



ANNUAL REPORT 2018

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 position

Unit : Million Baht

	2016	2017	2018
Statement of financial position			
Total assets	3,011.84	1,460.23	1,192.01
Total liabilities	1,145.54	201.32	99.71
Total equities	1,866.30	1,258.91	1,092.30
Statement of comprehensive income			
Revenue from sales and service	1,074.42	662.14	624.25
Cost of sales and services	720.85	637.96	461.93
Profit before finance costs and income tax expense	(0.09)	(326.64)	(129.53)
Net Profit (Loss)	355.46	(409.77)	(186.91)
Financial Ratios			
Net profit margin (%)	32.32	(60.05)	(27.28)
Return on equity (%)	25.30	(28.97)	(16.68)
Return on assets (%)	13.17	(18.33)	(14.09)
Debt to equity ratio (time)	0.71	0.17	0.10
Net profit per share (Baht)	(0.003)	(0.072)	(0.044)

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





Message from the Chairman

Under the policy to push Thailand into “Thailand 4.0” and the changes in the “Mega Trend” causing the business trend to change rapidly especially developed continuously technology and innovation which currently bring the change to consumer behavior to be faster, more convenience in daily life, easy access to information technology systems with low price range, and enter the digital age society quickly.

For the operation result of company and subsidiary company in the year 2018, company has total revenue of 685.11 million baht with a total cost of 815.80 million baht which resulting the company to experience the net loss as belonging to the shareholders of the company at 186.91 million baht and deficit at 93.79 million baht. The mentioned operation result was the obligation that the Board of Directors and management must realize, consider, and give importance to the need to jointly resolve business strategies together with supplying and replacing the existing product with the new one according to the change of consumer behavior in order to come back successfully like before and be better.

On behalf of the Board of Directors, I would like to thank all the executives and employees who have worked hard for the company and also thank you customer and business partners. Most important is the shareholders who always trust and support. The Board of Directors would like to commit to perform all assigned duties in all aspects and use prudent principles in considering various transactions in order to achieve the maximum benefit to the company and achieve all the goals

(Mr. Vacharin Duangdara)

Chairman of the Board of Directors





Message from Chief Executive Officer

Last year 2018, even though I was not on board yet but realizing the situations, the changes and the down turns of the performance which is a big challenge for me to recover the situation and turning this crisis into an opportunity. Remaining the business operation policy to be consistent with the goal of the strategic plan, we are continually look for the new business investment opportunities as well as adjusting strategies to be in line with various businesses under the vision of “AJA will turn to be a holding company that diversify the investment in new business areas with a sustainable growth” and the mission of “AJA will be the best holding technology company in Southeast Asia that aim to provide both leading technology of products and services” determining the business objectives for success and sustainable growth.

For the past operation result, the company started operating losses in 2017 and the operating result remained net loss attributable to shareholders of the company in year 2018 at 186.91 million baht. If compare with year 2017, the company had net loss at 409.77 million baht which decreased by 222.87 million baht or 54.39%. The main income came from the business of selling electronics under the brand “AJ” which decreased at 42.86% compared to the last year. The company aware of such problems, therefore procuring new products to replace and increasing the distribution channels to cover online and digital TV channel which suit for consumer behavior that has changed according to the era. Also look for new business that able to generate revenue to replace the needs of the market in the old business that has deteriorated and able to make better performance of the group of company in the year 2019 and later.

In addition, the investment in new business such as smart phone and accessories business, “BYD” electric vehicle business, and logistics business in Thailand under the brand of “Best Express” which just starts and consists with the government’s policy to push Thailand into Thailand 4.0. The business operation must keep up to cater the changing behavior of each consumer group. The company has invested with the strong leading partners, so that this is an opportunity to increase good performance and generate returns for the shareholders.

On behalf of AJ Advance Technology Public Company Limited, I would like to thank everyone including shareholders, investors, business partners, customers, management and all the company’s staff that still trust and support the company. This warm brings the encouragement to our staffs and management who will dedicate themselves for building up the performance to achieve the objectives of the group of company under the concept of social responsibility for the organization to grow sustainably.

(Mr. Apisit Taisedtawatkul)

Chief Executive Officer

Audit Committee Report

To Shareholders

AJ Advance Technology Public Company Limited

Audit Committee of AJ Advance Technology Public Co., Ltd. is consist of 3 Independent Directors who are qualified and experienced in corporate and financial management. Audit Committee is appointed by the Board of Directors which LT. Gen. Pajongjed Meepin holds a position of Chairman of Audit Committee to ensure that the company complies with the duties prescribed by the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission.

The current Audit Committee consists of below lists;

1. LT. Gen. Pajongjed Meepin Chairman of Audit Committee / Independent Director
2. Dr. Phuvit Panyasit Audit Committee / Independent Director
3. Mr. Nutthawut Pongsatirat Audit Committee / Independent Director

Audit Committee performs duties as assigned by the Board of Directors and according to Audit Committee Charter which is in accordance with the regulations of the Stock Exchange of Thailand as well as to ensure that the Executive Committee and the management have managed the business according to the company's policy correctly and standardized by giving importance to internal control and effective risk management sufficiently for business operation, accurately accounting system and financial report, and also comply with laws, rules and regulations related to the business operations of the company strictly based on good governance principles.

In the year 2018, Audit Committee held a total of 7 meetings which all members of Audit Committee attended the meeting. Therefore there were the meeting with the internal auditor and auditor to acknowledge, discuss, resolve, and exchange ideas on various matters as the following summary.

1. Review of financial statements

Audit Committee reviewed the first quarter of financial statement and the financial statement of year 2018 including cooperated with the auditor on reviewing the consolidated financial statements of company and subsidiary company before proposing to the Board of Directors for approval by considering important issues and providing advice and useful comments to be confined that the process of preparing the financial statements of the company will be accorded to general certified accounting standards, consistent practice, sufficient and timely disclosure of important information, in accordance with relevant laws and announcements, rules of the Stock Exchange of Thailand (SET) and The Securities and Exchange Commission (SEC).

2. Review of related transactions, connected transactions or transactions that may have conflicts of interest

Audit Committee reviewed the disclosure of related transactions, connected transactions or any transactions that may have conflicts of interest of company and subsidiary company in order to be ensured that the company has strictly followed the rules and regulations according to the criteria of the Stock Exchange of Thailand (SET) and The Securities and Exchange Commission (SEC) with transparency and related transactions or transactions that may have conflicts of interest according to the conditions set by the SET by taking into the interests of stakeholders. Audit Committee opined that the connected transactions that occur or occur during the year are normal business transaction and for the benefit of company including sufficient information disclosure.



3. Review of internal control and risk management

Audit Committee has reviewed the adequacy of the internal control system and company's risk management started from planning, annual inspection, conducting audits, reporting and monitoring of performance results according to the advice of the internal auditor of company to improve efficiency and effectiveness. Moreover company has hired the internal auditor to audit the important working systems of company additionally from the operation plan that the internal auditor has set as well as evaluating the internal control system of the organization according to the guideline of The Committee of Sponsoring Organizations of the Treadway Commission : (COSO). The results of audit did not find any weaknesses or deficiencies in the significant internal control system. Audit Committee then opined that company has adequate internal control and risk management systems.

4. Review of good corporate governance

Audit Committee reviewed the operation of the company to comply with Securities and Exchange Act and other laws related to business operations supervising to compliance with business ethics with social and environmental responsibility including the anti-corruption policy of executives and employees.

5. Charter and self-assessment of Audit Committee

Audit Committee reviewed the Charter of the Audit Committee annually including self-assessment of performance according to the best practices of the Stock Exchange of Thailand (SET). Audit Committee evaluated their own performance both committee and individually. The assessment results can be concluded that Audit Committee has performed its duties with responsibility, audit carefully and independently in accordance with good practices. Charter of Audit Committee, Audit Committee reports its performance to the Board of Directors on a quarterly basis to be used as a guideline for further development.

6. Consideration of auditors and remuneration determination

Audit Committee considered the selection of auditors and remuneration by considering the quality of work, ability, reliable experience, auditor status that fully qualified and approved by the Securities and Exchange Commission (SEC) including having sufficient resources to assess the independence and quality of the auditor's task. Thus Audit Committee considered and selected KPMG PHOOMCHAI Audit Co., Ltd. to be the auditor for accounting period of year 2018 and also consider appropriate remuneration for the auditor to present to the Board of Directors for further proposing to General Meeting of Shareholders with the list of auditors as follows;

1. Mr. Ekkasit Chuthamsatid Certified Auditor No. 4195 and/or
2. Mr. Thanit Osathalert Certified Auditor 5155 and/or
3. Mr. Sakda Kaothanthong Certified Auditor 4628

For financial statements for year ended 31 December 2018, Audit Committee opined that company has prepared accurate financial reports in accordance with generally accounting principles which have sufficient information disclosure, effective risk management, also internal control and appropriated corporate governance.

On behalf of the Audit Committee



(LT. Gen. Pajongjed Meepin)

Chairman of Audit Committee



The Board of Directors



Mr. Vacharin Duangdara

Position	: Chairman of the Board of Directors
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



LT. Gen. Pajongjed Meepin

Position	: Chairman of Audit Committee / Independent Director / Director
Education	: Secondary level Military School Bachelor of Science Chulachomklao Royal Military Academy Master of Political Science Thammasat University Army Staff School Royal Thai Army College
Training	: Director Accreditation Program (DAP) 159/2019
Working Experience	
Experience	:
2015 - 2016	Deputy Chief of Communications
2013 - 2014	Chief of the Department of Military Communications
1999 - 2014	Technical Department, Royal Thai Army Radio and Television (Channel 5)
2012 - 2013	Deputy Commissioner of the Military Communication School
2009 - 2012	Division Director Department of Military Communications
1999 - 2009	Head of Communications Division, Department of Military Communications and Saving Cooperative Committee Department of Military Communications
1997 - 1999	Chief of Staff, Department of Military Communications 1
1992 - 1996	Communications Battalion Commander 9, 9 th Infantry Brigade



Dr. Phuvit Panyasit

Position	: Independent Director / Director / Audit Committee
Education	: Is studying the Doctor of Philosophy Program in Development Management Suan Sunandha Rajabhat University (Ph.D.29) 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 Secondary College of Technology, Rajadamnern Commercial College
Training	: Director Accreditation Program (DAP) 148/2018 Director Certification Program (DCP) 262/2018
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. 1 st Lieutenant Governor, Alumni Association of Panitchayakan Rajdamnern Technological College 1 st 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.



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.



Mr. Apisit Taisedtawatkul

Position	: Director / Chief Executive Officer / Chairman of the Executive Committee
Education	: Bachelor Degree in Business Administration Marketing, Assumption University
Working Experience	
Present	: Managing Director, Exim Global (Thailand) Co., Ltd.
Experience	:
2017 - 2018	General Manager - Sales & Marketing at Daimler Commercial Vehicles (Thailand) Co., Ltd.
2011 - 2017	Senior Commercial Manager - SEA & Philippines at Volvo Group (Thailand) Co., Ltd.



Mr. Boonyasit Saengpongphithaya

Position	: Director
Education	: Secondary level Common line - Math Bowon Niwet School Bachelor of Business Administration (Marketing), Assumption University Master of Political Science Ramkhamhaeng
Training	: Director Accreditation Program 159/2019
Working Experience	
Present	: Managing Director, Sam Property Development Co., Ltd.
Experience	:
2012 - 2016	Managing Director, Wichet Nakornauyporn Tha Sai Enterprise Co., Ltd.
2007 - 2012	Consultant Real estate sales, Winner Estate Co., Ltd.,
2000 - 2006	Advisor CEO, Permsin Steel Works Plc.
1996 - 1999	Managing Director, Esso Boonyasit Service Co., Ltd.
1987 - 1995	Unit Manager, American International Assurance Plc.



Mr. Nutthawut Pongsatirat

Position	:	Independent Director/Director / Audit Committee
Education	:	Secondary level Debsirin School Bachelor of Business Administration in Finance and Banking, Assumption University Master of Business Administration (MBA), Assumption University Master of Financial Engineering University of the Thai Chamber of Commerce
Training	:	Director Accreditation Program 159/2019
Working Experience		
Present	:	Director and Finance Director Sneaker Pro Co., Ltd Macro Economic Advisor, Water resources for SEA and Coastal projects, Wisut Consultant Co., Ltd. Director and Director of Marketing and Sales, YRN Corporation Co., Ltd. International financial advisor, Siam International Food Co., Ltd.
Experience	:	
2014	:	Senior Manager, Krungthai Card Public Company Limited



Mrs. Prangthip Chanvisitsak

Position	:	Director/ Executive Committee / Chief Finance Officer / Company Secretary
Education	:	Master of Accounting, Ramkhamhaeng University Bachelor of Accounting, Siam University
Training	:	ACPG - Anti Corruption : The practical Guide BRP - Board Reporting Program EMT - Effective Minute Taking CSP - Company Secretary Program CFO Current Issues
Working Experience		
Experience	:	
2011 - 2012	:	Deputy Managing Director, Lucky Star International (Thailand) Co., Ltd.
2008 - 2011	:	Assistant Director of Accounting and Finance, Bangpakok Hospital Group Co., Ltd.
2007 - 2008	:	Accounting and Finance Manager, Chartered Printing Co., Ltd.



