	111,490,532	49,424,810
Unrealised exchange gain (loss) on cash and cash equivalents		131,727	1,887,499	(14,069)	21,430
Cash and cash equivalents at the end of the year		135,153,402	223,857,324	75,307,732	111,490,532
Non-cash transactions					
Acquisitions of equipment under financial lease agreements		-	1,882,368	-	1,882,368
Increase in intangible assets by other payables	16	6,196,642	3,960,275	6,196,642	360,025
Increase in prepaid royalty fee by other payables	16	4,927,080	-	4,927,080	-
Reclassify intangible assets to prepaid royalty fees		-	5,903,200	-	5,903,200
Disposals of intangible assets by other receivables		-	-	-	4,909,920
Disposals of prepaid royalty fee by other receivables		-	-	3,251,460	-
Reclassify short-term loans to related parties to long-term loans to related parties		-	-	-	21,250,000
Reclassify short-term loan from director to long-term loan to director		-	1,750,000	-	-
The accompanying notes are an integral part of these consolidated and separate financial statements.					

1 General information

Asiasoft Corporation Public Company Limited ("the Company") is a public limited company incorporated and resident in Thailand. The address of the Company's registered office is as follows:

9/283-5, 28th floor, UM Tower Building, Ramkhamhaeng Road, Suanluang, Suanluang, Bangkok.

The Company's ordinary shares are listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its subsidiaries are referred to as "the Group".

The Group is principally engaged in the distributor and provider of online game services.

The consolidated and separate financial statements were authorised for issue by the Board of Directors on 26 February 2018.

2 Accounting policies

The principal accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below:

2.1 Basis of preparation

The consolidated and separate 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 under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention, except as disclosed otherwise in the accounting policies.

The preparation of consolidated and separate 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 Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in Note 5.

An English version of the consolidated and separate financial statements have been prepared from the consolidated and separate 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 consolidated and separate financial statements shall prevail.

2.2 Revised financial reporting standards and related interpretations

2.2.1 The following revised financial reporting standards and related interpretations are effective on 1 January 2017. These standards are relevant to the Group.

TAS 27 (revised 2016)	Separate financial statements
TAS 28 (revised 2016)	Investments in associates and joint ventures
TAS 38 (revised 2016)	Intangible assets

Commencing 1 January 2017, the Group has applied these financial reporting standards. There are no material impacts to the Group as a result of such adoption.

2 Accounting policies (Cont'd)

2.2 Revised financial reporting standards and related interpretations (Cont'd)

2.2.2 The following revised financial reporting standards and related interpretations are effective on 1 January 2018. These standards are relevant to the Group.

TAS 7 (revised 2017)	Statement of cash flows
TAS 12 (revised 2017)	Income taxes
TFRS 12 (revised 2017)	Disclosure of interests in other entities

The Group has not yet early adopted these revised standards. The management has assessed and considered that the above revised standards will not have a material impact on the Group.

2.3 Group Accounting - Investments in subsidiaries and associates

(1) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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. Acquisition-related costs are expensed as incurred. 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 acquirer's net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurements are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains or loss on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the separated financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

2 Accounting policies (Cont'd)

2.3 Group Accounting - Investments in subsidiaries and associates (Cont'd)

(2) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(3) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(4) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit or loss of associates in profit or loss.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

In the separated financial statements, investments in associates are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

2 Accounting policies (Cont'd)

2.4 Foreign currency translation

(a) 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 financial statements are presented in Thai Baht, which is the Company's functional and presentation currency.

(b) 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 or loss in the statement of comprehensive income, any exchange component of that gain or loss is recognised in profit or loss.

(c) Group companies

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 for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.5 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less from the date of acquisition and are not pledged as collateral and bank overdrafts. Bank overdrafts are presented as current liabilities in the statement of financial position.

2.6 Trade accounts receivable

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in profit or loss within administrative expenses.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out method. The cost of purchase comprises both the purchase price and cost directly attributable to the acquisition of the inventory. Net realisable value is the estimate of the selling price in the ordinary course of business less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow moving and defective inventories.

2 Accounting policies (Cont'd)

2.8 Investments

Investments other than investments in subsidiaries and associates are classified into the following three categories: (1) trading investments; (2) held-to-maturity investments; and (3) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

1. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
2. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.
3. Investments in non-marketable equity securities are classified as general investments.

All three categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand and association of investment management companies. The unrealised gains and losses of trading investments are recognised as profit or loss in the statement of comprehensive income.

Held-to-maturity investments are carried at amortised cost using the effective yield method less allowance for impairment.

General investments are carried at cost less allowance for impairment.

A test for impairment is carried out when there is a factor indicating 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 statement 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 profit or loss. When disposing of part of the Group's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2.9 Equipment

Equipment is stated at cost less accumulated depreciation and allowance for impairment of assets (if any). Historical cost includes expenditure that is directly attributable to the acquisition of items.

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 Group 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 of equipment is calculated to write down the cost of equipment to their residual values on the straight-line basis over estimated useful lives are as follows:

Building improvements	5 years
Server	5 years
Furniture & fixture and equipment	3 years and 5 years
Vehicles	5 years

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 (note 2.12).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2 Accounting policies (Cont'd)

2.10 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets 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.

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.

2.11 Intangible assets

Game licenses

Purchased game licenses are carried at cost less accumulated amortisation. Amortisation is calculated using straight-line basis over their estimated useful lives of 2 - 4 years.

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using straight-line basis over their estimated useful lives of 3 and 5 years. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the criteria are met.

Right for use of golf club

Right for use of golf club are carried at cost less allowance for impairment (if any). Right for use of golf club is not amortised as it deems to have indefinite useful life.

Customer relationship

Customer relationship acquired in a business combination are recognised at fair value at the acquisition date. Customer relationship have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using straight-line basis over their estimated useful lives of 3 years and 7 years.

Trademark

Trademark acquired in a business combination are recognised at fair value at the acquisition date. Trademark has a finite useful life and are carried at cost less accumulated amortisation and allowance for impairment. Amortisation is calculated using straight-line basis over its estimated useful life of 20 years.

2.12 Impairment of assets

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

2 Accounting policies (Cont'd)

2.13 Leases - where the Group is the lessees

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 equipment. Leases of 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 finance lease liabilities. 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.

2.14 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

2.15 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 Accounting policies (Cont'd)

2.16 Employee benefits

(a) Defined contribution plan

A defined contribution plan is a post employment plan which the Group pays fixed contributions into a separate entity and management by fund manager. The fund has received contributions from employees and the Group.

The contributions are recognised as employee benefit expense in statements of comprehensive income when they are due.

(b) Post employment benefit obligations

The Group provides for post employment benefits to or retirement indemnity employees under the labor laws applicable in Thailand depends on basis of salary and service year of staff until the future last working day. The Group has recorded the liabilities in respect of employee benefits which are the present value of the defined benefit obligations calculated by an independent actuary in accordance with the actuarial technique, and discounted benefit by the projected unit credit method. The present value of the defined benefit obligations are determined by discounting estimated future cash flows using yields on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality, length of service and other. The Group recorded provision of employee benefit as non-current liabilities. Actuarial gains and losses arising from experience adjustments or changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss.

2.17 Provisions

Provisions, which exclude the provision relating to employee benefits, are recognised when the Group have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expect a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain.

2.18 Share capital

Ordinary shares are classified as equity. Other shares including mandatory redeemable preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, and after eliminating sales within the Group. Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances. Revenue from online game services is recognised when gamers use the services. The amount paid in advance by gamers via the refill channels is presented as deferred revenue in the statement of financial position, and is recognised as revenue in the statement of comprehensive income when the gamers purchased an item in game. Revenue from licensing game services to game shops is recognised on the straight-line method over the license period.

Interest income and other income are recognised on an accrual basis, except if collectability is in doubt.

