



ANNUAL REPORT 2017

Vision and Mission

Vision “AJA will be a Holding Company who distributes the new business investment and build up only the sustainable growth business”

Mission “AJA will be a Holding Company who has the best technology in Southeast Asia with the intention to build up the high technology and good service branding”.

Important Financial Information

Unit: million

	2015	2016	2017
Statement of financial position			
Total assets	2,387.47	3,011.84	1,460.23
Total liabilities	1,164.52	1,145.54	201.32
Total equities	1,222.95	1,866.30	1,258.91
Statement of comprehensive income			
Revenue from sales and service	1,681.25	1,074.42	662.14
Cost of sales and services	1,032.59	720.85	637.96
Profit before finance costs and income tax expense	59.14	(0.09)	(326.64)
Net Profit (Loss)	6.37	355.46	(409.77)
Financial Ratios			
Net profit margin (%)	0.79	32.32	(60.05)
Return on equity (%)	1.43	25.30	(28.97)
Return on assets (%)	0.50	13.17	(18.33)
Debt to equity ratio (time)	0.95	0.61	0.16
Net profit per share (Baht)	0.000	(0.003)	(0.072)

Investors can find out more information from 56-1 form which publish in www.set.or.th or www.ajthai.com

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Message from Chairman and Chief Executive Officer



A stylized black ink signature of Mr. Vacharin Duangdara.

Mr. Vacharin Duangdara

Chairman of the
Board of Directors

A stylized black ink signature of Mr. Amorn Meemano.

Mr. Amorn Meemano

Chief Executive Officer



In year 2017, although the Company had tried all best, It still confronted with the problem and obstacle that blocked the Company to reach the expectation of operation. It effected to the electronics product to become lower revenue. Moreover the Company cancelled the business operation of online pre-paid vending machine in the fourth quarter of year 2017 and changed the status of subsidiary company to be the Company's long-term investment instead because the Company relinquished a right to purchase the capital increased share and loss the control power of mentioned company as the report to investors and shareholders previously.

In order to solve and relief the negative effect to the operation result of Company to be positive, the Management has obtained the new business obviously. In the mid of year 2017, the Company gradually invested in subsidiary company, associated company, and joint-venture company to strengthen and grow sustainably of group of Company. It was also able to reduce the risk from relying on the main business of the Company; for example, the investment on the service business of ready-made meal and beverage vending machine/ the business of selling the smart phone, tablet, and accessories/ the business of selling the electric vehicle under "BYD" brand. The Company will try to find the new potential business and build up the growth for group of Company continuously.

For the trend of structure adjustment and business strategy of the Company. There has been started to change to be consistent with the investment of the holding company that will expand the new business investment and grow up the business permanently. However the Company is still concentrated in the opportunity to grow the business related to the main business of Company and also new business. It has the target on digital marketing concept in order to be the business leader to push the country into Digital 4.0 which is the business operation with modern trend.

So that, on behalf of The Board of Director, Management to thank you every shareholder and stakeholder to ensure and support the operation of Company as always. Also thank you to every officer to push all effort to cooperate and be patient to any pressure from the outside competitiveness. The Company will operate the business under the corporate governance and continuously develop in order to have the sustainable growth accordingly.

Report of the Audit Committee

To Shareholders and The Board of Director
AJ Advance Technology Public Co., Ltd.

The Audit Committee of the Company is included 3 Independent Directors; Mr. Vacharin Duangdara who is knowledgeable on the law and rules about business transaction, Mrs. Chanatip Weerasubpong who is knowledgeable on financial and tax, and Dr. Phuvit Panyasit who is knowledgeable on management strategy.

The Audit Committee officiates according to the charter of The Audit Committee which is consistent with the appropriated practice of The Securities and Exchange Commission. It has reviewed and pushed forward the Company to follow the good corporate principles. It also has the risk management, effectively internal control, systematically structure and work process prioritizing, revealing organization to be sustainable growth in various businesses of the Company.

In year 2017, The Audit Committee had total 15 meetings that discussed with the management, the internal auditor, and the auditors which can be summarized on the operation of The Audit Committee as follows;

- 1. Review on Financial Statement :** The Audit Committee had reviewed the Company's financial report including the quarterly financial statement and annual financial statement of 2017 by considering on the accuracy and sufficient information disclosure which was presented together with the important information of auditor. The Audit Committee asked on accounting issue that was the main point of the auditor such as debtor, inventory, forecast, and other consideration on financial statement preparation in order to confine that the financial statement will be accordance with the law and accounting standard as the reliable and timely accounting principles. Also there was the enough disclosure of information to be benefit to the financial statement user.
So that the result of review did not find any issue to believe that the aforesaid financial statement was incorrect as it should about the main point as standard of financial report.
- 2. Review on Risk Management :** The Audit Committee had reviewed the risk management and other appropriated measures for important risk management especially the new business investment, the method of risk management that effect to the operation of group of Company, circumstance, other risks, and personal readiness to support the quick change business.
- 3. Consider and Review on the Important Related Transaction :** The Audit Committee considered and reviewed the important related transaction which may cause to the conflict of benefit between the Company and personal or related business. It had been considered on the necessary and reasonability which benefited to the Company and was accordance with trade condition. It was also the corrective and completing as the law and regulation of The Securities and Exchange Commission.
- 4. Supervision of Internal Audit :** The Audit Committee considered and reviewed the sufficiency of internal control procedure and appropriated internal audit procedure by selected the effective internal audit from outsource and proposed the audit report quarterly but still found some mistake. However

The Audit Committee opined that the Company should have the internal audit to work in parallel with the auditor in order to improve the performance on any management including the strength and weakness and also follow up the fixing of weakness to be the strength further.

5. **Review of Good Supervision :** The Audit Committee considered and reviewed on the Company operation to be consistent with Securities and Exchange Act of Thailand and the law related to the Company's business. The Company had adjusted as the proposal of The Audit Committee to be corrected as aforesaid rules together with the proposal to the Board of Director to aware on morality, good governance, corruption resistance and risk management of Company. They will propose to form up Governance Committee, Risk Management Committee, and Corruption Resistance Committee in order to have the systematically governance for group of Company.
6. **Consideration on Audit Appointment for 2018 :** The Audit Committee considered to select the Company's auditor by proposing The Board of Director to appoint the auditor from KPMG Phoomchai Audit Co., Ltd. who was the Company's auditor of last year to become the auditor once again in this year. So that The Board of Director meeting had approved to propose to The Ordinary Shareholder meeting of 2018 to consider on appointing Mr. Ekkasit Chuthamsatid certified auditor no. 4195 or Ms. Thanit Osathalert certified auditor no. 5155 or Mr. Sakda Kaothanthong, certified auditor no. 4628 of KPMG Phoomchai Audit Co., Ltd. who are qualified as the auditor of registered company as the requirements of The Securities and Exchange Commission to be the auditor for 2018 and set the remuneration for auditor of Company and associated company at total 3,580,000 Baht.

In conclusion, The Audit Committee believed that they had performed as assigned functional boundary and had completely responsibility as specified in the charter of The Audit Committee by using the knowledge, carefulness, deliberation, and liberty together with the opinion and suggestion as for the stakeholders' advantage equality. They got cooperation and support from related parties and promoted the Company to operate the business according to the good principles of corporate governance. The Audit Committee opined that the Company had the corrected financial statement as the standard of financial report with the completely and reliable information disclosure, the reasonable related transaction, the Company's benefit, and the business under the law or suitable principle of corporate governance.

On Behalf of Audit Committee



(Mr. Vacharin Duangdara)

Chairman of Audit Committee

The Board of Directors



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Mr. Vacharin Duangdara

- Position** : Chairman of the Board of Directors /
Chairman of the Audit Committee
- Education** : Bachelor Degree in Laws, Thammasat University
Thai Bar Association (The Bar Association)
Master Degree in Business Administration (EX-MBA),
Kasetsart University
- Training** : Director Accreditation Program (DAP) 12/2004
Director Certification Program (DCP) 74/2006
- Working Experience**
- Present** : Lawyer
Chairman of Audit Committee, Chu Kai Plc (CRANE)
Audit Committee, Permsin Steel Works Plc (PERM)
Chairman of Audit Committee, J.S.P. Property Plc (JSP)
- Experience** :
- 2013 - 2015 SVP - Special Investigation, Siam Commercial Bank Plc.
- 2011 - 2013 SVP - Law Department Krungthai Card
- 2008 - 2011 SVP - Investigation Department Bank of Ayudhya Plc.
- 2004 - 2008 Lawyer, Legal Line Co., Ltd.
- 1999 - 2004 Executive Director, Asia Recovery Management Co., Ltd.
- 1995 - 1999 Managing Director, M-Thai Asset Management Co., Ltd.
- 1992 - 1995 VP, Chart Securities Company
- 1982 - 1992 VP, Thanachart Securities Company



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Mrs. Chanatip Weerasubpong

- Position** : Independent Director / Director / Audit Committee
- Education** : Master Degree in Accounting, Thammasat University
Master Degree in Political Science and Public Administration,
Thammasat University
Bachelor Degree in Accounting, Thammasat University
Bachelor Degree in law, Ramkhamhaeng University
- Training** : Director Certification Program
Audit Committee Program
Anti-Corruption for Executive Program
Corporate Governance for Capital Market Intermediaries
- Working Experience**
- Experience** :
- 2014 - 2015 Executive Advisor, Tax policy development, Revenue Department
- 2012 - 2014 Deputy Director, Revenue Department
- 2009 - 2012 Director Bureau of Central Administration, Revenue Department
- 2004 - 2008 Deputy Director of Large Business Tax Administration,
Revenue Department
- 2002 - 2005 Secretary of Revenue Department
- 2001 - 2002 Director Bureau of Law administration, Regional Revenue Office 6,
Revenue Department
- 1997 - 2001 Head of Inspector, Regional Revenue Office 1, Revenue Department



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Dr. Phuvit Panyasit

Position : Independent Director / Committee / Audit Committee

Education : Doctor of Philosophy, Sherwood University of USA
(Business Management)
Master of Business Administration (Management),
E-Sarn University
Bachelor of Business Administration (Management),
College of Asian Scholars

Working Experience

Present : Advisor, The Police Audit and Monitoring Board,
Bangkok Yai Police Station
Executive Editor / Owner of Police News newspaper
Chairman of the Board, Samui Hotel Resort and Spa Co., Ltd.
1st Lieutenant Governor, Alumni Association of Panitchayakan
Rajdamnern Technological College
1st Lieutenant Governor, The Public Taxi Driver Association -
Suvarnabhumi
Advisory Board, President of Thai Territorial Preservation
Reserve Association
Director of Welfare and Revenue Department, Radio and
Television Association of Thailand
Advisory President, Media and Public Relations,
Government Audit Authority (Universal)

Experience : Krung Thai Bank Public Company Limited for 19 years
Sales & Marketing Manager, Somkiat Power Light Co., Ltd.
Assistant Managing Director, Chart Sintu Recruitment Co., Ltd.
Vice Chairman, Grand Pioneer Co., Ltd.



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Mr. Amorn Meemano

Position : Director / Executive Committee / Chief Executive Officer

Education : Honorary Doctor of Business Administration,
Ramkhamhaeng University
Master Degree in Business Administration, Beijing University
Bachelor Degree in Business Administration,
Assumption University

Training : Director Accreditation Program

Working Experience

Present : Director, AJ Vending Co., Ltd.
Chairman of the Board, Rizen Energy Co., Ltd.
Director, Happy Vision Co., Ltd.
Director, Siam Advance Electronic Co., Ltd.
Director, AJ E-Commerce Co., Ltd.
Managing Director, Muke Inter Co., Ltd.
Managing Director, Muang Thai Digital Co., Ltd.
Director, Maxon Herb Marketing (Thailand) Co., Ltd.
Managing Director, Cap Advance Co., Ltd.
Chairman of the Board, Petchnumnueng Jewelry Co., Ltd.


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Mr. Pipat Patiwetphinyo

- Position** : Director / Executive Committee / Deputy Managing Director : Operation
- Education** : Bachelor Degree in Business Administration - Marketing, Kasetsart University
- Training** : Director Accreditation Program
- Working Experience**
- Present** : Director, AJ Vending Co., Ltd.
 Director, Rizen Energy Co., Ltd.
 Director, Happy Vision Co., Ltd.
 Director, Siam Advance Electronic Co., Ltd.
 Director, AJ E-Commerce Co., Ltd.
- Experience** :
- 1993 - 2007 : Director, JSC Electric Wire and Cable Co., Ltd.


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Mr. Anake Pattanaslid

- Position** : Director
- Education** : Bachelor Degree in Business Administration, Huachiew University
- Training** : Director Accreditation Program
- Working Experience**
- Present** : Director, Losanne Khao Yai Co., Ltd.
 Director, AJ E-Commerce Co., Ltd.
 Director, Happy Vision Co., Ltd.
 Director, Maxon Herb Marketing (Thailand) Co., Ltd.
 Director, B.V.S. Trading Co., Ltd.
 Director, Flying Fish Service (Thailand) Co., Ltd.
 Director, Super Ten Co., Ltd.
- Experience** :
- 2005 - 2017 : Director, Siam Advance Electronic Co., Ltd.



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Mrs. Nasikar Meemanonuns

- Position** : Director
- Education** : Bachelor Degree in Business Administration Marketing,
Thammasat University
- Training** : Director Accreditation Program
- Working Experience**
- Present** : Director, Rizen Energy Co., Ltd.
Director, Happy Vision Co., Ltd.
Director, Siam Advance Electronic Co., Ltd.
Director, AJ E-Commerce Co., Ltd.
Managing Director, Petchnumnueng Jewelry Co., Ltd.
- Experience** :
- 1993 - 1996 Insurance agent, / Assistant Unit Manager AIA Group Limited
- 1991 - 1993 Marketing Manager, S.O.S. Marketing Co., Ltd.
- 1989 - 1990 Assistant Marketing Manager, T.N. Incorporated Co., Ltd.
- 1987 - 1989 Assistant Marketing Manager, I.P. Trading Co., Ltd.



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Mr. Sirichai Tainuthai

- Position** : Director
- Education** : Master Degree in Business Administration,
California State University, USA
Bachelor Degree in Economics, Kasetsart University
- Training** : Director Accreditation Program
- Working Experience**
- Present** : Director, AJ Vending Co., Ltd.
Advisor, The Ultrawealth Co., Ltd.
Advisor, The Ultrawealth Group Co., Ltd.
Director, Siamsincere Import Export Limited Partnership
- Experience** :
- 2000 - 2004 Deputy Managing Director, Hello Discount Limited Partnership
- 1998 - 1999 Materials and Production Control Manager Copper Clad
Multilayer
Products Inc., California, USA.
- 1993 - 1995 Sales staff Louis T.Leonowens (Thailand) Limited
(A Member of GETZ BROS. & CO. INC., California)

Nature of Business

Main Business of Company

Company has operated the sourcing and distributing business for electronics product under “AJ” brand which is various, in-trend technology, and reliable quality product. Now the group of Company has distributed the electronics product for more than 246 items which can be divided into 2 categories; Audio & Visual Product and Home Appliance Product.

1) Audio and Visual Product : AV

Audio and Visual products are the main products of the group of Company which approximately has the income ratio around 67-79% of total sales revenue of the group of Company in the last 3 years. In present, the group of Company has around 246 items of audio and visual products which can be subdivision as follows;

- DVD Player, DVD Blu-ray Player, and Portable DVD Player

DVD player, DVD Blu-ray player, and portable DVD player are the main products that have the income ratio at 22-25% of sales revenue from audio and visual product in the last 3 years. In present, the group of Company has distributed DVD player, DVD Blu-ray desktop player, and portable DVD player at 31 items. DVD player of the group of Company can support many kinds of file including DVD, DVD-R, VCD, CD, CD-R, SVCD and MP3. Moreover it can connect to USB port and SD card. Some model of DVD player can support HDMI which is up to 1080p resolution and 5.1 sound system.

Sample of DVD Player



For the portable DVD player, it has LCD/LED screen and build-in earphone jack. It is able to receive TV signal and DVD, MPEG4, VCD, MPEG-1, MPEG-2, MP3, CD-AUDIO, WMA, Picture CD (JPEG) files. Also it can connect to USB port and SD card. Some model has the anti-quake while playing, rotary screen, and able to be installed on the car.

Sample of Portable DVD Player



- **Audio, Speaker, and Home Theatre**

The electronics product in this group is included home theatre, microphone component, speaker, portable radio, amplifier etc. The electronics product in this group has the income ratio at 45-49% of sales revenue from audio and visual product in the last 3 years.

Sample of Audio Product

Home Theatre Set



Micro-Component



Speaker



Portable Speaker



Portable Radio



Amplifier



Bluetooth Speaker



Music Box



- Karaoke Player and Karaoke Audio Set

Karaoke player and Karaoke Audio set are the new product categories of group of Company which have been started to distribute in 2010 onward and get the satisfied feedback from customer with the income ratio around 1-3% of sales revenue from all audio and visual product.

Group of Company distributes Karaoke player under AJ brand. The customer can add more songs at the music counter service at DNA shop and IMAGINE shop in any branches around the country.

Sample of Karaoke player and Karaoke Audio Set



- Other Audio and Visual Products

Beyond the main electronics product, the group of Company also distributes other audio and visual products which are under the market trial or distributes the related products such as TV LED with HDMI support, DVD-TV with build-in DVD player, and microphone etc.

Sample of Other Audio and Visual Products



2) Home Appliance: AP

Group of Company started to distribute the home appliance product in 2009 onward and get the satisfied feedback from customer. It is the result to group of Company to continuously increase the growth income ratio from home appliance product at around 19-33% of total revenue in the last 3 years.

Home appliance product can be divided into 2 subdivisions as follows;

1. Large Home Appliance product such as portable air conditioning, refrigerator, or washing machine etc.
2. Small Home Appliance product such as kettle, rice cooker, electric pot, iron, blender, induction cooker, microwave etc.

Sample of Large Home Appliance Product



Sample of Small Home Appliance Product



Other Businesses

In 2017, the Company invested in subsidiary company and joint-venture company which operate in 4 main businesses as follows;

- 1) Smart phone, tablet, and accessory business under AJ brand and cooperate with business partner under MGT, ASTON, and DENGGO brands.
- 2) E-commerce business with Alibaba by being the reseller in Thailand for recruiting and servicing the members. It is also about the related service such as the additional showroom on website as for increasing sales opportunity etc.
- 3) Ready-made meal and beverage vending machine business which is the automation machine selling the product at 24 hours service with convenience, fast, and meet the needs of modern society.
- 4) Electric vehicle business under “BYD” brand which covers the private vehicle, public vehicle, and large bus in order to respond the market’s demand for electric vehicle with pure energy and environmental friendly.

Risk Factors

Risk factors and impacts can be considered by categorized as 2 groups 1) parent company business and 2) subsidiary company business which are as follows:

1. Parent company business risk

- 1.1 Risk from economic slowdown: Due to the economic slowdown from previous 3-5 years, this directly affected to slowdown of sales by lower purchase power from all customer segments. However, the Company has made an effort to stimulate sales by creating various promotion campaigns which partly helps to boost up revenue.
- 1.2 Risk from changes in technology: The Company's main products are electrical appliance which instantly impacted by the changes in technology and lead to an obsoleted product. The Company has to continuously update consumer behavior trend together with products in order to meet with different needs. The Company discovered that customers in urban and rural areas have different needs and behaviors.
- 1.3 Risk from exchange rate: The Company, in electronic appliance business, bought the products using US Dollar as the major currency.
- 1.4 Risk from reliance on management: overseas purchasing and marketing still depends mainly on the executive expertise, most of the products order from China. This required personal expertise and connection which made it difficult to find a representative. However, the Company can recruit the appropriated resources which the executive will consequently transfer the expertise accordingly.

2. Subsidiary company business risk

The investment in subsidiary company of the Company is according to the joint-venture policy which the Company must be the major shareholder with significant shareholding in order to reduce the risk of business expertise. In the same time, it can make a reasonable working direction but on the other hand it has the risk from teamwork. The company that continues the business for a while, it normally will have their own way of work and culture. Once it has new major shareholder to involve with the management, they should combine the working culture to be unique. Because it is a registered company in The Stock Exchange of Thailand, there are many strict requirements and regulations in order to follow the internal control and also reveal the information to public as its direct rule. Therefore the subsidiary company must adjust itself and working method that may effect to the teamwork. Moreover the subsidiary company has also the risk from business direction in the future too. Anyway these 3 subsidiary companies have the risk that can be concluded as follows;

2.1 Siam Advance Electronics Co., Ltd.

- 2.1.1 Risk from the change of technology, they accept that the smart phone, tablet, and accessories have been changed continuously and fast. The Company should accept the risk of the change of technology. Also the customer's product selection behavior can be changed, easy, and quick. There is an imitation behavior and also a selection behavior of customer can be changed easily and fast, so the Company needs to closely follow up and source the new product with high technology and meet the customer's requirement.

2.1.2 Risk from the relying on major dealer. Currently Siam Advance Electronics Co., Ltd. has distributed the product through 3 major business partners who become the middle men to distribute the product to the retailer. Therefore in order to increase the sales channel and able to access the customer, then the shop of Company has operated at 3 branches under “AJ Brand Shop” by renting the space in department store in year 2018.

2.2 AJ Vending Co., Ltd.

2.2.1 Risk from loss and damage the ready-made meal and beverage vending machine. Because the Company’s business is about the ready-made meal and beverage selling through vending machine, the Company must bring the machine, the main asset for business operation and make the main income, to install around factory building, hospital, department store, and public location for 24 hours service. It causes to the risk of loss and damage of ready-made meal vending machine on robbery, fire, flood, or leverage. The Company then focuses on selection that must be strong and has the sensor protection etc. Also the selection on good location in order to reduce the aforesaid risk.

2.3 Rizen Energy Co., Ltd. and AJ E-Commerce Co., Ltd.

2.3.1 Risk from non-renewal of dealer contract

- Dealer contract is the most important factor for the dealer business. The contract of subsidiary and joint-venture companies are able to renew automatically and have the limit time to renew the contract. For the contract that has scheduled for renewal, the Company will take a risk on the contract cancellation when it is due and has a chance to lost revenue from being the dealer. However they have conduct a long-term business with good relationship and follow the condition mentioned in the contract and the Company will be trusted to renew the contract.
- Between agreement to renew the contract, another party may request to change the condition in order to increase the return on contract to be according to the normal business. However the Company and another party have joined the business together, if another party requests to increase the compensation, the Company will negotiate for that change of compensation to be the rate that both parties satisfied in mutual benefit.

2.3.2 Risk from the product owner will migrant to business in Thailand

As the subsidiary and joint-venture companies of the Company are the reseller to recruit the member and distributor. Mostly these shops work on marketing by themselves in order to promote their product easily. However the shop owner who would like to market by their own, it has a chance to do but it might not be easy. It is because the car users in Thailand have exclusive behavior which relies on the understanding and expertise together with market adjustment. Thus the cooperation with the local entrepreneur can trust as the best alternative.

Shareholding Structure

As of March 28th, 2018, the top ten shareholders were summarized as follows:

No.	Name	No. of shares (shares)	(%)
1.	Mr. Amorn Meemano	495,975,881	11.70
2.	Miss Jintana Meemano	269,343,715	6.35
3.	Mrs. Nasikar Meemanonuns	195,820,372	4.62
4.	Mr. Pipat Patiwetphinyo	188,826,313	4.45
5.	Miss Wanida Wasiphanphong	175,342,215	4.14
6.	Miss Chinda Meemano	103,889,570	2.45
7.	Thai NVDR Company Limited	96,610,282	2.28
8.	Mr. Yuttachai Runganuntrakul	77,330,000	1.82
9.	Mr. Chookiat Rujanapornpajee	70,000,000	1.65
10.	Mr. Chokanun Saengpongpitaya	67,864,422	1.60
Top ten shareholders		1,741,002,770	41.06
Other shareholders		2,499,291,974	58.94
Total		4,240,294,744	100.00

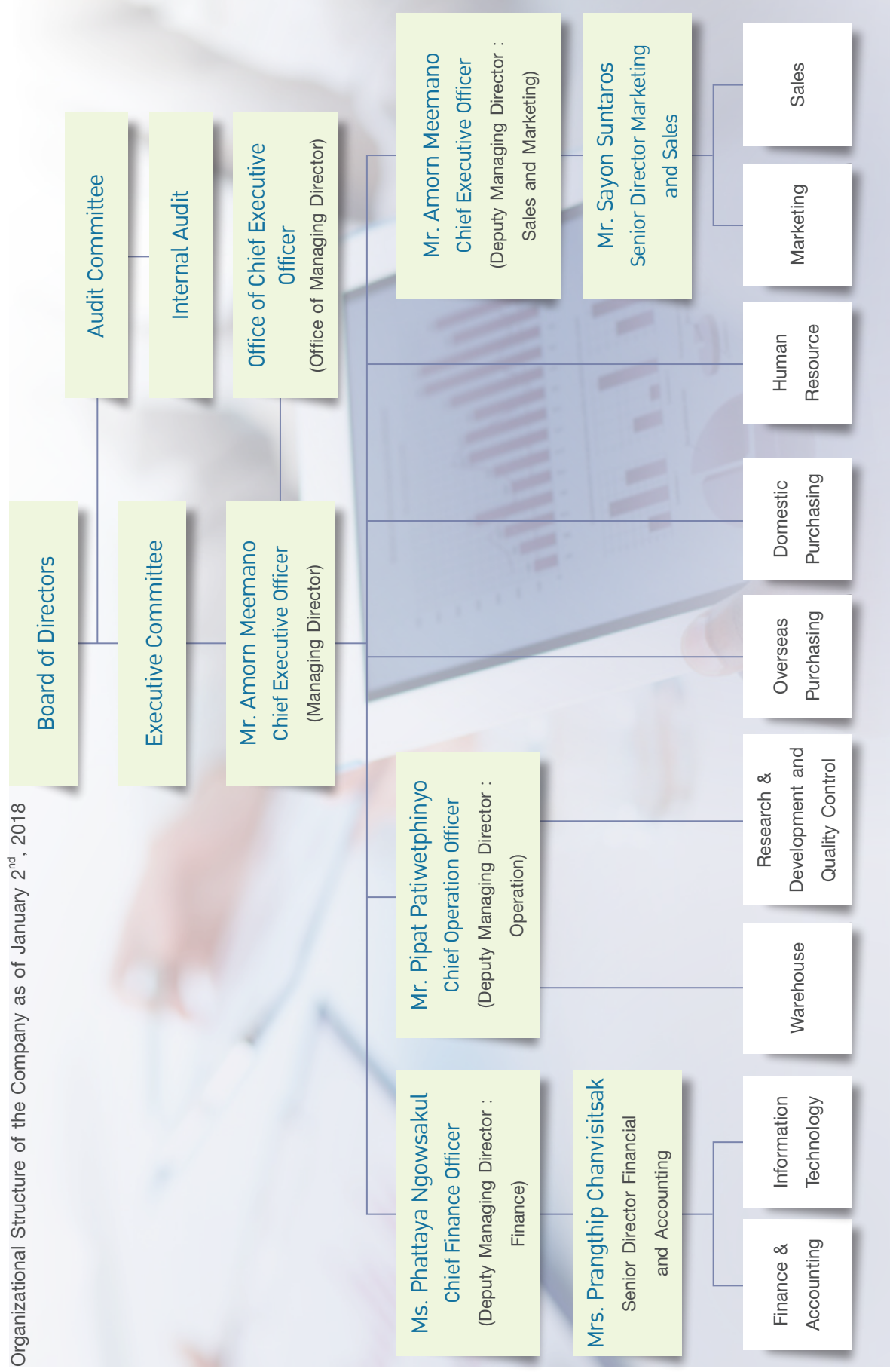
Dividend Payment Policy

The Company has a policy to pay dividend at the minimum 40% of net profit after corporate taxes and all statutory reserves. However, the Company may pay dividend less than the amount specified above or may not pay dividend, if the Company is required capital for business expansion.

In addition, the Board of Directors' resolution on approval of the dividend payment is required to be proposed to the shareholders' meeting for the approval, except in case of interim dividend, where the Board of Directors has power to approve and then report to the shareholders' meeting for acknowledgement in the next meeting in 2018.