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 227 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 48-73% of total sales revenue of the group of Company in the last 3 years. In present, the group of Company has around 227 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 10-25% 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 23 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 45-53% 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



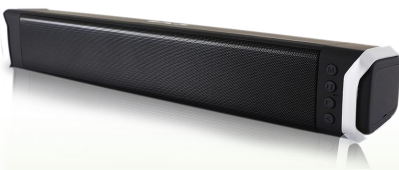
Portable Radio



Amplifier



Bluetooth Speaker



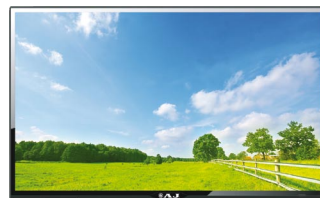
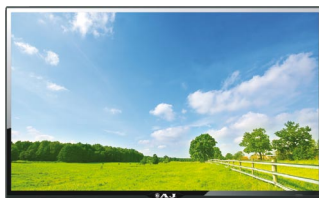
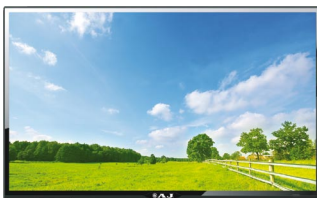
Music Box



- Karaoke Player and Karaoke Audio Set

Karaoke player and Karaoke Audio set are the 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.

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



- Mobile phones and accessories

Mobile phones are new products of the group of company which have started marketing since 2018 onward and receive good feedback from consumers. Moreover the group of company has also started to market accessories for mobile phones as well.



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 16-23% 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 associate company and joint-venture company which operate in 5 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.
- 5) Logistics business under the trademark “Best Express” in Thailand which is the affiliated business of “Best Group” a large global transportation business that operates branch expansion in the form of franchise by opening the opportunity for new investors to invest in high-income parcel delivery business.



Marketing and Competition

Target Customers and Distribution Channels

The group of company distributes the electrical products through modern trade channels and other distributors to end user who are mid-level consumer groups come down to the bottom level which is the main target of the group of company. The consumer in such groups are large markets and have moderate purchasing power such as the university student or early working age etc. Most of them live alone or as a small family and frequent relocation, so that they are sensitive to price and want good quality products at a low price.

In addition to the main customers, the group of company also looks at opportunities to expand its customer base. The electrical products in some groups focus on the target customers in the middle level and above; for example, the karaoke player and DVD Bluray player etc.

Distribution Channels

Due to the group of company's products are electrical appliances for home entertainment and household electrical appliances, therefore it is necessary to select distribution channels that are able to reach the target consumer with the most comprehensive and efficient as the following channels;

- 1) Modern Trade
- 2) Dealers and sub-stores
- 3) Direct sale; for example, the trade shows at various locations
- 4) Other channels; for example, Website or Facebook

Business Strategy of the Group of Company

The group of company places the market position of the product by focusing on targeting the target customers in intermediate level and come down. The products of the group of company are electrical appliances of similar quality or comparable to the products of foreign operators but cheaper price and higher quality if compare with domestic operators or cheap imported products from abroad which often focus on price competition rather than product quality. The group of company formulate marketing and product strategies in order to be consistent with the target customers' characteristics as follows;

1. Brand Equity and Brand Awareness

In addition to the quality of the product, the group of company recognizes that the brand considered an important factor in marketing success. In addition to quality and price factors, familiarity and trust in the brand are an important factor in purchasing decisions of users. The group of company therefore gives importance to creating value and creating "AJ" brand awareness. In the first phase of marketing, the group of company focuses on creating a brand image that "AJ is the quality and durability Thai brand that create confidence for those who use the product confidently on product lifetime. The group of company has appointed a senior actor, Mr. Sombat Metanee who has been signed in the Guinness Book as the main actor who plays most in the world, to be a presenter for products of the group of company with the slogan "AJ The Real Hero" in order to reflect the image of durability and long service life as same as Mr. Sombat Metanee who always is the beloved hero of Thai people for a long time.



The group of company has continuously tried to create awareness among consumers through various channels whether it is in the media, television and radio, billboards, publication, TV or movie or football team sponsor together with interviews with celebrities in various circles to use the products of the group to create confidence in product quality and make the brand of the group of company to be familiar to consumers in general. Brand awareness and trust in the company are considered as one of the important factors in making a purchase decision at the point of purchase of the consumer.

In year 2012, AJ brand of the group of company was elected for “Trusted Brand” in the category of DVD player based on consumer surveys in 8 countries organized by Reader’s Digest magazine about brands that consumers trust in quality, value, understanding of consumer needs, social responsibility, and creative to present new products to the market. According to the survey results, the management therefore believes that AJ brand will be one of Thai brand that most consumers mentioned firstly.

2. Selection and recruitment of quality products that meet market needs as well as providing after-sales service and quality assurance

The group of company realized that the brand awareness can create an opportunity to consumers to make a purchase decision. However the purchase decision of consumers also depends on the quality and features that meet the needs of consumers, so Sale and Marketing Department of company survey the market and consumer needs as well as comparing the product characteristics of the group of company with other operators in order to bring information to develop and improve the products of the group of company to match the needs of consumers and can compete with other operators accordingly.

As well as 1 year product warranty with more than 80 after-sales service centers nationwide to facilitate the buyers of the products of the group of company that will use the service.

3. Reasonable Pricing

Target customers of company mostly are middle to low level consumers, pricing is therefore an important strategy because the customers consider the value, price and quality rather than the durability of the product in terms of consumer spending. The price of product considered to be one of the important factors that consumers concern much more currently for making decision of purchase by comparing the quality of products from foreign operators with the price close to other operators in the country. However the group of company believed that the quality and appropriated price of product of group of company are one of important factors that bring AJ brand to be accepted by consumers.

4. Sales Channel Management and Sales Staff

Currently consumer behavior especially the target customers of the group of company mainly spend and buy the electrical appliances through retail stores in modern trade, therefore the group of company emphasizes the management of distribution channels in consistent with the target customers by focusing on distribution channels in modern trade primarily. With the nature of modern trade business, the vendor must have a contract with the modern trade by setting details of various trade conditions such as the sale amount, trade discounts, expenses for supporting various activities, expenses for product distribution, sales staff at selling point etc. These are the restrictions on entering



into the business of new entrepreneurs while each current entrepreneurs must follow up their sales amounts in any branch closely in order to adjust the promotion plan for each model to be suit for customers and able to compete with other operators and reach the target agreed with the modern trade as well.

Sales staff (PC) management considered as one of the important mechanisms for managing distribution channels that help to support the group of company's revenue to meet the goals agreed with the modern trade and is a way to collect information at the selling point for the group of company which support the group of company to determine and adjust the marketing plan quickly and appropriately in each period. Currently the group of company has the sales staffs (PC) almost 348 staffs in various distribution channels.

At present, the group of company has sales management in various forms; for example,

- Sales staff training before performing duties in order to have knowledge and understand every product of the group of company and able to present or recommend the right product to customer appropriately which affect to the decision of customers to buy at the selling point.
- Closely supervision of sales staff to motivate and solve the problem at selling point. Regularly organizing sales meetings every month in order to exchange the operation information as well as build a good relationship among sales staff and create a feeling of being part of the organization.
- Determining sales targets and appropriate sales staff compensation in order to motivate for work.
- Daily data delivery system for product sales and inventory stock of each model in order to increase efficiency in inventory management and marketing planning of the group of company.

Well sales channel and sales staff management will result in the group of company to be able to maintain its competitiveness and growth of business continuously.

Product Sourcing

The procurement of products of the group of company has the following steps;



The group of company import all electrical products from abroad mostly from China more than 90%. The company has set the vendor list which pay attention to the reliability of vendor in term of product quality, expertise, and ability to produce and deliver products on time together with history of reliable operations of vendors importantly based on the below 6R;



- Right Quality - Purchasing products that meet the needs of the market
- Right Quantity - Consideration of the appropriate purchasing quantity and consistency with sales
- Right Time - Determining the appropriate purchasing and delivering period in order to protect the products in short supply
- Right Price - Product prices that are suitable for product quality and can compete with other operators
- Right Source - Choose a reliable manufacturer and able to produce products that meet the standards of Ministry of Industry.
- Right Place - Check the delivery of products correctly.

In selecting vendors for the newly developed products, the group of company has the policy to give priority to the manufacturer or export agent in vendor lists of the group of company more than any new vendor who has never business before as well as the expertise in producing different products for each vendor.

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.

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 of inventory loss. Because the company has 50 sales persons and have channels through retail sales team, divided into 5 regions, namely North, Northeast, West, East and South which may have risks of loss of inventory in each retail sale. However, at the end of every month, the company constantly monitors inventory in each area by the accounting department every month, without prior notice (Spot Check). The accounting department will count inventory in each retail sale and compare with the balance in the computer system.

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. AJ E-Commerce Co., Ltd. and Youtai Group 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.



2.4 BLTC Incorporation Co., Ltd.

2.4.1 Risks from competition in the logistics service industry in transportation. Currently, there are many similar service providers. Therefore, if there is more intense competition or new operators come in may be cause an impact on the company's performance, which the competition may be cause the company to have decrease customers or may cause the need to reduce the price for services, which may result in lower revenue and have a negative impact on profits, but how does the company focus on good service, fast delivery, undamaged products and focus on improving services to better meet the needs of customers in the 4.0 era as much as possible.



Shareholding Structure

As of January 14th, 2019, 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	320,127,815	7.55
3.	Mrs. Nasikar Meemanonuns	199,220,372	4.70
4.	Mr. Pipat Patiwetphinyo	197,116,413	4.65
5.	Miss Wanida Wasiphanphong	175,342,215	4.14
6.	Miss Chinda Meemano	105,869,570	2.50
7.	Mr. Chokanun Saengpongpitaya	98,706,422	2.33
8.	Thai NVDR Company Limited	96,561,827	2.28
9.	Mr. Nawat Itsaragrisil	85,346,800	2.01
10.	Mr. Chookiat Rujanapornpajee	70,000,000	1.65
Top ten shareholders		1,844,267,315	43.51
Other shareholders		2,396,027,429	56.49
Total		4,240,294,744	100.00

Remark

- Mr. Amorn Meemano family group consists of shareholders and shareholding ratio as follows:
 - Mrs. Nasikar Meemanonuns, 4.70%
- Mr. Pipat Patiwetphinyo family group consists of shareholders and shareholding ratio as follows:
 - Ms. Wanida Wasiphanphong, 4.14%

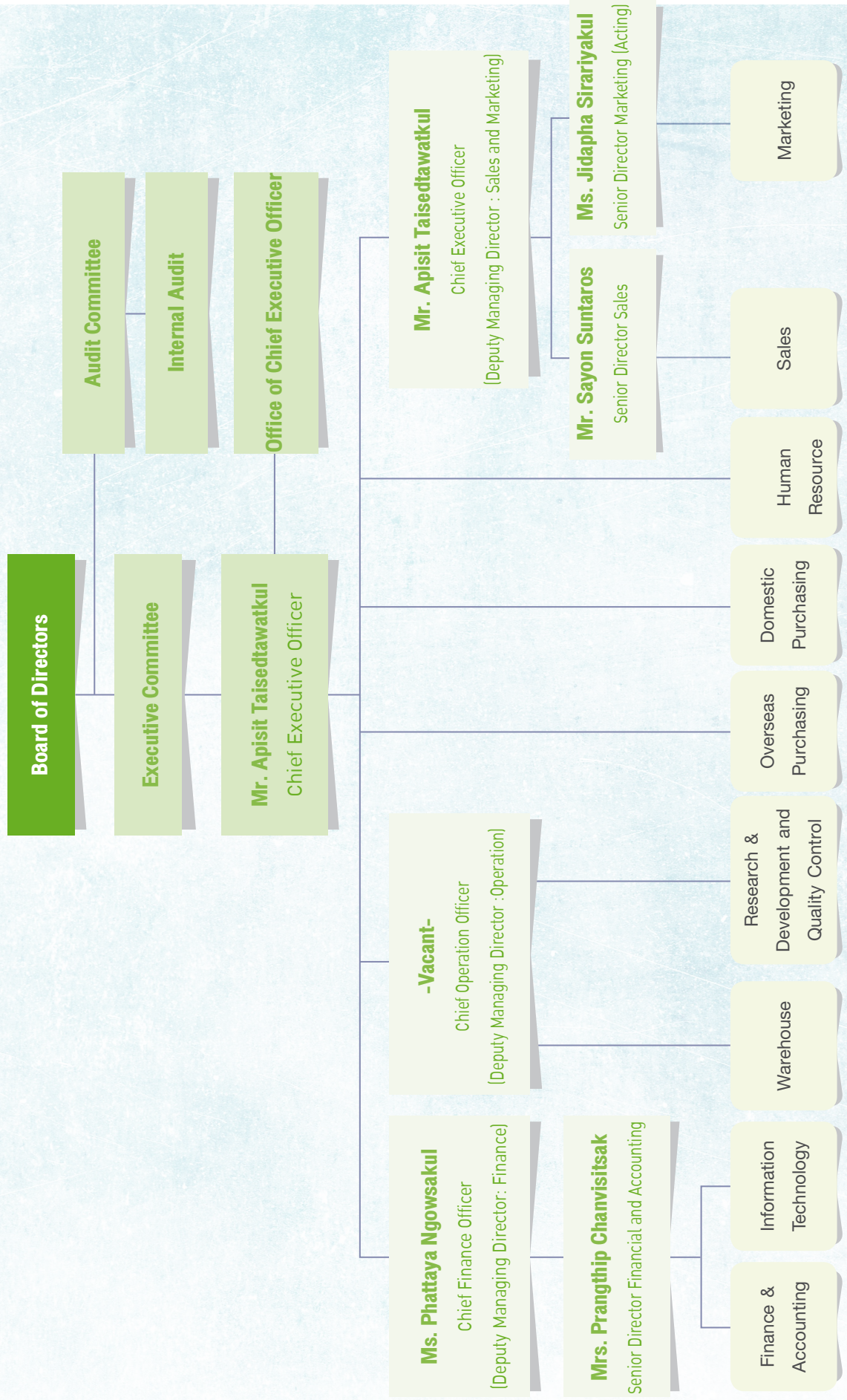
Dividend Payment Policy

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 2019.