Dividend income is recognised when the right to receive payment is established.

2 Accounting policies (Cont'd)

2.20 Dividend distribution

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 and Board of Director's approval for interim dividend payment.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Board of Directors that makes strategic decisions.

3 Financial risk management

3.1 Financial risk factors

The principal financial risks faced by the Group are market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Risk management is carried out by Group management. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1.1 Foreign exchange risk

The associates and subsidiaries of the Group operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD, MYR, SGD and PHP. However, the Group believes that foreign exchange risk will have no material effect to their operational results and they therefore do not use derivative financial instruments to hedge this risk.

3.1.2 Interest rate risk

The Group's interest rate risk arises from finance lease liabilities and amounts due to related parties. Finance lease liabilities issued at variable rates and amounts due to related parties issued at fixed rate. Management considers that interest rate risk is not significant.

3.1.3 Credit risk

Most of the Group's revenues, being online revenue, are normally paid by clients in advance. Therefore, the Group has never experienced significant difficulties in debt collection. In addition, the Group is exposed to credit risk with respect to amounts due from related parties and loans to the related parties without collateral. However, the management assesses and considers the abilities to make the payments of the related parties regularly.

3.1.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to manage market positions. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

3.2 Fair value estimation

As at 31 December 2017, the Group had no assets or liabilities measured at fair value. Disclosures of fair value measurements by level are as below:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair values of financial assets and liabilities approximate their carrying amounts.

4 Reclassifications

During the year, the Group made the reclassification in presentation of distribution fees to be more conformable to nature of accounts. Comparative figures have been reclassified to conform with the current year as follows:

	Consolidated financial statements		Separated financial statements	
	Previously presented Baht'000	Reclassification increase Baht'000	Previously presented Baht'000	Reclassification increase Baht'000
Statement of Comprehensive Income for the year ended 31 December 2016				
Revenue from sales and services	861,280	105,902	351,516	29,311
Selling expenses	108,514	105,902	38,016	29,311
				380,827
				67,327

5 Critical accounting estimates, assumptions, and judgements

Estimates, assumptions, and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Estimated impairment of goodwill, intangible assets and prepaid royalty fees

The Group tests annually whether goodwill has suffered any impairment and considers impairment of intangible assets and prepaid royalty fees when indicators of impairment exist, which are in accordance with the accounting policy stated in Note 2.12. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(b) Equipment and intangible assets

Management determines the estimated useful lives and residual values for the plant, equipment and intangible assets of which are mainly considered by technical ability and economic useful lives. The management will revise the depreciation charge where useful lives and residual values are significantly different to previously estimated, or it will write off or write down technically obsolete or assets that have been abandoned or sold.

(c) Allowance for doubtful accounts

The Group maintains an allowance for doubtful accounts to reflect impairment of trade receivables and loans including interest receivables relating to estimated losses resulting from the default or inability of customers to make required payments. The allowance is based on consideration of historical collection experience, known and aging of outstanding debt of each customer. The management will fully set up allowance for long outstanding amounts and without any collateral.

(d) Employee benefit obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the pensions include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of employee benefit obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related employee benefit liability.

Other key assumptions for employee benefit obligations are based in part on current market conditions. Additional information is disclosed in Note 18.

6 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

7 Operating segments

Board of Directors is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by Board of Directors for the purposes of allocating resources and assessing performance.

Board of Directors considers the business from both a geographic and product and service perspective. Geographically, management considers the performance in Thailand, Singapore, Malaysia, Philippines and other countries. From a product and service perspective, management separately considers the online game services and distribution activities in these geographies. The Group derives their revenue primarily from the online game services.

Board of Directors assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes discontinued operations and the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring event. The measure also excludes the effects of equity-settled share-based payments and unrealised gains/losses on financial instruments. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

Sales between segments are carried out at arm's length. The revenue from external parties reported to Board of Directors is measured in a manner consistent with that in profit or loss.

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decision about the allocation of resource to the segment and assess its performance. The chief operating decision maker has been identified as the Board of Directors.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have 3 reportable segments as follows:

- The online game segment is a business segment which provides online game services through internet using servers of the Group; and
- The distribution segment is a business which distributes game products and provides payment channel services.
- The advertising segment is a business which provides marketing services through internet and advertising services.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial information.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

Asiasoft Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

7 Operating segments (Cont'd)

The following table presents revenue and profit information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2017 and 2016.

	For the years ended 31 December						Baht'000				
	Online game segment ¹⁾		Distribution segment ²⁾		Advertising segment ³⁾			Others		Consolidation	
	2017	2016	2017	2016	2017	2016		2017	2016	2017	2016
Revenue from sales and services from external customers	760,255	866,785	18,980	28,592	26,163	20,161	30,173	51,644	835,571	967,182	
Segment profit (loss)	354,769	350,865	5,316	(6,269)	4,025	(9,546)	(5,294)	(16,644)	358,816	318,406	
Loss on write off and impairment of prepaid royalty fees	(8,962)	(31,247)	-	-	-	-	-	-	(8,962)	(31,247)	
Loss on write off and impairment of intangible assets	(28,755)	(36,014)	-	-	-	-	-	-	(28,755)	(36,014)	
Unallocated income (expenses):											
Interest income									1,772	1,081	
Other income									12,093	14,495	
Selling and administrative expenses									(316,190)	(399,444)	
Loss on impairment of investment in associates									-	(19,533)	
Finance costs									(1,231)	(2,214)	
Share of profit from investments in associates									1,793	3,747	
Income tax expense									(1,975)	(55,599)	
Non-controlling interests									(4,722)	(10,358)	
Gain (loss) attributable to owners of the parent for the year									12,639	(216,680)	

1) The online game segment is a business segment which provides online game services through the server of the Group.

2) The distribution segment is a business segment which distributes game products and provides payment channel services.

3) The advertising segment is a business segment which provides marketing services through internet and advertising services

7 Operating segments (Cont'd)

Geographic information

Revenue from external customers for the years ended 31 December 2017 and 2016 based on locations of the Company and subsidiaries, are made up as follows:

	Consolidated financial statements	
	2017 Baht'000	2016 Baht'000
Thailand	476,324	468,196
Singapore	205,443	221,790
Malaysia	135,760	209,198
Philippines	18,044	45,044
Others	-	22,954
Total	835,571	967,182

8 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Cash on hand	303	285	50	75
Deposit held at call with banks	134,850	223,572	75,258	111,416
Total cash and cash equivalents	135,153	223,857	75,308	111,491

As at 31 December 2017, deposits held at call with banks bore interests at rates from 0.05% to 2.25% per annum. (2016: from 0.05% to 2.50% per annum).