Management Structure

Organizational Structure of the Company as of January 2nd, 2018



Management Structure

The Company's management structure consists of 3 committees: the Board of Directors, the Audit Committee and the Executive Committee. The Company's management pursuant to organization chart is as follows:

The Board of Directors

The Board of Directors as of March 1st, 2018 consisted of:

Name	Position
1. Mr. Vacharin Duangdara	Chairman and Independent Director
2. Mrs. Chanatip Weerasubpong	Director and Independent Director
3. Dr. Phuvit Panyasit	Director and Independent Director
4. Mr. Amorn Meemano	Chief Executive Officer/Director
5. Mr. Pipat Patiwetphinyo	Chief Operation Officer/Director
6. Mr. Anake Pattanaslid	Director
7. Mrs. Nasikar Meemanonuns	Director
8. Mr. Sirichai Tainuthai	Director

Mrs. Prangthip Chanvisitsak is the company secretary.

The Authorized Directors

The authorized directors who may sign to bind the Company: two directors of Mr. Amorn Meemano, Mr. Pipat Patiwetphinyo and Mrs. Nasikar Meemanonuns can jointly sign and affix the Company's seal.

Scope of Duties and Responsibilities of the Board of Directors

Pursuant to resolution of the meeting of the Board of Directors No. 7/2013 on June 17, 2013 and the Extraordinary General Meeting of Shareholders No. 1/2013 on July 11, 2013, scope of duties and responsibilities of the Board of Directors was specified as follows:

1. To perform duties pursuant to laws, objectives and articles of association of the Company as well as resolutions of shareholders' meetings with honesty, integrity and to preserve the best interest of the Company.
2. To specify vision, policy and operating direction of the Company and to supervise performance of the management to ensure compliance with the specified policies and work plans effectively and efficiently in order to increase maximum economic value of the business and the best benefits of the shareholders
3. To monitor operating results to ensure that they are pursuant to policies and business objectives. Clear indicator must be specified to be used as operation guidelines by taking into consideration the possibility and reasonableness. In addition, policies and policy compliance must be reviewed constantly.
4. To carefully consider the conflict of interest and the transaction that might have conflict of interest by specifying clear guidelines that must mainly be for overall benefits of the Company and the shareholders. The person with interest shall not be entitled to make decision. To supervise to ensure

compliance with standard regulations concerning operating procedures and disclosure of information of transaction which might have conflict of interest correctly, completely and transparently.

5. To specify approval authority for undertaking any transactions and operations concerning the Company's business to the group of persons or a person appropriately as appropriated and in accordance with the relevant laws. This task can be done by preparing as delegation of authority manual and it must be reviewed at least once a year
6. To establish the reliable accounting system, processing system, financial reporting and auditing as well as to oversee assessment process on appropriateness of internal control system by assigning an independent person or function to responsible for inspection of such systems and those systems must be constantly reviewed.
7. To specify comprehensive risks management policy throughout the organization where the management shall comply with the policies and report to the Board of Directors on continued basis. To review or assess efficiency of risk management regularly and every time when it is found that risk level has changed as well as place importance on early alarm signal and any abnormal transactions.
8. To appoint the sub-committee or any person to oversee, monitor and control operations of the Company in material matters under supervision of the Board of Directors. To assess performance and fix remuneration of such sub-committee or person or assign authority to such sub-committee or person to be within the period of time as the Board of Directors deemed appropriated. The Board of Director may cancel, revoke, change or revise such authority.

The following operational powers shall be exercised only after they have obtained an approval from the shareholders' meeting first, provided that, any director or person who might have any conflicts, interests or conflict of interest regarding any transaction with the Company or its subsidiary shall not be entitled to vote on it:

- Any activity that the laws has specified that it must have an approval from the shareholders' meeting first.
- Any transaction that any director may have some interests and in scope that the laws or regulations of the Stock Exchange of Thailand prescribed that it is required to have an approval from the shareholders' meeting first.
- In addition, for the following cases, the resolution is required to be passed by the majority vote of not less than three-fourth of total votes of director members presenting at the meeting of the Board of Directors and of the shareholders presenting at the meeting and having the voting right:
 - Sell or transfer in whole or in substantial parts of the business of the Company to other person.
 - Purchase or accept the transfer of business of other public company or private company.
 - Execute, amend or terminate the agreement relating to lease out in whole or in substantial parts of business of the Company, assign the other person to manage the business of the Company or merge business of the Company with business of the other person, which objective is for profit sharing.
 - Issue new shares to pay to the Company's creditor pursuant to debt to equity conversion project.
 - Decrease the Company's registered capital by decreasing number of shares or decreasing share values.
 - Increase, decrease the capital, issue the debenture, amalgamate or dissolve the Company.
 - Any other issues as per specified by laws.

The Audit Committee

As of March 1st, 2018 the Audit Committee comprised of :

Name	Position
1. Mr. Vacharin Duangdara	Chairman of the Audit Committee
2. Mrs. Chanatip Weerasubpong	Audit Committee
3. Dr. Phuvit Panyasit	Audit Committee

Miss Airinlada Poonsinasawadech is a secretary of the Audit Committee.

Remarks : Mrs. Chanatip Weerasubpong as the Audit Committee has sufficiently skills and experiences to assume duties of auditing the Company's financial statement as she obtained Bachelor and Master Degree in Accounting from Thammasat University

Scope of Duties and Responsibilities of the Audit Committee

Pursuant to resolution of the meeting of the Board of Directors No. 7/2013 on June 17, 2013 and the Extraordinary General Meeting of Shareholders No. 1/2013 on July 11, 2013, scope of duties and responsibilities of the Audit Committee was specified as follows:

1. To audit to ensure that the Company has sufficient, credible and transparent financial reports by coordinating with the external auditor and the Company's executives who are responsible for preparing the quarterly and yearly financial reports.
2. To review the Company's internal control system and internal audit to ensure that they are suitable and effective jointly with the external auditor and internal auditor (if any) and to determine independence of the internal audit function or any other functions in charge of the internal auditing.
3. To review operations of the Company to ensure that they comply with the laws on securities and exchange, regulations of the Stock Exchange of Thailand and the laws related to the Company's businesses.
4. To select and propose the Company's auditor and to fix his or her remuneration by taking into consideration reliability, adequacy of resource, amount of auditing activities and experiences of such auditor as well as to attend the meeting with the auditor without any participation of the executives at least once a year.
5. To consider the connected transactions or transactions which might have conflicts of interest to ensure that they are reasonable, comply with the laws and regulations of the Stock Exchange of Thailand and for maximum benefits of the Company.
6. To review and ensure that the Company has appropriate and efficient risk management system.
7. To prepare the report about the Audit Committee's activities and disclose in the Company's annual report. Such report must be signed by the Chairman of the Audit Committee and included at least the following recommendations:
 - Recommendation on accuracy, completeness and creditability of the preparation process and information disclosure in the Company's financial report,
 - Recommendation on adequacy of the Company's internal control system,
 - Recommendation on compliance with laws on securities and exchange, the stock exchange's regulations, or other laws related to the Company's business,
 - Recommendation on suitability of the auditor,
 - Recommendation on transactions that may cause conflicts of interests,

- Number of the Audit Committee's meetings and attendance of such meetings by each committee member,
 - Overall recommendations or observations that have arisen while the Audit Committee performed its duties in accordance with the Charter, and
 - Other reports which should be made available to the shareholders and general investors within scope of duty and responsibility assigned by the Company's Board of Directors
8. To perform any other tasks as assigned by the Board of Directors pursuant to opinions of the Audit Committee, for instance, review of financial management policy & risk management, review on compliance with business ethics of the management, review material reports jointly with the Company's management which must be presented to the general public as per specified by the law, i.e. executive report and analysis and etc.

In order to make the Audit Committee perform the work efficiently, the Audit Committee may seek independent opinion from the consultants of various professions, if it deems necessary at the Company's expense.

Qualifications of the Audit Committee and Independent Director

- a. Holding shares not exceeding 1.0 percent of the total number of voting shares of the Company, its parent company, its subsidiary, its associate company or a juristic person who might have conflict of interest, provided that, the shares held by the related person of such Independent Director shall also be counted for this purpose.
- b. Not being or having been a director involved in the management, an employee, an officer, a consultant with a monthly wage or a controlling person of the Company, its parent company, its subsidiary, its associate company or a subsidiary with the same level or a juristic person who might have conflict of interest, except he/she has resigned from such position at least 2 years prior to the date submitted a permit to the office.
- c. Not being related by blood or legal registration as a father, mother, spouse, sibling and child, including as a spouse of the child of an executive officer, a major shareholder, a controlling person or a person who will be nominated to become an executive officer or a controlling person of the Company or its subsidiary.
- d. Not having or had a business relationship with the Company, its parent company, its subsidiary, its associate company or a juristic person who might have conflict of interest in the manner which may interfere the exercise of independent judgment, including not being or having been a major shareholder, a director who is not an independent director or an executive officer of a person having a business relationship with the Company, its parent company, its subsidiary, its associate company or a juristic person who might have a conflict of interest, except where such restriction had passed for not less than 2 years prior to the date submitted a permit to the office.

The term "business relationship" under the first paragraph shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, and any other similar Crown Tech Advance Public Company Limited 27 actions, which result in the Company or its counterpart being subject to indebtedness payable to the other party in the amount of 3 percent or more of the net tangible assets of the Company or 20 million Baht or more,

whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the Notification of the Board of Directors of the Stock Exchange of Thailand governing disclosure of information and practices of the listed company on connected transactions, mutatis mutandis. The consideration of such indebtedness shall include indebtedness occurred during the period of one year prior to the date on which the business relationship with the same person commences.

- e. Not being or having been an auditor of the Company, its parent company, its subsidiary, its associate company, or a juristic person who might have a conflict of interest and not being a major shareholder, a controlling person, a director who is not an independent director, an executive officer or a partner of an audit office for which the auditor of the Company, its parent company, its subsidiary, its associated company or a juristic person who might have a conflict of interest work, except where such restriction had passed for not less than 2 years prior to the date submitted a permit to the office.
- f. Receives service fees exceeding 2 million Baht from the Company, its parent company, its subsidiary, its associate company or a juristic person who might have a conflict of interest. In addition, in case the professional service provide is a juristic person, it shall include a major shareholder, a director who is not an independent director, an executive officer or managing partner of such professional service provider, except where such restriction had passed for not less than 2 years prior to the date submitted a permit to the office.
- g. Not being a director appointed to represent the Company's Board of Directors, a major shareholder or a shareholder who is related to the Company's major shareholder.
- h. Subsidiary or not being a significant partner of a partnership or not being a director who is involved with management tasks, a staff member, an employee, a consultant with a monthly wage or holds shares more than 1.0 percent of total shares with voting rights of another company which is engaged in a business of the same nature as and of significant competition to that of the Company or its subsidiary.
- i. Not having any other characteristic which prevents the giving of an independent opinion on operations of the Company.
- j. Not being a director appointed from the Company's Board of Directors to make decision for business operations of the Company, its parent company, its associate company, a subsidiary of the same level or a juristic person who might have a conflict of interest and must not being a director of the listed company which is a parent company, a subsidiary, an associate company, a subsidiary in the same level.

After being appointed to be the Independent Director with qualifications pursuant to Item a. to j. above, the Independent Director may be empowered by the Board of Directors to make decision for business operation of the Company, its parent company, its subsidiary, its associate company, a subsidiary in the same level or a juristic person who might have a conflict of interest in the form of collective decision.

Executive Committee

As of March 1st, 2018, the Executive Committee consists of:

Name	Position
1. Mr. Amorn Meemano	Chairman of the Executive Committee
2. Mr. Pipat Patiwetphinyo	Executive Committee

Scope of Duties and Responsibilities of the Executive Committee

Pursuant to resolution of the meeting of the Board of Directors No. 7/2013 on June 17, 2013 and the Extraordinary General Meeting of Shareholders No. 1/2013 on July 11, 2013, scope of duties and responsibilities of the Executive Committee was specified as follows

1. To control management of the Company to ensure that it is in accordance with the policies specified by the Board of Directors and then report operating results to the Board of Directors.
2. To specify strategy and business plan, budget including management structure so that it can achieve policies and objectives of the Board of Directors, then propose to the Board of Directors for consideration
3. To specify approval authority of each person appropriately, by segregating duties which may favor for corruption from each other, and propose to the Board of Directors or the sub-committee assigned by the Board of Directors for approval. To control and ensure on adherence to the approved principles and regulations.
4. To consider organizational structure and to empower to manage salary structure, define scope and duty of work, assignment, appointment; transfer, cut or reduce salary; remove; dismiss or impose disciplinary penalty; give reward and consider praiseworthy of the employee.
5. To consider and approve on financial transactions with the banks or financial institutes to support normal business operations, such as open or close account; take on a loan; grant a loan, provide credit amount, pledge, mortgage, guarantee and others which including purchase and sell and register on ownership of title deed of land for normal business operation pursuant to the authority approved by the Company's Board of Directors.
6. To consider and approve on investment and specify investment budget as per specified in the delegation of authority manual.
7. To consider about fund raising to propose to the Company's Board of Directors.
8. To approve on appointment of consultant in various field necessary for business operations.
9. To approve the operating plan of each department of the Company including to approve a request from various departments which beyond power of such department.

However, for authorization of such duty and responsibility of the Executive Committee, the authorized person shall not be empowered to approve any transaction that such person or a person who might have a conflict of interest (meaning of "person who might have a conflict of interest" is as per defined by the notification of the Securities and Exchange Commission), or may have conflicts in any other manners against the benefits of the Company or its subsidiary. The approval of such foregoing transactions are required to submit to the Board of Directors' meeting and/or the shareholders' meeting for consideration and approval pursuant to the Company's articles of association or as per required by relevant laws, except it is an approval of normal business transaction of the Company pursuant to the policy and criteria approved by the Board of Directors.

The Management

As of March 1st, 2018, the Company's management consisted of:

Name	Position
1. Mr. Amorn Meemano	Chief Executive Officer
2. Mr. Pipat Patiwetphinyo	Chief Operation Officer
3. Ms. Phattaya Ngowsakul	Chief Finance Officer
4. Mrs. Prangthip Chanvisitsak	Senior Director Financial and Accounting
5. Mr. Sayon Suntaros	Senior Director Marketing and Sales

Scope of Duties and Responsibilities of the Managing Director

Pursuant to resolution of the meeting of the Board of Directors No. 7/2013 on June 17, 2013 and the Extraordinary General Meeting of Shareholders No. 1/2013 on July 11, 2013, scope of duties and responsibilities of the Managing Director was specified as follows:

1. To supervise general operations and/or management of the Company;
2. To operate or undertake the work pursuant to the policy, work plan and budget approved by the Company's Board of Directors and/or the Executive Committee.
3. To authorize to approve and delegate authority to approve the disbursement for procurement of assets and service for the Company's benefit, provided that such approval authority must be an approval of normal trading transaction with amount of money not exceeding the amount specified by the Board of Directors.
4. To authorize an issuance of order, rule, announcement, memorandum in order to make operations conform to the policy and for benefits of the Company including to preserve working discipline within the organization.
5. To authorize to act on and represent as the Company's representative to the third party in the relevant business and for benefits of the Company.
6. To approve for an appointment of consultant in various fields necessary for business operation of the Company.
7. To be the authorized person of the Company to manage the Company's businesses to make them achieve the objectives, regulations, policies, rules, regulations, orders, resolutions of the shareholders' meeting and/or resolutions of the Board of Directors and the Executive Committee.

However, the delegation of authority to the Managing Director as well as delegation of authority to other persons that the Managing Director deems appropriated shall not include the authority and/or delegation of authority to approve any transaction that he/she or a person who might have conflict of interest, interests or may have conflict in other manner (pursuant to Company's articles of association or as per specified by the Office of the Securities and Exchange Commission) has with the Company or its subsidiary. The approval of such foregoing transactions are required to submit to the Board of Directors' meeting and/or the shareholders' meeting for consideration and approval pursuant to the Company's articles of association or as per required by relevant laws, except it is an approval of normal business transaction of the Company pursuant to the policy and criteria approved by the Board of Directors

Define of Credit Approval Authority

Pursuant to resolution of the meeting of the Board of Directors No. 7/2013 on June 17, 2013 and the Extraordinary General Meeting of Shareholders No. 1/2013 on July 11, 2013, the credit approval authority pursuant to the credit approval authority table has been approved which can be summarized as follows:

1. The Executive Committee is authorized to approve the purchase and sales of products, raw materials, services and contract execution which can create commercial obligation and financial obligation not exceeding 100.00 million baht, to approve the contract execution which can have financial obligation not exceeding 50.00 million baht and to approve the purchase, sale and transfer of assets not exceeding 50.00 million baht.
2. The Managing Director is authorized to approve the purchase and sales of products, raw materials, services and contract execution which can create commercial obligation not exceeding 40.00 million baht, to approve the contract execution which can have financial obligation not exceeding 20.00 million baht and to approve the purchase, sale and transfer of assets not exceeding 20.00 million baht.

However, credit approval authority as mentioned above shall not against with the laws on securities and stock exchange and the related regulations, notifications, orders or requirements including the compliance on regulations concerning connected transactions and acquisition or disposal of material assets of the Company or subsidiary.

Nomination of Director

The Board of Directors

As the Company does not have the Nomination Committee, so the selection and appointment of the Board of Directors shall be made by committees and consideration shall be based on knowledge, capability, experience, vision and credibility. In addition, such candidate must be a qualified person and not have prohibited characteristics specified by the laws. The appointment is required to have an approval from the shareholders' meeting. Criteria and method can be summarized as follows:

1. The Company's Board of Directors shall consist of at least 5 directors, who shall possess qualification pursuant to the laws and not less than one half of total directors must reside in the kingdom.
2. The selection of the director by the shareholders' meeting shall elect the directors shall be based on majority votes pursuant to the following criteria and methods:
 - 2.1 A shareholder shall have a number of votes which is equivalent to the number of shares held by him/her.
 - 2.2 The shareholder shall vote for election of a director individually.
 - 2.3 The persons receiving the highest number of votes in the respective order of the votes shall be elected as directors up to the total number of directors required or to be elected at such time. In the event that a number of persons receive an equal number of votes for the last directorship exceed the number of directors the Company required or to be elected at such time, the chairman of the meeting shall have a casting vote.
3. During every annual general meeting, at least one-third of directors shall retire. If the number of directors is not a multiple of three, then the number of directors closest to one-third shall retire. The directors who shall retire in the first and the second year after the registration of the Company shall be selected by drawing lot, and for subsequently years, the longest serving directors shall be retired. A retired director may be reappointed.
4. The directors shall be entitled to receive the remuneration from the Company as gratuity, meeting allowance, pension, bonus or any benefits pursuant to the regulations or as per approved by the shareholders' meeting. Such remuneration may be as per an exact amount or as per defined criteria and shall be specified occasionally or it shall be in effect until further change. Moreover, they shall also earn the allowances and fringe benefits pursuant to the Company's regulations without having any impact to rights of the officers and employees of the Company who have been elected as the committee with regards to remuneration as the committee and benefits as the Company's officer or employee.
5. Any director who shall resign from directorship position shall submit a resignation letter to the Company and such resignation shall be effective from the date such letter arrives at the Company. The resigned director may inform his or her resignation to the registrar.
6. In case of vacancy of director's position due to reasons other than by retirement in due course, the Board of Directors may appoint a person who is qualified and does not possess any prohibited qualifications specified in the Public Limited Act and laws on securities and exchange to be the director in the next Board of Directors' meeting. Except in a case where the remaining term of a director is less than 2 months, then the term of the newly appointed director shall expire at the same time as the

director he/she substitutes. The resolution of the Board of Directors under paragraph one shall consist of votes not less than three fourths of the remaining directors.

7. The shareholders' meeting may have a resolution to remove any director prior to expiration of his or her term with the votes not less than three fourths of votes of shareholders present at the meeting and have the voting right which must have accumulated shares not less than one half of total shares of the shareholders present at the meeting and have the voting right.
8. The committee members shall select one of them is the Chairman, In case they deem reasonable, one or more than one member shall be selected as the Vice Chairman/Chairmen

The Audit Committee / Independent Director

The Board of Directors or the Annual General Meeting of Shareholders is authorized to appoint at least 3 directors to be the Company's Audit Committee by selecting from the members of the Board of Directors. In addition, at least 1 member of the Audit Committee shall have adequate knowledge, understandings and experiences on accounting or finance. Upon the number of the Audit Committee is less than 3, the Board of the Directors or the shareholders' meeting shall appoint other director to replace such vacant position within 3 months from the date the number of Audit Committee is less than 3.

Executive Committee

The Company's Board of Directors is authorized to appoint the Executive Committee which shall not be less than 2 persons, by selecting from the committee members or the employees who possess skill and capability. However, such person must not be the Audit Committee to perform and supervise operations of the Company as per assigned by the Board of Directors on its behalf. The Executive Committee shall directly report to the Board of Directors.

Directors' and Executives' Remuneration

Monetary Remuneration

Directors' Remuneration

The 2017 Annual General Meeting of Shareholders which held on April 28th, 2017 has approved

Board of Directors	Monthly package*	Meeting allowance (Baht/Meeting)
Chairman of the Board	40,000	10,000
The Board (Executive)	-	5,000
The Board (Not Executive)	25,000	5,000

Audit Committee	Monthly package*	Meeting allowance (Baht/Meeting)
Chairman of Audit Committee	35,000	15,000
Audit Committee	25,000	10,000

Remark * In the case of merged position, the highest remuneration shall be paid.

The executive director shall not receive a monthly remuneration for being the director. Monetary allowance of the Board of Directors and the Audit Committee as of December 31st, 2017 amounted to 2,945,000 baht, of which 1,675,000 baht was the remuneration of the Audit Committee as per the following detail:

Name		Year 2017 as at December 31 st , 2017						
Position		Remuneration		Number of Meeting Attendance				
		Monthly Remuneration (Baht)	Meeting Allowance (Baht)	The Board of Directors	The Audit Committee	The Executive Committee	The Nominating Committee	
1. Mr. Khan Prachuabmoh	Chairman / Chairman of the Audit Committee ^{/1}	320,000	305,000	13/17	13/15	-	-	
2. Mr. Vacharin Duangdara	Independent Director / Audit Committee	300,000	230,000	17/17	15/15	-	1/1	
3. Mrs. Chanatip Weerasubpong	Independent Director / Audit Committee	300,000	220,000	16/17	14/15	-	1/1	
4. Mr. Amorn Meemano	Director / Chairman of the Executive Committee	-	80,000	16/17	-	2/2	1/1	
5. Mr. Pipat Patiwetphinyo	Director / Executive Committee	-	85,000	17/17	-	2/2	-	
6. Mr. Anake Pattanasid	Director	300,000	80,000	16/17	-	-	-	
7. Mrs. Nasikar Meemanonuns	Director	300,000	75,000	15/17	-	-	-	
8. Mr. Sirichai Tainuthai	Director ^{/2}	275,000	75,000	15/17	-	-	-	
Total		1,795,000	1,150,000					

Remark ^{/1} Mr. Khan Prachuabmoh has resigned from director on October 2nd, 2017

^{/2} Mr. Sirichai Tainuthai has been appointed to be director January 23rd, 2017

Executives' Remuneration

As of the year 2017, the Company has 6 executives, the remuneration paid to the Company's executives as salary, bonus, provident fund and other fringe benefits were as follows:

The Executives' Remuneration	2016		2017	
	Number (Person)	Amount (Million Baht)	Number (Person)	Amount (Million Baht)
Salary, commission and bonus	12	18.77	6	11.75
Other remunerations, i.e. provident fund, social security and overtime	6	0.87	6	0.13
total	12	19.64	6	11.88

Non-monetary Remuneration

- None -

Meeting of the Board of Directors

Normally, the Board of Directors has specified to arrange the meeting throughout the year and every quarter. Special meeting may be arranged as necessary. The meeting agenda must be clearly specified and an invitation to the meeting, meeting agenda including supporting document shall be sent to the directors at least 7 days in advance, so that the directors can have adequate time to study before attending the meeting. During the year of 2017, the Board of Directors has arranged 17 meetings. The Chairman has duty to allocate adequate time for the management to propose document and information to discuss important issues. In addition, the Group also arranges the monthly meeting for the Executive Committee and the Audit Committee shall arrange the meeting every quarter. Most of the directors attended the meeting every time, except in case, they are engaged in emergency and important engagement.

Corporate Governance

The Company has a policy to adopt the Code of Best Practices as its operating guidelines and it has been approved by the meeting of the Board of Directors No. 7/2013 held on June 17, 2013. This policy shall be implemented for benefits of and for enhancement of transparency on business operations as well as to increase efficiency of the management, which consequently can strengthen confidence of the shareholders, investors and all relevant parties. The corporate governance covers 5 sections as follows:

1) The Rights of Shareholders

The Company recognizes and emphasizes the importance of fundamental rights of the shareholders and it shall not perform any act which shall violate or deprive their rights. In addition, it shall encourage the shareholders to exercise their fundamental rights, i.e. right to buy, sell, transfer shares in their possession, right to share in profits of the Company, right to have adequate access to the Company's information, right to vote for election or removal of the directors and appointment of an auditor, right to attend and vote in the shareholders' meeting to decide significant matter which has impact to the Company, such as allocation of dividend, determination and amendment of the Company's affidavit, articles of associations, capital increase or decrease and approval of special transactions and etc.

In addition to the abovementioned fundamental rights, the Company also has a policy to undertake measures to support and facilitate the right exercising of the shareholders as follows:

- To arrange the Annual General Meeting of Shareholders every year, by arranging within 4 months after the ending date of the accounting period in each year. The Company shall send each shareholder an invitation letter to the meeting together with supporting information at least 7 days in advance of the meeting date. Notice of the meeting invitation shall be advertised in the newspaper at least 3 days prior to the meeting date for 3 consecutive days. Comments of the Board of Directors shall be included in each agenda.
- To disseminate the document supporting the meeting agenda of the shareholders' meeting in advance in the Company's website as well as to clarify about rights of the shareholders on participation in the meeting and voting for resolution.
- In case shareholders are unable to attend the meeting by themselves, they are authorized to give a proxy to recipient in order to participate and vote in the meeting by using proxy form which the company attached to the meeting invitation letter.
- The shareholders can submit their opinions, recommendations or inquiries in advance of the meeting date via email address of the Company's Investor Relations or email address of the Company Secretary.
- On the meeting date, the Company shall provide appropriate time and opportunity for the shareholders to express their views, recommendations and ask questions concerning the agenda openly before any resolutions shall be made. In case the shareholder has any enquiries for any agenda, the Company shall provide the personnel who are knowledgeable and expert in each field to answer any question under responsibility of the Board of Directors.
- All directors shall attend the meeting to reply any relevant inquiries which might have been asked by the shareholder during the meeting.

2) The Equitable Treatment of Shareholders

The Company has an equitable treatment policy for all shareholders, all groups, including executive shareholders, non-executive shareholders, foreign shareholders and minority shareholders as follows:

- To equally treat and facilitate all shareholders and it shall not perform any act which shall violate or lessen their rights.

- To specify that voting right in the meeting shall be pursuant to the number of shares held by the shareholders: one share is eligible for one vote.
- To specify that the Independent Director shall oversee the minority shareholders. The minority shareholders can express their opinions, comments or complaints to the Independent Director and such matter shall be properly taken care of. For instance if it is a complaint, the Independent Director shall investigate for fact and find the proper remedy method. If it is a recommendation which the Independent Director deems that it is important and shall be directly impact to the overall stakeholders or to the operating performance of the Company, then the Independent Director shall present such matter to the Board of Directors' meeting to further consider and specify as the meeting agenda for shareholders' meeting.
- The Company's Board of Directors has prescribed measures to prevent abusive insider trading of the relevant persons, which included directors, executives, officers, and employees of the Group who can accessible to such information (including spouses and children under legal age of those persons). The Board also imposed penalty clause on disclosure of the Company's information or exploit the Company's information for personal gain pursuant to the policy on prevention of usage of inside information for personal gain. Furthermore, the Board of Directors provided information to the directors and the executives on their obligations to report their securities holding of the Company to the Office of the Stock and Exchange Commission (SEC) and pursuant to Section 59 of the Securities and Exchange Act B.E. 2535. The Board shall regularly inform any information and regulations of the SEC and the Stock Exchange of Thailand to the Board of Directors and the executives upon it has been notified thereof from such agency.