Management Structure

Organizational Structure of the Company as of March 1st, 2019



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 13th, 2019 consisted of:

	Name		Position
1.	Mr. Vacharin	Duangdara	Chairman of the Board of Directors
2.	Mr. Anake	Pattanaslid	Director
3.	PL. Gen Pajongjed	Meepin	Director and Independent Director
4.	Mr. Nutthawut	Pongsatirat	Director and Independent Director
5.	Mr. Phuvit	Panyasit	Director and Independent Director
6.	Mr. Boonyasit	Saengpongphithaya	Director
7.	Mr. Apisit	Taisedtawatkul	Director
8.	Mrs. Prangthip	Chanvisitsak	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. Vacharin Duangdara, Mr. Anake Pattanaslid Mr. Boonyasit Saengpongphithaya Mr. Apisit Taisedtawatkul and Mrs. Prangthip Chanvisitsak can jointly sign and affix the Company's seal.

Scope of Duties and Responsibilities of the Board of Directors

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 13th, 2019 the Audit Committee comprised of

Name			Position
1.	PL. Gen Pajongjed	Meepin	Chairman of the Audit Committee
2.	Mr. Phuvit	Panyasit	Audit Committee
3.	Mr. Nutthawut	Pongsatirat	Audit Committee

Miss Airinlada Poonsinasawadech is a secretary of the Audit Committee.

Remarks : Mr. Nutthawut Pongsatirat as the Audit Committee has sufficiently skills and experiences to assume duties of auditing the Company's financial statement as she obtained Master of Business Administration (MBA) and a Bachelor of Business Administration in Finance and Banking Assumption University

Scope of Duties and Responsibilities of the Audit Committee

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 13th, 2019, the Executive Committee consists of:

	Name		Position
1.	Mr. Apisit	Taisedtawatkul	Chairman of the Executive Committee
2.	Mrs. Prangthip	Chanvisitsak	Executive Committee
3.	Mr. Sayon	Suntaros	Executive Committee

Scope of Duties and Responsibilities of the Executive Committee

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 13th, 2019, the Company's management consisted of:

Name			Position
1.	Mr. Apisit	Taisedtawatkul	Chief Executive Officer
2.	Ms. Phattaya	Ngowsakul	Chief Finance Officer
3.	Mrs. Prangthip	Chanvisitsak	Senior Director Financial and Accounting
4.	Mr. Sayon	Suntaros	Senior Director Sales
5.	Ms. Jidapha	Sirariyakul	Senior Director Marketing (Acting)

Scope of Duties and Responsibilities of the Managing Director

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 Chief Executive Officer as well as delegation of authority to other persons that the Chief Executive Officer 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



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, 2018 amounted to 2,955,000 baht, of which 1,645,000 baht was the remuneration of the Audit Committee as per the following detail

Year 2018 as at December 31 st , 2018						
Name	Position	Remuneration		Number of Meeting Attendance		
		Remuneration (Baht)	Meeting Allowance (Baht)	The Board of Directors	The Audit Committee	The Executive Committee
1. Mr. Vacharin Duangdara	Chairman/Chairman of the Audit Committee ^{/1, 5}	480,000	245,000	12/12	7/7	-
2. Mrs. Chantip Weerasubpong	Independent Director / Audit Committee ^{/6}	300,000	160,000	12/12	7/7	-
3. Mr. Phuvit Panyasit	Independent Director / Audit Committee	300,000	160,000	12/12	7/7	-
4. Mr. Amorn Meemano	Director / Chairman of the Executive Committee ^{/2}	-	75,000	10/11	-	16/16
5. Mr. Pipat Patiwetphinyo	Director / Executive Committee ^{/3}	-	80,000	11/11	-	16/16
6. Mr. Anake Pattanasid	Director	300,000	90,000	12/12	-	-
7. Mrs. Nasikar Meemanonuns	Director ^{/4}	300,000	75,000	10/11	-	-
8. Mr. Sirichai Tainuthai	Director	300,000	90,000	12/12	-	-
Total		1,980,000	975,000			

Remark : ^{/1} Mr. Vacharin Duangdara has been appointed to be Chairman and Chairman of the Audit Committee on February 5th, 2018

^{/2} Mr. Amorn Meemano has resigned from Director and Chairman of the Executive Committee on December 28th, 2018

^{/3} Mr. Pipat Patiwetphinyo has resigned from Director and Executive Committee on December 28th, 2018

^{/4} Mrs. Nasikar Meemanonuns has resigned from director on December 28th, 2018

^{/5} Mr. Vacharin Duangdara has resigned from Chairman of the Audit Committee on December 28th, 2018

^{/6} Mrs. Chantip Weerasubpong has been appointed to be Chairman of the Audit Committee on December 28th, 2018



Define of Credit Approval Authority

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 Chief Executive Officer 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.

The Company Secretary and the person assigned to take direct responsibility for supervising accounting

	Name		Position
1.	Ms. Phattaya	Ngowsakul	Chief Finance Officer
2.	Mrs. Prangthip	Chanvisitsak	Senior Director Financial and Accounting

Directors' and Executives' Remuneration

Monetary Remuneration

Directors' Remuneration

The 2018 Annual General Meeting of Shareholders which held on April 25th, 2018 has approved

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

Position	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.



Executives' Remuneration

As of the year 2018, the Company has 5 executives, the remuneration paid to the Company's executives as salary, bonus, provident fund and other fringe benefits were as follows:

The Executives' Remuneration	2017		2018	
	Number	Amount	Number	Amount
	(Person)	(Million Baht)	(Person)	(Million Baht)
Salary, commission and bonus	6	11.75	5	13.89
Other remunerations, i.e. provident fund, social security and overtime	6	0.13	5	0.18
total	6	11.88	5	14.07

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 2018, the Board of Directors has arranged 12 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.

Personnel

As of the year 2018, the Company has 514 employees with paid to salary, bonus, provident fund and other fringe benefits were as follows:

The Executives' Remuneration	2017		2018	
	Number	Amount	Number	Amount
	(Person)	(Million Baht)	(Person)	(Million Baht)
Salary, commission and bonus	667	138.40	514	103.17
Other remunerations, i.e. provident fund, social security and overtime	667	8.95	514	5.77
total	667	147.35	514	108.94

The company has training and development of personnel in the organization so that the personnel in the organization have knowledge, understanding and ability. With a positive attitude towards the organization and increase productivity with the organization with quality and create confidence for the organization that the organization has personnel with knowledge and skills that are consistent with the vision and goals of the organization with maximum efficiency.



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. 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 13, 2019 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.

In addition, the Company has a policy that the Chairman of the Board and the Chief Executive Officer 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 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.

Subcommittees

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 3 members for flexibility on operations pursuant to scope of duties assigned by the Board of Directors.

Nomination and Appointment of Directors and Senior Management

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.

Supervision of operations of subsidiary company

The subsidiary company manages and operates under the policy framework and management model in the same style as the company with the operation process and decision power as well as approving various matters in accordance with the scope of authority, duties and responsibilities according to the authority manual of the company. Moreover some directors of company have also acted as directors of subsidiary companies as well, so that make the management process within the scope of company which include the information of company's financial status that shows the information of subsidiary company's financial status.

Use of Inside Information

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.

Remuneration for Auditors

The shareholders of the Company, at the 2018 Annual General Meeting of shareholders, which was held on 25 April 2018, approved the remuneration of the auditors for 2018 in the amount not exceeding THB 2,860,000. The remuneration consists of the fees for the audit of the annual financial statements and the review of the quarterly financial statements. The approved remuneration amount increased by 3.00 percent from that of 2017. In 2018, the Company's total non-audit fee, which was not related to the auditing services and booked as the Company's expenses, was THB 1,046,000.



Compliance with Other Good Corporate Governance Practices

1. The Company has set out relevant policy and procedure for selection of knowledgeable and competent person to serve as the Company's directors. Shareholders have the right to propose candidates for directorship at the Annual General Meeting of Shareholders in accordance with the relevant rules and regulations of the Company. The candidates for Chairmanship and directorship shall possess necessary knowledge and experience in company business or related businesses which are beneficial to the Company's business. The Company also has a procedure for selection of the independent directors which ensures that the independent directors would function to the best interest of the Company and shareholders.

To this end, given the lengthy historical backgrounds of the company business sector, there is a need that directors have good understandings including commercial (e.g. business transactions)

Thus, years is a key factor for a director to have in-depth knowledge and to provide valuable recommendations and directions to the Company. The Company's board of directors has functioned well in this respect.

The Company has planned ahead at least 5 Board of Directors' meetings in a year in order to consider regular agenda items. If there is any other important matter, the Chairman of the Board is empowered to call meetings to consider such matter by giving advanced notice to all directors as required by the relevant laws. The number of Board of Directors' meeting in 2018 was 12.

2. The Company has set out a remuneration policy for both executives and employees based on knowledge, duty and responsibility. The Company also has the procedure for performance assessment in accordance with the widely accepted standard. The remuneration policy of the Management has been disclosed. Moreover, the Company has urged all executives and employees to adhere to relevant widely accepted principle, for example, employee shall not disclose his/her remuneration to other persons. Also the Company would keep confidential the employees' remuneration and would respect the employees' right to privacy.
3. The Company has set out new Governing Principles to improve and to strengthen Company's governance. For example, the introducing of 'Yearly Meeting Plan' for the Board of Directors, having a meeting (at least once a year) between the Board of Directors and the Company's external auditor without presence of the management. Also, the Board's duty is to review several reports such as Risk Management, Supply Chain Sustainability (at least twice a year) including reviewing internal audit report at all Board of Directors Meeting.



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 Samutsakhon 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 2018



Safety Songkran Festival 2018



Participated in the Silk Festival in 2018
to continue the wisdom, value and identity of Thai silk.



Support project of To Be No.1 Idols





Support the World Cup Gambling Program



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

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 BK IA & IC Co., Ltd. ("Internal Controller") as internal controller for 2018 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.1-4/2018 of AJ Advance Technology Public Co., Ltd. as the audit plan. The considered and approved issues were included (1.) Control inventories and fixed assets (2.) Control the accounting of income and monitoring of payment receipts (3.) Control the purchase of foreign products (4.) Control the purchase and payment

In this regard, KPMG Phoomchai Audit Co., Ltd, the Company's external auditor, has reviewed and assessed the accounting control of the Company and its subsidiaries. There are no material findings that may have a material effect on its opinion on the financial statements of the Company and its subsidiaries as of 31 December 2018. The Audit Committee accorded with the opinion of the auditor that the Company's internal control system was sufficient and suitable for the Company's business and capable of safeguarding the Company's assets from under or unauthorized use by the Management. The Board of Directors' Meeting No. 6/2019, which was held on 13 March 2019, acknowledged the opinion of the Audit Committee on the sufficiency of the Company's internal control system.



According to the approved annual internal audit plan, the Internal Audit Department identifies and reviews potential risks, reviews the adequacy and effectiveness of the internal control and reports significant internal control weakness, non-compliance issues and recommendations for business improvements to the Management. An appropriate follow up process is implemented by the Internal Audit Department to ensure that the Management responds to and takes actions on the recommendations of the Internal Audit Department and external auditors. The audit findings, progress on any corrective actions taken by the Management and the status of the Internal Audit Department's activities are directly reported to the Audit Committee on a quarterly basis.



Related Parties Transactions

Any connected party transactions between the Company or its subsidiaries and persons who may have a conflict of interest must be in compliance with the relevant rules and regulations and must be made on reasonable terms or general commercial conditions or in line with the market price. In addition, the transactions shall be transacted on an arm's length basis and the connected party transactions shall be presented to the Audit Committee for review on a quarterly basis.

As shown in Clause 4, 5 of the notes to consolidated Financial Statements for the year ended 31 December 2018, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarized below, arose in the ordinary course of businesses.

1. An ordinary and usual course of business transaction

The Company has transaction with related parties are those linked to the group and the company as shareholders or by common shareholders or directors as disclosed in Note to Financial Statement No. 4 and 5.

Comments of independent directors on these related transactions are the ordinary and usual course of business transaction with normal commercial terms. The related transactions created the benefits to the Company.

2. An asset or service transaction

The Company has transaction with related parties are those linked to the group and the company as shareholders or by common shareholders or directors as disclosed in Note to Financial Statement No. 4 and 5.

Comments of independent directors on these related transactions are the ordinary and usual course of business transaction with normal commercial terms. The related transactions created the benefits to the Company.