Asiasoft Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

9 Trade and other receivables

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Trade accounts receivable				
- third parties	57,953	70,514	31,142	37,156
<u>Less</u> Allowance for doubtful accounts	(5,452)	(8,137)	(2,136)	(2,136)
Trade accounts receivable, net	52,501	62,377	29,006	35,020
Trade accounts receivable				
- related parties (Note 26)	52,763	50,268	70,843	39,380
<u>Less</u> Allowance for doubtful accounts (Note 26)	(19,400)	(19,400)	(32,233)	(29,621)
Trade accounts receivable, net	33,363	30,868	38,610	9,759
Trade accounts receivable, net	85,864	93,245	67,616	44,779
Amounts due from related parties (Note 26)	1,100	337	29,630	31,092
<u>Less</u> Allowance for doubtful accounts				
- related parties (Note 26)	-	-	(29,630)	(29,792)
Interest receivable - third parties	-	2	-	2
Interest receivable - related parties (Note 26)	-	-	16,488	10,247
<u>Less</u> Allowance for doubtful accounts				
- related parties (Note 26)	-	-	(16,488)	(10,197)
Accrued income from third parties	647	842	749	842
Accrued income from related parties (Note 26)	-	-	551	443
<u>Less</u> Allowance for doubtful accounts				
- related parties (Note 26)	-	-	(168)	-
Other receivables from third parties	2,301	4,433	-	-
<u>Less</u> Allowance for doubtful accounts				
- third parties	(1,627)	(950)	-	-
Trade and other receivables, net	88,285	97,909	68,748	47,416

Outstanding trade accounts receivable can be analysed as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Third parties				
Trade accounts receivable				
Current	37,005	42,782	14,304	18,366
Overdue less than 3 months	14,389	18,757	13,535	15,566
3 - 6 months	1,209	-	1,063	-
6 - 12 months	11	3,324	100	1,085
Over 12 months	5,339	5,651	2,140	2,139
Total	57,953	70,514	31,142	37,156
<u>Less</u> Allowance for doubtful accounts	(5,452)	(8,137)	(2,136)	(2,136)
Trade accounts receivable - third parties, net	52,501	62,377	29,006	35,020
Related parties				
Trade accounts receivable				
Current	8,897	18,019	9,123	5,621
Overdue less than 3 months	12,551	3,330	15,025	4,454
3 - 6 months	1,487	689	11,675	2,078
6 - 12 months	10,428	690	7,932	3,590
Over 12 months	19,400	27,540	27,088	23,637
Total	52,763	50,268	70,843	39,380
<u>Less</u> Allowance for doubtful accounts	(19,400)	(19,400)	(32,233)	(29,621)
Trade accounts receivable - related parties, net	33,363	30,868	38,610	9,759

10 Other current assets

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Account receivable				
- Revenue department	10,162	3,739	324	298
Withholding taxes refundable	16,992	20,616	4,219	6,201
Prepaid expenses	14,770	11,086	5,395	5,008
Undue input vat	415	21,205	223	377
Others	6,859	17,983	5,342	7,447
Total other current assets	<u>49,198</u>	<u>74,629</u>	<u>15,503</u>	<u>19,331</u>

11 Restricted bank deposits

The Group pledged the fixed deposits with the banks to secure credit facilities amount of Baht 25.50 million (Note 15).

Asiasoft Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

12 Investments in subsidiaries and associates

12 (a) Investment in subsidiaries

The Group had the following subsidiaries as at 31 December 2017

	Name	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares directly held by parent (%)		Proportion of ordinary shares held by the Group (%)		Proportion of shares held by non-controlling interests (%)	
				2017	2016	2017	2016	2017	2016
Direct Subsidiaries which held by Asiasoft Corporation Public Company Limited									
	A Capital Co., Ltd.	Thailand	Investment	100.00	100.00	100.00	100.00	-	-
	Asiasoft International Co., Ltd.	Thailand	Investment	100.00	100.00	100.00	100.00	-	-
	Playcybergames Co., Ltd.	Thailand	Publisher of online games	99.99	99.99	99.99	99.99	0.01	0.01
	CIB Development Sdn. Bhd.	Malaysia	Publisher of online games	61.68	61.68	61.68	61.68	38.32	38.32
	Thinkplus Digital Co., Ltd.	Thailand	Providing internet marketing and advertising media services	59.99	59.99	59.99	59.99	40.01	40.01
	Level Up! Inc.	Philippines	Publisher of online games	100.00	100.00	100.00	100.00	-	-
	Miryn Innovation Co., Ltd.	Thailand	Developer of game application on mobile phone	65.00	65.00	65.00	65.00	35.00	35.00
	Playpark Co., Ltd.	Thailand	Publisher of online games	99.99	99.99	99.99	99.99	0.01	0.01
	Asiasoft Online Pte. Ltd.	Singapore	Publisher of online games	100.00	-	100.00	100.00	-	-
	AS Online Sdn. Bhd.	Malaysia	Publisher of online games	100.00	-	100.00	100.00	-	-

Asiasoft Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

12 Investments in subsidiaries and associates (Cont'd)

12 (a) Investment in subsidiaries (Cont'd)

The Group had the following subsidiaries as at 31 December 2017

	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares directly held by parent (%)		Proportion of ordinary shares held by the Group (%)		Proportion of shares held by non-controlling interests (%)	
			2017	2016	2017	2016	2017	2016
Indirect								
Subsidiaries which held by A Capital Company Limited								
Skynet Systems Co., Ltd.	Thailand	Developer of mobile applications	-	-	70.00	-	30.00	-
Subsidiaries which held by Asiasoft International Company Limited								
PT. Asiasoft	Indonesia	Publisher of online games	-	-	79.90	79.90	20.10	20.10
Subsidiaries which held by CIB Development Sdn. Bhd.								
CIB Net Station Sdn. Bhd. which has a subsidiary as follows:	Malaysia	Publisher of online games	-	-	100.00	100.00	-	-
Chineseego Sdn. Bhd.	Malaysia	Internet and electronic commerce provider	-	-	100.00	100.00	-	-

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company does not have any shareholdings in the preference shares of subsidiary undertaking included in the Group.

12 Investments in subsidiaries and associates (Cont'd)

12 (a) Investment in subsidiaries (Cont'd)

Movements of investment in subsidiaries can be analysed as follows:

For the year ended 31 December	Separate financial statements	
	2017 Baht'000	2016 Baht'000
Opening net book amount	14,157	29,600
Acquisitions	121,112	-
Disposals - Cost	-	(5,000)
- Allowance for impairment	-	5,000
Loss on impairment	(116,500)	(15,443)
Closing net book amount	18,769	14,157
As at 31 December		
Cost	700,826	579,714
<u>Less</u> Allowance for impairment	(682,057)	(565,557)
Net book amount	18,769	14,157

Increase of investment in Playpark Co., Ltd.

On 1 September 2017, the Company increase investment in Playpark Co., Ltd., by the amount of Baht 110 million in the same proportion of investment previously held. Playpark Co., Ltd. used the investment amount of Baht 94.4 million to repay long-term loan to the Company which was previously fully impaired. As a result, the Company recorded a reversal of impairment on loan to subsidiary amount of Baht 94.4 million and recorded loss on impairment of investment in subsidiary by the amount of Baht 110 million in the separate statement of comprehensive income.

Increase of investment in Miryn Innovation Co., Ltd.

On 26 September 2017, the Company increase its investment in Miryn Innovation Co., Ltd., its subsidiary, by the amount of Baht 6.5 million in the same proportion of investment previously held. Miryn Innovation Co., Ltd. used the investment amount of Baht 6.5 million to repay long-term loan to the Company which was previously fully impaired. As a result, the Company recorded a reversal of impairment on loan to subsidiary and recorded loss on impairment of investment in subsidiary by the amount of Baht 6.5 million in the separate statement of comprehensive income.

Increase of investment in Asiasoft Online Pte. Ltd.

The Company invested in ordinary shares of Asiasoft Online Pte. Ltd. on 30 September 2017 in proportion of 100% of registered capital or registered capital amount of SGD 2,000,000 by the total purchase price amount of SGD 1. The seller of ordinary shares is Asiasoft International Co., Ltd., a subsidiary in which 100% of the shares are held by the Company.

Increase of investment in AS Online Sdn. Bhd.

The Company invested in ordinary shares of AS Online Sdn. Bhd. on 30 November 2017 in proportion of 100% of registered capital or registered capital amount of MYR 4,000,000 by the total purchase price amount of MYR 572,848. The seller of ordinary shares is Asiasoft International Co., Ltd., a subsidiary in which 100% of the shares are held by the Company.

Incorporation of a new subsidiary

On 6 October 2017, A Capital Co., Ltd. invested with individuals in 24,500 shares totalling Baht 3,500,000 of Skynet Systems Co., Ltd. which is newly registered entity engaging in mobile application development. The Company holds Skynet Systems Co., Ltd's shares representing 70% of the registered share capital. The investing was approved by the Board of Directors' meeting held on 28 September 2017.