3) The Roles of Stakeholders

The Company recognizes the rights of all stakeholders, including the internal stakeholders (i.e. shareholders, employees, executives of the Company) and the external stakeholders (i.e. competitors, business partners, customers and etc. The Company realizes that supports and opinions from as well as enhancement of relationship with all stakeholders shall be beneficial to the business operations and for business expansion of the Company in the future. The Company shall ensure that all groups shall have been equally and fairly treated and it shall comply with the laws and the related regulations as follow :

Shareholder : The Company shall be a good representative of the shareholder by operating business by taking into consideration the long term grown of the Company as well as implementing the control system and internal audit system.

Employee : The Company realizes that the employee is one of the important resources to develop the growth of the organization. Hence, it supports on potential development of the human resources for maximum benefit of the Company, as well as teamwork collaboration for liquidity of work. It also provides safety working environment to the employees. It also treats all employees equally and fairly as well as provides them the proper fringe benefits.

Business Partner : The Company shall treat the business partner pursuant to honestly trading framework by strictly adhering to trading terms and commitment agreed with them.

Competitor : The Company shall ethically treat its competitor pursuant prudent rules on competition by avoiding performing any dishonest competition.

Customer : The Company determines to manufacture good products and render good services to the customers and shall faithfully and fairly deal business dealing with them.

Society : The Company shall put emphasis on preservation of the environmental conditions of the communities located surrounding the Company's location.



In addition, the Company has specified clearly prudent operating practices to respond to the needs of each group of stakeholders in “Business Ethics” and it also disseminate and made a campaign to encourage the Board of Directors, the management as well as the operating level employees to abide by work practice and everybody duties.

4) Disclosure and Transparency

The Company realizes the importance on disclosure of the accurate, timely and transparent information of the financial report and general information pursuant to the criteria on disclosure of information and information technology of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand as well as other material information which shall impact the prices of the Company’s securities, decision-making procedures of the investors and the stakeholders of the Company.

The Company shall disclose its information technology to the shareholders, the investors and the public through the channels and public media of the Office of Securities and Exchange Commission and the Stock Exchange of Thailand including on the Company’s website: <http://www.ajthai.com/>.

With regards to the Investor Relations, the Company has not yet established the Investor Relations Unit. However for preliminary stage, the Company Secretary was assigned to contact and communicate with the investors, the shareholders, as well as the analysts and the other related governmental authorities. The contact person is Mrs. Prangthip Chanvisitsak, the Company Secretary at telephone no. 0-2451-6888 Ext. 300 or at email address: prangthip.c@ajthai.com.

5) Responsibilities of the Board of Directors

Board of Directors structure

The Board of Directors consists of the knowledgeable and experienced members in diverse fields useful for Company’s business. The Board has important roles in setting up policies and business plans and it also monitored operating results on quarterly basis. It also places importance on internal control system and internal auditing for overall benefits of the Company and the shareholders

As of March 1, 2018 the Board of Directors consists of 8 members, where 6 of them are nonexecutive directors and not less than one thirds of total number of directors are qualified to be Independent Directors to balance power on voting as well as to review performance of the management for the best interest of the Company.

The Board of Directors has appointed the 2 sub-committees, i.e. the Audit Committee and the Executive Committee, to help it to oversee the Company’s business. Roles and responsibilities of the Board of Directors, the Audit Committee and the Executive Committee are clearly defined and segregated so they can make decision and present vision independently as per mentioned in details in topic “Management Structure”.

- The Audit Committee

The Audit Committee consists of 3 members to perform specific matters and propose such matters to the Board of Directors for consideration or for acknowledgement pursuant to scope of duties specified.

- The Executive Committee

The Executive Committee consists of 2 members for flexibility on operations pursuant to scope of duties assigned by the Board of Directors.

In addition, the Company has a policy that the Chairman of the Board and the Managing Director must not be the same person to prevent from exercising unlimited power. The Board of Directors shall specify power and duties as well as select persons to hold such positions.

The Company also appointed the Company Secretary who has duties to provide advice on laws and regulations that the Board of Directors must be well aware of and comply, to supervise the Board's activities as well as to coordinate on compliance with the Board's resolutions.

Directors and Executives' Remuneration

The Company has clearly reported about the directors and executive's remuneration pursuant to the announcement of the Office of Securities and Exchange Commission (SEC). The above remuneration must have been approved by the Annual General Meeting of Shareholders (AGM) every year. In case any director is assigned to have additional duties and responsibilities, for instance, he/she is also assigned to perform duties as the Audit Committee, then such director shall have additional remuneration which are suitable with the additional assignment but the performance of the Company must also be jointly considered.

Policy on Corporate Governance

The Company's Board of Directors has specified the written corporate governance policy which has been approved by the Board of Directors' meeting No. 7/2013 on June 17, 2013.

The Company realizes the importance of corporate governance policy because it shall be beneficial to the Company's business operation and it can also enhance its stability and growth on sustainable basis and in the long run. For such operating guidelines, the Company puts emphasis on internal control and internal audit. The Board of Directors shall jointly assess the adequacy of internal control every year since 2013 to ensure that the Company has complied with the good corporate governance principles pursuant to the guidelines specified by the Stock Exchange of Thailand.

The Board of Directors shall review the policy and is compliance regularly. In addition, after the Company's ordinary shares are listed in the Stock Exchange of Thailand, the Company shall comply with the rules and regulations specified by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

Business Ethics (Code of Conduct)

The Company has prescribed the ethical practices of the directors, the executives and the employees, so that the relevant parties shall adhere as guidelines for performing the Company's mission with integrity, honesty and impartially. Such practices also include treatment to all groups of stakeholders. The Company has communicated such practices to all employees and executives in the organization and specified that they must strictly comply with such guidelines.

Conflict of Interests

The Company's policy concerning conflict of interest was specified based on principles that any decision making on business operations shall be for the best interest of the Company only and shall avoid any acts which can cause conflict of interest. The person who are related to or connected to the transaction to be considered must notify the Company about its relationship and connection with such transaction. During any consideration, person who is related to or connected with such transaction shall not participate in consideration process and shall not have power to authorize for such transaction.

The Audit Committee shall propose the connected transactions and the transactions which might have conflict of interest to the Board of Directors and they shall be carefully considered to ensure strictly compliance with the criteria of the Stock Exchange of Thailand where price fixing and conditions they have with the person who might have conflict of interest must be similar to those made or agreed with the third party and they must be disclosed in the annual report (Form 56-2) and annual information disclosure form (Form 56-1).

Report of the Board of Directors

The Board of Directors is responsible for the financial statement of the Company and its subsidiaries including information as presented in the annual report, information disclosure form and the financial statement. The Audit Committee is assigned to audit the quality of financial statement, internal control system and adequate disclosure in the note to financial statement by presenting to the Board of Directors every quarter. The preparation of such financial statement must be audited by the certified public accountant authorized by the Office of the Securities and Exchange Commission and pursuant to the generally accepted accounting standards in Thailand. Disclosure of important information system including the financial and non-financial information shall be based on complete, correct, reasonable and reliable facts and the suitable accounting policy.

The Meeting of the Board of Directors

The Company has arranged for the meeting of the Board of Directors regularly or at least every quarter and an extraordinary meeting may be arranged in case of necessity. For each meeting, the clear agenda must be clearly specified in advance and it must always have agenda on following up of operating operations. The Secretary of the Board of Directors shall prepare the meeting agenda and submit to each director 7 days in advance prior to the meeting so that the director can have time to study information before attending the meeting. Minutes of meeting which have been approved from the Board of Directors' meeting shall be sent to each director as appropriated and shall be systematically kept and made available for inspection by the Board of Directors or the relevant person any time.

The Chairman shall lead the meeting and all other directors are encouraged to express their views independently. Resolution of the Board of Directors' meeting shall be made by a majority of votes where each director shall have one vote. The director who might have any conflict of interest shall not attend the meeting and/or shall not cast the vote. In the event of a tie, the chairman of the meeting shall have an additional casting vote.

Internal Control System and Internal Auditing System

The Company places importance on internal control systems, both at management and operation level. For efficiency on operations, the Company has defined a clearly written duties and operational powers of the operating person and the supervising and assessing person. The Company also



designated a responsible person to audit internal control system and internal auditing to ensure appropriateness and efficiency. Financial and operation controls have been efficiently performed pursuant to the guidelines. Compliance with laws and regulations related to the Company has also been inspected and the inspection results shall be directly reported to the Audit Committee and high level executives.

The Supervision on the Use of Inside Information

The Company has established a policy and method on supervision of the directors and the executives on the use of inside information which has not been disclosed to the public for personal gain as well as purchase and sales of securities as follows:

- The Company provided information to the directors and the executives on their obligations to report their holding including the holding of their spouses and children under legal age of the Company's securities to the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand including and penalty clauses pursuant to the Securities and Exchange Act B.E. 2535.
- The Company has notified its directors about their obligations to report about a change of their securities holding to the Office of the Securities and Exchange Commission under Clause 59 of the Securities and Exchange Act B.E. 2535 and also notified that they must submit this report to the Company on the same date they submitted to the Office of the Securities and Exchange Commission.
- The Company prescribed that the directors, the executives, the employees who can access to inside information are prohibited to disclose such information to the third party or non-related person. In addition, they shall not purchase or sell the Company's securities within the period of 30 days prior to the disclosure of financial statement or Company's position and they should wait for at least 24 hours after disclosure of such information before purchasing or selling the Company's securities.

The Company establishes the disciplinary penalty against people who exploit usage of or disclose inside information which, if released prematurely, would cause damage to the Company. Various penalties have been imposed, such as verbal warning, written warning, probation and termination of employment, by firing or discharging, as the case may be.

Corporate Social Responsibility

Apart from supply the quality products at the prices that everyone could afford, AJ Advance Technology Public Company Limited, as a part of Thai society, has strong determination to develop and make Thai society to become a decent society that helps each other. Hence, it undertook many social projects to help the society both within and outside the organization as follows:

1. Monthly food offering to monk project: The Company has arranged the food offering to the monk and summon listening project every month since the end of 2012 and it still continues at the present days with objectives to sustainable nurture Buddhism in Thailand and to persuade the Company's personnel to get more closely to the religion. Monks from temple which is located closed to the Company shall be invited to the Company to receive the food and to give summon to the employees in the morning. The Company believes that if the employees' spirit and mind have been disciplined and cultivated to have good morality, their live will be better. Moreover, the Company also takes such opportunity to access to the employees at all levels by arranging informal meeting to communicate the Company's policies and to listen to opinions from the employees.
2. Lunch for employees at all levels project: In order to assist the employees on fundamental livelihood, particularly the low level ones, the Company has arranged lunch project, under the concept of "Same Pot of Rice and Curry for All AJ Employees". The Company shall provide rice and two kinds of food as lunch to all employees. The core mission of this project is that everyone from the highest executives to the janitor shall eat the same food. This project cannot only help the low income employees to have hygienic food which is cooked by the Company's maids, it can also strengthen harmony in the organization as it can make everyone in the organization feel like the same family who have to take care of each other.
3. AEC's neighboring employee project: As the Company is located in Samut Sakhon Province, which has a lot of the Myanmar employees and is lack of Thai employees, thus, some parts of the Company's workforce comprises of Myanmar employees. However, the policy and regulations on employment of foreign employees have been imposed as follows:
 - 3.1 Only legal labor shall be employed. Presently, all foreign labors employed by the Company must have a passport.
 - 3.2 Monthly wage and fringe benefits provided, i.e. labor wage, lunch, accommodation, bonus, social security and others equal to those provided to Thai employees.

The Company strictly perform business under legal framework and pursuant to regulations specified by the related government agencies. In addition, it also needs to be a role model on proper employment of foreign labor for other private companies. The Company believes that by doing the right thing and respecting fundamental human right of all employees without any discrimination on race, language and etc., it shall make everybody, regardless of race and language, Thai or foreigner treasure the Company and be the important force in strengthening growth of the Company.

4. Expansion of AJ service center nationwide project: since the Company's products are home electrical appliances that the consumers use in their daily life and these products may have problem or out of order after they used for some period of time. In order to solve such problem, the Company appointed the repair and maintenance service centers for AJ products in almost every province to facilitate the AJ's customers in all areas. In addition, such services are rendered to both products under guarantee period and after warrantee period. The service center shall repair the product under warrantee period without any charging service fees as they can reimburse spare parts and labor cost from the Company. However, for repair of product after warrantee period, the service center shall charge for spare part cost and service fee from the customer. The Company shall sell spare parts to service centers at the reasonable price but the service center must have pricing standard for spare parts and labor costs, so that the customers shall not be overcharged for repair cost. This project can make the Company's customers feel confidence in the products and it can also support the small, local technicians to have professions so they can have sufficient income and can conduct business in their locality.

Apart from major projects, the Company also continuing support local community and support employee to perform good and willing to help others to develop the community and society.

Corporate Social Responsibility in 2017



Offer Kathina at Wat Rajadhiwas Viharn Temple



Participate as a host of Kathina ceremony at Pa Huai Kum Temple



Support 7th edition project of To Be No.1 Idols



Donate the electronics products to southern victims



Donate the money to Heart Foundation of Thailand under the Royal Patronage

Internal Control

The Board of Directors assessed the Company's internal control in according to the Assessment Form of Internal Control of SEC, by asking the management in covering 5 components including

- 1) Control Environment
- 2) Risk Assessment
- 3) Control Activities
- 4) Information & Communication
- 5) Monitoring Activities

The Board of Directors concluded that the Company's internal control system was sufficient and appropriate, applied the acceptable accounting standard, SEC and SET rules and regulation in reporting quarterly and yearly financial statements. In addition, the company has a process in generating and the financial statements were disclosed correctly, sufficiently and timely. The company has sufficiently and appropriately internal control system and timely adjusted to the changes situation efficiently, in order to achieve the company's goal and comply with related rules and regulations. There are no significant issues which may cause any damage to the company. The internal control concerning the related transaction with major shareholders, director and their related parties is considered sufficient to protect the company's assets from the use of the company assets with fraud or without authorities. In this regards, the independent directors' and audit committee's opinion are the same as to the directors'.

The Company has a policy to hire outsource internal control by appointing Dharmniti Auditing Co., Ltd. ("Internal Controller") as internal controller since 2011 to review and assess internal control of the company and provide suggestion of the appropriate internal control system comparing with internal control system under the COSO (The Committee of Sponsoring Organizations of the Tread way Commission) comprising of 1) Control Environment 2) Risk Assessment 3) Control Activity 4) Information and Communication 5) Monitoring and Evaluation.

So that the Audit Committee approved the result of internal audit No.1-5/2017 of AJ Advance Technology Public Co., Ltd. as the audit plan. The considered and approved issues were included (1.) Domestic cost control except the cost of purchase (2.) Sale of installment pre-paid vending machine and selection of all service providers for pre-paid vending machine (3.) Operation about vending machine (4.) Accounting and financial control of AJ Vending Co., Ltd. (subsidiary company) (5.) Operation control of AJ E-Commerce Co., Ltd. (subsidiary company).

The results were summarized as follows.

Domestic cost control except the cost of purchase

There are the adequate control procedures. Purchasing Department has the process of comparison and regularly proposes to the authority to consider before ordering and controls any domestic payment by checking the related documents to be confident for actual expenses and authority approval and also the document flow layout as a guideline for the payment through the operations of advance payment and payment via cheque etc.

Sale of installment pre-paid vending machine and selection of all service providers for pre-paid vending machine

There are the adequate control procedures by organizational structure and job description. The related departments on installment pre-paid vending machine are Sales Department, Operation Department, Registration Department, Receiving Department, Contract Change Department, Out Bound Section of Accounting and Financial Department. There are Sales Representative guidebook and working process about informal installment sales. The installment sales for pre-paid vending machine normally would have the purchase order with the details of customer information, description, and installment condition. Also it has the regulation and informal authority by sales representative / customers who want to own the pre-paid vending machine selected by service center. Once determine whether the customer qualifies, then take photo or scan the customer selected document to Operation Department, Registration Department and filing all documents and photo in central database on Google Drive etc. The billing of sale of installment pre-paid vending machine, Receiving Department has checked the transferred amount for pre-paid vending machine installment by comparing the bank statement and the report of Operation Department. Moreover Commission Department has checked the completeness of installment sale document and Financial Department confirms by reviewing the movement of deposit accounts with the invoice. Accounting Department records the purchase order data from installment kit in order to record receivables, makes sales orders and records the receiving account etc.

Operation about vending machine

There are the adequate control procedures. During on site, the sales staffs regularly survey the suit location and in case of any need to install the pre-paid vending machine, the sales staffs will negotiate with the land owner and propose the case with location pictures to the management via LINE application to consider and approve. In case the management requests more information, there will have the special team to survey once again in order to consider whether that is appropriated location to make possibly profit or not. The survey team has the authority to make decision and approve, then Administration Department will further process on making the operated notification and informing Installing Department to install the machine.

Accounting and financial control of AJ Vending Co., Ltd. (subsidiary company)

There are the adequate control procedures; for example, the product purchasing that place the order directly to the dealer with big amount in a time would be able to get the discount for that purchase. The asset management will be controlled under the asset registrar (Vending Machine) and the asset movement record. Any bill receiving will be controlled by checking the tax invoice/invoice/delivery slip and authorized signatory for product receive. Also the product receiving date must be the day before the bill receiving date etc.

Operation control of AJ E-Commerce Co., Ltd. (subsidiary company)

There are the adequate control procedures; for example, selling control process. The sales staffs have 3 channels to find customers including 1. Alibaba website 2. Conference 3. SMES list in Thailand. The sales staffs will make a phone call, send e-mail, or give a business card to every customer who is interested in selling their products on Alibaba website. Moreover they present the Company information, benefit, advantage of making business through E-commerce to the customer. Once the customer decides to invest in any package, the sales staff will inform the customer about documents they need to prepare for member applying, then will send all documents to Alibaba company in overseas to correct all customer's data to verify authenticity of customer. After pass all AV checking process, the sales staff will contact the customer for further orientation started from beginning on website information, selling method, selling technique till the customer can go on Alibaba website by themselves etc.

Related Parties Transactions

Related Transactions Characteristics

In 2017, there were related transactions according to SET regulations concerning the Disclosure of Information and Other Acts of Listed Companies Concerning the Related Transactions, in which the details of the transaction can be summarized as follows:

As of 31 December 2017, the company and its subsidiaries' related transaction with related persons can be summarized below:

Parties with potential conflict	Type of transaction	Value (Million Baht)		Necessity, reason and opinion of audit committee
		2016	2017	
1. Vending Co., Ltd. (A subsidiary as of the date that the Company gave financial assistance. Currently, it is not a subsidiary of the Company)	Giving financial assistance *Principal as of 30 September 2017 Beginning balance - drawdown - repay Ending balance - Interest revenue	- 520.96 (62.50) 458.46 13.39	458.46 180.11 (138.60) 499.97 38.22	The Company gave assistance to the subsidiary as working capital for the business operation with an interest rate of 6.60 to 9.00 percent (the average cost of the Company is around 5.66 percent). The audit committee has reviewed and considered this item benefit to the Company by providing liquidity in which the interest rates are higher than the financial cost of the Company as it is a financial aid solely from the Company which is not an aid as per shares holding ratio. The audit committee is of the opinion that transaction is suitable and reasonable. On 29 September 2017, the Company entered to the Restructuring Agreement to restructure the debt and capital in VDC. The details are as per this Information Memorandum.

Parties with potential conflict	Type of transaction	Value (Million Baht)		Necessity, reason and opinion of audit committee
		2016	2017	
2. AJ Vending Co., Ltd. (a subsidiary)	Giving financial assistance *Principal as of 31 December 2017 Beginning balance - drawdown - repay Ending balance - Interest revenue	- - - - -	- 8.25 - 8.25 0.10	The Company gave assistance to the subsidiary as working capital for the business operation with an interest rate of 6.85 percent the average cost of the Company. The audit committee has reviewed and considered this item benefit to the Company by providing liquidity in which the interest rates are higher than the financial cost of the Company as it is a financial aid solely from the Company which is not an aid as per shares holding ratio. The audit committee is of the opinion that transaction is suitable and reasonable.
3. Siam Advance Electronic Co., Ltd. (a subsidiary)	Receiving financial assistance *Principal as of 31 December 2017 Beginning balance - drawdown - repay Ending balance - Interest expense	0.77 - - 0.77 0.04	0.77 28.50 (24.67) 4.60 0.60	The Company obtained the loan from the subsidiary to be the working capital for the business operation with nan interest rate of 3.20 percent (the lowest rate in which the Company paid to the financial institution at the lending period). The audit committee has reviewed and considered this item benefit to the Company by providing liquidity with the comparable rate to the financial institution. The audit committee is of the opinion that the transaction is suitable and reasonable.

Parties with potential conflict	Type of transaction	Value (Million Baht)		Necessity, reason and opinion of audit committee
		2016	2017	
4. AJ E-Commerce Co., Ltd. (a subsidiary)	Receiving financial assistance *Principal as of 31 December 2017 Beginning balance - drawdown - repay Ending balance - Interest expense	2.00 - - 2.00 0.09	2.00 25.50 (2.50) 25.00 0.67	The Company obtained the loan from the subsidiary to be the working capital for the business operation with an interest rate of 3.20 percent (the lowest rate in which the Company paid to the financial institution at the lending period). The audit committee has reviewed and considered this item benefit to the Company by providing liquidity with the comparable rate to the financial institution. The audit committee is of the opinion that the transaction is suitable and reasonable.
5. Happy Vision Co., Ltd. (a subsidiary)	Receiving financial assistance *Principal as of 31 December 2017 Beginning balance - drawdown - repay Ending balance - Interest expense	12.00 - - 12.00 0.56	12.00 21.00 (1.00) 32.00 0.74	The Company obtained the loan from the subsidiary to be the working capital for the business operation with an interest rate of 3.20 percent (the lowest rate in which the Company paid to the financial institution at the lending period). The audit committee has reviewed and considered this item benefit to the Company by providing liquidity with the comparable rate to the financial institution. The audit committee is of the opinion that the transaction is suitable and reasonable.

Parties with potential conflict	Type of transaction	Value (Million Baht)		Necessity, reason and opinion of audit committee
		2016	2017	
6. Mr. Amorn Meemano (a director and shareholder of the Company)	Receiving financial assistance *Principal as of 31 December 2017 Beginning balance - drawdown - repay Ending balance - Interest expense	70.00 - (20.00) 50.00 3.26	50.00 - (50.00) - 0.97	The Company obtained the loan from its director/ shareholder to be the working capital for the business operation with an interest rate of 3.20 percent (the lowest rate in which the Company paid to the financial institution at the lending period). The audit committee has reviewed and considered this item benefit to the Company by providing liquidity with the comparable rate to the financial institution. The audit committee is of the opinion that the transaction is suitable and reasonable.
7. Mr. Pipat Patiwetphinyo (a director and shareholder of the Company)	Receiving financial assistance *Principal as of 31 December 2017 Beginning balance - drawdown - repay Ending balance - Interest expense	110.00 - (13.00) 97.00 5.16	97.00 22.00 (119.00) - 1.47	The Company obtained the loan from its director to be the working capital for the business operation with an interest rate of 3.20 percent (the lowest rate in which the Company paid to the financial institution at the lending period). The audit committee has reviewed and considered this item benefit to the Company by providing liquidity with the comparable rate to the financial institution. The audit committee is of the opinion that the transaction is suitable and reasonable.

Parties with potential conflict	Type of transaction	Value (Million Baht)		Necessity, reason and opinion of audit committee
		2016	2017	
8. Ms. Chinda Meemano (a shareholder of the Company and the sister of the person in no. 6)	Receiving financial assistance *Principal as of 31 December 2017 Beginning balance - drawdown - repay Ending balance - Interest expense	41.36 10.00 (51.36) - 0.84	- 7.80 (7.80) - 0.01	The Company obtained the loan from its shareholder to be the working capital for the business operation with an interest rate of 3.20 percent (the lowest rate in which the Company paid to the financial institution at the lending period). The audit committee has reviewed and considered this item benefit to the Company by providing liquidity with the comparable rate to the financial institution. The audit committee is of the opinion that the transaction is suitable and reasonable.
9. Mrs. Nasikar Meemanonuns (a director of the Company and the wife of the person in no. 6)	Receiving financial assistance *Principal as of 31 December 2017 Beginning balance - drawdown - repay Ending balance - Interest expense	83.16 - (57.00) 26.16 3.87	26.16 21.00 (47.16) - 0.21	The Company obtained the loan from its director to be the working capital for the business operation with an interest rate of 3.20 to percent (the lowest rate in which the Company paid to the financial institution at the lending period). The audit committee has reviewed and considered this item benefit to the Company by providing liquidity with the comparable rate to the financial institution. The audit committee is of the opinion that the transaction is suitable and reasonable.

Parties with potential conflict	Type of transaction	Value (Million Baht)		Necessity, reason and opinion of audit committee
		2016	2017	
10. Ms. Jintana Meemano (a shareholder of the Company and the sister of the person in no. 6 and no. 8)	Receiving financial assistance *Principal as of 31 December 2017 Beginning balance - drawdown - repay Ending balance - Interest expense	17.60 - (17.60) - 0.28	- 3.20 (3.20) - 0.003	The Company obtained the loan from its shareholder to be the working capital for the business operation with an interest rate of 3.20 percent (the lowest rate in which the Company paid to the financial institution at the lending period). The audit committee has reviewed and considered this item benefit to the Company by providing liquidity with the comparable rate to the financial institution. The audit committee is of the opinion that the transaction is suitable and reasonable.
11. Mrs. Yoon Panthasen (a shareholder of the Company)	Receiving financial assistance *Principal as of 31 December 2017 Beginning balance - drawdown - repay Ending balance - Interest expense	34.40 - (34.40) - 0.46	- - - - -	The Company obtained the loan from its shareholder to be the working capital for the business operation with an interest rate of 3.20 percent (the lowest rate in which the Company paid to the financial institution at the lending period). The audit committee has reviewed and considered this item benefit to the Company by providing liquidity with the comparable rate to the financial institution. The audit committee is of the opinion that the transaction is suitable and reasonable.

Parties with potential conflict	Type of transaction	Value (Million Baht)		Necessity, reason and opinion of audit committee
		2016	2017	
12. Mr. Pailin Saengpongpitaya (a shareholder of the Company and the brother of the person in no. 9)	Receiving financial assistance			The Company obtained the loan from its shareholder to be the working capital for the business operation with an interest rate of 3.20 percent (the lowest rate in which the Company paid to the financial institution at the lending period). The audit committee has reviewed and considered this item benefit to the Company by providing liquidity with the comparable rate to the financial institution. The audit committee is of the opinion that the transaction is suitable and reasonable.
	*Principal as of 31 December 2017			
	Beginning balance	20.00	-	
	- drawdown	-	-	
	- repay	(20.00)	-	
13. Ms. Wanida Wasiphanphong (a shareholder of the Company and the wife of the person in no. 7)	Ending balance	-	-	The Company obtained the loan from its shareholder to be the working capital for the business operation with an interest rate of 3.20 percent (the lowest rate in which the Company paid to the financial institution at the lending period). The audit committee has reviewed and considered this item benefit to the Company by providing liquidity with the comparable rate to the financial institution. The audit committee is of the opinion that the transaction is suitable and reasonable.
	- Interest expense	0.16	-	
	Receiving financial assistance			
	*Principal as of 31 December 2017			
	Beginning balance	54.48	-	
	- drawdown	15.00	-	
	- repay	(69.48)	-	
	Ending balance	-	-	
	- Interest expense	1.51	-	

Financial Statement and Performance

Significant Financial Information

Summary of Auditing Report

Audit Company : KPMG Phoomchai Audit Ltd.