3. A Financial support transaction

The Company has transaction with related parties are those linked to the group and the company as shareholders or by common shareholders or directors as disclosed in Note to Financial Statement No. 4 and 5.

Comments of independent directors on these related transactions are the ordinary and usual course of business transaction with normal commercial terms. The related transactions created the benefits to the Company.



Reasons for making related transactions

Transactions with the subsidiaries were created for the company's benefit so that the company can successfully achieve its business strategies and objectives. In case of lending/borrowing between parent company and subsidiary, the interest rate is an agreed rate based on market rate at the time of lending/borrowing.

The transactions with the other related parties were the ordinary and usual course of business transaction with normal commercial terms.

Policy and Trend of Related Transaction

The related transaction with our subsidiary, at least own 51% by the company, are made as part of normal business operations. Therefore, it is likely that such transactions will occur in the future on the continual basis. However, the company will obey the security law, rules & regulations of the Stock Exchange of Thailand and the Federation of Accounting Professions ("FAP") and with generally accepted accounting principles in Thailand. Moreover, the company will consider the reasonable reason of the transaction.

If the company makes related transaction with any person with possibility of creating any conflict of interest, the company will consult with the Audit Committee who will review and comment the necessity and suitability of that related transactions. In case that the Audit Committee does not have expertise in any specific area, the company will arrange to hire an expert or company's auditor to provide comments to the Audit Committee or shareholders for approving the transaction. The company also discloses the related transactions in the Notes to Financial Statement as part of the Audited Financial Statements.



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 2018 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 2016		31 December 2017		31 December 2018	
Assets						
Current assets						
Cash and cash equivalents	121,788	4.04%	82,706	5.66%	279,903	23.48%
Current investment	-	-	-	-	205,708	17.26%
Trade accounts receivable	340,025	11.29%	374,873	25.67%	131,574	11.04%
Current portion of installment sales receivables	233,227	7.74%	-	-	-	-
Other receivables	244,336	8.11%	43,479	2.98%	35,450	2.97%
Short-term loans	-	-	125,045	8.56%	-	-
Inventories	790,880	26.26%	281,093	19.25%	193,503	16.23%
Other current assets	80,489	2.67%	9,665	0.66%	9,393	0.79%
Total current assets	1,810,745	60.12%	916,861	62.79%	855,531	71.77%
Non-current assets						
Installment sales receivables	777,640	25.82%	-	-	-	-
Investment in associate	342	0.01%	347	0.02%	8,614	0.72%
Investments in joint venture	-	-	5,231	0.36%	9,555	0.80%
Other long-term investments	58,205	1.93%	195,665	13.40%	28,242	2.37%
Property, plant and equipment	311,753	10.35%	289,929	19.86%	276,932	23.23%
Intangible assets	7,836	0.26%	3,943	0.27%	1,932	0.16%
Deferred tax assets	40,710	1.35%	44,367	3.04%	6,431	0.54%
Other non-current assets	4,606	0.15%	3,882	0.27%	4,771	0.40%
Total non-current assets	1,201,092	39.88%	543,364	37.21%	336,477	28.23%
Total assets	3,011,837	100.00%	1,460,225	100.00%	1,192,008	100.00%



(Unit : Thousand Baht)

Statement of financial position	Consolidated financial statements					
	31 December 2016		31 December 2017		31 December 2018	
Current liabilities						
Bank overdrafts and short-term loans from financial institutions	533,257	17.71%	31,166	2.13%	-	-
Trade accounts payable	74,250	2.47%	28,248	1.93%	25,982	2.18%
Other payables	173,671	5.27%	120,476	8.25%	53,612	4.50%
Current portion of long-term loans from financial institutions	24,082	0.80%	-	-	-	-
Short-term loans from related parties	188,160	6.75%	5,500	0.38%	-	-
Current portion of financial lease liabilities	4,462	0.15%	1,833	0.13%	1,777	0.15%
Income tax payable	75,832	2.52%	63	0.00%	4,305	0.36%
Other current liabilities	27,332	0.91%	6,131	0.42%	6,626	0.56%
Total current liabilities	1,101,046	36.58%	193,417	13.25%	92,302	7.74%
Non-Current liabilities						
Long-term loans from financial institutions	27,986	0.93%	-	-	-	-
Finance lease liabilities	11,564	0.38%	3,123	0.21%	2,019	0.17%
Employee benefit obligations	4,942	0.16%	4,776	0.33%	5,387	0.45%
Total non-current liabilities	44,492	1.48%	7,899	0.54%	7,406	0.62%
Total liabilities	1,145,538	38.03%	201,316	13.79%	99,708	8.36%

(Unit : Thousand Baht)

Statement of financial position	Consolidated financial statements					
	31 December 2016		31 December 2017		31 December 2018	
Equity						
Share capital						
Authorised share capital	550,000		526,925		526,925	
Issued and paid-up share capital	421,043	13.98%	424,029	29.04%	424,029	35.57%
Premium on ordinary shares	647,236	21.49%	649,894	44.51%	649,894	54.52%
Retained earnings						
Appropriated						
Legal reserve	20,900	0.69%	20,900	1.43%	20,900	1.75%
Unappropriated	500,406	16.61%	90,335	6.19%	(93,787)	-7.87%
Other component of equity	27,321	0.91%	27,321	1.87%	27,321	2.29%
Equity attributable to owners of the parent	1,616,906	53.69%	1,212,479	83.03%	1,028,357	86.27%
Non-controlling interests	249,393	8.28%	46,430	3.18%	63,943	5.36%
Total equity	1,866,299	61.97%	1,258,909	86.21%	1,092,300	91.64%
Total liabilities and equity	3,011,837	100.00%	1,460,225	100.00%	1,192,008	100.00%
Book value per share (Baht)	0.443		0.297		0.258	
Issued and paid-up share capital	4,210,428,340		4,240,294,744		4,240,294,744	



(Unit : Thousand Baht)

Statement of comprehensive income	Consolidated financial For the year ended					
	31 December 2016		31 December 2017		31 December 2018	
Revenue from sales of goods and Revenue from rendering of services						
Revenue from sales of goods	1,073,148	99.88%	656,986	99.22%	609,372	97.62%
Revenue from rendering of services	1,273	0.12%	5,152	0.78%	14,881	2.38%
Total revenue	1,074,421	100.00%	662,138	100.00%	624,253	100.00%
Cost of sales of goods	715,399	66.66%	632,106	96.21%	448,794	73.65%
Cost of rendering of services	5,454	428.44%	5,856	113.66%	13,141	88.31%
Total cost of sales	720,853	67.09%	637,962	96.35%	461,935	74.00%
Gross Profit	353,568	32.91%	24,176	3.65%	162,318	26.00%
Other income						
Net foreign exchange gains	16,991	1.58%	12,741	1.92%	541	0.09%
Investment income	605	0.06%	685	0.10%	45,808	7.34%
Other income	7,647	0.71%	6,868	1.04%	14,511	2.32%
Total Other income	25,243	2.35%	20,294	3.06%	60,860	9.75%
Expenses						
Distribution costs	263,830	24.56%	204,678	30.91%	139,674	22.37%
Administrative expenses	115,068	10.71%	158,193	23.89%	121,904	19.53%
Impairment Losses on investment	-	-	-	-	91,134	14.60%
Loss from lost control	-	-	8,241	1.24%	-	-
Net foreign exchange losses	-	-	-	-	-	-
Total expenses	378,898	35.27%	371,112	56.05%	352,712	56.50%
Profit before finance costs and income tax expense	(87)	-0.01%	(326,642)	-49.33%	(129,534)	-20.75%
Finance costs	12,544	1.17%	14,945	2.26%	1,155	0.19%
Share of loss of associate and joint venture	55	0.01%	389	0.06%	7,308	1.17%
Loss before income tax expense from continuing operations	(12,686)	-1.18%	(341,976)	-51.65%	(137,997)	-22.11%
Income tax expenses	893	0.08%	29,998	4.53%	(42,661)	-6.83%
Loss for the year from continuing operation	(11,793)	-1.10%	(311,978)	-47.12%	(180,658)	-28.94%

(Unit : Thousand Baht)

Statement of comprehensive income	Consolidated financial					
	For the year ended					
	31 December 2016		31 December 2017		31 December 2018	
Discontinued operation						
Profit (loss) for the year from discontinued operation, net of tax	524,885	48.85%	(181,444)	-27.40%	-	-
Profit (loss) for the year	513,092	47.76%	(493,422)	-74.52%	(180,658)	-28.94%
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Defined benefit plan actuarial gains	630	0.06%	-	-	904	0.14%
Income tax on other comprehensive income	(126)	-0.01%	-	-	(181)	-0.03%
Other comprehensive income for the year, net of income tax	504	0.05%	-	-	723	0.12%
Total comprehensive income for the year	513,596	47.80%	(493,422)	-74.52%	(179,935)	-28.82%
Profit (loss) attributable to:						
Owners of parent	355,463	33.08%	(409,773)	-61.89%	(186,907)	-29.94%
Non-controlling interests	157,629	14.67%	(83,649)	-12.63%	6,249	1.00%
Profit (loss) for the year	513,092	47.76%	(493,422)	-74.52%	(180,658)	-28.94%
Total comprehensive income attributable to:						
Owners of parent	355,967	33.13%	(409,773)	-61.89%	(186,184)	-29.83%
Non-controlling interests	157,629	14.67%	(83,649)	-12.63%	6,249	1.00%
Total comprehensive income for the year	513,596	47.80%	(493,422)	-74.52%	(179,935)	-28.82%
Basic earnings (loss) per share						
Loss from continuing operations	(0.003)		(0.072)		(0.044)	
Profit (loss) from discontinued operation	0.093		(0.025)		-	
Issued and paid-up share capital (weighted average)	3,962,289,202		4,240,294,744		4,240,294,744	

(Unit : Thousand Baht)

Statement of cash flows	Consolidated financial		
	For the year ended		
	31 December 2016	31 December 2017	31 December 2018
Cash flows from operating activities			
Profit (loss) for the year	513,092	(493,422)	(180,658)
Adjustments for			
Tax expense (income)	129,492	(42,330)	42,661
Finance costs	32,057	27,092	1,156
Depreciation	21,784	33,822	20,678
Amortisation of intangible assets	1,646	2,113	999
Loss from write-off on assets	-	-	6
Bad and doubtful debt expense (reversal of)	44,326	70,764	(13,638)
Loss from repossession	-	402,902	-
Loss from loss of control	-	8,241	-
Loss on decline in value of inventories	12,206	133,065	(45,171)
(Reversal of) provision for sales return	1,794	(1,830)	1,809
(Reversal of) provision for warranties	17,226	221	(26)
(Gain) loss on disposals of equipment	1,998	2,320	1,515
Unrealised (gain) loss on exchange rate	(368)	(936)	(674)
Share of loss of associate and joint venture	941	(1,778)	218
Impairment losses on investment in associate	55	389	7,309
Unrealised profit on downstream sales to joint venture	-	-	62
Impairment losses on investment	-	-	91,134
Gain on sale of other long-term investment	-	-	(43,017)
Interest received	(632)	(3,260)	(2,787)
	775,617	137,373	(118,424)
Changes in operating assets and liabilities			
Trade accounts receivable	198,519	162,077	254,673
Installment receivables	(981,970)	(354,007)	-
Other receivables	205,176	198,916	11,413
Inventories	418	209,901	132,761
Other current assets	(37,135)	71,983	1,209
Other non-current assets	350	(2,369)	(888)
Trade accounts payable	(96,329)	11,260	(2,485)



(Unit : Thousand Baht)

Statement of cash flows	Consolidated financial		
	For the year ended		
	31 December 2016	31 December 2017	31 December 2018
Other payables	(42,761)	432,070	(67,502)
Cash paid for sales return	(3,050)	-	-
Cash paid for warranty	(2,663)	(4,354)	(143)
Other current liabilities	(9,126)	5,220	(1,144)
Employee benefit obligations paid	-	(93)	-
Cash generated from operating activities	7,046	867,977	209,470
Income tax paid	(91,519)	(116,786)	(1,601)
Net cash from (used in) operating activities	(84,473)	751,191	207,869
<i>Cash flows from investing activities</i>			
Cash received from short term loans	-	374,919	125,045
Increase in other long-term investments	(21,830)	(237)	30,200
Acquisition of current investment	-	-	(296,842)
Proceeds from sale of other long-term investment	-	-	180,240
Acquisition of investment in associates	-	-	(9,837)
Acquisition of investment in joint venture	-	(5,625)	(10,125)
Purchases of property, plant and equipment	(47,056)	(59,382)	(6,817)
Proceeds from disposals of equipment	3,026	3,866	1,374
Proceeds from disposals of intangible assets	-	-	1,383
Purchases of intangible assets	(4,064)	(4,282)	(342)
Interest received	632	3,260	1,666
Net cash from (used in) investing activities	(69,292)	312,519	15,945



(Unit : Thousand Baht)