12 Investments in subsidiaries and associates (Cont'd)

12 (a) Investment in subsidiaries (Cont'd)

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amount disclosed for each subsidiary are before inter-company eliminations.

Summarised statement of financial position

	CIB Development Sdn. Bhd.		PT. Asiasoft		Total	
	As at 31 December		As at 31 December		As at 31 December	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Current						
Assets	42,451	106,581	1,640	2,073	44,091	108,654
Liabilities	(34,761)	(68,869)	(58,303)	(56,267)	(93,064)	(125,136)
Total current net assets	7,690	37,712	(56,663)	(54,194)	(48,973)	(16,482)
Non-current						
Assets	5,425	6,396	47	142	5,472	6,538
Liabilities	(287)	(317)	-	-	(287)	(317)
Total non-current net assets	5,138	6,079	47	142	5,185	6,221
Net assets (liabilities)	12,828	43,791	(56,616)	(54,052)	(43,788)	(10,261)
Accumulated NCI	7,977	19,596	(11,033)	(9,752)	(3,056)	9,844

Summarised statement of comprehensive income

	CIB Development Sdn. Bhd.		PT. Asiasoft		Total	
	For the years ended 31 December		For the years ended 31 December		For the years ended 31 December	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Revenue	136,647	190,617	-	2,774	136,647	193,391
Profit (Loss) before income tax	14,072	48,791	(6,474)	(5,694)	7,598	43,097
Income tax expense	(563)	(303)	-	-	(563)	(303)
Post-tax profit (loss) from continuing Operations	13,509	48,488	(6,474)	(5,694)	7,035	42,794
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income (expense)	13,509	48,488	(6,474)	(5,694)	7,035	42,794
Profit (Loss) allocated to non-controlling interests	5,365	18,202	(1,281)	(323)	4,084	17,879
Dividends paid to non-controlling interests	16,984	-	-	-	16,984	-

12 Investments in subsidiaries and associates (Cont'd)

12 (a) Investment in subsidiaries (Cont'd)

Summarised financial information on subsidiaries with material non-controlling interests (Cont'd)

Summarised statement of cash flows

	CIB Development Sdn. Bhd.		PT. Asiasoft		Total	
	For the years ended 31 December		For the years ended 31 December		For the years ended 31 December	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Cash flow from operating activities						
Cash (used in) generated from operations	(10,059)	77,161	(4,521)	(3,136)	(14,580)	74,025
Interest paid	-	(1)	-	-	-	(1)
Income tax paid	(503)	(557)	-	-	(503)	(557)
Net cash (used in) generated from operating activities	(10,562)	76,603	(4,521)	(3,136)	(15,083)	73,467
Net cash used in investing activities	(5,559)	(4,899)	(31)	(3)	(5,590)	(4,902)
Net cash (used in) generated from financing activities	(43,459)	(4,952)	3,990	1,841	(39,469)	(3,111)
Net (decrease) increase in cash and cash equivalents	(59,580)	66,752	(562)	(1,298)	(60,142)	65,454
Cash and cash equivalents at beginning of year	83,115	21,740	887	2,052	84,002	23,792
Exchange (loss) gain on cash and cash equivalents	(467)	(5,377)	(59)	133	(526)	(5,244)
Cash and cash equivalents at end of year	23,068	83,115	266	887	23,334	84,002

12 (b) Investment in associates

Investments accounted for using equity method

The amounts recognised in the statement of financial position are as follows:

	Consolidated financial statements		Separate financial statements	
At 31 December	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Associates	9,919	8,526	-	-
	9,919	8,526	-	-

The amounts recognised in profit or loss are as follows:

	Consolidated financial statements		Separate financial statements	
For the years ended 31 December	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Associates	1,793	3,747	-	-
	1,793	3,747	-	-

12 Investments in subsidiaries and associates (Cont'd)

12 (b) Investment in associates (Cont'd)

Nature of investment in associates the year 2017 and 2016:

Name of entity	Place of business/ country of incorporation	% of ownership interest		Nature of the relationship	Measurement method	Cost method		Equity method		Dividend	
		2017	2016			2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Direct											
Pomelo Network Pte. Ltd.	Taiwan/ Singapore	11.01	11.01	Developer of mobile applications and mobile Messenger	Equity	25,073	25,073	19,164	19,164	-	-
Indirect											
Thaivare Communication Company Limited	Thailand	40.00	40.00	Services on website	Equity	-	-	9,839	8,446	400	1,921
Cybergames Corporation Company Limited	Thailand	30.00	30.00	Services on network	Equity	-	-	12,080	12,080	-	-
Playpark Inc.	Philippines	40.00	40.00	Publisher of online games	Equity	-	-	-	-	-	-
Total						25,073	25,073	41,083	39,690	400	1,921
Less Provision for impairment of investment in associates						(25,073)	(25,073)	(31,164)	(31,164)	-	-
Total investments in associates, net						-	-	9,919	8,526	400	1,921

The Group considers that investment in Pomelo Network Pte. Ltd. is investment in associate because the Company has significant influence through voting rights despite the ownership interest is only 11.01%.

12 Investments in subsidiaries and associates (Cont'd)

12 (b) Investment in associates (Cont'd)

Movements of investment in associates can be analysed as follows:

	Consolidated financial statements Baht'000	Separate financial statements Baht'000
For the year ended 31 December 2017		
Opening net book amount	8,526	-
Dividend received	(400)	-
Share of profit	1,793	-
Closing net book amount	9,919	-
As at 31 December 2017		
Cost	41,083	25,073
<u>Less</u> Allowance for impairment	<u>(31,164)</u>	<u>(25,073)</u>
Net book amount	9,919	-

Set out below is the associate of the Group, which is material to the Group, in the opinion of the directors. The associate as listed below has share capital consisting solely of ordinary shares, which is held directly by parent.

Summarised financial information for associates

Set out below are the summarised financial information for Thaiware Communication Company Limited which is accounted for using the equity method.

Summarised statement of financial position

As at 31 December	2017 Baht'000	2016 Baht'000
Current assets		
Cash and cash equivalents	11,372	8,132
Other current assets (excluding cash)	12,728	9,115
Total current assets	24,100	17,247
Non-current Assets	1,465	2,320
	25,565	19,567
Current liabilities		
Financial liabilities (excluding trade payables)	-	-
Other current liabilities (including trade payables)	(7,937)	(5,420)
Total current liabilities	(7,937)	(5,420)
Net assets	17,628	14,147

12 Investments in subsidiaries and associates (Cont'd)

12 (b) Investment in associates (Cont'd)

Summarised financial information for associates (Cont'd)

Set out below are the summarised financial information for Thaiware Communication Company Limited which is accounted for using the equity method. (Cont'd)

Summarised statement of comprehensive income

For the years ended 31 December

	2017 Baht'000	2016 Baht'000
Revenues	83,969	55,719
Cost of sales	(24,460)	(21,717)
Selling and administrative expenses	(54,606)	(30,798)
Depreciation and amortisation	(421)	(325)
Interest expense	-	-
Total comprehensive income	4,482	2,879
Dividends received from associates	400	1,921

The statement of financial position and statement of comprehensive income (unaudited) of Thaiware Communication Company Limited are prepared by management. However, the management has considered that the impact is not material to the consolidated financial statements.

The information above reflects the amounts presented in the financial statements of the associates (not the Group's share of those amounts) and adjusted for differences in accounting policies between the Group and the associates.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates:

Summarised financial information

	As at 31 December	
	2017 Baht'000	2016 Baht'000
Opening net assets 1 January	14,147	16,071
Profit for the year	4,482	2,879
Other comprehensive income	-	-
Dividend paid	(1,001)	(4,803)
Closing net assets	17,628	14,147
Interest in associates (40.00%)	7,052	5,659
Goodwill	2,787	2,787
Carrying value	9,839	8,446

There are no contingent liabilities relating to the Group's interest in the associates.