Auditors :

1. Mr. Ekkasit Chuthamsatid, CPA License number 4195 or
2. Mr. Thanit Osathalert, CPA License number 5515 or
3. Mr. Sakda Kaothanthong, CPA License number 4628

The auditor has opined that the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, Financial as of 31 December 2017 and their financial performance and cash flows for the year ended in accordance with Thai Financial Reporting Standards.

Summary of Financial Statements

(Unit : Thousand Baht)

Statement of financial position

	Consolidated financial statements					
	31 December 2015		31 December 2016		31 December 2017	
Assets						
Current assets						
Cash and cash equivalents	163,899	6.86%	121,788	4.04%	82,706	5.66%
Trade accounts receivable	530,810	22.23%	340,025	11.29%	374,873	25.67%
Current portion of installment sales receivables	22,203	0.93%	233,227	7.74%	-	-
Other receivables	453,035	18.98%	244,336	8.11%	43,479	2.98%
Short-term loans	-	-	-	-	125,045	8.56%
Inventories	803,505	33.66%	790,880	26.26%	281,093	19.25%
Other current assets	43,354	1.82%	80,489	2.67%	9,665	0.66%
Total current assets	2,016,806	84.48%	1,810,745	60.12%	916,861	62.79%
Non-current assets						
Installment sales receivables	55,231	2.31%	777,640	25.82%	-	-
Investment in associate	396	0.02%	342	0.01%	347	0.02%
Investments in joint venture	-	-	-	-	5,231	0.36%
Other long-term investments	36,375	1.52%	58,205	1.93%	195,665	13.40%
Property, plant and equipment	259,374	10.87%	311,753	10.35%	289,929	19.86%
Intangible assets	4,127	0.17%	7,836	0.26%	3,943	0.27%
Deferred tax assets	13,402	0.56%	40,710	1.35%	44,367	3.04%
Other non-current assets	1,757	0.07%	4,606	0.15%	3,882	0.27%
Total non-current assets	370,662	15.52%	1,201,092	39.88%	543,364	37.21%
Total assets	2,387,468	100.00%	3,011,837	100.00%	1,460,225	100.00%

(Unit : Thousand Baht)

Statement of financial position

Statement of financial position	Consolidated financial statements					
	31 December 2015		31 December 2016		31 December 2017	
Liabilities and equity						
Current liabilities						
Bank overdrafts and short-term loans from financial institutions	241,758	10.13%	533,257	17.71%	31,166	2.13%
Trade accounts payable	169,879	7.12%	74,250	2.47%	28,248	1.93%
Other payables	205,512	7.84%	173,671	5.27%	120,476	8.25%
Current portion of long-term loans from financial institutions	25,008	1.05%	24,082	0.80%	-	-
Short-term loans from related parties	434,001	18.95%	188,160	6.75%	5,500	0.38%
Current portion of financial lease liabilities	654	0.03%	4,462	0.15%	1,833	0.13%
Income tax payable	7,227	0.30%	75,832	2.52%	63	0.00%
Other current liabilities	23,151	0.97%	27,332	0.91%	6,131	0.42%
Total current liabilities	1,107,190	46.39%	1,101,046	36.58%	193,417	13.25%
Non- Current liabilities						
Long-term loans from financial institutions	52,068	2.18%	27,986	0.93%	-	-
Finance lease liabilities	1,687	0.07%	11,564	0.38%	3,123	0.21%
Employee benefit obligations	3,574	0.15%	4,942	0.16%	4,776	0.33%
Total non-current liabilities	57,329	2.40%	44,492	1.48%	7,899	0.54%
Total liabilities	1,164,519	48.79%	1,145,538	38.03%	201,316	13.79%

(Unit : Thousand Baht)

Statement of financial position

Consolidated financial statements						
31 December 2015		31 December 2016		31 December 2017		
Equity						
Share capital						
Authorised share capital	550,000		550,000		526,925	
Issued and paid-up share capital	387,817	16.24%	421,043	13.98%	424,029	29.04%
Premium on ordinary shares	617,664	25.87%	647,236	21.49%	649,894	44.51%
Retained earnings						
Appropriated						
Legal reserve	12,400	0.52%	20,900	0.69%	20,900	1.43%
Unappropriated	147,550	6.18%	500,406	16.61%	90,335	6.19%
Other component of equity	27,321	1.14%	27,321	0.91%	27,321	1.87%
Equity attributable to owners						
of the parent	1,192,752	49.95%	1,616,906	53.69%	1,212,479	83.03%
Non-controlling interests	30,197	1.26%	249,393	8.28%	46,430	3.18%
Total equity	1,222,949	51.21%	1,866,299	61.97%	1,258,909	86.21%
Total liabilities and equity	2,387,468	100.00%	3,011,837	100.00%	1,460,225	100.00%
Book value per share (Baht)	0.315		0.443		0.297	
Issued and paid-up share capital	3,878,167,640		4,210,428,340		4,240,294,744	

(Unit : Thousand Baht)

Statement of comprehensive income

	Consolidated financial					
	For the year ended					
	31 December 2015		31 December 2016		31 December 2017	
Revenue from sales of goods and						
Revenue from rendering of services						
Revenue from sales of goods	1,681,245	100.00%	1,073,148	99.88%	656,986	99.22%
Revenue from rendering of services	-	-	1,273	0.12%	5,152	0.78%
Total revenue	1,681,245	100.00%	1,074,421	100.00%	662,138	100.00%
Cost of sales of goods	1,032,594	61.42%	715,399	66.66%	632,106	96.21%
Cost of rendering of services	-	-	5,454	428.44%	5,856	113.66%
Total cost of sales	1,032,594	61.42%	720,853	67.09%	637,962	96.35%
Gross Profit	648,651	38.58%	353,568	32.91%	24,176	3.65%
Other income						
Net foreign exchange gains	-	-	16,991	1.58%	12,741	1.92%
Investment income	13	0.00%	605	0.06%	685	0.10%
Other income	4,604	0.27%	7,647	0.71%	6,868	1.04%
Total Other income	4,617	0.27%	25,243	2.35%	20,294	3.06%
Expenses						
Distribution costs	433,177	25.77%	263,830	24.56%	204,678	30.91%
Administrative expenses	149,987	8.92%	115,068	10.71%	158,193	23.89%
Loss from lost control	-	-	-	-	8,241	1.24%
Net foreign exchange losses	10,968	0.65%	-	-	-	-
Total expenses	591,132	35.34%	378,898	35.27%	371,112	56.05%
Profit before finance costs and income						
tax expense	59,136	3.52%	(87)	(0.01)%	(326,642)	(49.33)%
Finance costs	52,773	3.14%	12,544	1.17%	14,945	2.26%
Share of loss of associate and joint venture	464	0.03%	55	0.01%	389	0.06%
Loss before income tax expense from						
continuing operations	5,899	0.35%	(12,686)	(1.18)%	(341,976)	(51.65)%
Income tax expenses	(5,898)	(0.35%)	893	0.08%	29,998	4.53%
Loss for the year from continuing						
operation	1	0.00%	(11,793)	(1.10)%	(311,978)	(47.12)%

(Unit : Thousand Baht)

Statement of comprehensive income

	Consolidated financial For the year ended					
	31 December 2015		31 December 2016		31 December 2017	
Discontinued operation						
Profit (loss) for the year from discontinued operation, net of tax	22,383	1.33%	524,885	48.85%	(181,444)	(27.40)%
Profit (loss) for the year	22,383	1.33%	513,092	47.76%	(493,422)	(74.52)%
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Defined benefit plan actuarial gains	-	-	630	0.06%	-	-
Income tax on other comprehensive income	-	-	(126)	(0.01)%	-	-
Other comprehensive income for the year, net of income tax	-	-	504	0.05%	-	-
Total comprehensive income for the year	22,384	1.33%	513,596	47.80%	(493,422)	(74.52)%
Profit (loss) attributable to:						
Owners of parent	6,378	0.80%	355,463	33.08%	(409,773)	(61.89)%
Non-controlling interests	16,006	0.53%	157,629	14.67%	(83,649)	(12.63)%
Profit (loss) for the year	22,384	1.33%	513,092	47.76%	(493,422)	(74.52)%
Total comprehensive income attributable to:						
Owners of parent	6,378	0.80%	355,967	33.13%	(409,773)	(61.89)%
Non-controlling interests	16,006	0.53%	157,629	14.67%	(83,649)	(12.63)%
Total comprehensive income for the year	22,384	1.33%	513,596	47.80%	(493,422)	(74.52)%
Basic earnings (loss) per share						
Loss from continuing operations	0.000		(0.003)		(0.072)	
Profit (loss) from discontinued operation	0.002		0.093		(0.025)	
Issued and paid-up share capital (weighted average)	3,878,167,640		3,962,289,202		4,240,294,744	

(Unit : Thousand Baht)

Statement of cash flows

Consolidated financial statement			
For the year ended			
	31 December 2015	31 December 2016	31 December 2017
Cash flows from operating activities			
Profit (loss) for the year	22,383	513,092	(493,422)
<i>Adjustments for</i>			
Tax expense (income)	17,564	129,492	(42,330)
Finance costs	54,004	32,057	27,092
Depreciation	16,976	21,784	33,822
Amortisation of intangible assets	2,548	1,646	2,113
Bad and doubtful debt expense (reversal of)	26,816	44,326	70,764
Loss from repossession	-	-	402,902
Loss from loss of control	-	-	8,241
Loss on decline in value of inventories	2,575	12,206	133,065
(Reversal of) provision for sales return	2,352	1,794	(1,830)
(Reversal of) provision for warranties	201	17,226	221
(Gain) loss on disposals of equipment	882	1,998	2,320
Unrealised (gain) loss on exchange rate	(1)	(368)	(936)
Share of loss of associate and joint venture	3,024	941	(1,778)
Impairment losses on investment in associate	464	55	389
Interest received	(969)	(632)	(3,260)
	148,820	775,617	137,373
<i>Changes in operating assets and liabilities</i>			
Trade accounts receivable	403,745	198,519	162,077
Installment receivables	(77,599)	(981,970)	(354,007)
Other receivables	285,488	205,176	198,916
Inventories	63,973	418	209,901
Other current assets	(14,109)	(37,135)	71,983
Other non-current assets	1,826	350	(2,369)
Trade accounts payable	(127,306)	(96,329)	11,260

(Unit : Thousand Baht)

Statement of cash flows

Consolidated financial statement			
For the year ended			
	31 December 2015	31 December 2016	31 December 2017
Other payables	(51,793)	(42,761)	432,070
Cash paid for sales return	(13,390)	(3,050)	-
Cash paid for warranty	(925)	(2,663)	(4,354)
Other current liabilities	3,590	(9,126)	5,220
Employee benefit obligations paid	(336)	-	(93)
Cash generated from operating activities	621,984	7,046	867,977
Income tax paid	(48,131)	(91,519)	(116,786)
Net cash from (used in) operating activities	573,853	(84,473)	751,191
Cash flows from investing activities			
Cash received from short term loans	-	-	374,919
Increase in other long-term investments	2,435	(21,830)	(237)
Acquisition of investment in joint venture	-	-	(5,625)
Purchases of property, plant and equipment	(17,100)	(47,056)	(59,382)
Proceeds from disposals of equipment	30	3,026	3,866
Purchases of intangible assets	(488)	(4,064)	(4,282)
Interest received	983	632	3,260
Net cash from (used in) investing activities	(14,140)	(69,292)	312,519

(Unit : Thousand Baht)

Statement of cash flows

Consolidated financial statement			
For the year ended			
	31 December 2015	31 December 2016	31 December 2017
Cash flows from financing activities			
Finance costs paid	(54,004)	(32,057)	(42,171)
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(997,052)	291,259	(500,735)
Proceeds from short-term loans from related parties	418,705	40,000	186,700
Repayment of short-term loans from related parties	(315,704)	(285,841)	(273,360)
Repayment of long-term loans from financial institutions	(25,008)	(25,008)	(52,068)
Finance lease payments	(782)	(6,450)	(5,919)
Acquisition of non-controlling interests	-	(7,894)	-
Proceeds from issue of ordinary shares	513,181	62,797	5,645
Acquisition of non-controlling interests without change in control	-	-	2,760
Dividends paid to non-controlling interests	-	-	(238)
Proceeds from issue of ordinary shares of subsidiaries	-	74,850	54,350
Net cash from (used in) financing activities	(460,664)	111,656	(625,036)
Net increase (decrease) in cash and cash equivalents	99,049	(42,111)	438,674
Cash and cash equivalents, beginning of period	47,516	163,899	121,788
Cash and cash equivalents from loss of control in subsidiary	-	-	(477,756)
Cash and cash equivalents at ending of period	146,565	121,788	82,706

Financial Ratio

LIQUIDITY RATIO

Current ratio	(Time)	1.82	1.64	4.74
Quick ratio	(Time)	1.06	0.85	2.59
Cash Flow current ratio	(Time)	0.35	(0.08)	1.16
Receivable current ratio	(Time)	2.04	1.02	0.72
Average debt collection period	(Day)	176.35	352.56	498.52
Inventory Turnover period	(Time)	1.42	0.91	1.04
Average selling period	(Day)	254.02	394.84	346.82
Payable current ratio	(Time)	4.43	5.91	12.45
Loan repayment period	(Day)	81.24	60.96	28.92
Cash Cycle	(Day)	349.12	686.44	816.42

PROFITABILITY RATIO

Gross profit margin	(%)	38.58	32.91	3.65
Operating profit margin	(%)	3.52	(0.01)	(49.33)
Other profit margin	(%)	0.27	2.30	2.97
Cash to profit margin	(%)	970.39	97,189.98	(229.97)
Net profit margin	(%)	0.79	32.32	(60.05)
Return on equity	(%)	1.43	25.30	(28.97)

EFFICIENCY RATIO

Return on assets	(%)	0.50	13.17	(18.33)
Return on fixed assets	(%)	11.77	132.11	(124.97)
Assets turnover	(Time)	0.63	0.41	0.31

FINANCIAL POLICY RATIO

Debt to equity ratio	(Time)	0.95	0.61	0.16
Interest coverage ratio	(Time)	11.52	0.22	20.58
Commitment coverage ratio (cash basis)	(Time)	1.58	(0.23)	1.90
Dividend payout ratio	(%)	-	-	-

Consolidated financial statement			
For the year ended			
31 December 2015	31 December 2016	31 December 2017	
1.82	1.64	4.74	
1.06	0.85	2.59	
0.35	(0.08)	1.16	
2.04	1.02	0.72	
176.35	352.56	498.52	
1.42	0.91	1.04	
254.02	394.84	346.82	
4.43	5.91	12.45	
81.24	60.96	28.92	
349.12	686.44	816.42	
38.58	32.91	3.65	
3.52	(0.01)	(49.33)	
0.27	2.30	2.97	
970.39	97,189.98	(229.97)	
0.79	32.32	(60.05)	
1.43	25.30	(28.97)	
0.50	13.17	(18.33)	
11.77	132.11	(124.97)	
0.63	0.41	0.31	
0.95	0.61	0.16	
11.52	0.22	20.58	
1.58	(0.23)	1.90	
-	-	-	

Analysis and Explanation of Management

Financial Status and Operation Result Analysis

Operation Result

Sales and Service Revenues:

In 2017, the group of Company had sales and service revenues at 662.14 million Baht which decreased at 412.28 million Baht or 38.37 percent when compared to the previous year at 1,074.42 million Baht. The group of Company had the revenue divided by product categories as follows;

(Unit : Thousand Baht)

Structure of Sales and Service Revenue by Product Category	Year 2015		Year 2016		Year 2017	
1. Sales Revenue - AV	1,487,107	78.79%	835,180	66.95%	566,997	72.87%
2. Sales Revenue - AP	357,294	18.93%	412,225	33.04%	173,535	22.18%
3. Sales Revenue - Copy Right of TV Series	43,058	2.28%	150	0.01%	15,519	1.98%
4. Sales Revenue - Food & Beverage Vending Machine	-	-	-	-	23,168	2.96%
Sales Revenue before Deducting the Discount and Allowance of Return Product	1,887,459	100.00%	1,247,555	100.00%	782,363	100.00%
Deductible the Discount	(221,340)	(11.73)%	(178,285)	(14.29)%	(127,808)	(16.34)%
Allowance of Return Product (more allowance) / Transaction Return	15,126	0.80%	3,878	0.31%	2,431	0.31%
Sales Revenue - Net	1,681,245	100.00%	1,073,148	99.88%	656,986	96.27%
Service Revenue	-	-	1,273	0.12%	5,152	0.75%
Total Sales and Service Revenue	1,681,245	100.00%	1,074,421	100.00%	662,138	100.00%

Sales Revenue

- Sales revenue of Audio and Visual products were the main income of Company with the sales amount in year 2015-2017 at 1,487.11 million Baht, 835.18 million Baht, and 567.00 million Baht respectively or in a ratio of 78.79 percent, 66.95 percent, and 72.87 percent of sales and service revenues before discount deduction and return product allowance consecutively. Sales amount of AV product in year 2017 decreased from year 2016 at 31.73 percent because of slow down economy and abnormal situation.
- Sales revenue of Home Appliance product, the product provided by Company to serve Thailand customers' need, had the sales amount in year 2015-2017 at 357.29 million Baht, 412.23 million Baht, and 173.54 million Baht respectively or in the ratio of 18.93 percent, 33.04 percent, and 22.18 percent of sales and service revenues before discount deduction and return product allowance consecutively. Sales amount of AP product in year 2017 decreased from year 2016 because of slow down economy and lower temperature than last year. Also the customers hastily purchased the cooling product since last year, so the sales amount of AP had been down.

- Sales revenue of TV series copyright had been terminated the operation of subsidiary company (Happy Vision Co., Ltd.) during year 2016. In year 2017, there was the sales revenue from selling the inventory stock at 15.52 million Baht or 1.98 percent of sales and service revenues before discount deduction and return product allowance.
- Sales revenue of food and beverage vending machine is the business of subsidiary company; AJ Vending Co., Ltd., started in year 2017 with the sales amount at 23.17 million Baht or 2.96 percent of sales and service revenues before discount deduction and return product allowance.
- Discount on sales was from the sales through modern trade and dealer channels. This sale was under contract or agreement with some condition and trade discount. Each partner had different condition and rate which the Company always had a burden on discount and return product. The discount in year 2015-2017 were 221.34 million Baht, 178.29 million Baht, and 127.81 million Baht respectively or in the ratio of 11.73 percent, 14.29 percent, and 16.34 percent of sales and service revenues before discount deduction and return product allowance consecutively.
- Return product allowance (more allowance) / back transaction, the Company calculated from return product statistic compared with the past sales amount and also improved the calculation formula to be updated every quarter during year 2015-2017. There were the allowance for return product at 15.13 million Baht, 3.88 million Baht, and 2.43 million Baht or in the ratio of 0.80 percent, 0.31 percent, and 0.31 percent of sales and service revenues before discount deduction and return product reserve consecutively. The decreased sales amount had effective to the return product allowance to be decreased accordingly.

Service Revenue

Company has the service revenue from Alibaba reseller started in 2016 with the income at 1.27 million Baht and 5.15 million Baht in 2017 which increased from 2016 at 3.88 million Baht.

Other Revenues

Company has other revenues except the sales and service revenues as follows;

(Unit : Thousand Baht)

	Year 2015		Year 2016		Year 2017	
Profit from Exchange Rate	-	-	16,991	1.54%	12,741	1.86%
Investment Revenue	13	-	605	0.05%	685	0.10%
Other Revenue	4,604	0.27%	7,647	0.69%	6,868	1.00%
Total Revenue	1,685,862	100.00%	1,099,664	100.00%	682,432	100.00%

In 2016-2017, Company had the profit from exchange rate at 16.99 million Baht and 12.74 million Baht or 1.58 percent and 1.92 percent of total revenue.

Cost of Sales

Cost of sales of Company has the important element as follows;

(Unit : Thousand Baht)

Cost of Sales	Year 2015		Year 2016		Year 2017	
Net Purchase	1,222,008	118.34%	661,726	97.75%	265,825	42.05%
Import Expense and Others	39,862	3.86%	28,396	1.46%	6,779	1.07%
Allowance for Product Return	4,089	0.40%	2,622	0.14%	601	0.10%
Allowance for Loss on Obsolete Inventory	2,575	0.25%	12,207	0.65%	133,065	21.05%
Total	1,268,504	122.85%	704,951	100.00%	406,270	64.27%
Changes in Inventory during Time	(235,910)	(22.85)%	(10,448)	(43.20)%	225,836	35.73%
Net Cost of Sales	1,032,594	100.00%	715,399	56.80%	632,106	100.00%
Percentage of Sales Revenue	61.42%		66.66%		96.21%	

The Company had the net cost of sales in year 2015-2017 at 1,032.59 million Baht, 715.40 million Baht, and 632.11 million Baht or in the ratio of 61.42 percent, 66.66 percent, and 96.21 percent of the sales revenue respectively. In year 2017, the Company had the cost of sales per the sales revenue at 29.55 percent which was increased from the previous year. The main reason was from the Company setting the decreased value of inventory allowance (According to the policy of decreased reserve value) higher than the previous year at 133.07 million Baht which could divide into SET TOP BOX increased at 97.44 million Baht and other electronics product increased at 35.63 million Baht.

Cost of Service

In year 2015-2017, the Company had the net cost of service at 5.54 million Baht and 5.86 million Baht or 428.44 percent and 113.66 percent of service revenue respectively. It was from being Alibaba reseller that the main important element for cost of service was the salary, the expense about sales staffs, and the orientation for members and those interested.

Expenditure

(Unit : Thousand Baht)

Expenditure	Year 2015		Year 2016		Year 2017	
Distribution costs	433,177	25.77%	263,830	24.56%	204,678	30.91%
Administrative expenses	149,987	8.92%	115,068	10.71%	158,193	23.89%
Loss from lost control	-	-	-	-	8,241	1.24%
Loss from Exchange Rate	10,968	0.65%	-	-	-	-
Total	594,132	35.34%	378,898	35.27%	371,112	56.05%
Sales and Service Revenues	1,681,245	100.00%	1,074,422	100.00%	662,140	100.00%

Distribution costs

The Company had the cost of distribution in year 2015-2017 at 433,177 million Baht, 263.83 million Baht, and 204.68 million Baht respectively or in the ratio of 25.77 percent, 24.56 percent, and 30.91 percent of sales and service revenues each time. In year 2017, the cost was decreased from the previous year at 59.15 million Baht. However, once compared in ratio of the expense to sales and service amounts, year 2017 had increased ratio at 6.35 percent because the Company had the dropped sales revenue more than the dropped amortization expense.

Administrative expenses

The Company had the management expenditure for year 2015-2017 at 149.99 million Baht, 115.07 million Baht, and 158.19 million Baht respectively or in the ratio of 8.92 percent, 10.71 percent, and 23.89 percent of sales and service revenues each time. Year 2017 was increased at 43.13 million Baht when compared with the previous year which was the increase of the management expenditure to sales and service revenues when compared with the previous at 13.18 percent. The main reason was from the allowance for doubtful debt (according to the policy of the allowance for doubtful debt) at 25.14 million Baht and other increased expenses.

Loss from lost control

In year 2017, the Company had loss from the loss of control power in the subsidiary company (Vending Corporation Co., Ltd.) by calculating from the fair value of remaining equity at 137.22 million Baht deducting with the book value of equity of subsidiary company at (145.46) million Baht. So that it was loss from the loss of control power in subsidiary company at 8.24 million Baht.

Loss from Exchange Rate

The Company had loss from exchange rate in year 2015 at 10.97 million Baht or in the ratio of 0.20 percent and 0.62 percent of total revenue. Anyway year 2016-2017, the Company had profit from the exchange rate at 16.99 million Baht and 12.74 million Baht or 1.58 percent and 1.92 percent of total revenue as above income table.

Financial Cost

(Unit : Thousand Baht)

Financial Cost	Year 2015		Year 2016		Year 2017	
Financial Cost	52,773	3.14%	12,544	1.17%	14,945	2.26%
Sales and Service Revenues	1,861,245	100.00%	1,074,422	100.00%	662,140	100.00%

The Company had the cost of financial in year 2015-2017 at 54.00 million Baht, 12.54 million Baht, and 14.95 million Baht respectively or in the ratio of 3.14 percent, 1.17 percent, and 2.26 million Baht of sales and service revenues in each time. Year 2017, the cost of financial was increased at 2.40 million Baht when compared with the previous year. It was the increase of the ratio of cost of financial to sales and service revenues when compared with the previous year.

Ability to Profitability

(Unit : Thousand Baht)

Ability to Profitability	Year 2015		Year 2016		Year 2017	
Gross Profit	648,651	38.58%	353,568	32.91%	24,176	3.65%
Operation Profit (Loss)						
(Before financial cost and Income Tax)	59,136	3.52%	(87.00)	(0.01)%	(326,642)	(49.33)%
Profit (Loss) for the Year						
Profit (Loss) for the Year from						
Continuing Operation	1	0.00%	(11,793)	(1.10)%	(311,978)	(47.12)%
Profit (Loss) for the Year from						
Discontinued operation, Net of Tax	22,383	1.33%	524,885	48.85%	(181,444)	(27.40)%
Profit (Loss) for the Year	22,384	1.33%	513,092	47.76%	(493,422)	(74.52)%
Profit (loss) attributable to						
Owners of parent	6,378	0.80%	355,463	33.13%	(409,773)	(61.89)%
Non-Controlling Interests	16,006	0.91%	157,629	14.67%	(83,649)	(12.63)%
Profit (Loss) for the Year	22,384	1.27%	513,092	47.76%	(493,422)	(74.52)%
Sales and Service Revenue	1,681,245	100.00%	1,074,422	100.00%	662,138	100.00%

The Company had the net profit (loss) on shareholder's equity for year 2015-2017 at 13.37 million Baht, 355.97 million Baht, and (409.77) million Baht or in the ratio of 0.80 percent, 33.13 percent, and (61.89) percent of sales and service revenues in each time respectively. In year 2017, there was the net loss on shareholder's equity at 409.77 million Baht. Once compared the operation result in the same period of last year, the Company has the net profit at 355.46 million Baht which was decreased at 765.24 million Baht or 215.28 percent.

So that, the statement of comprehensive income for year 2015-2017 were shown the operation result of cancelled operation from the loss of control power in Vending Corporation Co., Ltd. ("VDC") due to the waiver of Company to purchase all increased capital shares. On 2 October 2017, VDC was completed the capital increase, so the Company was decreased VDC shareholding from 60.08 percent to 17.67 percent of total registered capital. It was effective to the group of Company to loss the control power in VDC and also AJ Money Co., Ltd. (indirect subsidiary company) including the retail sales of payment vending machine, pre-paid vending machine, and all online payments of subsidiary company and the Company. This part was not the operation that cancelled on 31 December 2016. The compared statement of comprehensive income was reclassified for presenting the cancelled operation to be the transaction separated from continuing operation.

Financial Status Analysis

Total Assets

(Unit : Thousand Baht)

Statement of financial position

	Consolidated financial statements					
	31 December 2015		31 December 2016		31 December 2017	
Assets						
Current assets						
Cash and cash equivalents	163,899	6.86%	121,788	4.04%	82,706	5.66%
Trade accounts receivable	530,810	22.23%	340,025	11.29%	374,873	25.67%
Current portion of installment sales receivables	22,203	0.93%	233,227	7.74%	-	-
Other receivables	453,035	18.98%	244,336	8.11%	43,479	2.98%
Short-term loans	-	-	-	-	125,045	8.56%
Inventories	803,505	33.66%	790,880	26.26%	281,093	19.25%
Other current assets	43,354	1.82%	80,489	2.67%	9,665	0.66%
Total current assets	2,016,806	84.48%	1,810,745	60.12%	916,861	62.79%
Non-current assets						
Installment sales receivables	55,231	2.31%	777,640	25.82%	-	-
Investment in associate	396	0.02%	342	0.01%	347	0.02%
Investments in joint venture	-	-	-	-	5,231	0.36%
Other long-term investments	36,375	1.52%	58,205	1.93%	195,665	13.40%
Property, plant and equipment	259,374	10.87%	311,753	10.35%	289,929	19.86%
Intangible assets	4,127	0.17%	7,836	0.26%	3,943	0.27%
Deferred tax assets	13,402	0.56%	40,710	1.35%	44,367	3.04%
Other non-current assets	1,757	0.07%	4,606	0.15%	3,882	0.27%
Total non-current assets	370,662	15.52%	1,201,092	39.88%	543,364	37.21%
Total assets	2,387,468	100.00%	3,011,837	100.00%	1,460,225	100.00%

As the end of period in year 2015-2017, the Company had total assets at 2,387.47 million Baht, 3,011.84 million Baht, and 1,460.22 million Baht respectively. Total assets in year 2017 were decreased at 1,551.61 million Baht or 51.52 percent when compared with the total assets of last year as follows;

- Current assets were 916.86 million Baht which decreased 893.88 million Baht or 49.37 percent when compared with last year.
- Non-current assets were 543.36 million Baht which decreased 657.73 million Baht or 54.76 percent when compared with last year.