Statement of cash flows	Consolidated financial		
	For the year ended		
	31 December 2016	31 December 2017	31 December 2018
Cash flows from financing activities			
Finance costs paid	(32,057)	(42,171)	(1,208)
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	291,259	(500,735)	(31,166)
Proceeds from short-term loans from related parties	40,000	186,700	-
Repayment of short-term loans from related parties	(285,841)	(273,360)	(5,500)
Repayment of long-term loans from financial institutions	(25,008)	(52,068)	-
Finance lease payments	(6,450)	(5,919)	(2,068)
Acquisition of non-controlling interests	(7,894)	-	-
Proceeds from issue of ordinary shares	62,797	5,645	-
Acquisition of subsidiaries	-	-	(1,800)
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	15,125
Net cash from (used in) financing activities	111,656	(625,036)	(26,617)
Net increase (decrease) in cash and cash equivalents	(42,111)	438,674	197,197
Cash and cash equivalents, beginning of period	163,899	121,788	82,706
Cash and cash equivalents from loss of control in subsidiary	-	(477,756)	-
Cash and cash equivalents at ending of period	121,788	82,706	279,903



Financial Ratio		Consolidated financial statement		
		For the year ended		
		31 December 2016	31 December 2017	31 December 2018
LIQUIDITY RATIO				
Current ratio	(Time)	1.64	4.74	9.27
Quick ratio	(Time)	0.85	2.59	4.84
Cash Flow current ratio	(Time)	(0.08)	1.16	1.46
Receivable current ratio	(Time)	3.14	3.21	2.20
Average debt collection period	(Day)	114.54	112.29	163.69
Inventory Turnover period	(Time)	0.91	1.04	1.23
Average selling period	(Day)	394.84	346.82	292.33
Payable current ratio	(Time)	5.91	12.45	17.04
Loan repayment period	(Day)	60.96	28.92	21.13
Cash Cycle	(Day)	448.41	430.19	434.89
PROFITABILITY RATIO				
Gross profit margin	(%)	32.91	3.65	26.00
Operating profit margin	(%)	(0.01)	(49.33)	(20.75)
Other profit margin	(%)	2.30	2.97	8.88
Cash to profit margin	(%)	97,189.98	(229.97)	(160.48)
Net profit margin	(%)	32.32	(60.05)	(27.28)
Return on equity	(%)	25.30	(28.97)	(16.68)
EFFICIENCY RATIO				
Return on assets	(%)	13.17	(18.33)	(14.09)
Return on fixed assets	(%)	132.11	(124.97)	(58.65)
Assets turnover	(Time)	0.95	0.31	0.52
FINANCIAL POLICY RATIO				
Debt to equity ratio	(Time)	0.71	0.17	0.10
Commitment coverage ratio (cash basis)	(Time)	(0.23)	1.90	14.11
Dividend payout ratio	(%)	-	-	-

Analysis and Explanation of Management

Financial Status and Operation Result Analysis

Operation Result

Sales and Service Revenues :

In 2018, the group of Company had sales and service revenues at 609.37 million Baht which decreased at 47.62 million Baht or 7.25 percent when compared to the previous year at 656.99 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 2016		Year 2017		Year 2018	
1. Sales Revenue - AV	835,180	66.95%	570,141	72.87%	322,954	48.34%
2. Sales Revenue - AP	412,225	33.04%	173,535	22.18%	89,097	13.34%
3. Sales Revenue - Copy Right of TV Series	150	0.01%	15,519	1.98%	-	-
4. Sales Revenue - Food & Beverage Vending Machine	-	-	23,168	2.96%	68,008	10.16%
5. Sales Revenue - Mobile Phones and Accessories	-	-	-	-	169,642	25.39%
6. Sales Revenue - BYD Electric Cars	-	-	-	-	18,065	2.70%
7. Sales Revenue - Other Products	-	-	-	-	354	0.06%
Sales Revenue before Deducting the Discount and Allowance of Return Product	1,247,555	100.00%	782,363	100.00%	668,120	100.00%
Deductible the Discount	(178,285)	(14.29)%	(127,808)	(16.34)%	(48,569)	(7.27)%
Allowance of Return Product (more allowance) / Transaction Return	3,878	0.31%	2,431	0.31%	(10,179)	(1.52)%
Sales Revenue - Net	1,073,148	99.88%	656,986	96.27%	609,372	97.62%
Revenue from rendering of services	1,273	0.12%	5,152	0.75%	14,881	2.38%
Total Revenue from sales of goods and Rendering of services	1,074,421	100.00%	662,138	100.00%	624,253	100.00%

Sales Revenue

- The revenue from sales of Audio and Visual products (AV Products) is still considered the main product that makes most the company's revenue. The sale amount in year 2016 - 2018 were 835.18 million baht, 570.14 million baht, and 322.95 million baht respectively which were 66.95%, 72.87%, and 48.34% of revenue from sales before discount and provision for returned products respectively. The sale amount of AV product in year 2018 decreased from year 2017 at 43.36% because of Audio and Visual products; for example, DVD Blu-ray player. This must be accepted that currently the consumer's behavior has changed according to the era. People change to watch via Streaming or smart TV increasingly, the company then provides the other products such as Smart Phone or Bluetooth Speaker to be replaced the sales decrease of Audio and Visual products.



- The revenue from sales of Home Appliance product (AP Products) is the products that the company provides for the needs of consumer in Thailand. The sale amount in year 2016 - 2018 were 412.23 million baht, 173.54 million baht, and 89.10 million baht respectively which were 33.04%, 22.18%, and 13.34% of revenue from sales before discount and provision for returned products respectively. The sale amount of AP products in year 2018 decrease from year 2017 at 48.66% because the sale of air conditioning decreased according to the volatile season of quite short summer and earlier rainy season as well as the high marketing and competition in home appliance business. The online shopping is currently very famous, so the company adjusts the sale strategy to be emphasized on online sales and meticulous select the product to suit the consumer groups in such channels which expects the higher sales amount of AP product in the next year.
- Revenue from sales of drama copy rights was the business that the company terminated its operation in its subsidiary company (Happy Vision Co., Ltd.) during the year 2016. In the year 2017, the company had the revenue from selling all inventory stocks at 15.52 million baht or 1.98% of revenue from sales before discount and provision for returned products, so there was no any revenue in the year 2018 from this business.
- The revenue from sales of food and beverages from vending machine is the business from subsidiary company; AJ Vending Co., Ltd., that started the business in year 2017 with the sale amount for year 2017 - 2018 at 23.17 million baht and 68.01 million baht respectively or as the percentage at 2.96% and 10.16% of revenue from sales before discount and provision for returned products respectively.
- The revenue from sales of electric vehicle under BYD brand is the business from joint venture company; RIZEN Energy Co., Ltd. ("RIZEN") which started the business in the late of year 2017. In year 2018, the sale amount was 18.07 million baht or 2.70% of revenue from sales before discount and provision for returned products. The revenue shown in financial statement was from the first lot vehicle imported by the company and sold to RIZEN and RIZEN sold further to the consumer.
- The revenue from sales of smart phone and accessories is the business from subsidiary company; Siam Advance Electronics Co., Ltd. which started to sell the smart phone and accessories in year 2018 and has the selling revenue at 169.64 million baht or 25.39% of revenue from sales before discount and provision for returned products.
- The discount from sale is from selling through the modern trade and dealer channels which are under the contract or agreement with conditions and trade discounts. Each partner has different condition and rate depend on trading agreement. The discount in year 2016 - 2018 were 178.29 million baht, 127.81 million baht, and 48.57 million baht respectively or as the percentage at 14.29%, 16.34%, and 7.27% of revenue from sales before discount and provision for returned products. In year 2018, the discount was decreased at 79.24 million baht or 62% because of varied discount on sale amount and adjustment on co-promotion to suit to the selling products by making co-promotion only for the product generated more sales.
- Provision for goods returned (additional reserves) / reversal, the company calculated from the product return statistics compared to the past sale and adjust the calculation to be updated in every quarter. In year 2016 - 2018, there had the reversal of allowance for inventory at 3.88 million baht and 2.43 million baht respectively. In year 2018 set the provision for products at 10.18 million baht or 0.31%, 0.31%, and (1.52)% of revenue from sales before discount and provision for returned products respectively. In year 2018, the company had the increased proportion of receiving products compared to the sales decline. It resulted to higher return estimate, therefore the company has set the rule about return that the seller must consider on the cause before return, strict on return conditions and return period as well.

Revenue from Services

The company had the revenue from services on Alibaba's member recruitment agency business which started in the year 2016. In year 2016 - 2018, the revenue from services were 1.27 million baht, 5.15 million baht, and 14.88 million baht or as the percentage at 0.12%, 0.75%, and 2.38% of revenue from sale and services respectively. In year 2018, the revenue increased from year 2017 at 9.73 million baht or 188.84%

Profit from Foreign Exchange

The company had the profit from foreign exchange in year 2016 - 2018 at 16.99 million baht, 12.74 million baht, and 0.54 million baht respectively which decreased 12.20 million baht or 95.76% compared with previous year. It was because the company paid by transfer, so that the difference from exchange rate decreased accordingly.

Revenue from Investment

The company had revenue from investments in year 2016 - 2018 at 0.61 million baht, 0.69 million baht, and 45.81 million baht respectively. In year 2018, the company recognized profit from the sale of investments in all ordinary shares of Vending Corporation Co., Ltd. ("VDC").

Other Revenues

In year 2016 - 2018, the company had other revenues at 7.65 million baht, 6.87 million baht, and 14.51 million baht respectively. In year 2018, it increased from previous year at 7.64 million baht. In addition, other main revenues were from building rental, water and electric bills, transportation, and others.

Cost of Sales

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

(Unit : Thousand Baht)

Cost of Sales	Year 2016		Year 2017		Year 2018	
Net Purchase	661,726	97.75%	265,825	42.05%	389,787	86.85%
Import Expense and Others	28,396	1.46%	6,779	1.07%	9,219	2.05%
Depreciation	-	-	-	-	4,291	0.96%
Allowance for Product Return	2,622	0.14%	601	0.10%	(8,371)	-1.87%
Allowance for Loss on Obsolete Inventory	12,207	0.65%	133,065	21.05%	(45,171)	-10.06%
Total	704,951	100.00%	406,270	64.27%	349,755	77.93%
Changes in Inventory during Time	(10,448)	(43.20%)	225,836	35.73%	99,039	22.07%
Net Cost of Sales	715,399	56.80%	632,106	100.00%	448,794	100.00%
Percentage of Sales Revenue	66.66%		96.21%		73.65%	

The company had total cost of sales for year 2016 - 2018 at 715.40 million baht, 632.11 million baht, and 448.79 million baht or 66.66%, 96.21%, and 75.65% of sales revenue respectively. In year 2018, the company's cost of sales to revenue from sales decreased at 22.56% from previous year. Main cause was from selling AV products and set top box which low sales, so as a result, the company had profit from reversal of allowance for declining value of obsolete products at 45.17 million baht which included in cost of sales.



Cost of Services

In year 2016 - 2018, the company had total cost of services at 5.54 million baht, 5.86 million baht, and 13.14 million baht or as the percentage at 428.44%, 113.66%, and 88.31% of revenue from services respectively which was from Alibaba's member recruitment agency business. Main elements of cost of services were salary, expenditure related to the staffs, training cost for member and interested person which the cost of services decreased in every single year due to more recruitment members.

Expenditure

(Unit : Thousand Baht)

Expenditure	Year 2016		Year 2017		Year 2018	
Distribution costs	263,830	24.56%	204,678	30.91%	139,674	22.37%
Administrative expenses	115,068	10.74%	158,193	23.89%	121,904	19.53%
Impairment losses on investment	-	-	-	-	91,134	14.60%
Loss from lost control	-	-	8,241	1.24%	-	-
Total	378,898	35.27%	371,112	56.05%	352,712	56.50%
Sales and Service Revenues	1,074,421	100.00%	662,138	100.00%	624,253	100.00%

Distribution costs

The company had the distribution costs for the year 2016 - 2018 at 263.83 million baht, 204.68 million baht, and 139.67 million baht respectively or as the percentage at 24.56%, 30.91%, and 22.37% of revenue from sales and services in each period respectively. In year 2018, the ratio of cost of distribution to revenue from sales and services decreased at 8.54% compared with same period of previous year at 30.91%. It was because the company had control the expenditure continuously by reducing costs that were not effective in accordance with current economic conditions and sales. It resulted that the cost related to sales were decreased such as salary, commission, transportation, or sales promotion.

Administrative expenses

The company had the administrative expenses in the year 2016 - 2018 at 155.07 million baht, 158.19 million baht, and 121.90 million baht respectively or as the percentage at 10.71%, 23.89%, and 19.53% of revenue from sales and services. In year 2018, the ratio of administration expenses to revenue from sales and services decreased at 4.36% compared with same period of last year at 23.89%. Main reason was from the reversal of allowance for doubtful accounts which able to decrease the bad debt and doubtful accounts expenses by accelerating debt collection and receiving more debt from overdue debtors at 33.04 million baht compared with last year.

Thus allowance for doubtful accounts was assessed by analyzing the repayment history and predicting about future repayment of customers. The company has set the accounting criteria for the allowance for doubtful account as follows;

No.	Transaction / Condition	Rate of Allowance from Total Value
1.	Overdue Debt 91 - 180 days	25 %
2.	Overdue Debt 181 - 365 days	50 %
3.	Overdue Debt > 365 days	100 %



Impairment losses on Investment

In year 2018, the company has higher loss on the whole amount of impairment of investments at 91.13 million baht or 14.60% of revenue from sales and services when compared with same period of last year. It was because the company, in year 2018, had invested in foreign funds and the value of the investment units of the fund significantly decreased, therefore set up allowance for impairment of such investment.