Individually insignificant associates

In addition to the interest in associates disclosed above, the Group also has interests in a number of individually insignificant associates that are accounted for using the equity method.

	2017 Baht'000
Aggregate carrying amount of individually insignificant associates	80
Aggregate amounts of the reporting entity's share of:	
Loss from continuing activities	-
Post-tax profit or loss from discontinued operations	-
Other comprehensive income	-
Total comprehensive income	-

Asiasoft Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

13 Equipment

	Consolidated financial statements				
	Building improvements Baht'000	Server Baht'000	Furniture & fixture and equipment Baht'000	Vehicles Baht'000	Total Baht'000
At 1 January 2016					
Cost	32,595	486,061	149,089	14,263	682,008
<u>Less</u> Accumulated depreciation	(25,057)	(423,226)	(132,660)	(12,359)	(593,302)
Net book amount	7,538	62,835	16,429	1,904	88,706
For the year ended 31 December 2016					
Opening net book amount	7,538	62,835	16,429	1,904	88,706
Exchange differences	(98)	(902)	(114)	13	(1,101)
Additions	482	3,623	1,890	-	5,995
Disposal/write off, net	(865)	(505)	(332)	(500)	(2,202)
Depreciation charge	(2,547)	(25,031)	(13,857)	(1,051)	(42,486)
Closing net book amount	4,510	40,020	4,016	366	48,912
At 31 December 2016					
Cost	21,039	439,584	181,554	11,203	653,380
<u>Less</u> Accumulated depreciation	(16,529)	(399,564)	(177,538)	(10,837)	(604,468)
Net book amount	4,510	40,020	4,016	366	48,912
For the year ended 31 December 2017					
Opening net book amount	4,510	40,020	4,016	366	48,912
Exchange differences	49	(3,302)	2,479	1	(773)
Additions	110	2,805	2,260	-	5,175
Disposal/write off, net	(561)	(57)	(31)	-	(649)
Depreciation charge	(2,179)	(20,895)	(3,687)	(241)	(27,002)
Closing net book amount	1,929	18,571	5,037	126	25,663
At 31 December 2017					
Cost	19,893	418,485	161,031	11,174	610,583
<u>Less</u> Accumulated depreciation	(17,964)	(399,914)	(155,994)	(11,048)	(584,920)
Net book amount	1,929	18,571	5,037	126	25,663

Asiasoft Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

13 Equipment (Cont'd)

	Separate financial statements				
	Building improvements Baht'000	Server Baht'000	Furniture & fixture and equipment Baht'000	Vehicles Baht'000	Total Baht'000
At 1 January 2016					
Cost	18,304	141,676	48,431	8,050	216,461
Less Accumulated depreciation	(13,675)	(119,585)	(41,345)	(6,852)	(181,457)
Net book amount	4,629	22,091	7,086	1,198	35,004
For the year ended 31 December 2016					
Opening net book amount	4,629	22,091	7,086	1,198	35,004
Additions	-	2,158	734	-	2,892
Disposals/write off, net	-	(374)	-	-	(374)
Depreciation charge	(1,963)	(10,863)	(3,452)	(951)	(17,229)
Closing net book amount	2,666	13,012	4,368	247	20,293
At 31 December 2016					
Cost	18,304	129,962	47,800	7,481	203,547
Less Accumulated depreciation	(15,638)	(116,950)	(43,432)	(7,234)	(183,254)
Net book amount	2,666	13,012	4,368	247	20,293
For the year ended 31 December 2017					
Opening net book amount	2,666	13,012	4,368	247	20,293
Additions	-	27	1,275	-	1,302
Disposals/write off, net	-	(3)	(61)	-	(64)
Depreciation charge	(1,662)	(6,940)	(2,367)	(241)	(11,210)
Closing net book amount	1,004	6,096	3,215	6	10,321
At 31 December 2017					
Cost	18,304	116,295	43,706	7,481	185,786
Less Accumulated depreciation	(17,300)	(110,199)	(40,491)	(7,475)	(175,465)
Net book amount	1,004	6,096	3,215	6	10,321

Asiasoft Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

14 Intangible assets

	Consolidated financial statements					
	Game licenses Baht'000	Computer software Baht'000	Right for use of golf club Baht'000	Customer relationship Baht'000	Trademark Baht'000	Total Baht'000
At 1 January 2016						
Cost	726,660	51,421	3,875	55,538	61,674	899,168
Less Accumulated amortisation	(426,910)	(39,774)	-	(28,942)	(9,881)	(505,507)
Less Allowance for impairment	(175,550)	-	(1,446)	(26,596)	(51,793)	(255,385)
Net book amount	124,200	11,647	2,429	-	-	138,276
For the year ended 31 December 2016						
Opening net book amount	124,200	11,647	2,429	-	-	138,276
Exchange differences	(2,462)	(1,658)	(68)	(575)	-	(4,763)
Additions	98,678	2,605	-	-	-	101,283
Reclassification to prepaid royalty fees	(5,903)	-	-	-	-	(5,903)
Disposal/write-off, net	(11,761)	-	-	575	-	(11,186)
Amortisation charged	(105,286)	(1,965)	-	-	-	(107,251)
Impairment charged	(29,162)	-	-	-	-	(29,162)
Closing net book amount	68,304	10,629	2,361	-	-	81,294
At 31 December 2016						
Cost	667,662	52,368	3,766	55,538	61,067	840,401
Less Accumulated amortisation	(471,820)	(41,739)	-	(28,942)	(9,274)	(551,775)
Less Allowance for impairment	(127,538)	-	(1,405)	(26,596)	(51,793)	(207,332)
Net book amount	68,304	10,629	2,361	-	-	81,294
For the year ended 31 December 2017						
Opening net book amount	68,304	10,629	2,361	-	-	81,294
Exchange differences	488	-	(33)	-	-	455
Additions	51,105	60	-	-	-	51,165
Amortisation charged	(42,704)	(1,519)	-	-	-	(44,223)
Impairment charged	(28,755)	-	-	-	-	(28,755)
Closing net book amount	48,438	9,170	2,328	-	-	59,936
At 31 December 2017						
Cost	672,263	52,428	3,713	55,538	61,067	845,009
Less Accumulated amortisation	(488,873)	(43,258)	-	(28,942)	(9,274)	(570,347)
Less Allowance for impairment	(134,952)	-	(1,385)	(26,596)	(51,793)	(214,726)
Net book amount	48,438	9,170	2,328	-	-	59,936

14 Intangible assets (Cont'd)

	Separate financial statements		
	Game licenses Baht'000	Computer software Baht'000	Total Baht'000
At 1 January 2016			
Cost	343,768	51,421	395,189
<u>Less</u> Accumulated amortisation	(161,980)	(39,774)	(201,754)
<u>Less</u> Allowance for impairment	(85,435)	-	(85,435)
Net book amount	96,353	11,647	108,000
For the year ended 31 December 2016			
Opening net book amount	96,353	11,647	108,000
Additions	20,814	791	21,605
Reclassification to prepaid royalty fees	(5,903)	-	(5,903)
Disposal/write-off, net	(11,761)	-	(11,761)
Amortisation charged	(35,575)	(1,965)	(37,540)
Impairment charged	(15,447)	-	(15,447)
Closing net book amount	48,481	10,473	58,954
At 31 December 2016			
Cost	211,897	50,740	262,637
<u>Less</u> Accumulated amortisation	(135,701)	(40,267)	(175,968)
<u>Less</u> Allowance for impairment	(27,715)	-	(27,715)
Net book amount	48,481	10,473	58,954
For the year ended 31 December 2017			
Opening net book amount	48,481	10,473	58,954
Additions	42,651	60	42,711
Disposal/write-off, net	-	-	-
Amortisation charged	(29,910)	(1,517)	(31,427)
Impairment charged	(17,969)	-	(17,969)
Closing net book amount	43,253	9,016	52,269
At 31 December 2017			
Cost	208,677	50,800	259,477
<u>Less</u> Accumulated amortisation	(127,500)	(41,784)	(169,284)
<u>Less</u> Allowance for impairment	(37,924)	-	(37,924)
Net book amount	43,253	9,016	52,269