It can be seen that the main assets of Company was the operating asset including trade receivables in the ratio of 25.67 percent of total assets and the inventory in the ratio of 19.25 percent of total assets.

In year 2017, there was the decline of main assets when compared with previous year including;

- The installment loan debtor, who became due within 1 year or more than 1 year, decreased at 1,010.87 million Baht. This installment loan debtor was the issue of whole online vending machine business of subsidiary company (Vending Corporation Co., Ltd.). Year 2017, the Company had no any installment loan debtor because the Company had loss of control power in the subsidiary company and no further online pre-paid vending machine anymore.

- The inventory was decreased at 509.79 million Baht. The reasons were from the Company increased the allowance for diminution in inventory value at 133.07 million Baht, the sales of inventory, and the inventory stock control.

Total Liabilities

(Unit : Thousand Baht)

Statement of financial position

Statement of financial position	Consolidated financial statements					
	31 December 2015		31 December 2016		31 December 2017	
Liabilities and equity						
Current liabilities						
Bank overdrafts and short-term loans from financial institutions	241,758	10.13%	533,257	17.71%	31,166	2.13%
Trade accounts payable	169,879	7.12%	74,250	2.47%	28,248	1.93%
Other payables	205,512	7.84%	173,671	5.27%	120,476	8.25%
Current portion of long-term loans from financial institutions	25,008	1.05%	24,082	0.80%	-	-
Short-term loans from related parties	434,001	18.95%	188,160	6.75%	5,500	0.38%
Current portion of financial lease liabilities	654	0.03%	4,462	0.15%	1,833	0.13%
Income tax payable	7,227	0.30%	75,832	2.52%	63	0.00%
Other current liabilities	23,151	0.97%	27,332	0.91%	6,131	0.42%
Total current liabilities	1,107,190	46.39%	1,101,046	36.58%	193,417	13.25%
Non- Current liabilities						
Long-term loans from financial institutions	52,068	2.18%	27,986	0.93%	-	-
Finance lease liabilities	1,687	0.07%	11,564	0.38%	3,123	0.21%
Employee benefit obligations	3,574	0.15%	4,942	0.16%	4,776	0.33%
Total non-current liabilities	57,329	2.40%	44,492	1.48%	7,899	0.54%
Total liabilities	1,164,519	48.79%	1,145,538	38.03%	201,316	13.79%

As the date of period end for year 2015-2017, the Company had the total liabilities at 1,164,519 million Baht, 1,145,538 million Baht, and 201,316 million Baht respectively or in the ratio of 48.79 percent, 38.03 percent, and 13.79 percent of total liabilities and shareholder's equity accordingly. The total liabilities for year 2017 decreased from year 2016 at 944.22 million Baht or 82.43 percent as follows;

- The current asset debt at 193.42 million Baht decreased at 907.63 million Baht or 82.43 percent when compared with the previous year.
- The non-current asset debt at 7.90 million Baht decreased at 36.59 million Baht or 82.25 percent when compared with the previous year.

For year 2017, there was the decrease in total liabilities when compared with the previous year as follows;

- Overdraft and short-term loan from financial institution decreased at 502.09 million Baht or 94.15 percent when compared with the previous year because the Company paid the loan back to the financial institution.

- Short-term loan from individual or related parties decreased at 182.66 million Baht or 97.07 percent when compared with the previous year because the Company paid the loan back accordingly.

Shareholder's Equity

(Unit : Thousand Baht)

Statement of financial position

Statement of financial position	Consolidated financial statements					
	31 December 2015		31 December 2016		31 December 2017	
Equity						
Share capital						
Authorised share capital	550,000		550,000		526,925	
Issued and paid-up share capital	387,817	16.24%	421,043	13.98%	424,029	29.04%
Premium on ordinary shares	617,664	25.87%	647,236	21.49%	649,894	44.51%
Retained earnings						
Appropriated						
Legal reserve	12,400	0.52%	20,900	0.69%	20,900	1.43%
Unappropriated	147,550	6.18%	500,406	16.61%	90,335	6.19%
Other component of equity	27,321	1.14%	27,321	0.91%	27,321	1.87%
Equity attributable to owners of the parent	1,192,752	49.95%	1,616,906	53.69%	1,212,479	83.03%
Non-controlling interests	30,197	1.26%	249,393	8.28%	46,430	3.18%
Total equity	1,222,949	51.21%	1,866,299	61.97%	1,258,909	86.21%
Total liabilities and equity	2,387,468	100.00%	3,011,837	100.00%	1,460,225	100.00%

In year 2015-2017, the Company had the total major company's equity as the end of period at 1,192.75 million Baht, 1,616.91 million Baht, and 1,212.48 million Baht respectively.

For year 2017, the major company's equity decreased 404.43 million Baht or 25.01 percent when compared with the previous year. Main element was the non-allocated retained earnings which decreased at 410.07 million Baht or 81.94 percent when compared with the previous year.

Liquidity

Cash flow statements of the Company for year 2015-2017 were summarized as follows;

(Unit : Thousand Baht)

	Year 2015	Year 2016	Year 2017
Cash flow from operating activities - Before changes in assets and operating liabilities	148,820	775,617	137,373
Net cash flow from operating activities	573,853	(84,473)	751,191
Net cash flow from investing activities	(14,140)	(69,292)	312,519
Net cash flow from financing activities	(460,664)	111,656	(625,036)
Net increase (decrease) in cash and cash equivalents	99,049	(42,111)	438,674
Cash and cash equivalents from loss of control in subsidiary	-	-	(477,756)
Cash and cash equivalents at ending of period	146,565	121,788	82,706

In year 2015-2017, the Company had the cash flow from operating activities before changes in assets and operating liabilities at 148.82 million Baht, 775.62 million Baht, and 137.37 million Baht respectively.

For year 2017, the Company had the net cash flow from operating activities at 751.19 million Baht. So that the important transaction was a result of cash increased including the trade receivables at 162.08 million Baht, other receivables at 198.92 million Baht, the inventory at 209.90 million Baht, and other payables at 432.07 million Baht. While there was the cash flow to be used for the amount of installment payables at 354.01 million Baht and income tax payment at 116.79 million Baht.

Capital Expenditures

In year 2015-2017, the Company had the cash flow from investing activities at (14.14) million Baht, (69.29) million Baht, and 312.52 million Baht respectively. In year 2017, the Company had the cash flow from investing activities at 312.52 million Baht. The important transaction was a result of cash received for repayment of short-term loans at 374.92 million Baht. Also there was the cash flow from investing activities and cash paid for buying land, building, and equipment at 59.38 million Baht.

Source of Funds

In year 2015-2017, the Company had the cash flow from financing activities at (460.66) million Baht, 111.66 million Baht, and (625.04) million Baht respectively. For year 2017, the Company had the cash flow from financing activities (625.04). The important transaction was a result of repayment of loans from financial institution that decreased at 500.74 million Baht, repayment of short-term loan at 273.36 million Baht, pay for financial cost at 42.17 million Baht, and repayment of long-term loan from financial institution at 52.07 million Baht. Also the cash flow from important financing activities was a result of cash receiving from short-term loan at 186.70 million Baht.

And in year 2017, the Company had cash and cash equivalents at the end of period at 82.71 million Baht and partially affected by loss of control in subsidiary company at (477.76) million Baht.

In year 2015-2017, the Company had the liquidity ratio as follows;

(Unit : Thousand Baht)

	Year 2015	Year 2016	Year 2017
Current ratio (times)	1.82	1.64	4.74
Quick ratio (times)	1.06	0.85	2.59
Cash Flow current ratio (times)	0.35	(0.08)	1.16
Average debt collection period (day)	176.35	352.56	498.52
Average selling period (day)	254.02	394.84	346.82
Loan repayment period (day)	81.24	60.96	28.92
Cash Cycle (day)	349.12	686.44	816.42

In year 2015-2017, the Company had the liquidity ratio between 1.64 - 4.74 times. In year 2017, there was the quick liquidity ratio at 2.59 times which increased from previous year with the important reason from the reduction of trade receivables and other receivables such as the deposit. However, the Company still had the high rate of cash cycle between 349.12 - 816.42 days (Average debt collection period + Average product selling period). So that the Company was under the improvement of the receivables quality and in the same time the Company added the policy to reduce inventory stock including debt collection following up to be more effective and ability to repay. The Company also provided additional funding to support the liquidity to be enough for the operations.

Remuneration of Auditors

In year 2017, the Company, the subsidiary company, the associated and joint-venture company paid the remuneration to the auditors at 3.58 million Baht which could be divided into the audit fee for financial statement of year 2017 at 2.50 million Baht, the review fee for quarterly financial statement at 0.41 million Baht, and the audit fee for financial statement of subsidiary company, associated and joint-venture company at 0.67 million Baht.

Factors and influence that effect to the financial status or the operation result in the future

In year 2017, the Company had new business investment as the subsidiary company, associated and joint-venture company to strengthen and sustainable grow for group of Company. It was together with the risk of rely on the core business of the Company; sourcing and distributing the electronics product under “AJ” brand, which had the decreased revenue during the year 2016-2017 because of slow down economy and abnormal situation. However, the Company has increased the sales target of electronics product for year 2018 at 10-20 percent when compared with the sales amount of year 2017 which has been growth on home appliance product as the household essentials; for example, the air conditioning vary with the higher temperature and other products such as the washing machine, kettle, iron, rice cooker etc. It was also about the investment on government mega project for income distribution and economic recovery in Thailand which believed that it would help to improve the purchasing power especially low and mid-range appliances market or upcountry market that slowed down in the past year to be better once again.

New business investment in year 2017 of group of Company as follows;

- Service business on installing the ready-made meals and beverage vending machine started in the 2nd quarter of year 2017 because of the change of Thai life style, faster, familiar to vending machine, and higher wage. So that the Company foresaw that this business will be a good solution but may have the factors from risk of theft or damage on ready-made meal and beverage vending machine that affect performance. However the Company tried to be careful in choosing a location to be safe and have a caretaker as well.
- Selling Business on smart phone, tablet, and accessories will start earning to the group of Company in the beginning of 2018. Although the business of smart phone, tablet, and accessories have quick change according to new technology and high competitiveness which may effect to financial status or the operation result in the future. Anyway the Company has considered that the mobile phone is one of necessary factor in daily life. Also the sales amount of smart phone in the past 3 years had increased more than 10 percent per year. The Company then joined with the partner who has experience in this business to source new technology product, develop new selling model to meet the low-mid range customer's requirement to build up the business of smart phone, tablet, and accessories to be grown steadily and good performance continually.

Besides the cash flow from current and new business investments, once the business has been grown and stronger, the Company has to provide the capital for expanding the business further. The loan from financial institution or other fundraisings would be considered suitability to business model and risk in order to sustainable growth in the long term.

AJ Advance Technology Public Company Limited
and its subsidiaries
(Formerly Crown Tech Advance Public Company Limited)

Financial statements for the year ended 31 December 2017
and
Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of AJ Advance Technology Public Company Limited (Formerly Crown Tech Advance Public Company Limited)

Opinion

I have audited the consolidated and separate financial statements of AJ Advance Technology Public Company Limited and its subsidiaries (the “Group”), and of AJ Advance Technology Public Company Limited (the “Company”), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2017, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

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 Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is 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.

Valuation of inventory	
Refer to Note 4(g), 12	
The key audit matter	How the matter was addressed in the audit
<p>The Group's inventories are material to the financial statements which are measured at the lower of cost and net realizable value. There was a rapid and continuing change of technological and electrical appliances business accompanying with volatility from changing in consumer demand. Therefore, there is a risk that inventories may be presented at cost higher than net realizable value including the occurrence of the inventory obsolescence.</p> <p>The Group considers the allowance for decline in value and obsolescence by the management estimates and judgment. Consequently, I consider this is an area of focus.</p>	<p>My audit procedures were designed to assess the appropriateness of the allowance for decline in value of inventories and obsolescence included:</p> <ul style="list-style-type: none"> - understanding the policies and procedures that the Group's management applied for setting up allowance for decline in value of inventories. - reasonableness testing on methodology used for calculating the allowance for obsolescence and assessment of the reasonableness of the inventory aging report by testing on a sample basis items in the stock aging report and considering on whether these items were classified in the appropriate aging bracket. - performing test on a sample basis of net realisable value of inventories by investigating with the sales documents after period end whether there were any sales at price lower than cost to assess management's estimates and decision whether the allowance for decline in value of inventories was appropriate and adequate. - considering the historical accuracy of the allowance for decline in value of inventories for evaluating the appropriateness of the assumptions made in the current year and assessing the reasonableness of assumptions made by management on the extent of long-outstanding inventories, sales at price lower than cost and future operating plan to consider the appropriateness of the decline in value. - assessing of the adequacy of the group's disclosures in accordance with the related Thai Financial Reporting Standards.

Valuation of account receivables	
Refer to Note 4(f) and 8	
The key audit matter	How the matter was addressed in the audit
<p>The Group's trade account receivables are material to the financial statements which are stated at their invoice value less allowance for doubtful accounts. The Group has overdue account receivables from customers which give rise to uncertainty and judgment of valuation of account receivables due to the risk of default in payment</p> <p>The Group considers the allowance for doubtful accounts by the management estimates and judgment. Consequently, I consider this is an area of focus.</p>	<p>My audit procedures were designed to assess the appropriateness of the allowance for doubtful account included:</p> <ul style="list-style-type: none"> - understanding the policies and procedures that the Group's management applied for setting up allowance for doubtful account. - reasonableness testing on methodology used for calculating the allowance for doubtful accounts and assessment of the reasonableness of the accounts receivable aging report by testing a sampling basis of items in the accounts receivable aging report and considering whether these items were classified in the appropriate aging bracket. - read minutes of the Board of directors, sent the letter to lawyer of the Company to inquiry regarding litigation with account receivables and testing a sampling basis of subsequent receipt after period end. - considering the historical accuracy of the allowance for doubtful accounts with the receipt and bad debt write-off whether it was adequately set up, to assess management's estimates and decision whether the allowance for doubtful accounts was appropriate and adequate. - assessing of the adequacy of the group's disclosures in accordance with the related Thai Financial Reporting Standards.

Loss control in subsidiary and valuation of other long term investment	
Refer to Note 4(a) and 5	
The key audit matter	How the matter was addressed in the audit
<p>At the Board of Directors Meeting of the Company held on 28 September 2017, the Board approved the Company to waiver its right to subscribe to new shares which the Company is entitled to in the amount of 2.88 million shares, at the subscription price of Baht 115 per share, in total amount of Baht 331.64 million. The increase of share capital of Vending Corporation Co., Ltd. “Vending Corporation” was completed on 2 October 2017 and the Company’s shareholding in Vending Corporation diluted from 60.08% to 17.67% of total authorised share capital and resignation of the Group’s director from Vending Corporation. As a result, the Group has lost control in Vending Corporation and AJ Money Co., Ltd. (indirect subsidiary) since that date. Any interest retained in the former subsidiary is measured at fair value to initial cost when control is lost and presented as other long term investment. Moreover, the comparative statement of comprehensive income has been re-presented to show the discontinued operations separately from continuing operation.</p> <p>The transactions and the extent of operations discontinued from the Group are highly significant and the valuation of the remaining investment involves judgment. Consequently, I consider this is an area of focus.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> - inquiry of the management and read minutes of the Board of directors to obtain an understanding of the waiver to subscribe for new capital shares of Vending Corporation and the authorisation of that transaction; - testing the recording of the loss of control in the subsidiary with share register, legal documents and others related documents; - testing the transactions of the results of discontinued operations, the assets and liabilities of discontinued segment as at the date of loss of control with related documents on a sampling basis; - reading the valuation report of investment in Vending Corporation of independent financial advisor, assessing the competency of the financial advisor and considering the reasonableness of the key assumptions use by management in the forecast of future profit and cash flows projection of subsidiaries by considering with the internal and external sources of information and considering the operation plan approved by management by comparing to the actual and the historical operating results, also consulted with valuation specialist of KPMG relating to financial methodologies used in the calculating the estimates and discount rate; - assessing the adequacy of disclosure in accordance with the related Thai Financial Reporting Standard.

Other Information

Management is 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.

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

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines 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, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's 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 skepticism 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's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the 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.



(Ekkasit Chuthamsatid)
Certified Public Accountant
Registration No. 4195

KPMG Phoomchai Audit Ltd.
Bangkok
28 February 2018

Statement of financial position

AJ Advance Technology Public Company Limited and its subsidiaries
(Formerly Crown Tech Advance Public Company Limited)

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Assets	Note	2017	2016	2017	2016
<i>(in Baht)</i>					
Current assets					
Cash and cash equivalents	7	82,705,958	121,788,024	27,957,377	53,622,667
Trade accounts receivable	6, 8	374,873,297	340,024,661	373,671,250	535,393,253
Current portion of installment sales receivables	9	-	233,226,831	-	-
Other receivables	6, 10	43,479,094	244,336,216	43,555,141	204,180,755
Short-term loans	6, 11	125,045,396	-	133,295,396	458,455,304
Inventories	12	281,092,684	790,879,898	274,737,598	654,092,501
Other current assets		9,664,374	80,488,828	4,868,345	42,885,239
Total current assets		916,860,803	1,810,744,458	858,085,107	1,948,629,719
Non-current assets					
Installment sales receivables	9	-	777,640,111	-	-
Investment in associate	13	346,911	341,907	341,907	341,907
Investments in joint venture	13	5,231,232	-	5,625,000	-
Investments in subsidiaries	5, 14	-	-	75,949,900	148,059,900
Other long-term investments	5, 16	195,664,720	58,205,200	178,422,000	58,205,200
Property, plant and equipment	17	289,928,832	311,753,348	244,488,175	255,520,281
Intangible assets	18	3,943,480	7,836,264	2,621,615	2,530,019
Deferred tax assets	19	44,366,871	40,709,570	44,266,244	14,048,624
Other non-current assets		3,882,276	4,605,720	3,780,276	1,939,246
Total non-current assets		543,364,322	1,201,092,120	555,495,117	480,645,177
Total assets		1,460,225,125	3,011,836,578	1,413,580,224	2,429,274,896

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

Statement of financial position

AJ Advance Technology Public Company Limited and its subsidiaries
(Formerly Crown Tech Advance Public Company Limited)

		Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Liabilities and equity	Note	2017	2016	2017	2016
<i>(in Baht)</i>					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	20	31,165,830	533,257,209	31,165,830	533,257,209
Trade accounts payable	6, 21	28,248,112	74,250,258	24,480,862	121,225,178
Other payables	6, 22	120,476,373	173,671,374	115,917,384	121,940,541
Current portion of long-term loans					
from financial institutions	20	-	24,082,000	-	24,082,000
Short-term loans from related parties	6, 20	5,500,000	188,160,000	61,600,000	187,928,961
Current portion of					
finance lease liabilities	20	1,832,984	4,461,935	1,014,409	1,190,463
Income tax payable		62,653	75,831,500	-	13,249,270
Other current liabilities	23	6,131,176	27,332,375	6,052,276	9,857,755
Total current liabilities		193,417,128	1,101,046,651	240,230,761	1,012,731,377
Non-current liabilities					
Long-term loans from					
financial institutions	20	-	27,986,000	-	27,986,000
Finance lease liabilities	20	3,123,247	11,563,492	1,342,112	2,356,520
Non-current provisions for					
employee benefit	24	4,775,399	4,941,759	4,775,399	3,825,437
Total non-current liabilities		7,898,646	44,491,251	6,117,511	34,167,957
Total liabilities		201,315,774	1,145,537,902	246,348,272	1,046,899,334

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

Statement of financial position

AJ Advance Technology Public Company Limited and its subsidiaries
(Formerly Crown Tech Advance Public Company Limited)

		Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Liabilities and equity	Note	2017	2016	2017	2016
<i>(in Baht)</i>					
Equity					
Share capital	25				
Authorised share capital		<u>526,925,023</u>	<u>550,000,000</u>	<u>526,925,023</u>	<u>550,000,000</u>
Issued and paid-up share capital		424,029,474	421,042,834	424,029,474	421,042,834
Premium on ordinary shares	25	649,893,744	647,235,634	649,893,744	647,235,634
Retained earnings					
Appropriated					
Legal reserve	26	20,900,000	20,900,000	20,900,000	20,900,000
Unappropriated		90,334,696	500,406,016	72,408,734	293,197,094
Other component of equity		<u>27,321,019</u>	<u>27,321,019</u>	<u>-</u>	<u>-</u>
Equity attributable to owners of the parent		1,212,478,933	1,616,905,503	1,167,231,952	1,382,375,562
Non-controlling interests	15	<u>46,430,418</u>	<u>249,393,173</u>	<u>-</u>	<u>-</u>
Total equity		<u>1,258,909,351</u>	<u>1,866,298,676</u>	<u>1,167,231,952</u>	<u>1,382,375,562</u>
Total liabilities and equity		<u>1,460,225,125</u>	<u>3,011,836,578</u>	<u>1,413,580,224</u>	<u>2,429,274,896</u>

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

Statement of comprehensive income

AJ Advance Technology Public Company Limited and its subsidiaries
 (Formerly Crown Tech Advance Public Company Limited)

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
		2017	2016	2017	2016
<i>(in Baht)</i>					
Continuing operations					
Income					
Revenue from sales of goods		656,985,898	1,073,148,238	623,570,517	1,072,998,086
Revenue from rendering of services		5,152,123	1,273,202	490,044	1,273,202
Net foreign exchange gains		12,740,783	16,990,967	12,008,355	16,990,967
Investment income	6, 28	685,456	605,323	24,580,656	580,593
Other income		6,868,236	7,646,756	9,839,391	9,394,836
Total income		682,432,496	1,099,664,486	670,488,963	1,101,237,684
Expenses					
Cost of sales of goods	12	632,106,095	715,399,008	602,444,221	715,434,878
Cost of rendering of services		5,855,997	5,454,279	2,396,386	5,454,279
Distribution costs	29, 32	204,678,289	263,829,628	200,154,828	263,829,628
Administrative expenses	30, 32	158,192,848	115,068,487	152,130,526	115,568,067
Loss from lost control	5	8,241,164	-	-	-
Finance costs	6, 33	14,945,145	12,544,194	13,954,667	12,540,619
Total expenses		1,024,019,538	1,112,295,596	971,080,628	1,112,827,471
Share of loss of associate and joint venture	13	(388,764)	(54,513)	-	-
Loss before income tax expense					
from continuing operations		(341,975,806)	(12,685,623)	(300,591,665)	(11,589,787)
Tax income (expense)	34	29,998,152	893,094	30,217,620	978,917
Loss for the year from continuing operations		(311,977,654)	(11,792,529)	(270,374,045)	(10,610,870)
Discontinued operation					
Profit (loss) for the year					
from discontinued operation, net of tax	5	(181,444,129)	524,884,281	49,585,685	178,768,718
Profit (loss) for the year		(493,421,783)	513,091,752	(220,788,360)	168,157,848

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

Statement of comprehensive income

AJ Advance Technology Public Company Limited and its subsidiaries

(Formerly Crown Tech Advance Public Company Limited)

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
		2017	2016	2014	2016
<i>(in Baht)</i>					
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss</i>					
Defined benefit plan actuarial gains	24	-	630,642	-	630,642
Income tax on other comprehensive income		-	(126,128)	-	(126,128)
Other comprehensive income for the year, net of income tax		-	504,514	-	504,514
Total comprehensive income for the year		(493,421,783)	513,596,266	(220,788,360)	168,662,362
Profit (loss) attributable to:					
Owners of parent		(409,773,374)	355,462,778	(220,788,360)	168,157,848
Non-controlling interest	15	(83,648,409)	157,628,974	-	-
Profit (loss) for the year		(493,421,783)	513,091,752	(220,788,360)	168,157,848
Total comprehensive income attributable to:					
Owners of parent		(409,773,374)	355,967,292	(220,788,360)	168,662,362
Non-controlling interest	15	(83,648,409)	157,628,974	-	-
Total comprehensive income for the year		(493,421,783)	513,596,266	(220,788,360)	168,662,362
Basic earnings (loss) per share					
Loss from continuing operations	35	(0.072)	(0.003)	(0.064)	(0.003)
Profit (loss) from discontinued operation	5	(0.025)	0.093	0.012	0.045
Diluted earning per share					
Profit (loss) from continuing operations	35	-	-	-	-
Profit from discontinued operation	5	-	0.087	-	0.042

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

Statement of changes in equity

AJ Advance Technology Public Company Limited and its subsidiaries
(Formerly Crown Tech Advance Public Company Limited)

	Note	Consolidated financial statements						
		Retained earnings		Other component of equity		Equity attributable to owners of the parent	Non-controlling interests	Total equity
		Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated			
Year ended 31 December 2016								
Balance at 1 January 2016		387,816,764	617,664,432	12,400,000	147,550,044	27,321,019	30,197,316	1,222,949,575
Transaction with owners, recorded directly in equity								
<i>Contribution by owners of the Company</i>								
Issue of ordinary shares	25	33,226,070	29,571,202	-	-	-	-	62,797,272
<i>Total contributions by owners of the Company</i>		<u>33,226,070</u>	<u>29,571,202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,797,272</u>
<i>Changes in ownership interests in subsidiaries</i>								
<i>Acquisition of non-controlling interests</i>								
without change in control	14	-	-	-	5,388,680	-	(13,283,117)	(7,894,437)
Call-up additional of registered share capital of subsidiary from non-controlling interests		-	-	-	-	-	74,850,000	74,850,000
<i>Total changes in ownership interests in subsidiaries</i>		<u>-</u>	<u>-</u>	<u>-</u>	<u>5,388,680</u>	<u>-</u>	<u>61,566,883</u>	<u>66,955,563</u>
Total transaction with owners, recorded directly in equity		<u>33,226,070</u>	<u>29,571,202</u>	<u>-</u>	<u>5,388,680</u>	<u>-</u>	<u>61,566,883</u>	<u>129,752,835</u>
<i>Comprehensive income for the year</i>								
Profit		-	-	-	355,462,778	-	157,628,974	513,091,752
Other comprehensive income		-	-	-	504,514	-	-	504,514
<i>Total comprehensive income for the year</i>		<u>-</u>	<u>-</u>	<u>-</u>	<u>355,967,292</u>	<u>-</u>	<u>157,628,974</u>	<u>513,596,266</u>
Transfer to legal reserve	26	-	-	8,500,000	(8,500,000)	-	-	-
Balance at 31 December 2016		<u>421,042,834</u>	<u>647,235,634</u>	<u>20,900,000</u>	<u>500,406,016</u>	<u>27,321,019</u>	<u>249,393,173</u>	<u>1,866,298,676</u>

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

Statement of changes in equity

AJ Advance Technology Public Company Limited and its subsidiaries
(Formerly Crown Tech Advance Public Company Limited)