Loss from loss Control

In year 2018, there was no any loss from the loss of control power but unfortunately in year 2017, the company had loss from the loss of control power in subsidiary company (Vending Corporation Co., Ltd.) by calculating the fair value of the remaining equity interest at 137.22 million baht deducted with the book value of the equity interest of the subsidiary company at (145.46) million baht, so loss from the loss of control power in subsidiary company was at 8.24 million baht.

Financial Cost

(Unit : Thousand Baht)

Financial Cost	Year 2016		Year 2017		Year 2018	
Financial Cost	12,544	1.17%	14,945	2.26%	1,155	0.19%
Sales and Service Revenues	1,074,421	100.00%	662,138	100.00%	624,253	100.00%

The company had the financial cost in year 2016 - 2018 at 12.54 million baht, 14.95 million baht, and 1.16 million baht respectively or as the percentage at 1.17%, 2.26%, and 0.19% of total revenue. In year 2018, the financial cost decreased at 13.79 million baht or 92.94% compared with last year. It was because the company, in year 2018, had sufficient cash and cash equivalents for business operation, reduced the loan from bank, and others, so it resulted to substantial cost savings.

Share of loss of associates and joint venture

In year 2016 - 2018, the company had the share of loss from investment in associate company and joint venture at 0.05 million baht, 0.39 million baht, and 7.31 million baht respectively. In year 2018, the share of loss from investment in associate company and joint venture increased from previous year at 6.92 million baht which was from the investment in associate company and joint venture for electric vehicle BYD business in the late of year 2017 and logistics business in the late of year 2018 respectively and still losing.

Income Tax Expense

In year 2016 - 2018, the company had revenue and (expense) income tax at 0.89 million baht, 30.00 million baht, and (42.66) million baht. In year 2016 and 2017 were tax revenue which mainly were from setting up the allowance for diminution in value of products but year 2018 was tax expense that was from the company reversed the deferred income tax of allowance for diminution in value of products which expected to have uncertainty to take advantage of this tax.

Profit (Loss) for the Year from Discontinued Operations -Net of Tax

In year 2018, the company had no any profit (loss) for the year from discontinued operation but year 2017 the company had loss from discontinued operation - net of tax at 181.44 million baht because on 2nd October 2017 the group of company loss the control power due to the waiver of rights to purchase new ordinary shares of Vending Corporation Co., Ltd. ("VDC") and AJ Money Co., Ltd. (Indirect Subsidiary Company) which were consist of retail sales on automatic payment receiver machine, prepaid mobile phone top-up service, and online bill payment. This section was a discontinued operation in the fourth quarter of 2017, total profit and loss statement for comparison period was reclassified in order to present the discontinued operations as separate items from continuing operations.



Ability to Profitability

(Unit : Thousand Baht)

Ability to Profitability	Year 2016		Year 2017		Year 2018	
Gross Profit	353,568	32.91%	24,176	3.65%	162,320	26.00%
Operation Profit (Loss) (Before financial cost and Income Tax)	(87.00)	-0.01%	(326,642)	-49.33%	(129,533)	-20.75%
Profit (Loss) for the Year						
Profit (Loss) for the Year from Continuing Operation	(11,793)	-1.10%	(311,978)	-47.12%	(180,658)	-28.94%
Profit (Loss) for the Year from Discontinued operation, Net of Tax	524,885	48.85%	(181,444)	-27.40%	-	-
Profit (Loss) for the Year	513,092	47.76%	(493,422)	-74.52%	(180,658)	-28.94%
Profit (loss) attributable to						
Owners of parent	355,463	33.13%	(409,773)	-61.89%	(186,907)	-29.94%
Non-Controlling Interests	157,629	14.67%	(83,649)	-12.63%	6,249	1.00%
Sales and Service Revenue	1,074,422	100.00%	662,138	100.00%	624,253	100.00%

The company had total profit (loss) in the part of shareholders in year 2016 - 2018 at 355.46 million baht, (409.77) million baht, and (186.91) million baht or as the percentage at 33.13%, (61.89)%, and (29.94)% of revenue from sales and services in each period respectively. In year 2018 had total loss in the part of shareholders of company at 186.91 million baht. If compared with the same period of last year, the company had total loss at 409.77 million baht which decreased at 222.87 million baht or 54.39%.

The operation result of year 2018, the loss decreased when compared with same period of last year which had the main causes as follows;

1. Total revenue at 685.11 million baht which increased from same period of previous year at 2.68 million baht or rate of increase at 0.39% compared with same period of previous year at 682.43 million baht. (See details of income on page 13 - 15)
2. Cost of sales to sales revenue decreased at 22.56% when compared with same period of previous year at 96.21%. Main cause was from the low sales on AV products and set top box which effected to the company earning the profit from reversal of allowance for declining value of obsolete products at 45.17 million baht which included in cost of sales.
3. Cost of distribution was 139.67 million baht or 20.39% of total revenue. The ratio of cost of distribution to total revenue decreased at 9.61% when compared with same period of previous year at 29.99%. It was because the company had controlled the expenditure continuously by reducing inefficient cost to be consistent with the economic and sales conditions currently, so the sales expense decreased such as salary, commission, logistics, and sales promotion.

4. Administrative expenses were 121.90 million baht or 17.79% of total revenue. The ratio of administrative expenses to total revenue decreased at 5.39% when compared with same period of previous year at 23.18%. Main reason was from reversal of allowance for doubtful accounts which resulting in lower bad debt and doubtful accounts expenses at 33.04 million baht compared with previous year by accelerating the follow-up of payments from overdue debtors.
5. Impairment losses on investment was 91.13 million baht or 13.30% of total revenue which increased in whole amount when compared with same period of previous year. In year 2018, the company had invested in foreign funds and the value of investment of the funds had decreased significantly, therefore the allowance of impairment of such investment had been set accordingly.
6. Expense of income tax was 42.66 million baht or 6.23% of total revenue. The ratio of expense of deferred income tax to total revenue increased 242.21% when compared with same period of previous year that recognized as income at 29.99 million baht. The cause was from the company reversed the deferred income tax of allowance for diminution in value of products which was expected to have uncertainty to take advantage of this tax.
7. Decrease in loss from terminated operation belong to main company at 181.44 million baht which decreased the whole amount or 100% compared with same period of previous year. Because on 2nd October 2017 the group of company loss the control power by waiver of rights to purchase new ordinary shares in Vending Corporation Co., Ltd. (“VDC”) and AJ Money Co., Ltd. (Indirect Subsidiary Company) which were consist of retail sales on automatic payment receiver machine, prepaid mobile phone top-up service, and online bill payment. This section was a discontinued operation in the fourth quarter of 2017, total profit and loss statement for comparison period was reclassified in order to present the discontinued operations as separate items from continuing operations.



Financial Status Analysis

Asset

(Unit : Thousand Baht)

Statement of financial position	Consolidated financial statements					
	31 December 2016		31 December 2017		31 December 2018	
Assets						
Current assets						
Cash and cash equivalents	121,788	4.04%	82,706	5.66%	279,903	23.48%
Current investment	-	-	-	-	205,708	17.26%
Trade accounts receivable	340,025	11.29%	374,873	25.67%	131,574	11.04%
Current portion of installment sales receivables	233,227	7.74%	-	-	-	-
Other receivables	244,336	8.11%	43,479	2.98%	35,450	2.97%
Short-term loans	-	-	125,045	8.56%	-	-
Inventories	790,880	26.26%	281,093	19.25%	193,503	16.23%
Other current assets	80,489	2.67%	9,665	0.66%	9,393	0.79%
Total current assets	1,810,745	60.12%	916,861	62.79%	855,531	71.77%
Non-current assets						
Installment sales receivables	777,640	25.82%	-	-	-	-
Investment in associate	342	0.01%	347	0.02%	8,614	0.72%
Investments in joint venture	-	-	5,231	0.36%	9,555	0.80%
Other long-term investments	58,205	1.93%	195,665	13.40%	28,242	2.37%
Property, plant and equipment	311,753	10.35%	289,929	19.86%	276,932	23.23%
Intangible assets	7,836	0.26%	3,943	0.27%	1,932	0.16%
Deferred tax assets	40,710	1.35%	44,367	3.04%	6,431	0.54%
Other non-current assets	4,606	0.15%	3,882	0.27%	4,771	0.40%
Total non-current assets	1,201,092	39.88%	543,364	37.21%	336,477	28.23%
Total assets	3,011,837	100.00%	1,460,225	100.00%	1,192,008	100.00%

As of the end period of year 2016 - 2018, the company had total assets at 3,011.84 million baht, 1,460.23 million baht, and 1,192.01 million baht respectively.

Total assets in year 2018 decreased at 268.22 million baht or 18.37% compared with total assets of previous year as follows;

- Current assets of 855.53 million baht decreased at 61.33 million baht or 6.69% compared with previous year.
- Non-current assets of 336.48 million baht decreased at 206.88 million baht or 38.07% compared with previous year.



Year 2018, there was the decrease of main assets compared with previous year as follows;

- Trade accounts receivable decreased at 243.30 million baht because the company had continuously monitored the payment of debt in the part of debtors.
- The inventory stock decreased at 87.59 million baht because the company sold the non-move products and controlled the inventory stock.
- Other long-term investment in year 2018 was the fixed deposit to be guarantee credit with the bank. The long-term investment decreased from previous year at 167.42 million baht. Because on 2nd October 2017 the group of company loss the control power by waiver of rights to purchase new ordinary shares in Vending Corporation Co., Ltd. ("VDC") and AJ Money Co., Ltd. (Indirect Subsidiary Company) which were consist of retail sales on automatic payment receiver machine, prepaid mobile phone top-up service, and online bill payment. This section was a discontinued operation in the fourth quarter of 2017, total profit and loss statement for comparison period was reclassified in order to present the discontinued operations as separate items from continuing operations. Moreover the group of company recorded other long-term investments which were measured at fair value at the date of loss of control at 137.22 million baht in consolidated financial statement and recognized the profit and loss from loss of control in subsidiary company in profit and loss statement at 8.24 million baht. In addition, the company classified such investments as other long-term investments in special financial statement at 120 million baht and already sold all of this investment in year 2018.

For increasing assets as follows;

- Cash and cash equivalents increased 197.20 million baht because the company got the payment from trade account receivable.
- Temporary investment at 205.71 million baht in year 2018 because the company invested in foreign funds.



Total Liabilities

(Unit : Thousand Baht)

Statement of financial position	Consolidated financial statements					
	31 December 2016		31 December 2017		31 December 2018	
Current liabilities						
Bank overdrafts and short-term loans from financial institutions	533,257	17.71%	31,166	2.13%	-	-
Trade accounts payable	74,250	2.47%	28,248	1.93%	25,982	2.18%
Other payables	173,671	5.27%	120,476	8.25%	53,612	4.50%
Current portion of long-term loans from financial institutions	24,082	0.80%	-	-	-	-
Short-term loans from related parties	188,160	6.75%	5,500	0.38%	-	-
Current portion of financial lease liabilities	4,462	0.15%	1,833	0.13%	1,777	0.15%
Income tax payable	75,832	2.52%	63	0.00%	4,305	0.36%
Other current liabilities	27,332	0.91%	6,131	0.42%	6,626	0.56%
Total current liabilities	1,101,046	36.58%	193,417	13.25%	92,302	7.74%
Non-Current liabilities						
Long-term loans from financial institutions	27,986	0.93%	-	-	-	-
Finance lease liabilities	11,564	0.38%	3,123	0.21%	2,019	0.17%
Employee benefit obligations	4,942	0.16%	4,776	0.33%	5,387	0.45%
Total non-current liabilities	44,492	1.48%	7,899	0.54%	7,406	0.62%
Total liabilities	1,145,538	38.03%	201,316	13.79%	99,708	8.36%

As of the end period of year 2016 - 2018, the company has total debt at 1,145.54 million baht, 201.32 million baht, and 99.71 million baht respectively or as the percentage at 38.03%, 13.79%, and 8.36% of total debt and shareholders' equity. The total debt of year 2018 decreased from year 2017 at 101.61 million baht or 50.47% as follows;

- Current assets debt at 92.30 million baht decreased 101.12 million baht or 52.28% compared with previous year.
- Non-current assets debt at 7.41 million baht decreased 0.49 million baht or 6.21% compared with previous year.

Year 2018, it had the decrease of total debt when compared with previous year as follows;

- Bank overdraft and short-term loans from financial institution decreased the whole amount or 31.17 million baht compared with previous year because the company repaid the entire amount of loans from financial institution.
- Other creditors decreased 66.87 million baht or 55.50% compared with previous year. Main reason was from the reduction of expenses from contract with modern trade and other creditors.



Shareholder's Equity

(Unit : Thousand Baht)

Statement of financial position	Consolidated financial statements					
	31 December 2016		31 December 2017		31 December 2018	
Equity						
Share capital						
Authorised share capital	550,000		526,925		526,925	
Issued and paid-up share capital	421,043	13.98%	424,029	29.04%	424,029	35.57%
Premium on ordinary shares	647,236	21.49%	649,894	44.51%	649,894	54.52%
Retained earnings						
Appropriated						
Legal reserve	20,900	0.69%	20,900	1.43%	20,900	1.75%
Unappropriated	500,406	16.61%	90,335	6.19%	(93,787)	-7.87%
Other component of equity	27,321	0.91%	27,321	1.87%	27,321	2.29%
Equity attributable to owners of the parent	1,616,906	53.69%	1,212,479	83.03%	1,028,357	86.27%
Non-controlling interests	249,393	8.28%	46,430	3.18%	63,943	5.36%
Total equity	1,866,299	61.97%	1,258,909	86.21%	1,092,300	91.64%
Total liabilities and equity	3,011,837	100.00%	1,460,225	100.00%	1,192,008	100.00%
Book value per share (Baht)	0.443		0.297		0.258	
Issued and paid-up share capital	4,210,428,340		4,240,294,744		4,240,294,744	

In year 2016 - 2018, the company had a equity attributable to owners of the parent as of the end period at 1,616.91 million baht, 1,212.48 million baht, and 1,028.36 million baht respectively.