15 Short-term borrowings from financial institution

Movement of short-term borrowings from financial institution during the year are as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
For the years ended 31 December				
Beginning balance	24,883	23,233	24,883	23,233
Additions	40,606	68,166	40,606	68,166
Repayments	(41,980)	(66,266)	(41,980)	(66,266)
Exchange rate differences	(5)	(250)	(5)	(250)
Ending balance	23,504	24,883	23,504	24,883

The interest rate exposure on the borrowings of the Group and the Company is as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Borrowings:				
- at fixed rates	23,504	24,883	23,504	24,883
- at floating rates	-	-	-	-
Total borrowings	23,504	24,883	23,504	24,883

The short-term borrowings from financial institution as at 31 December 2017 bore interest at rates from 2.92% to 5.00% per annum and are due within 7 months (2016: interest at rate from 4.00% to 5.50% per annum).

Credit facility

As at 31 December 2016, the Company had short-term loan facility of Baht 25 million by a bank for investment in game licenses and repayment of license fee. The loan facility was pledged by bank deposits (Note 11). During the year the Company was granted short-term loan facility of Baht 20 million, totalling Baht 45 million. The remaining unused facility as at 31 December 2017 was Baht 21.50 million (2016: Baht 0.12 million).

16 Trade and other payables

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Trade account payables - third party	26,600	58,664	32	262
Trade account payables - related parties (Note 26)	7,949	10,744	4,980	7,260
Other payables - third party	42,449	50,480	2,560	5,733
Accrued royalty fee	25,118	16,499	21,941	13,540
Payables for license fees	4,927	7,201	4,927	-
Payables for purchases of intangible assets	6,197	3,960	6,197	360
Accrued expenses	15,267	19,084	7,837	6,813
Total trade and other payables	128,507	166,632	48,474	33,968

Asiasoft Corporation Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

17 Deferred income taxes

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate from 17% - 30%.

The analysis of deferred tax assets and deferred tax liability is as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Deferred tax assets:				
Deferred tax assets to be recovered within 12 months	387	-	-	-
Deferred tax assets to be recovered after 12 months	-	281	-	-
	<u>387</u>	<u>281</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities:				
Deferred tax liabilities to be settled within 12 months	-	-	-	-
Deferred tax liabilities to be settled after 12 months	(295)	(325)	-	-
	<u>(295)</u>	<u>(325)</u>	<u>-</u>	<u>-</u>
Deferred tax assets (liabilities), net	<u>92</u>	<u>(44)</u>	<u>-</u>	<u>-</u>

The gross movement and the deferred income tax account is as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Deferred income tax, net - 1 January	(44)	55,121	-	55,044
Credited to profit or loss	(98)	(55,599)	-	(55,044)
Charged (credited) to other comprehensive income	-	-	-	-
Exchange differences	234	434	-	-
Deferred income tax, net - 31 December	<u>92</u>	<u>(44)</u>	<u>-</u>	<u>-</u>

The movement in deferred tax assets and liabilities is as follows:

	Consolidated financial statements		
	2016	Credited (charged) to profit or loss	2017
As at 31 December	Baht'000	Baht'000	Baht'000
Deferred tax assets			
Deferred revenue and license fees	-	387	387
Accumulated depreciation - equipment	281	(281)	-
	<u>281</u>	<u>106</u>	<u>387</u>
Deferred tax liabilities			
Accumulated depreciation - equipment	(325)	30	(295)
Deferred tax assets (liabilities), net	<u>(44)</u>	<u>136</u>	<u>92</u>

Deferred income tax assets are recognised for tax loss and carry forward only the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of Baht 154.19 million (2016: Baht 134.00 million) in respect of losses amounting to Baht 719.82 million (2016: Baht 613.85 million) that can be carried forward against future taxable income. Losses amounting to Baht 718.21 million (2016: Baht 602.60 million) will expire in year 2018 to 2022.

18 Employee benefit obligations

The amounts recognised in the statement of financial position are determined as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Present value of post-employment benefit obligations	8,199	13,455	8,199	13,455
Liability in the statement of financial position	8,199	13,455	8,199	13,455

Movements in the employee benefit obligations over the year are as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Opening book amount	13,455	14,088	13,455	12,666
Current service costs	1,008	790	1,008	2,212
Interest costs	222	443	222	443
Gain on remeasurement of retirement benefit obligations	(6,486)	(1,866)	(6,486)	(1,866)
Closing book amount	8,199	13,455	8,199	13,455

The amounts recognised into profit or loss are as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Current service costs	1,008	790	1,008	2,212
Interest costs	222	443	222	443
Total, included in staff costs	1,230	1,233	1,230	2,655

Of the total charge, Baht 1.23 million and Baht 1.23 million (2016: Baht 1.23 million and Baht 2.66 million) were included in cost of goods sold and administrative expenses in the consolidated statements of comprehensive income and separate statements of comprehensive income, respectively.

The amounts recognised in other comprehensive income are as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Gain on remeasurements of employee benefit obligations	6,486	1,866	6,486	1,866

18 Employee benefit obligations (Cont'd)

The principal actuarial assumptions used were as follows:

	Consolidated financial statements		Separate financial statements	
	2017 %	2016 %	2017 %	2016 %
Discount rate	3.30	3.50	3.30	3.50
Future salary increase rate	6.00	6.34	6.00	6.34
Resignation rate	3.82 – 45.84	5.00	3.82 – 45.84	5.00

Sensitivity analysis for each significant actuarial assumption:

Consolidated financial statements and Separate financial statements					
Impact on defined benefit obligations					
Change in assumption %	Increase in obligations		Decrease in obligations		
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000	
Discount rate - 1%	897	1,904	-	-	
Discount rate + 1%	-	-	779	1,604	
Salary increase rate - 1%	-	-	828	1,619	
Salary increase rate + 1%	939	1,884	-	-	
Resignation rate - 1%	91	2,149	-	-	
Resignation rate + 1%	-	-	69	1,812	

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation- to significant actuarial assumptions, the same method has been applied as when calculating the liability recognised in the statement of financial position.

Expected maturity analysis of undiscounted retirement benefits:

	Consolidated financial statements and Separate financial statements				
	Less than a year Baht'000	Between 1-2 years Baht'000	Between 2-5 years Baht'000	Over 5 years Baht'000	Total Baht'000
Retirement benefits					
At 31 December 2017	467	507	1,344	7,998	10,316
At 31 December 2016	603	-	1,717	87,158	89,478

The weighted average duration of the retirement benefit is 23.33 years. (2016: 24 years).

19 Share capital and premium on share capital

	Number of authorised ordinary shares Shares	Issued and paid-up shares Shares	Issued and paid-up shares Baht'000	Premium on share capital Baht'000	Total Baht'000
At 1 January 2016	307,407,762	307,407,762	307,408	796,834	1,104,242
Issue of shares	102,469,254	102,469,254	102,469	-	102,469
At 31 December 2016	409,877,016	409,877,016	409,877	796,834	1,206,711
Issue of shares	102,469,254	-	-	-	-
Reversal of premium on share capital	-	-	-	(796,834)	(796,834)
At 31 December 2017	512,346,270	409,877,016	409,877	-	409,877

The total number of authorised ordinary shares is 512,346,270 shares (2016: 409,877,016 shares) with a par value of Baht 1 per share (2016: Baht 1 per share). The 409,877,016 shares are issued and fully paid.