Consolidated financial statements									
	Note	Retained earnings			Other component of equity		Equity attributable to owners of the parent	Non-controlling interests	Total equity
		Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Surplus from business combination under common control (in Baht)			
Year ended 31 December 2017									
Balance at 1 January 2017		421,042,834	647,235,634	20,900,000	500,406,016	27,321,019	1,616,905,503	249,393,173	1,866,298,676
Transaction with owners, recorded directly in equity									
Contribution by owners of the Company									
Issue of ordinary shares	25	2,986,640	2,658,110	-	-	-	5,644,750	-	5,644,750
Total contributions by owners of the Company		2,986,640	2,658,110	-	-	-	5,644,750	-	5,644,750
Changes in ownership interests in subsidiaries									
Loss of non-controlling interests without change in control	14	-	-	-	(297,946)	-	(297,946)	3,057,946	2,760,000
Loss of non-controlling interests with change in control	5	-	-	-	-	-	-	(176,484,792)	(176,484,792)
Call-up additional of registered share capital of subsidiaries from non-controlling interests		-	-	-	-	-	-	54,350,000	54,350,000
Dividend from subsidiary to non-controlling interests		-	-	-	-	-	-	(237,500)	(237,500)
Total changes in ownership interests in subsidiaries		-	-	-	(297,946)	-	(297,946)	(119,314,346)	(119,612,292)
Total transaction with owners, recorded directly in equity		2,986,640	2,658,110	-	(297,946)	-	5,346,804	(119,314,346)	(113,967,542)
Comprehensive income for the year									
Loss		-	-	-	(409,773,374)	-	(409,773,374)	(83,648,409)	(493,421,783)
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	(409,773,374)	-	(409,773,374)	(83,648,409)	(493,421,783)
Balance at 31 December 2017		424,029,474	649,893,744	20,900,000	90,334,696	27,321,019	1,212,478,933	46,430,418	1,258,909,351

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

Statement of changes in equity

AJ Advance Technology Public Company Limited and its subsidiaries
(Formerly Crown Tech Advance Public Company Limited)

	Note	Issued and paid-up share capital	Share premium	Separate financial statements			Total equity
				Retained earnings	Legal reserve (in Baht)	Unappropriated	
Year ended 31 December 2016							
Balance at 1 January 2016		387,816,764	617,664,432	12,400,000	133,034,732		1,150,915,928
Transactions with owners, recorded directly in equity							
<i>Contributions by owners of the Company</i>							
Issue of ordinary shares	25	33,226,070	29,571,202	-	-		62,797,272
Total contributions by owner of the Company		33,226,070	29,571,202	-	-	-	62,797,272
Total transactions with owners, recorded directly in equity		33,226,070	29,571,202	-	-	-	62,797,272
Comprehensive income for the year							
Profit		-	-	-	168,157,848		168,157,848
Other comprehensive income		-	-	-	504,514		504,514
Total comprehensive income for the year		-	-	-	168,662,362	-	168,662,362
Transfer to legal reserve	26	-	-	8,500,000	-8,500,000		-
Balance at 31 December 2016		421,042,834	647,235,634	20,900,000	293,197,094		1,382,375,562

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

Statement of changes in equity

AJ Advance Technology Public Company Limited and its subsidiaries
(Formerly Crown Tech Advance Public Company Limited)

	Note	Issued and paid-up share capital	Share premium	Separate financial statements			Total equity
				Legal reserve (in Baht)	Unappropriated		
Year ended 31 December 2017							
Balance at 1 January 2017		421,042,834	647,235,634	20,900,000	293,197,094		1,382,375,562
Transactions with owners, recorded directly in equity							
<i>Contributions by owners of the Company</i>							
Issue of ordinary shares	25	2,986,640	2,658,110	-	-		5,644,750
Total contributions by owner of the Company		2,986,640	2,658,110	-	-		5,644,750
Total transactions with owners, recorded directly in equity		2,986,640	2,658,110	-	-		5,644,750
Comprehensive income for the year							
Loss		-	-	-	(220,788,360)		(220,788,360)
Other comprehensive income		-	-	-	-		-
Total comprehensive income for the year		-	-	-	(220,788,360)		(220,788,360)
Balance at 31 December 2017		424,029,474	649,893,744	20,900,000	72,408,734		1,167,231,952

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

Statement of cash flows

AJ Advance Technology Public Company Limited and its subsidiaries
(Formerly Crown Tech Advance Public Company Limited)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit (loss) for the year	(493,421,783)	513,091,752	(220,788,360)	168,157,848
<i>Adjustments for</i>				
Tax expense (income)	(42,330,330)	129,491,875	(30,217,620)	41,961,058
Finance costs	27,092,468	32,057,044	27,206,468	32,243,574
Depreciation	33,822,449	21,783,797	18,559,650	18,322,539
Amortisation of intangible assets	2,113,243	1,645,611	1,560,318	1,439,260
Bad and doubtful debt expense (reversal of)	70,764,241	44,326,525	20,495,537	(5,738,685)
Loss from repossession	402,901,914	-	-	-
Loss from loss of control	8,241,164	-	-	-
Loss on decline in value of inventories	133,065,313	12,206,583	133,065,314	12,206,583
(Reversal of) provision for sales return	(1,830,500)	1,793,803	(1,830,500)	1,793,803
(Reversal of) provision for warranties	220,804	17,226,133	(365,204)	674,577
Employee benefits	2,320,390	1,998,092	1,042,962	881,770
Gain on disposals of investment in subsidiary	-	-	(360,000)	-
(Gain) loss on disposals of equipment	(935,977)	(367,855)	9,997	(367,855)
Unrealised (gain) loss on exchange rate	(1,778,100)	940,610	(1,778,100)	940,610
Share of loss of associate and joint venture	388,764	54,513	-	-
Impairment losses on investment in associate	-	-	-	518,807
Dividend received	-	-	(23,512,500)	-
Interest received	(3,259,908)	(631,812)	(41,499,995)	(13,970,260)
	<u>137,374,152</u>	<u>775,616,671</u>	<u>(118,412,033)</u>	<u>259,063,629</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	162,076,883	198,519,659	141,226,466	96,141,406
Installment sales receivables	(354,007,201)	(981,970,310)	-	-
Other receivables	198,916,317	205,175,641	151,751,978	235,260,624
Inventories	209,900,986	418,639	246,289,589	82,710,039
Other current assets	71,983,055	(37,134,623)	40,247,436	(6,271,278)
Other non-current assets	(2,369,525)	349,644	(1,841,030)	325,774
Trade accounts payable	11,259,701	(96,329,249)	(96,322,120)	(96,511,787)
Other payables	432,070,126	(42,761,409)	9,768,734	(74,654,402)
Cash paid for sales return	-	(3,050,386)	-	(3,050,386)
Cash paid for warranty	(4,353,805)	(2,662,889)	(206,246)	(1,652,434)
Other current liabilities	5,219,758	(9,125,550)	(1,403,529)	(2,479,229)
Employee benefit obligations paid	(93,000)	-	(93,000)	-
Cash generated from operating activities	<u>867,977,447</u>	<u>7,045,838</u>	<u>371,006,245</u>	<u>488,881,956</u>
Income tax paid	<u>(116,785,773)</u>	<u>(91,519,477)</u>	<u>(15,479,813)</u>	<u>(31,731,765)</u>
Net cash from (used in) operating activities	<u>751,191,674</u>	<u>(84,473,639)</u>	<u>355,526,432</u>	<u>457,150,191</u>

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

Statement of cash flows

AJ Advance Technology Public Company Limited and its subsidiaries
(Formerly Crown Tech Advance Public Company Limited)

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
Note	2017	2016	2017	2016
	(in Baht)			
Cash flows from investing activities				
Cash paid for short term loans	-	-	(284,504,227)	(520,955,304)
Cash received from short term loans	374,919,274	-	609,664,135	62,500,000
Increase in other long-term investments	(236,800)	(21,830,200)	(56,800)	(21,830,200)
Proceeds from disposal of subsidiaries	-	-	2,760,000	-
Acquisition of subsidiaries	-	-	(50,450,000)	(120,489,900)
Acquisition of investment in joint venture	(5,625,000)	-	(5,625,000)	-
Purchases of property, plant and equipment	(59,382,030)	(47,056,004)	(9,395,244)	(11,775,082)
Proceeds from disposals of equipment	3,865,519	3,026,168	4,673	3,026,168
Purchases of intangible assets	(4,281,797)	(4,064,260)	(1,651,914)	(30,000)
Dividend received	-	-	23,512,500	-
Interest received	3,259,908	631,812	50,373,632	13,970,260
Net cash from (used in) investing activities	312,519,074	(69,292,484)	334,631,755	(595,584,058)
Cash flows from financing activities				
Finance costs paid	(42,171,159)	(32,057,044)	(41,145,328)	(32,243,574)
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(500,735,475)	291,259,320	(500,735,475)	291,259,320
Proceeds from short-term loans from related parties	186,700,000	40,000,000	129,000,000	25,000,000
Repayment of short-term loans from related parties	(273,360,000)	(285,841,000)	(255,328,962)	(282,840,000)
Repayment of long-term loans from financial institutions	(52,068,000)	(25,008,000)	(52,068,000)	(25,008,000)
Finance lease payments	(5,919,271)	(6,450,490)	(1,190,462)	(1,653,619)
Acquisition of non-controlling interests	-	(7,894,437)	-	-
Proceeds from issue of ordinary shares	5,644,750	62,797,272	5,644,750	62,797,272
Acquisition of non-controlling interests without change in control	2,760,000	-	-	-
Dividends paid to non-controlling interests	(237,500)	-	-	-
Proceeds from issue of ordinary shares of subsidiaries	54,350,000	74,850,000	-	-
Net cash from (used in) financing activities	(625,036,655)	111,655,621	(715,823,477)	37,311,399
Net increase (decrease) in cash and cash equivalents	438,674,093	(42,110,502)	(25,665,290)	(101,122,468)
Cash and cash equivalents, beginning of period	121,788,024	163,898,526	53,622,667	154,745,135
Cash and cash equivalents from loss of control in subsidiary	(477,756,159)	-	-	-
Cash and cash equivalents at ending of period	82,705,958	121,788,024	27,957,377	53,622,667

Non-cash transactions

During the year 2017, the Group acquired property, plant and equipment at total cost of Baht 65.5 million (2016: Baht 76.8 million) of which Baht 5.7 million (2016: Baht 6.5 million) was acquired by means of financial lease, Baht 4.1 million was outstanding as payable for purchases of property, plant and equipment as at 31 December 2017 (2016: Baht 3.7 million) and Baht 59.4 million was made by cash payment (2016: Baht 47.1 million).

During the year 2017, the Company acquired property, plant and equipment at total cost of Baht 7.6 million (2016: Baht 16.6 million) of which none (2016: Baht 1.7 million) was acquired by means of financial lease, Baht 0.1 million was outstanding as payable for purchases of property, plant and equipment as at 31 December 2017 (2016: Baht 1.9 million) and Baht 9.4 million was made by cash payment (2016: Baht 11.8 million).

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

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

Notes to the financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

(Formerly Crown Tech Advance Public Company Limited)

For the year ended 31 December 2017

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Notes to the financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

(Formerly Crown Tech Advance Public Company Limited)

For the year ended 31 December 2017

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of directors on 28 February 2018.

1 General information

AJ Advance Technology Public Company Limited (Formerly Crown Tech Advance Public Company Limited), the “Company”, is incorporated in Thailand and has its registered office at No. 427/2 Rama 2 Road, Kwaeng Samaedum, Khet Bangkuntien, Bangkok.

The Company was listed on the Stock Exchange of Thailand in January 2014.

The annual general meeting of shareholders for 2017 held on 28 April 2017 approved the change of the Company’s name from “Crown Tech Advance Public Company Limited” to “AJ Advance Technology Public Company Limited”. The Company registered the change in the Company’s name with the Department of Business Development, the Ministry of Commerce on 1 June 2017.

The Company’s major shareholders during the financial year were Meemano and Patiwetphinyo families who held 39.36% shareholding.

The principal activities of the Company and the Group are wholesaling and retailing of electric appliances including parts, retailing top-up machine, top-up service for prepaid phone, receipt online services and e-money service and sale of food and beverages through vending machine including business of TV drama programs and other entertainment media. Details of the Company’s associate, joint venture and subsidiaries as at 31 December 2017 and 2016 are given in notes 13 and 14.

During 2017, the Company and the Group has discontinued operations are retailing top-up machine, top-up service for prepaid phone, receipt online services and e-money service.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2017. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2018 and have not been adopted in the preparation of these financial statements.

The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate Company’s financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

Notes to the financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

(Formerly Crown Tech Advance Public Company Limited)

For the year ended 31 December 2017

(b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis except for the following items.

<i>Items</i>	<i>Measurement bases</i>
Other non-marketable equity securities	Fair value
Defined benefit liability	Present value of the defined benefit obligation as explained in Note 4 (o)

(c) *Functional and presentation currency*

The financial statements are presented in Thai Baht, which is the Group's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(d) *Use of estimates and judgments*

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about significant areas of estimation uncertainty that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 4 (t)	Recognition of deferred tax assets : availability of future taxable profit against which tax losses carried forward can be used;
Note 8	Allowance for doubtful accounts of trade accounts receivables adjusted to net accounts receivables
Note 12	Allowance for decline in value of inventories adjusted to net realisable value
Note 24	Measurement of defined benefit obligations : key actuarial assumptions

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Notes to the financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

(Formerly Crown Tech Advance Public Company Limited)

For the year ended 31 December 2017

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 36 Financial Instruments.

3 Change in accounting estimate

Changes in accounting estimate of Vending Corporation Company Limited

Trade account receivables-other parties and installment sales receivables

Since 1 January 2017, the allowance for doubtful accounts of Vending Corporation Company Limited (former subsidiary according to note 5) has been estimated from installment contract receivable (net of unearned interest income) less the product collateral (Top-up machine) for account receivables overdue not over than 12 month. The percentage of allowance for doubtful accounts are as follows:

Trade account receivables-other parties

	2017	(%)	2016
Current	1		-
Overdue:			
Less than 3 months	5		-
3 - 6 months	30		25
6 - 9 months	50		50
9 - 12 months	70		50
Over 12 months	100		100

Installment sales receivables

	2017	(%)	2016
Current	1		1
Overdue:			
Less than 3 months	5		5
3 - 6 months	30		25
6 - 9 months	50		35
9 - 12 months	70		50
Over 12 months	100		100

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The Group has classified receivables separated from normal installment receivables to compute allowance for doubtful accounts as follows:

1. Receivables from purchasing top-up machine more than 15 units, the “High amount receivables”. The percentage of allowance for doubtful accounts compute net from product collateral as follows:

Proportion overdue of high amount receivables:	(%)
Less than 25%	Individual contract
During 25 - 50%	50
Over than 50%	100

2. Receivables who enter into the agreement for changed the repayment conditions. The percentage of allowance for doubtful accounts compute net from product collateral as follows:

	(%)
Current	1
Overdue:	
Less than 3 months	5
3 - 6 months	30
6 - 9 months	50
9 - 12 months	70
Over 12 months	100
Balloon payment	100

The Group’s method for calculating the allowance for doubtful accounts is different from the accounting guideline prescribed issued by the Federation of Accounting Professions “Providing allowance for doubtful accounts for consumer finance business” (‘FAP Guideline’). The FAP Guideline describes that the allowance for doubtful accounts should be made in the full amount of all outstanding receivables that are overdue for over 3 installment periods without the deduction of the collateral values from the remaining debt and consider the general allowance for receivables overdue for less than 3 installment periods. However, the management has considered and changed the Group’s method for calculating the allowance for doubtful accounts with deduction of the collateral to cover the Group’s exposure to credit risk in appropriate manner.

The impact of change in accounting estimate to the financial statements for the year has increased loss from discontinued operations amounting to Baht 33.80 million and increased loss from discontinued operations per share amounting to Baht 0.008 per share.

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4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as stated in Note 3.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and joint venture.

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

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

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

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

Subsidiaries

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

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

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Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

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

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associate and joint venture.

Associate are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associate and joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at the exchange rates at the report date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognized in profit or loss.

(c) Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange, interest rate arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes.

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(d) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

Restricted deposits at financial institutions are separately presented as “Restricted deposits at financial institutions” under “Other non-current assets” in the statement of financial position.

(e) Installment sales receivables

Installment sales receivables are stated at net of unearned interest income and allowance for doubtful accounts.

The Group provides allowance for doubtful accounts by primarily assessment on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

The allowance for doubtful accounts has been estimated from outstanding receivables (net of unearned interest income).

Loss from repossession

Loss from repossession is different between valuations of inventories from repossession from overdue debt with amount of installment sales receivables.

(f) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(h) Investments

Investments in associate and joint venture and subsidiaries

Investments in associate and joint venture and subsidiaries in the separate financial statements of the Company are accounted for using the cost method. Investments in associate and joint venture in the consolidated financial statements are accounted for using the equity method.

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Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(i) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvement	5 years
Buildings and improvement	5 and 20 years
Office equipment	5 years
Tools	5 years
Vehicles	5 years
Top-up and vending machine	5 and 7 years

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(j) Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows: ▢

Computer software	5 years
Music license	2- 5 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(k) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in non-current assets. The measurement of goodwill at initial recognition is described in note 3(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

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(l) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an assets or its cash generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(n) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(o) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

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The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Provision for sales return

A provision for sales return is recognised when the underlying products are sold. The provision is based on weighting of all possible outcomes against their associated sales return.

Provision for warranties

A provision for warranties of product quality is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated loss.

(q) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates.

Sale of goods and services rendered

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

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Revenue from installment sales comprises revenue from the cash selling price and interest. Revenue from the sale of products is recognised when a memorandum is signed and the first payment is received. Interest is recorded as unearned interest income and is recognised in income using the effective rate method.

Investments

Revenue from investments comprises rental income, dividend income and interest income from investments and bank deposits.

Dividend income

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

Interest income

Interest income is recognised in profit or loss as it accrues.

Rental income

Rental income is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

(r) Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

(s) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

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(t) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(u) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations. Classification as a discontinued operation occurs upon abandon line of business. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

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(v) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

(w) Segment reporting

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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5 Loss of control in subsidiary and discontinued operation

Loss of control in Vending Corporation Company Limited due to waiver of right to subscribe to new shares

At the Board of Directors Meeting of the Company held on 28 September 2017, the Board approved the Company to waive its right to subscribe to new shares which the Company is entitled to in the amount of 2.88 million shares, at the subscription price of Baht 115 per share, in total amount of Baht 331.64 million. The increase of share capital of Vending Corporation Company Limited was completed on 2 October 2017 and the Company's shareholding in Vending Corporation Company Limited diluted from 60.08% to 17.67% of total authorized share capital. As a result, the Group has loss control in Vending Corporation Company Limited and AJ Money Co., Ltd. (indirect subsidiaries) representing segments of retailing top-up machine, top-up service for prepaid phone and receipt online service in such subsidiary and the Company. Those segment have not been discontinued operations as at 31 December 2016. The comparative statement of comprehensive income for the year ended 31 December 2017 has been re-presented to show the discontinued operations separately from continuing operations. The Group records other long term investment measured by fair value at the loss of control date amounting to Baht 137.22 million in the consolidated statement of financial position and recording profit or loss from loss of control in subsidiary in the consolidated statement of comprehensive income amounting to Baht 8.24 million. Moreover, the Group classified such investment to other long term investment in the separate statement of financial position amounting to Baht 120 million.

Note (in thousand Baht)

Effect of loss of control on the consolidated statement of financial position at loss of control date

Decrease (increase) in assets

Cash and cash equivalents		477,756
Trade account receivables		(219,425)
Installment sales receivables		746,666
Short term loan	6	(499,965)
Inventories		275,429
Property, plant and equipment	17	103,406
Intangible assets	18	6,062
Deferred tax assets	19	56,429
Other assets		27,137
		<u>973,494</u>

Decrease in liabilities

Trade account payables		(56,840)
Other payables		(470,324)
Short term loan from related parties	6	(96,000)
Other current liabilities	23	(11,980)
Non-current provisions for employee benefits	24	(2,394)
Other liabilities		(13,944)
		<u>(651,545)</u>

Carrying amounts of net assets and liabilities

Less non-controlling interests		<u>(176,485)</u>
Carrying amounts of interest in subsidiary		<u>145,464</u>

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Loss from loss of control in subsidiary recognised in the consolidated statement of comprehensive income was as follow:

	Note	(in thousand Baht)
Fair value of the subsidiary's retained interest	16	137,223
Less carrying amounts of interest in subsidiary		(145,464)
Loss from loss of control in subsidiary		(8,241)

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in thousand Baht)			
Discontinued operation*				
Revenue	869,371	1,458,381	280,392	723,870
Cost of sales of goods and services	178,461	352,258	209,828	469,302
Bad and doubtful debt expense	51,362	50,066	-	-
Loss from repossession	402,902	-	-	-
Other expenses	430,442	400,788	20,978	32,859
Total expenses	1,063,147	803,112	230,806	502,161
Results from operating activities	(193,776)	655,269	49,586	221,709
Tax expense (Note 34)	(12,332)	130,385	-	42,940
Results from operating activities, net of income tax	(181,444)	524,884	49,586	178,769
Profit (loss) attributable to:				
Owners of parent	(102,941)	367,291	49,586	178,769
Non-controlling interest	(78,503)	157,593	-	-
Profit (loss) from discontinued operations	(181,444)	524,884	49,586	178,769
Earnings per share (in Baht)				
Basic earnings (loss) per share	(0.025)	0.093	0.012	0.045
Diluted earnings per share	-	0.087	-	0.042
Cash flows from (used in) discontinued operation				
Net cash from (used in) operating activities	(39,620)	(534,195)	238,814	39,526
Net cash from (used in) investing activities	(75,559)	(81,743)	40,792	13,390
Net cash from (used in) financing activities	534,413	670,433	(13,252)	(19,703)
Net cash from discontinued operation	419,234	54,495	266,354	33,214

In the latter half of 2016, the Group has started and expanded the business of top-up machine. In 2017, the Group has collected debt and repossessed goods from the customers who cannot make the repayments of installments or complied with the agreed conditions. As a result, the Group had loss from repossession by amounting to Baht 402.90 million in the consolidated statement of comprehensive income for the year ended 31 December 2017.

*Operation of the subsidiary until loss of control date was included in discontinued operations for the year ended 31 December 2017.

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6 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries, associate and joint venture are described in notes 13 and 14. Relationships with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Key management personnel	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Sales/purchases of goods	Cost plus margin
Management service income	Agreed prices
Office rental income	Agreed prices
Dividend income	The right to received dividend
Interest income	Agreed rate
Interest expense	Agreed rate
Commission expense	Agreed rate
Key management personnel compensation	As defined by the nomination and remuneration committee

Significant transactions for the years ended 31 December with related parties were as follows:

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Continuing operation				
Subsidiaries				
Sales of goods	-	-	5,271	-
Management service income	-	-	322	-
Office rental income	-	-	3,331	1,657
Interest income	-	-	97	-
Dividend income	-	-	23,512	-
Other income	-	-	1,653	998

Notes to the financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

(Formerly Crown Tech Advance Public Company Limited)

For the year ended 31 December 2017

<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Key management personnel				
Interest expense	63	-	-	-
Key management personnel compensation				
Short-term employee benefit	15,717	16,802	15,717	16,802
Post-employment benefits	284	360	284	360
Total key management personnel compensation	16,001	17,162	16,001	17,162
Discontinued operation				
Subsidiaries				
Sales of goods	-	-	224,013	708,691
Management service income	-	-	1,350	1,800
Interest income	-	-	38,217	13,390
Interest expense	-	-	2,002	695
Commission	-	-	10	20
Key management personnel				
Interest expense	2,748	12,307	2,658	12,297
Key management personnel compensation				
Short-term employee benefit	13,915	12,056	-	-
Shareholders				
Interest expense	14	3,261	14	3,261

Balances as at 31 December with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Trade accounts receivable - related parties				
Subsidiaries				
AJ Vending Co., Ltd.	-	-	2	-
Vending Corporation Co., Ltd.	-	-	-	233,054
Total	-	-	2	233,054
Other receivables - related parties				
Subsidiaries				
AJ Vending Co., Ltd.	-	-	161	-
AJ E-Commerce Co., Ltd. (Formerly name T&C Advance Electronic Co., Ltd.)	-	-	65	-
Vending Corporation Co., Ltd.	-	-	-	13,076
Total	-	-	226	13,076

Notes to the financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

(Formerly Crown Tech Advance Public Company Limited)

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<i>Short term loans to related parties</i>	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Subsidiaries				
AJ Vending Co., Ltd.	-	-	8,250	-
Vending Corporation Co., Ltd.	-	-	-	458,455
Total	<u>-</u>	<u>-</u>	<u>8,250</u>	<u>458,455</u>

Movements during the years ended 31 December of short-term loans to related parties was as follows:

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Subsidiaries					
At 1 January		-	-	458,455	-
Increase		-	-	284,504	520,955
Decrease		-	-	(23,744)	(62,500)
Transfer to short-term loans to others party	5	-	-	(499,965)	-
At 31 December		<u>-</u>	<u>-</u>	<u>8,250</u>	<u>458,455</u>

As at 31 December 2017, the short-term loans to the subsidiary amounting to Baht 8.25 million (2016: Baht 458.5 million) was at call with interest rates 6.85 % per annum (2016: 6.60% to 9.00% per annum).

<i>Trade accounts payable - related parties</i>	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Subsidiaries				
Siam Advance Electronic Co., Ltd.	-	-	-	10
AJ E-Commerce Co., Ltd. (Formerly name T&C Advance Electronic Co., Ltd.)	-	-	-	50,678
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,688</u>

<i>Other payables - related parties</i>				
Subsidiaries				
Happy Vision Co., Ltd.	-	-	1,536	804
AJ E-Commerce Co., Ltd. (Formerly name T&C Advance Electronic Co., Ltd.)	-	-	806	408
Siam Advance Electronic Co., Ltd.	-	-	25	2,793
Vending Corporation Co., Ltd.	-	-	-	1,138
Key management personnel	52	15,079	-	15,079
Total	<u>52</u>	<u>15,079</u>	<u>2,367</u>	<u>20,222</u>

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	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Short-term loans - related parties				
Subsidiaries				
Happy Vision Co., Ltd.	-	-	32,000	12,000
Siam Advance Electronic Co., Ltd.	-	-	4,600	769
AJ E-Commerce Co., Ltd. (Formerly name T&C Advance Electronic Co., Ltd.)	-	-	25,000	2,000
Key management personnel	5,500	188,160	-	173,160
Total	5,500	188,160	61,600	187,929

Movements during the years ended 31 December of short-term loans from related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Subsidiaries				
At 1 January	-	-	14,769	14,769
Increase	-	-	75,000	-
Decrease	-	-	(28,169)	-
At 31 December	-	-	61,600	14,769
Key management personnel				
At 1 January	188,160	266,161	173,160	263,160
Increase	175,700	15,000	43,000	-
Decrease	(262,360)	(93,001)	(216,160)	(90,000)
Decrease from loss of control (Note 5)	(96,000)	-	-	-
At 31 December	5,500	188,160	-	173,160
Shareholders				
At 1 January	-	167,840	-	167,840
Increase	11,000	25,000	11,000	25,000
Decrease	(11,000)	(192,840)	(11,000)	(192,840)
At 31 December	-	-	-	-
Total short-term loans from related parties				
At 1 January	188,160	434,001	187,929	445,769
Increase	186,700	40,000	129,000	25,000
Decrease	(273,360)	(285,841)	(255,329)	(282,840)
Decrease from loss of control (Note 5)	(96,000)	-	-	-
At 31 December	5,500	188,160	61,600	187,929

As at 31 December 2017, the Group's short-term loans from related parties amounting to Baht 5.5 million (2016: Baht 188.2 million) were at call, bearing interest rates 3.20% per annum (2016: 3.75% to 4.80% per annum).

Notes to the financial statements

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As at 31 December 2017, the Company's short-term loans from related parties amounting to Baht 61.6 million (2016: Baht 187.9 million) were at call, bearing interest rates 3.20% per annum (2016: 3.75% to 4.80% per annum).