On 25 April 2017, the shareholders at the general meeting passed a resolution to approve as follows:

Increase the authorised share capital

Approved an increase in authorised share capital of the Company from Baht 409,877,016 to Baht 512,346,270 by the issuance of 102,469,254 new ordinary shares at a par value of Baht 1 each for the exercise of the warrants (AS-W1) which was allocated to the Company's existing shareholders proportionately to their shareholding (at an offering price of Baht 0.00), at an offering ratio of 4 existing ordinary shares per 1 unit of warrants. The Company registered the increase of the authorised share capital with the Ministry of Commerce on 5 May 2017.

Elimination of deficits

To approve the elimination of deficits by offsetting with the legal reserve amount of Baht 31,600,000 and the shares premium amount of Baht 796,833,756.

20 Legal reserve

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
At 1 January	31,600	31,600	31,600	31,600
Reversal of legal reserve (Note 19)	(31,600)	-	(31,600)	-
At 31 December	-	31,600	-	31,600

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable.

21 Other income

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Interest income	1,772	1,081	10,128	8,686
Dividend income	-	-	26,271	-
Other income	12,093	14,495	11,692	10,101
Total other income	13,865	15,576	48,091	18,787

22 Expenses by nature

The following expenditure items, classified by nature, have been charged in arriving at the operating profit (loss):

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Salaries, wages and other employee benefits	184,848	205,856	102,368	120,870
Monthly royalty fee	222,775	272,742	91,225	89,392
Depreciation (Note 13)	27,002	42,486	11,210	17,229
Amortisation (Note 14)	44,223	107,251	31,427	37,540
Loss on write off and impairment of intangible assets and prepaid license fees	37,716	67,261	23,129	28,799
Loss on impairment of investments in subsidiaries and associates	-	19,533	116,500	40,516
Loss on (Reversal of) impairment of loans to subsidiaries	-	-	(116,735)	61,622
Publisher fee	22,471	4,174	23,008	4,174

23 Income tax

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Current tax:				
Current tax on profit for the year	1,510	-	-	-
Adjustment in respect of prior year	367	-	-	-
Total current tax	1,877	-	-	-
Deferred tax:				
Origination and reversal of temporary differences:				
- Deferred tax assets	66	55,482	-	55,044
- Deferred tax liabilities	32	117	-	-
Total deferred tax (income) expense	98	55,599	-	55,044
Total income tax expense	1,975	55,599	-	55,044

23 Income tax (Cont'd)

The tax on the Group's profit (loss) before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the Group as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Profit (loss) before income tax	19,336	(150,723)	45,567	(158,145)
Tax rate	17 - 30%	0 - 30%	20%	20%
Tax calculated at tax rate	2,167	(51,978)	9,113	(31,629)
Tax effect of:				
Adjustment in respect of prior year	367	32	-	-
Income not subject to tax	(7,341)	(9,285)	(5,254)	(1,510)
Expenses not deductible for tax purpose	32,476	31,527	28,445	26,654
Used tax benefit from previously unrecognised deferred tax assets	(42,393)	(9,228)	(32,304)	(1,000)
Tax loss not recognised as deferred tax assets	16,699	94,531	-	62,529
Tax charge	1,975	55,599	-	55,044

24 Earnings (loss) per share

Basic earnings (loss) per share attributable to shareholders of the parent company is calculated by dividing net earnings (loss) attributable to shareholders of the parent by the weighted average number of paid-up ordinary shares in issue during the period

The diluted earnings (loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares being warrants as detailed follow:

The Company has issued and offered warrants to shareholders of the Company, who are entitled in 16 March 2017 (record date). The warrants have no offered price and their terms do not exceed 3 years from the issued date (the issued date is 15 May 2017) at a maximum of 102,468,974 units. The exercise price is at Baht 2 per share. The exercise ratio is one warrant to one ordinary share. The warrants can be exercised on every 6 months, which will be on 25 June and 25 December throughout the term of warrants. The first exercise date will be on 25 December 2017.

The outstanding warrants as at 31 December 2017 which were issued and offered to shareholders of the Company affect the diluted earnings (loss) per share since the exercise price of the outstanding warrants is lower than the average market price of the Company's shares during the twelve-month period ended 31 December 2017.

The basic earnings (loss) per share are calculated as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Earnings (loss) attributable to ordinary shareholders of the Company (Baht'000)	12,639	(216,680)	45,567	(213,189)
Weighted average number of ordinary shares outstanding (Shares'000)	409,877	309,927	409,877	309,927
Basic earnings (loss) per share (Baht per share)	0.03	(0.70)	0.11	(0.69)

24 Earnings (loss) per share (Cont'd)

The diluted earnings (loss) per share are calculated as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Earnings (loss) attributable to ordinary shareholders of the Company (Baht'000)	12,639	(216,680)	45,567	(213,189)
Weighted average number of ordinary shares outstanding (Shares'000)	415,973	309,927	415,973	309,927
Diluted earnings (loss) per share (Baht per share)	0.03	(0.70)	0.11	(0.69)

25 Commitments

(a) License agreements

The Group has entered into software license agreements, agreements licensing it to provide online game services and distribution rights agreements with several local and overseas companies. Under the agreements, the Company and subsidiaries are committed to pay initial license fees, minimum guarantee based on agreements and royalty fees based on revenue as stated in the agreements. The minimum guarantee payment are due according to the payment terms in the agreements.

As at 31 December 2017 and 2016, the Group are committed to pay initial license fees and minimum guarantee as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Initial license fees	34,725	35,687	30,384	27,362
Minimum guarantee	39,636	91,566	35,200	51,454

During the year 2017, the Group and the Company had made the software license termination letters with several game developer companies because game developments do not meet the expectation. The game developer companies had acknowledged and agreed on termination of the agreements.

(b) Operating lease commitments - where the Group is the lessee

The Group entered into operating lease agreements related to the rental of office space, warehousing and server storage space, and other agreements. The agreements have 1 to 5 years terms and are renewable.

As at 31 December 2017 and 2016, the Company and subsidiaries have future minimum lease payments required under these non-cancellable operating lease contracts are as follows.

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Not later than 1 year	21,847	29,851	16,686	16,251
Later than 1 year but not later than 5 years	4,025	22,606	2,979	15,146
	25,872	52,457	19,665	31,397

26 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company's shares are held by Mr. Pramoth Sudjitporn in the proportion of 48%. The remaining of 52% are widely held.

The significant investments in subsidiaries and associates are set out in Note 12.

The following significant transactions were carried out with related parties:

(a) Sales of goods and services and others

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Revenues from license fees and services				
Subsidiaries	-	-	9,416	5,436
Associates	350	1,194	350	1,194
Related parties	-	1,305	-	1,305
	<u>350</u>	<u>2,499</u>	<u>9,766</u>	<u>7,935</u>
Revenues from selling card				
Subsidiaries	-	-	6,818	16,283
Associates	681	1,782	681	1,782
	<u>681</u>	<u>1,782</u>	<u>7,499</u>	<u>18,065</u>
Dividend income				
Subsidiaries	-	-	26,271	-
	<u>-</u>	<u>-</u>	<u>26,271</u>	<u>-</u>
Interest income				
Subsidiaries	-	-	9,058	8,360
	<u>-</u>	<u>-</u>	<u>9,058</u>	<u>8,360</u>

26 Related party transactions (Cont'd)

The following significant transactions were carried out with related parties: (Cont'd)

(b) Purchases of goods and services and others

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
License fees and management fee				
Subsidiaries	-	-	20,596	27,831
Associates	189	-	189	-
Related parties	-	304	-	132
	<u>189</u>	<u>304</u>	<u>20,785</u>	<u>27,963</u>
Cost from selling card				
Subsidiaries	-	-	6,620	13,739
Associates	648	1,549	648	1,549
	<u>648</u>	<u>1,549</u>	<u>7,268</u>	<u>15,288</u>
Publisher fee				
Subsidiaries	-	-	1,404	4,283
Associates	21,320	-	21,320	-
Related parties	292	172	292	172
	<u>21,612</u>	<u>172</u>	<u>23,016</u>	<u>4,455</u>
Purchase of goods				
Subsidiaries	-	-	-	168
	<u>-</u>	<u>-</u>	<u>-</u>	<u>168</u>

26 Related party transactions (Cont'd)

The following significant transactions were carried out with related parties: (Cont'd)

(c) Outstanding balances arising from sales/purchases of goods/services and others

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Trade accounts receivable				
Subsidiaries	-	-	18,590	15,861
Associates	33,779	28,340	32,791	2,526
Related parties	18,984	21,928	19,462	20,993
Total	52,763	50,268	70,843	39,380
<u>Less</u> Allowance for doubtful accounts	(19,400)	(19,400)	(32,233)	(29,621)
	33,363	30,868	38,610	9,759
Amounts due from and accrued interest from related parties				
Subsidiaries - other receivables	-	-	29,514	31,092
- accrued interest	-	-	16,488	10,247
- accrued income	-	-	551	443
Associates	1,093	337	116	-
Related parties	7	-	-	-
Total	1,100	337	46,669	41,782
<u>Less</u> Allowance for doubtful accounts	-	-	(46,286)	(39,989)
	1,100	337	383	1,793
Trade and other payables				
Subsidiaries	-	-	2,483	5,297
Associates	7,937	9,439	2,485	1,474
Related parties	12	1,305	12	489
	7,949	10,744	4,980	7,260

(d) Short-term loans to related parties

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht'000	Baht'000	Baht'000	Baht'000
Short-term loans to related parties				
Subsidiaries	-	-	196,946	225,851
<u>Less</u> Allowance for impairment	-	-	(196,946)	(225,851)
	-	-	-	-

26 Related party transactions (Cont'd)

The following significant transactions were carried out with related parties: (Cont'd)

(d) Short-term loans to related parties (Cont'd)

The movements of short-term loans to related parties are shown below:

	Separate financial statements Baht'000
For the year ended 31 December 2017	
Opening balance	-
Loans advanced during the year	75
Loans repayments received during the year	(20,156)
Reversal of allowance for impairment	20,081
	<hr/>
Closing balance	-

Short-term loans to related parties are loans without collateral, repayable at call and carry interest at rate from 2.10% to 5.10% per annum.

(e) Long-term loans to related parties

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Long-term loans to related parties				
Subsidiaries	-	-	8,643	105,297
<u>Less</u> Allowance for impairment	-	-	(8,643)	(105,297)
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-

The movements of long-term loans to related parties during the year are shown below:

	Separate financial statements Baht'000
For the year ended 31 December 2017	
Opening balance	-
Loans advanced during the year	4,260
Loans repayments received during the year	(100,914)
Reversal of allowance for impairment	96,654
	<hr/>
Closing balance	-

Long-term loans to related parties are loans without collateral, repayable within 2019-2020 and carry interest at rate from 3.90% to 5.60% per annum.

26 Related party transactions (Cont'd)

The following significant transactions were carried out with related parties: (Cont'd)

(f) Short-term loan from director

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Short-term loan from director				
Key management	1,030	9,747	-	-
	1,030	9,747	-	-

The movements of short-term loan from director is shown below:

	Consolidated financial statements Baht'000
For the year ended 31 December 2017	
Opening balance	9,747
Loans received during the year	330
Loan repaid during the year	(9,047)
Closing balance	1,030

Short-term loan from key management due at call and carry interest rate from 3.00% to 5.10% per annum.

(g) Long-term loan from director

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Long-term loan from director				
Key management	-	3,500	-	-
	-	3,500	-	-

The movements of long-term loan from director is shown below:

	Consolidated financial statements Baht'000
For the year ended 31 December 2017	
Opening balance	3,500
Loans repayment during the period	(3,500)
Closing balance	-

Long-term loan from key management is repayable within 3 years and bore interest at rate from 5.35% to 5.60% per annum.

26 Related party transactions (Cont'd)

The following significant transactions were carried out with related parties: (Cont'd)

(h) Short-term loans from related parties

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Short-term loans from related parties				
Subsidiaries	-	-	7,000	11,000
	-	-	7,000	11,000

The movements of short-term loans from related parties are shown below:

	Separate financial statements Baht'000
For the year ended 31 December 2017	
Opening balance	11,000
Loans repayments received during the year	(4,000)
Closing balance	7,000

Short-term loans from related parties are loans without collateral, due at call and carry interest at rate 2.10% per annum.

(i) Key management's compensations

Key management includes directors (executive and non-executive), members of the Executive Committee, and the Company Secretary. The compensation paid or payable to key management for employee services is shown below:

	Consolidated financial statements		Separate financial statements	
	2017 Baht'000	2016 Baht'000	2017 Baht'000	2016 Baht'000
Short-term employee benefits	30,417	28,280	21,271	23,258
Retirement benefits	1,134	539	258	539
	31,551	28,819	21,529	23,797

27 Financial assets and liabilities denominated in foreign currencies

The significant outstanding balances of the Company and its subsidiaries' financial assets and liabilities denominated in foreign currencies are as follows:

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	2017	2016	2017	2016	2017	2016
	Thousand	Thousand	Thousand	Thousand	Baht	Baht
	Baht per 1 unit of foreign currency					
USD	4,364	5,559	749	2,266	32.6809	35.8307
EUR	-	20	12	-	39.0273	37.7577
MYR	4,645	73	319	678	8.0584	7.9896
SGD	2,962	1,659	249	884	24.4503	24.8010
PHP	54,914	5,045	11,225	8,074	0.6556	0.7248
IDR	-	-	406,694	394,694	0.0024	0.0027

Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	2017	2016	2017	2016	2017	2016
	Thousand	Thousand	Thousand	Thousand	Baht	Baht
	Baht per 1 unit of foreign currency					
USD	4,199	4,672	617	409	32.6809	35.8307
EUR	-	20	12	-	39.0273	37.7577
MYR	-	28	-	35	8.0584	7.9896
SGD	1,844	1,659	70	84	24.4503	24.8010
PHP	54,705	4,800	1,918	1,918	0.6556	0.7248
IDR	-	-	-	-	0.0024	0.0027

In addition, the Company and its subsidiaries are exposed to foreign exchange risk on their investments in overseas subsidiaries. These investments are currently not hedged by derivative financial instruments.

28 Contingent liabilities

In August 2017, Level up! Inc., a subsidiary received a warrant of distraint from the local tax regulator related to the deficiency of income tax and value added tax payment for the year ended 31 December 2012 amounting to PHP 14.36 million (Baht 9.59 million). The matter is currently being disputed by the subsidiary to the local tax regulator. Nevertheless, the management has determined, after obtaining legal advice, that there is uncertainty to such assessment. Therefore, as at 31 December 2017, the Group did not recognise a provision in relation to this assessment.

NEXT STEP
OF ASIASOFT

THE NEXT STEP OF ASIASOFT

Asiasoft aims for revenue and profits growth, being ready to find more online business opportunities for sustainable growth, and to become a leader in the online business sector. With more than 17-year online business experience, we possess the advantage of being flexible to competitive game industry of the moment. We, in turn, understand the needs of our customers, together with having staff of high-caliber and expertise in relevant fields. Moreover, the management restructuring has adjusted our operation to be more effective, in line with the ever-changing situation of the online game industry. We are all committed to reach our goals together, to be the leader in online entertainment that covers all aspects of services for our customers.