Guarantee obligations

As at 31 December 2017 and 2016, subsidiaries had contingent liabilities in respect of guarantees of loans and other credit facilities as follows:

	Siam Advance Electronic Co., Ltd.		AJ E-Commerce Co.,Ltd (Formerly name T&C Advance Electronic Co.,Ltd.)	
	2017	2016	2017	2016
	(In thousand baht)			
The Company as guarantee company				
- Baht	16,394	137,620	-	46,209
Total	16,394	137,620	-	46,209

7 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in thousand Baht)			
Cash on hand	705	4,073	54	110
Cash at banks - current accounts	8,558	44,175	3,664	1,690
Cash at banks - savings accounts	72,018	72,504	22,814	50,787
Highly liquid short-term investments	1,425	1,036	1,425	1,036
Total	82,706	121,788	27,957	53,623

8 Trade accounts receivables

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		(in thousand Baht)			
Related parties	6	-	-	2	233,054
Other parties		413,053	361,195	411,849	320,023
Total		413,053	361,195	411,851	553,077
Less allowance for doubtful accounts		(38,180)	(21,170)	(38,180)	(17,684)
Net		374,873	340,025	373,671	535,393
Bad and doubtful debts expense for the year (reversal)		19,402	(9,262)	20,496	(9,262)

Notes to the financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

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For the year ended 31 December 2017

Aging analysis for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	-	-	2	108,377
Overdue:				
Less than 3 months	-	-	-	124,677
	<u>-</u>	<u>-</u>	<u>2</u>	<u>233,054</u>
Other parties				
Within credit terms	115,734	236,402	115,734	202,117
Overdue:				
Less than 3 months	182,812	73,782	182,598	73,592
3 - 6 months	18,927	18,841	18,473	17,147
6 - 12 months	66,059	19,464	65,523	16,410
Over 12 months	29,521	12,706	29,521	10,757
	<u>413,053</u>	<u>361,195</u>	<u>411,849</u>	<u>320,023</u>
Less allowance for doubtful accounts	<u>(38,180)</u>	<u>(21,170)</u>	<u>(38,180)</u>	<u>(17,684)</u>
	<u>374,873</u>	<u>340,025</u>	<u>373,669</u>	<u>302,339</u>
Net	<u>374,873</u>	<u>340,025</u>	<u>373,671</u>	<u>535,393</u>

The normal credit terms granted by the Group ranges from 30 days to 120 days.

9 Installment sales receivables

	Consolidated financial statements					
	Portion due within one year		Portion due after one year		Total	
	2017	2016	2017	2016	2017	2016
	<i>(in thousand Baht)</i>					
Installment sales receivables	-	494,907	-	1,389,137	-	1,884,044
Less undue VAT	-	(32,377)	-	(90,966)	-	(123,343)
Less unearned interest income	-	(212,250)	-	(488,882)	-	(701,132)
	<u>-</u>	<u>250,280</u>	<u>-</u>	<u>809,289</u>	<u>-</u>	<u>1,059,569</u>
Less allowance for doubtful accounts	<u>-</u>	<u>(17,053)</u>	<u>-</u>	<u>(31,649)</u>	<u>-</u>	<u>(48,702)</u>
Net	<u>-</u>	<u>233,227</u>	<u>-</u>	<u>777,640</u>	<u>-</u>	<u>1,010,867</u>
Bad and doubtful debts expense for the year (Including in profit or loss from discontinued operation)					<u>48,264</u>	<u>48,537</u>

Notes to the financial statements

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Aging analyses for installment sales receivables were as follows:

Consolidated financial statements				
	Installment sales receivables net from unearned interest income (in thousand Baht)	Net receivables for set up allowance for doubtful account*	Percentage of allowance for doubtful (%)	Allowance for doubtful accounts (in thousand Baht)
31 December 2016				
Within credit terms	899,517	899,422	1	8,994
Overdue:				
Less than 3 months	213,043	213,043	5	10,652
3 - 6 months	36,232	36,232	25	9,058
6 - 9 months	15,843	15,843	35	5,545
9 - 12 months	7,649	7,649	50	3,825
Over 12 months	10,628	10,628	100	10,628
	1,182,912	1,182,817		48,702
Less undue VAT	(123,343)	-		-
Total	1,059,569	1,182,817		48,702

*Net of unearned interest income

As at 31 December 2016, the gross investment under installment contracts and the present value of minimum payments of installment contract receivables were as follows:

Consolidated financial statements	
31 December 2016	
	Present value of minimum payments of installment contract receivables (in thousand Baht)
Within one year	462,530
Over one year	1,298,171
	1,760,701
Less unearned interest income	(701,132)
Net investment under hire purchase contracts	1,059,569

Notes to the financial statements

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10 Other receivables

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Related parties	6				
Interest receivable		-	-	97	10,772
Rental fee receivable		-	-	-	1,854
Others		-	-	129	450
		<u>-</u>	<u>-</u>	<u>226</u>	<u>13,076</u>
Other parties					
Deposit for purchase of goods		28,455	156,462	28,455	156,462
Prepaid expenses		2,953	59,663	2,803	8,121
Advance payment		1,289	1,584	1,289	610
Others		14,305	30,150	14,305	29,435
Total		<u>47,002</u>	<u>247,859</u>	<u>47,078</u>	<u>207,704</u>
Less allowance for doubtful accounts		(3,523)	(3,523)	(3,523)	(3,523)
Net		<u>43,479</u>	<u>244,336</u>	<u>43,555</u>	<u>204,181</u>
Bad and doubtful debts expense for the year		<u>-</u>	<u>3,523</u>	<u>-</u>	<u>3,523</u>

11 Short term loans

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Related parties	6	-	-	8,250	458,455
Other parties		125,045	-	125,045	-
Total		<u>125,045</u>	<u>-</u>	<u>133,295</u>	<u>458,455</u>

At the Board of Directors Meeting of the Company held on 28 September 2017 approved the Company enter to sign the debt restructuring agreement between the Company and the subscribers who will be the major shareholders of Vending Corporation Company Limited repayment to the Company consist of short-term loan, accrued interest expense and trade account receivable which due in 28 February 2018 with the interest rate 6.85% per annum. As at 31 December 2017, short term loan was outstanding in the amount of Baht 125.05 million. The Company has fully received the loan repayment in February 2018.

Notes to the financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

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For the year ended 31 December 2017

12 Inventories

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Merchandised goods	405,776	736,292	399,669	621,205
Spare parts	31,292	55,848	31,044	34,147
Goods in transit	13,839	35,489	13,839	35,490
	<u>450,907</u>	<u>827,629</u>	<u>444,552</u>	<u>690,842</u>
Less allowance for decline in value	<u>(169,814)</u>	<u>(36,749)</u>	<u>(169,814)</u>	<u>(36,749)</u>
Net	<u>281,093</u>	<u>790,880</u>	<u>274,738</u>	<u>654,093</u>
Inventories recognized as an expense in				
‘cost of sales of goods’:				
- Cost of sales of goods	499,041	703,192	469,379	703,228
- Write-down to net realizable value	133,065	12,207	133,065	12,207
Total	<u>632,106</u>	<u>715,399</u>	<u>602,444</u>	<u>715,435</u>

Notes to the financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

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For the year ended 31 December 2017

13 Investments in associate and joint venture

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Associate				
At 1 January	342	396	342	861
Share of profit (loss) of associate	5	(54)	-	-
Loss on impairment	-	-	-	(519)
At 31 December	347	342	342	342
Joint venture				
At 1 January	-	-	-	-
Acquisition	5,625	-	5,625	-
Share of loss of joint venture	(394)	-	-	-
At 31 December	5,231	-	5,625	-
Total				
At 1 January	342	396	342	861
Acquisitions	5,625	-	5,625	-
Share of loss of associate and joint venture	(389)	(54)	-	-
Loss on impairment	-	-	-	(519)
At 31 December	5,578	342	5,967	342

Acquisition

Rizen Energy Co., Ltd.

At the Board of Directors Meeting of the Company held on 12 October 2017, approved the Company made a new investment in Rizen Energy Co., Ltd. to engage in import and distribution of electric vehicles, battery manufacturing and electric vehicle manufacturing, with an initial authorized share capital of Baht 50 million (500,000 ordinary shares with a par value of Baht 100 each), as the Company hold 45% interest. Such joint venture was registered on 12 October 2017 and initial paid-up share capital was 25%. The Company has made the payment in amounting to Baht 5.6 million.

Note to the financial statements

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Investments in associate as at 31 December 2017 and 2016 were as follows:

	Consolidated financial statements							
	Ownership interest 2017	Ownership interest 2016	Paid-up capital 2017	Paid-up capital 2016	Cost 2017	Cost 2016	Equity 2017	Equity 2016
	(%)				(in thousand Baht)			
Associate								
Muangthai Digital Co., Ltd.	30	30	3,000	3,000	861	861	347	342
Joint venture								
Rizen Energy Co., Ltd.	45	-	12,500	-	5,625	-	5,231	-
Total					6,486	861	5,578	342
Separate financial statements								
	Ownership interest 2017	Ownership interest 2016	Paid-up capital 2017	Paid-up capital 2016	Cost 2017	Cost 2016	Impairment 2017	Impairment 2016
	(%)				(in thousand Baht)			
Associate								
Muangthai Digital Co., Ltd.	30	30	3,000	3,000	861	861	(519)	(519)
Joint venture								
Rizen Energy Co., Ltd.	45	-	12,500	-	5,625	-	-	-
Total					6,486	861	(519)	(519)
							At cost - Net 2017	At cost - Net 2016
							5,625	342
							5,967	342

None of the Group's equity-accounted investees are publicly listed and consequently do not have published price quotations.

Notes to the financial statements

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14 Investments in subsidiaries

	<i>Note</i>	Separate financial statements	
		2017	2016
		<i>(in thousand Baht)</i>	
At 1 January		148,060	27,570
Acquisitions		50,450	120,490
Disposal		(2,400)	-
Transfer to other long term investment	5, 16	(120,160)	-
At 31 December		75,950	148,060

Acquisitions

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AJ Vending Co., Ltd.

On 23 January 2017, the Board of Directors meeting of the Company, the directors approved to establish a new subsidiary, AJ Vending Co., Ltd. “AJ Vending” to engage in sale of food and beverages through vending machine, with an initial authorised share capital of Baht 50 million (5,000,000 ordinary shares with par value of Baht 10 each), as the Company to hold 55% interest. Such subsidiary was registered on 2 February 2017 and an initial paid-up share capital was 25%. The Company has made the payment in the amount of Baht 6.88 million in February 2017.

During 2017, the Board of Directors meeting of AJ Vending approved to call-up additionally for 75% of registered share capital. The Company has made the payment in the amount of Baht 20.63 million.

Siam Advance Electronics Co., Ltd.

In November 2017, the Company sold 49% of ownership interest in Siam Advance Electronic Co., Ltd. (Siam Advance) by means of cash amounting to Baht 2.76 million, with at cost of Baht 2.40 million, resulting in the decrease of the Company’s ownership interest from 100% to 51% without a change in control over the subsidiary. The carry amount of net assets of Siam Advance in the consolidated financial statements as at the disposal date was Baht 2.82 million. The Group recognised non-controlling interests in the amount to Baht 3.06 million and decrease of retained earnings in the amount of Baht 0.30 million.

On 8 December 2017, the extraordinary shareholders meeting of Siam Advance, the shareholders approved the increase of the authorised share capital from Baht 5 million to Baht 50 million (500,000 ordinary shares with par value of Baht 100 per share). The Company had made the payment in the amount of Baht 22.95 million.

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For the year ended 31 December 2016

Vending Corporation Co., Ltd.

During 2016, at the extraordinary shareholders meeting of Vending Corporation Co., Ltd., “Vending Corporation” the shareholders approved the increase in the authorised share capital from Baht 12.5 million (125,000 ordinary shares with par value of Baht 100 per share) to Baht 200 million (2,000,000 ordinary shares with par value of Baht 100 per share). The Company had made the payment as the Company’s ownership interest in the amount of Baht 112.6 million.

Happy Vision Co., Ltd.

On 3 February 2016, the Company acquired the increased share capital in Happy Vision Co., Ltd. “Happy Vision” for 783,990 shares amounting to Baht 7.8 million. This resulted in the increase of the Company’s ownership interest from 51% to 90% without a change in control over Happy Vision. The carrying amount of net assets of Happy Vision in the Group’s financial statements on the acquisition date was Baht 33.9 million. The Group recognised the decrease in non-controlling interests of Baht 13.3 million and the increase in retained earnings of Baht 5.4 million.

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Investments in subsidiaries as at 31 December 2017 and 2016 were as follows:

	Type of business	Ownership interest 2017 2016 (%)	Separate financial statements			
			Paid-up capital 2017 2016	At cost 2017 2016 (in thousand Baht)	Dividend income 2017 2016	
Direct subsidiaries						
Siam Advance Electronic Co., Ltd.	Retailing and wholesaling of electric appliance, including parts.	51 100	50,000 5,000	25,500 4,950	23,512 -	-
AJ E-Commerce Co., Ltd. (Former name T&C Advance Electronic Co., Ltd.)	Retailing and wholesaling of electric appliance, including parts.	100 90	5,000 20,000	4,950 18,000	- 18,000	-
Happy Vision Co., Ltd.	TV's drama programs and other entertainment media	90 55	20,000 50,000	18,000 27,500	- -	-
AJ Vending Co., Ltd.	Sale food and beverages thru vending machine	- 60.08	- 200,000	- 120,160	- -	-
Vending Corporation Co., Ltd.	Retailing top-up machine, top-up service for prepaid phone and receipt online service	-	-	-	-	-
Total			75,950	148,060	23,512	-

Note to the financial statements

AJ Advance Technology Public Company Limited and its subsidiaries
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15 Non-controlling interests

The following table summarizes the information relating each of the Group's subsidiaries that has a material non-controlling interest, before any intra-group eliminations:

	31 December 2017			
	Vending Corporation Co., Ltd.	Siam Advance Electronic Co., Ltd.	AJ Vending Co., Ltd	Other individually immaterial subsidiaries
	<i>(in thousand Baht)</i>			
				Intra-group eliminations
				Total
Non-controlling interest percentage	39.92	49	45	
Current assets	-	50,638	14,177	
Non-current assets	-	-	45,782	
Current liabilities	-	(104)	(19,434)	
Non-current liabilities	-	-	(1,781)	
Net assets	-	50,534	38,744	
Carrying amount of non-controlling interest	-	24,762	17,435	4,233
Revenue	852,567	2,344	23,184	-
Profit (loss) before change in ownership	(193,677)	2,041	11,256	
Loss after change in ownership	-	(222)	-	
Profit (loss)	(193,677)	1,819	(11,256)	
Profit allocated to non-controlling interest	(77,316)	(109)	(5,065)	(1,158)
Cash flows from operating activities	(38,011)	22,774	(420)	
Cash flows from investing activities	(85,733)	-	(45,782)	
Cash flows from financing activities				
(dividends to non-controlling interest : Baht 0.24 million)	534,613	21,250	50,000	
Net increase in cash and cash equivalents	400,869	44,024	3,798	
				(83,648)

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	31 December 2016			
	Vending Corporation Co., Ltd.	Happy Vision Co., Ltd.	Intra-group eliminations	Total
	<i>(in thousand Baht)</i>			
Non-controlling interest percentage	39.92	10		
Current assets	636,422	34,402		
Non-current assets	847,808	1,240		
Current liabilities	(859,710)	(1,454)		
Non-current liabilities	(10,323)	-		
Net assets	614,197	34,188		
Carrying amount of non-controlling interest	245,187	4,206	-	249,393
Revenue	1,458,401	721		
Profit	394,772	287		
Profit allocated to non-controlling interest	157,593	36	-	157,629
Cash flows from operating activities	(544,434)	(1,875)		
Cash flows from investing activities	(68,382)	(1,285)		
Cash flows from financing activities (dividends to non-controlling interest: nil)	667,311	7,800		
Net increase in cash and cash equivalents	54,495	4,640		

Notes to the financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

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16 Other long-term investments

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
<i>Restricted investments</i>					
Deposits at financial institutions		58,442	58,205	58,262	58,205
<i>Other long-term investment</i>					
Other non-marketable equity securities	5	137,223	-	120,160	-
Total		195,665	58,205	178,422	58,205

Deposits at financial institutions

As at 31 December 2017, the Group and the Company had restricted fixed deposits at financial institutions of Baht 58.4 million and Baht 58.2 million respectively which were used as collateral for electricity usage, guarantees for receivable to financial institutions and other guarantees (2016: Baht 58.2 million).

Other long-term investment

On 9 February 2018, the Board of Directors Meeting of the Company approved the Company to waive its right to subscribe for new shares. As a result, the Company's ownership interest will decrease from 17.67% to 14.48% of authorised share capital.

Note to the financial statements

AJ Advance Technology Public Company Limited and its subsidiaries
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For the year ended 31 December 2017

17 Property, plant and equipment

Consolidated financial statements								
	Land and improvement	Buildings and improvement	Office equipment	Tools <i>(in thousand Baht)</i>	Vehicles	Top-up and vending machine	Assets under construction and installation	Total
<i>Cost</i>								
At 1 January 2016	176,816	92,278	13,533	21,689	14,222	-	-	318,538
Additions	259	1,154	10,573	2,456	16,811	36,899	8,669	76,821
Transfers	-	2,691	-	-	-	-	(2,691)	-
Disposals	-	-	-	-	(6,680)	-	-	(6,680)
At 31 December 2016 and 1 January 2017	177,075	96,123	24,106	24,145	24,353	36,899	5,978	388,679
Additions	900	1,307	5,551	2,479	6,064	1,682	47,490	65,473
Transfers	2,512	7,537	-	414	1,070	80,546	(39,219)	52,860
Disposals	-	(214)	(17)	-	(1,189)	(1,772)	(70)	(3,262)
Loss of control (Note 5)	-	(2,059)	(11,970)	(1,664)	(14,625)	(88,238)	(108)	(118,664)
At 31 December 2017	180,487	102,694	17,670	25,374	15,673	29,117	14,071	385,086
<i>Accumulated depreciation</i>								
At 1 January 2016	2,526	29,499	8,398	10,130	8,611	-	-	59,164
Depreciation charge for the year	3,418	6,665	2,617	4,503	3,314	1,267	-	21,784
Disposals	-	-	-	-	(4,022)	-	-	(4,022)
At 31 December 2016 and 1 January 2017	5,944	36,164	11,015	14,633	7,903	1,267	-	76,926
Depreciation charge for the year	3,775	7,092	3,591	4,754	5,035	9,575	-	33,822
Disposals	-	(15)	(2)	-	(241)	(74)	-	(332)
Loss of control (Note 5)	-	(285)	(2,351)	(336)	(3,591)	(8,696)	-	(15,259)
At 31 December 2017	9,719	42,956	12,253	19,051	9,106	2,072	-	95,157

Note to the financial statements

AJ Advance Technology Public Company Limited and its subsidiaries
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Consolidated financial statements								
	Land and improvement	Buildings and improvement	Office equipment	Tools <i>(in thousand Baht)</i>	Vehicles	Top-up and vending machine	Assets under construction and installation	Total
<i>Net book value</i>								
At 1 January 2016								
Owned assets	174,290	62,779	5,135	11,559	2,531	-	-	256,294
Assets under finance leases	-	-	-	-	3,080	-	-	3,080
	174,290	62,779	5,135	11,559	5,611	-	-	259,374
At 31 December 2016 and 1 January 2017								
Owned assets	171,131	59,959	13,091	9,512	1,853	35,632	5,978	297,156
Assets under finance leases	-	-	-	-	14,597	-	-	14,597
	171,131	59,959	13,091	9,512	16,450	35,632	5,978	311,753
At 31 December 2017								
Owned assets	170,768	59,738	5,178	6,323	289	27,045	14,071	283,412
Assets under finance leases	-	-	239	-	6,278	-	-	6,517
	170,768	59,738	5,417	6,323	6,567	27,045	14,071	289,929

Note to the financial statements

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Separate financial statements

	Land and improvement	Buildings and improvement	Office equipment	Tools (in thousand Baht)	Vehicles	Assets under construction and installation	Total
Cost							
At 1 January 2016	176,816	92,226	12,854	21,606	17,081	-	320,583
Additions	259	453	3,229	1,570	2,971	8,130	16,612
Transfers	-	2,691	-	-	-	(2,691)	-
Disposals	-	-	-	-	(6,680)	-	(6,680)
At 31 December 2016 and 1 January 2017	177,075	95,370	16,083	23,176	13,372	5,439	330,515
Additions	900	991	370	1,462	-	3,820	7,543
Transfers	2,512	6,280	-	414	-	(9,206)	-
Disposals	-	-	(17)	-	-	-	(17)
At 31 December 2017	180,487	102,641	16,436	25,052	13,372	53	338,041
Accumulated depreciation							
At 1 January 2016	2,526	29,497	8,371	10,122	10,178	-	60,694
Depreciation charge for the year	3,418	6,643	1,834	4,396	2,032	-	18,323
Disposals	-	-	-	-	(4,022)	-	(4,022)
At 31 December 2016 and 1 January 2017	5,944	36,140	10,025	14,518	8,188	-	74,995
Depreciation charge for the year	3,775	6,811	1,889	4,494	1,591	-	18,560
Disposals	-	-	(2)	-	-	-	(2)
At 31 December 2017	9,719	42,951	12,092	19,012	9,779	-	93,553

Note to the financial statements

AJ Advance Technology Public Company Limited and its subsidiaries
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For the year ended 31 December 2017

Separate financial statements

	Land and improvement	Buildings and improvement	Office equipment	Tools (in thousand Baht)	Vehicles	Assets under construction and installation	Total
Net book value							
At 1 January 2016							
Owned assets	174,290	62,729	4,483	11,484	3,823	-	256,809
Assets under finance leases	-	-	-	-	3,080	-	3,080
	174,290	62,729	4,483	11,484	6,903	-	259,889
At 31 December 2016 and 1 January 2017							
Owned assets	171,131	59,230	5,878	8,658	2,860	5,439	253,196
Assets under finance leases	-	-	-	-	2,324	-	2,324
	171,131	59,230	5,878	8,658	5,184	5,439	255,520
At 31 December 2017							
Owned assets	170,768	59,690	4,344	6,040	76	53	240,971
Assets under finance leases	-	-	-	-	3,517	-	3,517
	170,768	59,690	4,344	6,040	3,593	53	244,488

Notes to the financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

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The gross amount of the Group's and the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2017 amounted to Baht 43 million (2016: Baht 20.0 million).

Guarantee

As at 31 December 2016, the Group's and the Company's asset book value amounted to Baht 235.4 million were used as collateral for credit facilities from financial institutions, subsequently during 2017, the Group has redeemed those collaterals (see note 20).

18 Intangible assets

	Consolidated financial statements		
	Computer software and music licenses	Computer software under installation	Total
	<i>(in thousand Baht)</i>		
Cost			
At 1 January 2016	23,242	-	23,242
Additions	2,555	2,800	5,355
Transfers	(14,972)	-	(14,972)
At 31 December 2016 and 1 January 2017	10,825	2,800	13,625
Additions	1,893	2,389	4,282
Disposals	(300)	-	(300)
Transfers	3,500	(3,500)	-
Loss of control (Note 5)	(4,922)	(1,689)	(6,611)
At 31 December 2017	10,996	-	10,996
Accumulated amortisation			
At 1 January 2016	19,116	-	19,116
Amortisation for the year	1,645	-	1,645
Disposals	(14,972)	-	(14,972)
At 31 December 2016 and 1 January 2017	5,789	-	5,789
Amortisation for the year	1,942	-	1,942
Disposals	(129)	-	(129)
Loss of control (Note 5)	(549)	-	(549)
At 31 December 2017	7,053	-	7,053
Net book value			
At 1 January 2016	4,126	-	4,126
At 31 December 2016 and 1 January 2017	5,036	2,800	7,836
At 31 December 2017	3,943	-	3,943

Notes to the financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

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	Separate financial statements
	Computer software and music licenses (in thousand Baht)
Cost	
At 1 January 2016	22,565
Additions	30
Transfers	(14,972)
At 31 December 2016 and 1 January 2017	7,623
Additions	1,652
Disposals	(300)
At 31 December 2017	8,975
Accumulated amortisation	
At 1 January 2016	18,626
Amortisation for the year	1,439
Disposals	(14,972)
At 31 December 2016 and 1 January 2017	5,093
Amortisation for the year	1,389
Disposals	(129)
At 31 December 2017	6,353
Net book value	
At 1 January 2016	3,939
At 31 December 2016 and 1 January 2017	2,530
At 31 December 2017	2,622

Note to the financial statements

AJ Advance Technology Public Company Limited and its subsidiaries
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19 Deferred tax

Deferred tax assets and liabilities as at 31 December were as follows:

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

	Consolidated financial statements (Charged) / Credited to			At 31 December 2017
	At 1 January 2017	Profit or loss	Other comprehensive income (in thousand Baht)	Loss of control in subsidiary (Note 5)
Deferred tax assets				
Accounts receivable (<i>allowance for doubtful accounts</i>)	14,445	14,386	-	(20,491)
Inventories (<i>allowance for decline in value</i>)	7,350	26,613	-	-
Intangible assets (<i>amortisation gap</i>)	181	(186)	-	35
Other current liabilities (<i>provisions</i>)	4,325	(1,193)	-	(2,395)
Non-current provisions for employee benefit	988	446	-	(479)
Difference from recognition revenue and cost of sales	275	6,237	-	(6,271)
Unrealised intercompany profit on inventories	13,146	13,783	-	(26,828)
Total	40,710	60,086	-	(56,429)
				44,367

Notes to the financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

[Formerly Crown Tech Advance Public Company Limited]

For the year ended 31 December 2017

	At 1 January 2016	Consolidated financial statements (Charged) / Credited to		At 31 December 2016
		Profit or loss (in thousand Baht)	Other comprehensive income	
Deferred tax assets				
Accounts receivable (<i>allowance for doubtful accounts</i>)	5,595	8,850	-	14,445
Inventories (<i>allowance for decline in value</i>)	4,908	2,442	-	7,350
Intangible assets (<i>amortisation gap</i>)	321	(140)	-	181
Other current liabilities (<i>provisions</i>)	1,664	2,661	-	4,325
Non-current provisions for employee benefit	715	399	(126)	988
Difference from recognition revenue and cost of sales	199	76	-	275
Unrealised intercompany profit on inventories	-	13,146	-	13,146
Total	13,402	27,434	(126)	40,710

	At 1 January 2017	Separate financial statements (Charged) / Credited to		At 31 December 2017
		Profit or loss (in thousand Baht)	Other comprehensive income	
Deferred tax assets				
Accounts receivable (<i>allowance for doubtful accounts</i>)	4,241	4,099	-	8,340
Inventories (<i>allowance for decline in value</i>)	7,350	26,613	-	33,963
Intangible assets (<i>amortisation gap</i>)	201	(171)	-	30
Other current liabilities (<i>provisions</i>)	1,217	(480)	-	737
Non-current provisions for employee benefit	765	190	-	955
Difference from recognition revenue and cost of sales	275	(34)	-	241
Total	14,049	30,217	-	44,266

Notes to the financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

(Formerly Crown Tech Advance Public Company Limited)

For the year ended 31 December 2017

	At 1 January 2016	Separate financial statements (Charged) / Credited to		At 31 December 2016
		Profit or loss (in thousand Baht)	Other comprehensive income	
Deferred tax assets				
Accounts receivable (<i>allowance for doubtful accounts</i>)	5,389	(1,148)	-	4,241
Inventories (<i>allowance for decline in value</i>)	4,908	2,442	-	7,350
Intangible assets (<i>amortisation gap</i>)	321	(120)	-	201
Other current liabilities (<i>provisions</i>)	1,664	(447)	-	1,217
Non-current provisions for employee benefit	715	176	(126)	765
Difference from recognition revenue and cost of sales	199	76	-	275
Total	13,196	979	(126)	14,049

The tax losses expire in 2022. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group and can utilise the benefits therefrom.

Notes to the financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

(Formerly Crown Tech Advance Public Company Limited)

For the year ended 31 December 2017

20 Interest-bearing liabilities

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Current					
Bank overdrafts					
Secured		6,956	16,382	6,956	16,382
Short-term loans from financial institutions					
Secured		16,394	336,993	16,394	336,993
Trust receipts					
Secured		7,816	179,882	7,816	179,882
Total bank overdrafts and short-term loans from financial institutions		31,166	533,257	31,166	533,257
Short-term loans from related parties					
Unsecured	6	5,500	188,160	61,600	187,929
Current portion of long-term loans from financial institutions					
Secured		-	24,082	-	24,082
Current portion of finance lease liabilities		1,833	4,462	1,014	1,190
Total current interest-bearing liabilities		38,499	749,961	93,780	746,458
Non-current					
Long-term loans from financial institutions					
Secured		-	27,986	-	27,986
Finance lease liabilities		3,123	11,563	1,342	2,357
Total non-current interest-bearing liabilities		3,123	39,549	1,342	30,343
Total		41,622	789,510	95,122	776,801

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Within one year	36,666	745,499	92,766	745,268
After one year but within five years	-	27,986	-	27,986
Total	36,666	773,485	92,766	773,254

Short-term loans

As of 31 December 2017, the Group and the Company had bank overdrafts and short-term loans from financial institutions which bear interest at rates ranging from 3.80% to 3.95% per annum (2016: 2.58% to 7.25% per annum).

Note to the financial statements

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Long - term loan

Details of long-term loans from financial institutions as at 31 December 2017 and 2016 are as follows:

No.	Long-term loan agreement date	Loan facility (in million Baht)	Long-term loan amount		Loan period	Interest rate (per annum)	Repayment Monthly principal (in thousand Baht)
			2017	2016			
			(in thousand Baht)				
1.	22 July 2010	25	-	2,650	7 years	MLR - 1%	298
2.	14 November 2012	150	-	49,418	8 years	Year 1 st - 4 th , MLR - 2.5% Year 5 th - 8 th , MLR - 1.75%	1,786
			-	52,068			
			-	(24,082)			
			-	27,986			
	Less current portion						
	Net						

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During 2017, the Group made loans repayment to financial institution. The loans had been guaranteed by land and building. The Group has redeemed those collaterals.

As of 31 December 2017 and 2016, secured interest-bearing liabilities and credit facilities with financial institutions were collateralised by fixed deposits at financial institutions, land and buildings of the Company, directors and related parties of which the details of collateralized assets were as follows:

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		(in thousand Baht)			
Fixed deposits at financial institutions	16	58,442	58,205	58,262	58,205
Land and buildings	17	-	235,402	-	235,402
Total		58,442	293,607	58,262	293,607

As at 31 December 2017, the Group and the Company had unutilised credit facilities totaling Baht 1,638.4 million (2016: Baht 3,233.4 million).

Finance lease liabilities

Finance lease liabilities as at 31 December were payable as follows:

Consolidated financial statements						
	2017			2016		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	1,971	138	1,833	5,439	977	4,462
After one year but within five years	3,345	222	3,123	12,686	1,123	11,563
Total	5,316	360	4,956	18,125	2,100	16,025

Separate financial statements						
	2017			2016		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	1,080	66	1,014	1,302	112	1,190
After one year but within five years	1,380	38	1,342	2,461	104	2,357
Total	2,460	104	2,356	3,763	216	3,547

As at 31 December 2017, the Group entered into finance lease agreements with a local company for vehicles acquired for business operations. The agreements will expire in January 2021 bearing interest rates at 1.47% to 5.25% per annum (2016 : 1.47% to 5.25% per annum).

Notes to the financial statements

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21 Trade accounts payable

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Related parties	6	-	-	-	50,688
Other parties		28,248	74,250	24,481	70,537
Total		28,248	74,250	24,481	121,225

22 Other payables

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Related parties	6	52	15,079	2,367	20,222
Other parties					
Accrued operating expenses		79,710	87,699	76,314	61,787
Other payables		26,940	63,570	25,189	33,529
Others		13,774	7,323	12,047	6,403
Total		120,476	173,671	115,917	121,941

23 Other current liabilities

		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Provision for sales returns		3,279	5,110	3,279	5,110
Provision for warranties		404	16,516	404	975
Guarantee deposits		1,926	1,435	1,855	1,435
Others		522	4,271	514	2,338
Total		6,131	27,332	6,052	9,858

	Consolidated financial statements			Separate financial statements		
	Provision for sales returns	Provision for warranties	Total	Provision for sales returns	Provision for warranties	Total
	<i>(in thousand Baht)</i>					
At 1 January 2016	6,366	1,953	8,319	6,366	1,953	8,319
Provisions made	1,794	17,226	19,020	1,794	674	2,468
Provisions used	(3,050)	(2,663)	(5,713)	(3,050)	(1,652)	(4,702)
At 31 December 2016 and 1 January 2017	5,110	16,516	21,626	5,110	975	6,085
Provisions made (decrease)	(1,831)	221	(1,610)	(1,831)	(365)	(2,196)
Provisions used	-	(4,353)	(4,353)	-	(206)	(206)
Loss of control (Note 5)	-	(11,980)	(11,980)	-	-	-
At 31 December 2017	3,279	404	3,683	3,279	404	3,683

Notes to the financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

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24 Non-current provisions for employee benefits

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Statement of financial position				
Non-current provisions for:				
Post-employment benefits	<u>4,775</u>	<u>4,942</u>	<u>4,775</u>	<u>3,825</u>
 Year ended 31 December				
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Statement of comprehensive income:				
Recognised in profit or loss:				
Post-employment benefits	<u>2,320</u>	<u>1,999</u>	<u>1,043</u>	<u>882</u>
 Recognised in other comprehensive income:				
Actuarial losses recognised in the year	<u>-</u>	<u>(631)</u>	<u>-</u>	<u>(631)</u>

The Group and the Company operate a defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk and interest rate risk.

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
At 1 January	4,942	3,574	3,825	3,574
 Include in profit or loss:				
Current service costs	2,166	1,844	917	733
Interest on obligation	<u>154</u>	<u>155</u>	<u>126</u>	<u>149</u>
	<u>2,320</u>	<u>1,999</u>	<u>1,043</u>	<u>882</u>
 Include in other comprehensive income:				
Actuarial gain	-	(631)	-	(631)
 Other				
Benefit paid	(93)	-	(93)	-
Loss of control (Note 5)	<u>(2,394)</u>	<u>-</u>	<u>-</u>	<u>-</u>
 At 31 December	<u>4,775</u>	<u>4,942</u>	<u>4,775</u>	<u>3,825</u>

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Principal actuarial assumptions

Principal actuarial assumptions at the reporting date:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
				(%)
Discount rate	3.3	3.3	3.3	3.3
Future salary increases	4.0 - 6.0	4.0 - 6.0	4.0 - 6.0	4.0 - 6.0
Turnover rate	10 - 30	7 - 30	10 - 30	10 - 30

Assumptions regarding future mortality are based on published statistics and mortality tables 2008.

Sensitivity analysis

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

	Consolidated financial statements		Separate financial statements	
	(in thousand Baht)			
At 31 December 2017	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(520)	608	(520)	608
Future salary increases (1% movement)	636	(553)	636	(553)
Turnover rate (1% movement)	(785)	1,056	(785)	1,056
At 31 December 2016	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(565)	666	(435)	511
Future salary increases (1% movement)	641	(557)	492	(428)
Turnover rate (1% movement)	(744)	986	(604)	811

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Notes to the financial statements

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25 Share capital

	Par value per share (in Baht)	Consolidated financial statements/ Separated financial statements			
		2017		2016	
		Number	Baht	Number	Baht
		(thousand shares / thousand Baht)		(thousand shares / thousand Baht)	
Authorised					
At 1 January					
- ordinary shares	0.10	5,500,000	550,000	5,500,000	550,000
Reduction of authorised share capital	0.10	(230,750)	(23,075)	-	-
At 31 December					
- ordinary shares	0.10	5,269,250	526,925	5,500,000	550,000
Issued and paid-up					
At 1 January					
- ordinary shares	0.10	4,210,429	421,043	3,878,168	387,817
Issue of new shares	0.10	29,866	2,987	332,261	33,226
At 31 December					
- ordinary shares	0.10	4,240,295	424,030	4,210,429	421,043

The holders of the ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

On 28 April 2017, the ordinary shareholders meeting of 2017 approved the decrease of the Company's authorised share capital from Baht 550,000,000 to Baht 526,925,023 by cancelling 230,749,770 unissued ordinary shares which were authorised for the conversion of the second series of the Company's warrants (AJD-W2) with the par value of Baht 0.1 per share. On 1 June 2017, the Company registered the decrease in its authorised share capital with the Ministry of Commerce.

Warrants

1. Warrants AJD-W1

On 26 December 2014, the first series of the Company's warrants (AJD-W1) to purchase the Company's ordinary share as approved in the extraordinary meeting of the shareholder no.1/2014 to allot to existing shareholders in the total of 749,999,976 units was listed and begun trading in The Stock Exchange of Thailand. The aforesaid warrants which are specified warrant holders and transferable are for a period of 5 years from the issued date (20 November 2014).

On 19 October 2015, the extraordinary shareholders' meeting approved the amendment of the terms and conditions governing rights and obligations of the warrant issuer and holders of the first series of warrants (AJD-W1) by adding alternative periods to exercise the first series of warrants (AJD-W1) from 2 times a year to 4 times a year. The warrant holders can exercise the right of warrants on every last business day of March, June, September and December each year.

As at 31 December 2017, the exercise price and exercise of warrants (AJD-W1) is Baht 1.527 per share at a ratio of 1 share warrant to 1.30972 new ordinary share.

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Exercise of warrants AJD-W1

<i>For the year ended 31 December</i>	2017	2016
	Number (unit)	
Warrants issued at 1 January	749,963,976	749,963,976
Warrants issued at 31 December	749,963,976	749,963,976

2. Warrants AJD-W2

On 10 February 2015, the second series of the Company's warrants (AJD-W2) to purchase the Company's ordinary share as approved in the extraordinary meeting of the shareholder no.1/2015 to allot to existing shareholders in the total of 749,999,968 units was listed and begun trading in The Stock Exchange of Thailand. The aforesaid warrants which are specified warrant holders and transferable are for a period of 2 years from the issued date (20 January 2015).

In addition, during 2015 the Company notified to The Stock Exchange of Thailand for the adjustment of exercise price and exercise ratio of the first series of warrants (AJD-W2) several times of which the latest was Baht 0.189 per share at a ratio of 1 warrant to 1.05921 new ordinary share.

Exercise of warrants AJD-W2

<i>For the year ended 31 December</i>	2017	2016
	Number (unit)	
Warrants issued at 1 January	29,572,254	343,259,547
Less: Exercised during the year	(28,197,001)	(313,687,293)
Expired during the year	(1,375,253)	-
Warrants issued at 31 December	-	29,572,254

In 2017 and 2016, the Company received proceeds from the increasing in share capital from the exercise of warrants AJD-W2 as follows;

	2017			2016		
	Shares (million shares)	Per Share (Baht)	Total (million Baht)	Shares (million shares)	Per Share (Baht)	Total (million Baht)
March	29.87	0.189	5.64	88.89	0.189	16.80
June	-	-	-	26.93	0.189	5.09
September	-	-	-	1.71	0.189	0.32
December	-	-	-	214.73	0.189	40.59
Total	29.87		5.64	332.26		62.80

During 2017, the Company received proceeds from the increasing in share capital from the exercise of warrant AJD-W2 for 29.87 million shares of Baht 0.189 each, totaling of Baht 5.64 million (Baht 2.99 million paid in capital and Baht 2.65 million share premium). the remaining warrants of AJD-W2 were fully expired.

During 2016, the Company received proceeds from the increasing in share capital from the exercise of warrant AJD-W2 for 332.26 million shares of Baht 0.189 each, totaling of Baht 62.8 million (Baht 33.2 million paid in capital and Baht 29.6 million share premium).

The Company already registered the increase in share capital from the exercise of the warrants with the Ministry of Commerce during 2017 and 2016, respectively.

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Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

For the year ended 31 December

At 1 January
Increase
At 31 December

Consolidated financial statements/ Separated financial statements

2017	2016
<i>(in Thousand Baht)</i>	
647,236	617,664
2,658	29,572
649,894	647,236

26 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

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

Other Component of equity

Surplus from business combination under common control

Surplus from business combination under common control represents the excess of the book value of businesses under common control over cost as of the acquisition date and have been recorded as a surplus. It is non-distributable and will be retained until the respective subsidiaries are sold or otherwise disposed of.

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27 Segment information

The Group has two reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

- Segment 1 Retailing and wholesaling of electric appliance, including parts
- Segment 2 Others

None of other segments meets the quantitative thresholds for determining reportable segments in 2017 or 2016.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Group's CODM. Segment operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Note to the financial statements

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	Retailing and wholesaling of electric appliance, including parts			Others		Discontinued operation (in thousand Baht)			Eliminating entries		Total	
	2017	2016		2017	2016	2017	2016		2017	2016	2017	2016
Revenues from external customers	640,074	1,100,290		42,358	296	869,372	1,457,459		-	-	1,551,804	2,558,045
Inter-segment revenues	50,241	17,844		1,415	659	-	-		(51,658)	(18,503)	-	-
Total revenues	690,315	1,118,134		43,773	955	869,372	1,457,372		(51,658)	(18,503)	1,551,804	2,558,045
Segment operating profit (loss)	(335,750)	(9,215)		(5,837)	(3,415)	(193,776)	655,269		-	-	(535,363)	642,639
Unallocated expenses												
Share of loss of associate and joint venture											(389)	(55)
Income tax expense											42,330	(129,492)
Profit (loss) for the year											(493,422)	513,092
Other material non-cash items												
- Finance costs	27,209	32,246		1,084	1	39,304	13,895		(40,505)	(14,085)	27,092	32,057
- Bad and doubtful debt expense (reversal of)	19,324	(5,660)		-	-	51,440	49,987		-	-	70,764	44,327
- Loss from repossession	-	-		-	-	402,902	-		-	-	402,902	-
- Loss from decline in value of inventories	133,065	12,207		-	-	-	-		-	-	133,065	12,207
- Interest received	42,090	14,007		1,431	667	244	43		(40,505)	(14,085)	3,260	632
Capital expenditure	9,195	21,967		48,618	-	64,802	70,919		-	-	122,615	92,886

Note to the financial statements

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Financial information by business segment for the consolidated statements of financial position as at 31 December 2017 and 2016 are as follows:

	Retailing and wholesaling of electric appliance, including parts		Others		Discontinued operation		Eliminating entries		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
					<i>(in thousand Baht)</i>					
Total assets for reportable segments	1,464,218	2,513,250	128,131	36,120	-	1,484,230	(132,124)	(1,021,763)	1,460,225	3,011,837
Total liabilities for reportable segments	246,452	1,071,222	27,309	3,642	-	870,033	(72,445)	(799,359)	201,316	1,145,538

Geographical segments

The Group is managed and operates principally in Thailand. There are no revenues derived from, and assets located in, foreign countries.

Notes to the financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

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28 Investment income

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Dividend income					
Related parties	7,14	-	-	23,512	-
Interest income					
Related parties	7	-	-	97	-
Other parties		685	605	612	581
		<u>685</u>	<u>605</u>	<u>709</u>	<u>581</u>
Other investment income					
Other parties		-	-	360	-
Total		<u>685</u>	<u>605</u>	<u>24,581</u>	<u>581</u>

29 Distribution costs

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Employee benefit expenses	73,745	87,072	71,410	87,072
Sales promotion expenses	59,768	68,533	59,601	68,533
Commission expenses	47,553	75,626	46,972	75,626
Freight charges	21,298	31,043	20,962	31,043
Amortization of licenses	772	961	772	961
Others	1,542	595	438	595
Total	<u>204,678</u>	<u>263,830</u>	<u>200,155</u>	<u>263,830</u>

30 Administrative expenses

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Employee benefit expenses		68,910	69,184	64,006	69,184
Doubtful debts expense (reversal)	8,10	19,402	(5,739)	20,496	(5,739)
Depreciation of plant and equipment		19,713	17,970	18,560	18,323
Professional fees		18,196	7,804	17,785	7,396
Utilities expenses		4,345	3,886	4,240	3,886
Travelling expenses		2,333	2,545	2,190	2,545
Amortization of licenses		1,426	1,439	1,389	1,439
Others		23,868	17,979	23,465	18,534
Total		<u>158,193</u>	<u>115,068</u>	<u>152,131</u>	<u>115,568</u>

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AJ Advance Technology Public Company Limited and its subsidiaries

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31 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Wages and salaries	115,889	205,787	110,605	205,787
Post-employment benefits	1,043	882	1,043	882
Others	71,367	26,942	68,884	26,942
Total	188,299	233,611	180,532	233,611

Defined contribution plan

The defined contribution plan comprises provident fund established by the Group for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rate 2% of their basic salaries and by the Group at rate 2% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as juristic entity and is managed by a licensed Fund Manager.

32 Expenses by nature

The financial statements include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Purchases of merchandised goods and consumables used		242,140	690,791	242,140	690,791
Employee benefit expenses	31	188,299	233,611	180,532	233,611
Changes in inventories of merchandised goods		222,373	17,199	222,373	17,199
Sales promotional expenses	29	59,768	68,458	59,601	68,533
Depreciation and amortization		22,165	21,224	19,502	21,173
Freight charges	29	21,298	31,043	20,962	31,043
Bad debts expenses (reversal)	30	19,402	(5,739)	20,496	(5,739)
Cost of service		5,856	5,454	2,396	5,454
Others		219,532	37,710	189,124	38,222
Total cost of sales of goods, cost of, Distribution costs and administrative expenses		1,000,833	1,099,751	957,126	1,100,287

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33 Finance costs

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Interest expense					
Bank loans and overdrafts		14,882	12,544	13,955	12,541
Related parties	6	63	-	-	-
Total		14,945	12,544	13,955	12,541

34 Income tax expense

Income tax recognised in profit or loss

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Current tax expense					
Current year		17,756	156,926	-	42,940
Deferred tax expense					
Movements in temporary differences	19	(60,086)	(27,434)	(30,217)	(979)
Total		(42,330)	129,492	(30,217)	41,961
<i>Attributable to:</i>					
- Income tax expense from continuing operations		(29,998)	(893)	(30,217)	(979)
- Income tax from discontinued operation	5	(12,332)	130,385	-	42,940
Total income tax expense		(42,330)	129,492	(30,217)	41,961

Notes to the financial statements

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Reconciliation of effective tax rate

	Consolidated financial statements			
	Rate (%)	2017 (in thousand Baht)	Rate (%)	2016 (in thousand Baht)
Loss before income tax expense from continuing operations		(341,976)		(12,686)
Income tax using the Thai corporation tax rate	20.00	(68,395)	20.00	(2,537)
Income not subject to tax		-		(342)
Additional deductible expenses for tax purposes		(231)		(1,167)
Current year losses for which no deferred tax asset was recognised		36,630		-
Expenses not deductible for tax purposes		1,998		3,153
Total	8.77	(29,998)	7.04	(893)

	Separate financial statements			
	Rate (%)	2017 (in thousand Baht)	Rate (%)	2016 (in thousand Baht)
Loss before income tax expense from continuing operations		(300,592)		(11,590)
Income tax using the Thai corporation tax rate	20.00	(60,118)	20.00	(2,318)
Income not subject to tax		(4,702)		(342)
Additional deductible expenses for tax purposes		(12)		(374)
Current year losses for which no deferred tax asset was recognised		23,887		-
Expenses not deductible for tax purposes		10,728		2,055
Total	10.05	(30,217)	8.45	(979)

Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

Note to the financial statements

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35 Earnings (loss) per share

Basic earnings (loss) per share

The calculations of basic earnings (loss) per share for the years ended 31 December 2017 and 2016 were based on the profit (loss) for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the year.

	Consolidated financial statements			
	2017	2016		Total
	Continuing operation	Discontinued operation	Continuing operation	Discontinued operation
	<i>(in thousand Baht / thousand shares)</i>			
Profit (loss) attributable to ordinary shareholders of the Company (basic)	(306,832)	(102,941)	(11,828)	367,291
Number of ordinary shares outstanding at 1 January	4,210,428	4,210,428	3,878,168	3,878,168
Effect of shares issued during the year	28,312	28,312	84,121	84,121
Weighted average number of ordinary shares outstanding (basic)	4,238,740	4,238,740	3,962,289	3,962,289
Earnings (loss) per share (basic) (in Baht)	(0.072)	(0.025)	(0.003)	0.090

Note to the financial statements

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	Separate financial statements					
	2017		2016		Total	
	Continuing operation	Discontinued operation	Total	Continuing operation		Discontinued operation
	<i>(in thousand Baht / thousand shares)</i>					
Profit (loss) attributable to ordinary shareholders of the Company (basic)	(270,374)	49,586	(220,788)	(10,611)	178,769	168,158
Number of ordinary shares outstanding at 1 January	4,210,428	4,210,428	4,210,428	3,878,168	3,878,168	3,878,168
Effect of shares issued during the year	28,312	28,312	28,312	84,121	84,121	84,121
Weighted average number of ordinary shares outstanding (basic)	4,238,740	4,238,740	4,238,740	3,962,289	3,962,289	3,962,289
Earnings (loss) per share (basic) <i>(in Baht)</i>	(0.064)	0.012	(0.052)	(0.003)	0.045	0.042

Note to the financial statements

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Diluted earnings per share

The calculations of diluted earnings per share for the years ended 31 December 2017 and 2016 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares as follows:

	Consolidated financial statements			
	2017	2016		Total
	Continuing operation	Discontinued operation	Continuing operation	Discontinued operation
	<i>(in thousand Baht / thousand shares)</i>			
Profit (loss) attributable to ordinary shareholders of the Company (basic)	-	-	(11,828)	367,291
Profit (loss) attributable to ordinary shareholders of the Company (diluted)	-	-	(11,828)	367,291
Weighted average number of ordinary shares outstanding (basic)	-	-	3,962,289	3,962,289
Effect of exercise of share options	-	-	260,041	260,041
Weighted average number of ordinary shares outstanding (diluted)	-	-	4,222,330	4,222,330
Earnings (losses) per share (diluted) (in Baht)	-	-	(0.003)	0.087
				0.084

Note to the financial statements

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	Separate financial statements			
	2017		2016	
	Continuing operation	Discontinued operation	Total	Total
	<i>(in thousand Baht / thousand shares)</i>			
Profit (loss) attributable to ordinary shareholders of the Company (basic)	-	-	(10,611)	168,158
Profit (loss) attributable to ordinary shareholders of the Company (diluted)	-	-	(10,611)	168,158
Weighted average number of ordinary shares outstanding (basic)	-	-	3,962,289	3,962,289
Effect of exercise of share options	-	-	260,041	260,041
Weighted average number of ordinary shares outstanding (diluted)	-	-	4,222,330	4,222,330
Earnings (loss) per share (diluted) (in Baht)	-	-	(0.002)	0.040

The incremental shares from assumed conversions are not included in calculating the diluted per-share amounts for the consolidated and separate financial statements for the year ended 31 December 2017 due to loss to ordinary equity holders of the parent entity.

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36 Financial instruments

Financial risk management policies

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

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

Capital management

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

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because financial assets and liabilities interest rates are mainly adjusted in accordance to market rate or are fixed which is close to current market rate.

The effective interest rates of financial assets as at 31 December and the periods in which those assets mature were as follows:

	Effective interest rate (% per annum)	Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
		(in thousand Baht)			
2017					
Current					
Cash equivalents	0.1-1.15	73,443	-	-	73,443
Short-term loan	6.6-9.0	125,045	-	-	125,045
Non-Current					
Other long-term investments	0.37-1.15	-	58,442	-	58,442
Total		198,488	58,442	-	256,930

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Consolidated financial statements					
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
2016					
Current					
Cash equivalents	0.1-1.5	73,540	-	-	73,540
Installment sales receivables due within one year	Rates derived from contracts	233,227	-	-	233,227
Non-Current					
Installment sales receivables	Rates derived from contracts	-	777,640	-	777,640
Other long-term investments	0.34-1.5	-	58,205	-	58,205
Total		306,767	835,845	-	1,142,612

Separate financial statements					
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
2017					
Current					
Cash equivalents	0.1-1.15	24,239	-	-	24,239
Short-term loans	6.6-9.0	133,295	-	-	133,295
Non-Current					
Other long-term investments	0.37-1.15	-	58,262	-	58,262
Total		157,534	58,262	-	215,796

2016					
Current					
Cash and cash equivalents	0.1-1.5	51,823	-	-	51,823
Short-term loans to related party	6.6-9.0	458,455	-	-	458,455
Non-Current					
Other long-term investments	0.34-1.5	-	58,205	-	58,205
Total		510,278	58,205	-	568,468

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The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

		Consolidated financial statements			
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
		(in thousand Baht)			
2017					
Bank overdrafts and short-term loans from financial institutions	3.3-3.95	31,166	-	-	31,166
Short-term loans from related parties	3.2-6.85	5,500	-	-	5,500
Finance lease liabilities	1.47-10.25	1,833	3,123	-	4,956
Total		38,499	3,123	-	41,622
2016					
Bank overdrafts and short-term loans from financial institutions	2.58-7.25	533,257	-	-	533,257
Short-term loans from related parties	3.75-4.80	188,160	-	-	188,160
Finance lease liabilities	1.47-5.25	4,462	11,563	-	16,025
Long-term loans from financial institutions	4.863-5.419	24,082	27,986	-	52,068
Total		749,961	39,549	-	789,510
		Separate financial statements			
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
		(in thousand Baht)			
2017					
Bank overdrafts and short-term loans from financial institutions	3.3-3.95	31,166	-	-	31,166
Short-term loans from related parties	3.2-3.78	61,600	-	-	61,600
Finance lease liabilities	1.47-5.25	1,014	1,342	-	2,356
Total		93,780	1,342	-	95,122
2016					
Bank overdrafts and short-term loans from financial institutions	2.58-7.25	533,257	-	-	533,257
Short-term loans from related parties	3.75-4.80	187,929	-	-	187,929
Finance lease liabilities	1.47-5.25	1,190	2,357	-	3,547
Long-term loans from financial institutions	4.863-5.419	24,082	27,986	-	52,068
Total		746,458	30,343	-	776,801

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Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases which are denominated in foreign currencies.

At 31 December, the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
United States Dollars				
Interest-bearing liabilities	8	46	8	46
Trade accounts payable	19	35	18	35
Gross statement of financial position exposure	27	81	26	81
Forward exchange contracts	-	(14)	-	(14)
Net exposure	27	67	26	67

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when the fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Fair values of financial assets and liabilities

Fair values of short-term loans to related party and short term loans approximate to the carrying values due to interest rates approximate to market interest rates and these financial instruments have short-term maturity.

Fair values of installment sales receivables and finance lease liabilities approximate to the carrying values due to interest rates approximate to market rates.

Fair values of long-term loans approximate to the carrying values due to interest rates referencing to market interest rates.

Notes to the financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

(Formerly Crown Tech Advance Public Company Limited)

For the year ended 31 December 2017

37 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in thousand Baht)			
Commitments				
Purchase orders for goods	14,597	25,101	14,597	25,101
Total	14,597	25,101	14,597	25,101

Sale and purchase agreements

The Group entered into sale and purchase agreements with modern trade for distribution of products under brand “AJ”. The Company is committed to pay sales promotion and other sales related expenses at amounts specified in the agreements. The agreements are for the periods within one year, which are automatically renewable unless either party notifies for termination.

Service agreements

The Group entered into several service agreements with other parties covering services of warehouse rental, security, sales promotional advertising and other services. The Company is committed to pay service charges at amounts specified in the agreements. The agreements are for the periods of 6 to 12 months.

Agent agreement

The Company has entered into agent agreement with a company. Under the agreement, the Company will act as agent to get and provide service to members relating to the access of website of such Company for purchase and sales of goods. The Company will get revenue sharing from such members fees as specified in the agreement. The agent agreement is for the period of 12 months.

Collaboration agreement

The Company has entered into the Collaboration Agreement with a financial institution and a company that the Company entered into an agent agreement to get members relating to the access of website. The financial institution will provide marketing activities and financial service for transactions through the website for purchase and sale of goods. The Company is committed to pay fee as specified in the agreement. The Collaboration agreement is for a period of 12 months.

Agent appointment agreement

The Company has entered into agent appointment agreement with a company. Under the agreement, the agent company will act as agent to get and provide service to members relating to the access of website for purchase and sales of goods that Company entered into the agreement acting as an agent to get and provide service to members. The Company is committed to pay commission fees as specified in the agreement. The agent appointment agreement is for the period of 12 months.



AJ Advance Technology Public Company Limited



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