For year 2018, equity attributable to owners of the parent decreased at 184.12 million baht or 15.19% compared with previous year. The main elements were the unappropriated retained earning which decreased at 184.13 million baht or 203.82% compared with previous year because the company had the loss operation in year 2018.



Liquidity

Cash flow statements of the Company for year 2016 - 2018 were summarized as follows;

(Unit : Thousand Baht)

	Year 2016	Year 2017	Year 2018
Cash flow from operating activities - Before changes in assets and operating liabilities	775,617	137,373	(118,424)
Net cash flow from operating activities	(84,473)	751,191	207,869
Net cash flow from investing activities	(69,292)	312,519	15,945
Net cash flow from financing activities	111,656	(625,036)	(26,617)
Net increase (decrease) in cash and cash equivalents	(42,111)	438,674	197,197
Cash and cash equivalents from loss of control in subsidiary	-	(477,756)	-
Cash and cash equivalents at ending of period	121,788	82,706	279,903

In year 2016 - 2018, the Company had the cash flow from operating activities before changes in assets and operating liabilities at 775.62 million Baht, 137.37 million Baht, and (118.42) million Baht respectively.

For year 2018, the Company had the net cash flow from operating activities at 207.87 million Baht. So that the important transaction was a result of cash increased including the trade receivables at 254.67 million Baht, the inventory at 132.76 million Baht. While there was the cash flow to be used for the amount of Other payables at 67.50 million Baht and trade accounts payable at 2.49 million Baht.

Capital Expenditures

Year 2016 - 2018, the company had cash flow from investing activities at (69.29) million baht, 312.52 million baht, and 15.95 million baht respectively. For year 2018, the company had cash flow from investing activities at 15.95 million baht. The important transaction was from receiving repayment from short-term loans at 125.05 million baht and selling long-term investments at 180.24 million baht. Also cash flow used in investment activities having important transaction that the company invested in foreign funds at 296.84 million baht, invested in associate company at 9.84 million baht, invested in joint venture at 10.13 million baht, and invested in land together with building and equipments at 6.82 million baht.

Source of Funds

Year 2016 - 2018, the company had cash flow from financing activities at 111.66 million baht, (625.04) million baht, and (26.62) million baht respectively. For year 2018, the company had cash flow used in financing activities at (26.62) million baht. The important transactions were from the company repaid loan from financial institution at 31.17 million baht, repaid the short-term loan at 5.50 million baht, had cash flow from financing activities, and cash received from the issuance of ordinary shares of subsidiary company to non-controlling equity at 15.13 million baht.

And in year 2018, the company had cash and cash equivalents at the end of period at 279.90 million baht. The important transactions were from receiving payment from short-term loans and selling other long-term investments as abovementioned.



In year 2016-2018, the Company had the liquidity ratio as follows;

(Unit : Thousand Baht)

	Year 2016	Year 2017	Year 2018
Current ratio (times)	1.64	4.74	9.27
Quick ratio (times)	0.85	2.59	4.84
Cash Flow current ratio (times)	(0.08)	1.16	1.46
Average debt collection period (day)	114.54	112.29	163.69
Average selling period (day)	394.84	346.82	292.33
Loan repayment period (day)	60.96	28.92	21.13
Cash Cycle (day)	448.41	430.19	434.89

In year 2016 - 2018, the company had liquidity ratio between 1.64 - 9.27 times and in year 2018 had quick liquidity rate at 4.84 times which increased when compared with previous year. The main reason was from the decrease in current liabilities. However the company still has cash cycle between 430.19 - 448.41 days (average debt collection period + average selling time - average repayment period.) In the year 2018, at 434.89 days, still in high rate which the company still has a lot faster repayment period than the debt collection. So the company is in the process of improving the quality of account receivables, accelerating drainage of inventory by joining the expo continuously, and following-up the debt collection to be more efficiently.

Remuneration of Auditors

In year 2018, the Company, the subsidiary company, the associated and joint-venture company paid the remuneration to the auditors at 3.77 million Baht which could be divided into the audit fee for financial statement of year 2018 at 2.58 million Baht, the review fee for quarterly financial statement at 0.36 million Baht, and the audit fee for financial statement of subsidiary company, associated and joint-venture company at 0.83 million Baht.

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

The company has new business by investing through subsidiary company, associate company, and joint venture in order to reduce the risk of dependence on the main business of company and create strength and sustainable growth of the group of company by setting up the operation plan, strategies, and tactics to operate to achieve the annual goals in order to support the main factors and influences that may affect the financial status or future performance as follows;

Main Factor/Influences

1. Consumer behavior and popularity of product
2. Product price, cost, and distribution channel
3. Preparation of financing for business expansion; loan from financial institution or other fundraisings which aware on the appropriation with business model and also liabilities that may happen in the future.



Operation Guidelines

1. The company has allocated the existing products and adjusted to suit with consumer behavior and popularity trend; for example, DVD Blu-ray player. Currently the consumer behavior has changed according to the era. People entertain via streaming and smart TV increasingly, therefore the company then sources for other products such as smart phone and Bluetooth speaker in order to replace the electrical product with reduced sales. Also controlling the purchase system and maintaining sufficient product inventory for sales together with inventory management to keep pace with the rapidly changing market price and keep up with the trend.
2. The company has a sourcing and procurement department from quality sources and suitable cost for very volatile market price. The company also has the cost control to suit the organization in order to obtain low cost of sales but good quality products and increase the distribution channels to suit for consumer behavior that has changed into Thailand 4.0 era.
3. The investment in existing business and new business in addition to cash flow from the current business of company. While business is likely to grow and become stronger, the company should loan from financial institution or other form of funding.

The company will follow the steps of regulation of listed companies in the Stock Exchange of Thailand completely and transparently, able to track and verify according to its standard criteria.



AJ Advance Technology Public Company Limited and its subsidiaries

Financial statements for the year ended

31 December 2018

and

Independent Auditor's Report



Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of AJ Advance Technology 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 2018, 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 accompanying 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 2018 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 3(f), 10	
The key audit matter	How the matter was addressed in the audit
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. 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.	My audit procedures were designed to assess the appropriateness of the allowance for decline in value of inventories and obsolescence included: - 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 3(e) and 7	
The key audit matter	How the matter was addressed in the audit
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 The Group considers the allowance for doubtful accounts by the management estimates and judgment. Consequently, I consider this is an area of focus.	My audit procedures were designed to assess the appropriateness of the allowance for doubtful account included: - 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.

Valuation of current investment	
Refer to Note 3(g) and 14	
The key audit matter	How the matter was addressed in the audit
The Group invested in a private foreign investment fund of Baht 296.8 million which a foreign asset management company is the fund manager and a foreign trustee is the custodian. The Net Asset Value (NAV) of the investment as the report from trustee had significantly declining and the investment conditions in domestic and overseas are fluctuate. Therefore, there's a risk that current investment may be presented at cost higher than net realizable value. As at 31 December 2018, the Group recorded the allowance for investment of Baht 91.13 million by the management estimates and judgement to provide the recoverable amount. Those are material impact to the financial statements. Consequently, I consider this is an area of focus.	My audit procedures were designed to assess the appropriateness of the current investment account included: - inquiry management to understand the approval policy and investing including the estimation of valuation of investment that the Group's management applied for setting up impairment for current investment account. - testing the items that related to purchase and payment of current investment. - send confirmation to trustee. - evaluate the competency of fund manager and trustee. In additional, inquire the method of measurement of NAV. - consider NAV from monthly report that the company obtain from trustee in subsequent period. - consider the net realisable value that prepared and approved by management, with the related document and recalculation for impairment of investment. - evaluate the adequacy of the disclosures in accordance with the relevant Thai Financial Reporting Standards.



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.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

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 2019



Statement of financial position

AJ Advance Technology Public Company Limited and its subsidiaries

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2018	2017	2018	2017
		(in Baht)			
Current assets					
Cash and cash equivalents	6	279,902,870	82,705,958	168,313,600	27,957,377
Current investment	14	205,708,180	-	205,708,180	-
Trade accounts receivable	5, 7	131,574,663	374,873,297	115,975,632	373,671,250
Other receivables	5, 8	35,449,890	43,479,094	32,113,798	43,555,141
Short-term loans	5, 9	-	125,045,396	-	133,295,396
Inventories	10	193,502,642	281,092,684	163,707,029	274,737,598
Other current assets		9,393,385	9,664,374	1,199,673	4,868,345
Total current assets		855,531,630	916,860,803	687,017,912	858,085,107
Non-current assets					
Investments in associates	11	8,614,242	346,911	9,836,900	341,907
Investments in joint venture	11	9,554,608	5,231,232	15,750,000	5,625,000
Investments in subsidiaries	4, 12	-	-	95,124,975	75,949,900
Other long-term investments	4, 14	28,242,000	195,664,720	27,262,000	178,422,000
Property, plant and equipment	15	276,931,727	289,928,832	232,692,729	244,488,175
Intangible assets	16	1,932,194	3,943,480	505,615	2,621,615
Deferred tax assets	17	6,431,359	44,366,871	6,144,576	44,266,244
Other non-current assets		4,770,520	3,882,276	4,072,088	3,780,276
Total non-current assets		336,476,650	543,364,322	391,388,883	555,495,117
Total assets		1,192,008,280	1,460,225,125	1,078,406,795	1,413,580,224

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

Statement of financial position

AJ Advance Technology Public Company Limited and its subsidiaries

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2018	2017	2018	2017
		(in Baht)			
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	18	-	31,165,830	-	31,165,830
Trade accounts payable	19	25,981,932	28,248,112	17,217,648	24,480,862
Other payables	5, 20	53,612,297	120,476,373	46,894,590	115,917,384
Short-term loans from related parties	5, 18	-	5,500,000	-	61,600,000
Current portion of finance lease liabilities	18	1,776,685	1,832,984	829,208	1,014,409
Income tax payable		4,305,364	62,653	-	-
Other current liabilities	21	6,626,150	6,131,176	6,196,203	6,052,276
Total current liabilities		92,302,428	193,417,128	71,137,649	240,230,761
Non-current liabilities					
Finance lease liabilities	18	2,019,392	3,123,247	512,903	1,342,112
Non-current provisions for employee benefit	22	5,386,655	4,775,399	5,045,410	4,775,399
Total non-current liabilities		7,406,047	7,898,646	5,558,313	6,117,511
Total liabilities		99,708,475	201,315,774	76,695,962	246,348,272

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



Statement of financial position

AJ Advance Technology Public Company Limited and its subsidiaries

		Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Liabilities and equity	Note	2018	2017	2018	2017
<i>(in Baht)</i>					
Equity					
Share capital	23				
Authorised share capital		<u>526,925,023</u>	<u>526,925,023</u>	<u>526,925,023</u>	<u>526,925,023</u>
Issued and paid-up share capital		424,029,474	424,029,474	424,029,474	424,029,474
Premium on ordinary shares	23	649,893,744	649,893,744	649,893,744	649,893,744
Retained earnings					
Appropriated					
Legal reserve	24	20,900,000	20,900,000	20,900,000	20,900,000
Unappropriated		(93,787,413)	90,334,696	(93,112,385)	72,408,734
Surplus from business combination under common control		<u>27,321,019</u>	<u>27,321,019</u>	<u>-</u>	<u>-</u>
Equity attributable to owners of the parent		1,028,356,824	1,212,478,933	1,001,710,833	1,167,231,952
Non-controlling interests	13	<u>63,942,981</u>	<u>46,430,418</u>	<u>-</u>	<u>-</u>
Total equity		<u>1,092,299,805</u>	<u>1,258,909,351</u>	<u>1,001,710,833</u>	<u>1,167,231,952</u>
Total liabilities and equity		<u>1,192,008,280</u>	<u>1,460,225,125</u>	<u>1,078,406,795</u>	<u>1,413,580,224</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

		Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
	Note	2018	2017	2018	2017
		(in Baht)			
Continuing operations					
Income					
Revenue from sales of goods		609,372,464	656,985,898	533,679,230	623,570,517
Revenue from rendering of services		14,881,201	5,152,123	-	490,044
Net foreign exchange gains		541,421	12,740,783	455,656	12,008,355
Investment income	5, 26	45,807,725	685,456	62,943,128	24,580,656
Other income		14,510,710	6,868,236	12,516,698	9,839,391
Total income		685,113,521	682,432,496	609,594,712	670,488,963
Expenses					
Cost of sales of goods	10	448,793,646	632,106,095	418,712,658	602,444,221
Cost of rendering of services		13,140,506	5,855,997	-	2,396,386
Distribution costs	27, 30	139,673,972	204,678,289	121,480,919	200,154,828
Administrative expenses	28, 30	121,904,211	158,192,848	105,263,962	152,130,526
Impairment losses on investment	14	91,133,819	-	91,133,819	-
Loss from lost control	4	-	8,241,164	-	-
Finance costs	5, 31	1,155,622	14,945,145	1,307,116	13,954,667
Total expenses		815,801,776	1,024,019,538	737,898,474	971,080,628
Share of loss of associates and joint venture	11	(7,308,696)	(388,764)	-	-
Loss before income tax expense					
from continuing operations		(137,996,951)	(341,975,806)	(128,303,762)	(300,591,665)
Tax income (expense)	32	(42,660,969)	29,998,152	(37,940,806)	30,217,620
Loss for the year from continuing operations		(180,657,920)	(311,977,654)	(166,244,568)	(270,374,045)
Discontinued operation					
Profit (loss) for the year					
from discontinued operation, net of tax	4	-	(181,444,129)	-	49,585,685
Loss for the year		(180,657,920)	(493,421,783)	(166,244,568)	(220,788,360)

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



Statement of comprehensive income

AJ Advance Technology Public Company Limited and its subsidiaries

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
Note	2018	2017	2018	2017
	(in Baht)			
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Gains on remeasurements of defined benefit plans	22	904,311	-	904,311
Income tax relating to items that will not be reclassified		(180,862)	-	(180,862)
Total items that will not be reclassified to profit or loss		723,449	-	723,449
Other comprehensive income for the year, net of tax		723,449	-	723,449
Total comprehensive income for the year		(179,934,471)	(493,421,783)	(165,521,119)
Profit (loss) attributable to:				
Owners of parent		(186,907,132)	(409,773,374)	(166,244,568)
Non-controlling interest	13	6,249,212	(83,648,409)	-
Loss for the year		(180,657,920)	(493,421,783)	(166,244,568)
Total comprehensive income attributable to:				
Owners of parent		(186,183,683)	(409,773,374)	(165,521,119)
Non-controlling interest	13	6,249,212	(83,648,409)	-
Total comprehensive income for the year		(179,934,471)	(493,421,783)	(165,521,119)
Basic earnings (loss) per share				
Loss from continuing operations	33	(0.044)	(0.072)	(0.039)
Profit (loss) from discontinued operation	4	-	(0.025)	-

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

Consolidated financial statements

	Note	Issued and paid-up share capital	Retained earnings				Surplus from business combination under common control <i>(in Baht)</i>	Equity attributable to owners of the parent	Non-controlling interests	Total equity
			Share premium	Legal reserve	Unappropriated					
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										
<i>Contribution by owners of the Company</i>										
Issue of ordinary shares	23	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	
<i>Changes in ownership interests in subsidiaries</i>										
Loss of non-controlling interests without change in control	12	-	-	-	(297,946)	-	(297,946)	3,057,946	2,760,000	
Loss of non-controlling interests with change in control	4	-	-	-	-	-	-	(176,484,792)	(176,484,792)	
Call-up additional of ordinary shares 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)	
<i>Comprehensive income for the year</i>										
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

Consolidated financial statements

	Issued and paid-up share capital	Share premium	Legal reserve	Retained earnings		Surplus from business combination under common control (in Baht)	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Year ended 31 December 2018									
Balance at 1 January 2018	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	
Changes in ownership interests in subsidiaries									
Call-up additional of ordinary shares of subsidiary from non-controlling interests	-	-	-	-	-	-	-	15,125,025	15,125,025
Acquisition of non-controlling interests without a change in control	-	-	-	2,061,574	-	2,061,574	(3,861,674)	(1,800,100)	(1,800,100)
Total changes in ownership interests in subsidiaries	-	-	-	2,061,574	-	2,061,574	11,263,351	13,324,925	
Total transaction with owners, recorded directly in equity	-	-	-	2,061,574	-	2,061,574	11,263,351	13,324,925	
Comprehensive income for the year									
Profit (Loss)	-	-	-	(186,907,132)	-	(186,907,132)	6,249,212	(180,657,920)	
Other comprehensive income	-	-	-	723,449	-	723,449	-	723,449	
Total comprehensive income for the year	-	-	-	(186,183,683)	-	(186,183,683)	6,249,212	(179,934,471)	
Balance at 31 December 2018	424,029,474	649,893,744	20,900,000	(93,787,413)	27,321,019	1,028,356,824	63,942,981	1,092,299,805	

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

Separate financial statements						
	Note	Issued and paid-up share capital	Share premium	Retained earnings		Total equity
				Legal reserve	Unappropriated (in Baht)	
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	23	2,986,640	2,658,110	-	-	5,644,750
<i>Total contributions by owner of the Company</i>		<u>2,986,640</u>	<u>2,658,110</u>	<u>-</u>	<u>-</u>	<u>5,644,750</u>
Total transactions with owners, recorded directly in equity		<u>2,986,640</u>	<u>2,658,110</u>	<u>-</u>	<u>-</u>	<u>5,644,750</u>
Comprehensive income for the year						
Loss		-	-	-	(220,788,360)	(220,788,360)
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		<u>-</u>	<u>-</u>	<u>-</u>	<u>(220,788,360)</u>	<u>(220,788,360)</u>
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 changes in equity

AJ Advance Technology Public Company Limited and its subsidiaries

	Separate financial statements				
	Issued and paid-up share capital	Share premium	Legal reserve (in Baht)	Retained earnings Unappropriated	Total equity
Year ended 31 December 2018					
Balance at 1 January 2018	424,029,474	649,893,744	20,900,000	72,408,734	1,167,231,952
Comprehensive income for the year					
Loss	-	-	-	(166,244,568)	(166,244,568)
Other comprehensive income	-	-	-	723,449	723,449
Total comprehensive income for the year	-	-	-	(165,521,119)	(165,521,119)
Balance at 31 December 2018	424,029,474	649,893,744	20,900,000	(93,112,385)	1,001,710,833

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

Statement of cash flows

AJ Advance Technology Public Company Limited and its subsidiaries

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
Note	2018	2017	2018	2017
	(in Baht)			
Cash flows from operating activities				
Loss for the year	(180,657,920)	(493,421,783)	(166,244,568)	(220,788,360)
Adjustments for				
Tax expense (income)	42,660,969	(42,330,330)	37,940,806	(30,217,620)
Finance costs	1,155,622	27,092,468	1,307,116	27,206,468
Depreciation	15 20,677,996	33,822,449	15,166,208	18,559,650
Amortisation of intangible assets	16 998,674	2,113,243	822,667	1,560,318
Loss from write-off on assets	6,086	-	6,086	-
Bad and doubtful debt expense (reversal of)	30 (13,637,704)	70,764,241	(13,637,704)	20,495,537
Loss from repossession	-	402,901,914	-	-
Loss from loss of control	4 -	8,241,164	-	-
Loss on decline in value of inventories (reversal of)	10 (45,170,766)	133,065,313	(45,170,766)	133,065,314
Provision for sales return (reversal of)	21 1,808,758	(1,830,500)	1,808,758	(1,830,500)
Provision for warranties (reversal of)	21 (26,165)	220,804	(26,165)	(365,204)
Employee benefits	22 1,515,567	2,320,390	1,174,322	1,042,962
Gain on disposals of investment in subsidiary	12 -	-	-	(360,000)
(Gain) loss on disposals of equipment	(674,055)	(935,977)	(660,887)	9,997
Unrealised (gain) loss on exchange rate	218,381	(1,778,100)	218,381	(1,778,100)
Share of loss of associates and joint venture	11 7,308,696	388,764	-	-
Unrealised profit on downstream sales to joint venture	11 62,497	-	-	-
Impairment losses on investment in associates	11 -	-	341,907	-
Impairment losses on investment	14 91,133,819	-	91,133,819	-
Gain on sale of other long-term investment	14 (43,017,280)	-	(60,080,000)	-
Dividend income	12 -	-	-	(23,512,500)
Interest income	(2,786,603)	(3,259,908)	(2,863,128)	(41,499,995)
	(118,423,428)	137,374,152	(138,763,148)	(118,412,033)
Changes in operating assets and liabilities				
Trade accounts receivable	254,673,280	162,076,883	269,070,264	141,226,466
Installment sales receivables	-	(354,007,201)	-	-
Other receivables	11,412,985	198,916,317	11,805,796	151,751,978
Inventories	132,760,808	209,900,986	156,201,335	246,289,589
Other current assets	1,208,805	71,983,055	3,835,501	40,247,436
Other non-current assets	(888,245)	(2,369,525)	(291,812)	(1,841,030)
Trade accounts payable	(2,484,561)	11,259,701	(7,481,595)	(96,322,120)
Other payables	(67,501,799)	432,070,126	(66,656,999)	9,768,734
Cash paid for warranty	21 (143,270)	(4,353,805)	(143,270)	(206,246)
Other current liabilities	(1,144,349)	5,219,758	(1,495,396)	(1,403,529)
Employee benefit obligations paid	-	(93,000)	-	(93,000)
Cash generated from operating activities	209,470,226	867,977,447	226,080,676	371,006,245
Income tax paid	(1,601,423)	(116,785,773)	(166,829)	(15,479,813)
Net cash from operating activities	207,868,803	751,191,674	225,913,847	355,526,432

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

Statement of cash flows

AJ Advance Technology Public Company Limited and its subsidiaries

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
Note	2018	2017	2018	2017
	(in Baht)			
Cash flows from investing activities				
Cash paid for short term loans	-	-	-	(284,504,227)
Cash received from short term loans	125,045,396	374,919,274	133,295,396	609,664,135
Decrease (increase) in restricted investments	30,200,000	(236,800)	31,000,000	(56,800)
Acquisition of current investment	11 (296,842,000)	-	(296,842,000)	-
Proceeds from sale of other long-term investment	180,240,000	-	180,240,000	-
Proceeds from disposal of subsidiaries	12 -	-	-	2,760,000
Acquisition of investment in subsidiaries	12 -	-	(19,175,075)	(50,450,000)
Acquisition of investment in associates	11 (9,836,900)	-	(9,836,900)	-
Acquisition of investment in joint venture	11 (10,125,000)	(5,625,000)	(10,125,000)	(5,625,000)
Purchases of property, plant and equipment	(6,816,553)	(59,382,030)	(3,441,384)	(9,395,244)
Proceeds from disposals of equipment	1,373,661	3,865,519	677,664	4,673
Proceeds from disposals of intangible assets	1,383,333	-	1,383,333	-
Purchases of intangible assets	(342,200)	(4,281,797)	(90,000)	(1,651,914)
Dividend received	-	-	-	23,512,500
Interest received	1,665,880	3,259,908	4,761,733	50,373,632
Net cash from investing activities	15,945,617	312,519,074	11,847,767	334,631,755
Cash flows from financing activities				
Finance costs paid	(1,208,038)	(42,171,159)	(3,625,152)	(41,145,328)
Decrease in bank overdrafts and short-term loans				
from financial institutions	(31,165,830)	(500,735,475)	(31,165,830)	(500,735,475)
Proceeds from short-term loans	5 -	186,700,000	-	129,000,000
Repayment of short-term loans	5 (5,500,000)	(273,360,000)	(61,600,000)	(255,328,962)
Repayment of long-term loans from financial institutions	-	(52,068,000)	-	(52,068,000)
Finance lease payments	(2,068,565)	(5,919,271)	(1,014,409)	(1,190,462)
Proceeds from issue of ordinary shares	-	5,644,750	-	5,644,750
Acquisition of subsidiaries	12 (1,800,100)	-	-	-
Proceeds from change in ownership interest in subsidiary				
without a change in control	-	2,760,000	-	-
Dividends paid to non-controlling interests	-	(237,500)	-	-
Proceeds from issue of ordinary shares of subsidiaries to				
non-controlling interests	15,125,025	54,350,000	-	-
Net cash used in financing activities	(26,617,508)	(625,036,655)	(97,405,391)	(715,823,477)
Net increase (decrease) in cash and cash equivalents	197,196,912	438,674,093	140,356,223	(25,665,290)
Cash and cash equivalents, beginning of period	82,705,958	121,788,024	27,957,377	53,622,667
Cash and cash equivalents from loss of control in subsidiary	4 -	(477,756,159)	-	-
Cash and cash equivalents at ending of period	279,902,870	82,705,958	168,313,600	27,957,377

Non-cash transactions

During the year 2018, the Group acquired property, plant and equipment at total cost of Baht 8.4 million (2017: Baht 65.5 million) of which Baht 0.9 million (2017: Baht 5.7 million) was acquired by means of financial lease, Baht 0.9 million was outstanding as payable for purchases of property, plant and equipment as at 31 December 2018 (2017: Baht 4.1 million) and Baht 6.8 million was made by cash payment (2017: Baht 59.4 million).

During the year 2018, the Company acquired property, plant and equipment at total cost of Baht 3.4 million (2017: Baht 7.6 million) of which Baht 0.1 million was outstanding as payable for purchases of property, plant and equipment as at 31 December 2018 (2017: Baht 0.1 million) and Baht 3.3 million was made by cash payment (2017: Baht 9.4 million).

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

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

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Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

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 2019.

1 General information

AJ Advance Technology 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 Company’s major shareholders during the financial year were Meemano and Patiwetphinyo families who held 40.91% shareholding.

The principal activities of the Company and the Group are wholesaling and retailing of electric appliances, mobile phone including parts, distribution of electric vehicle, provide service to member relating access of website of such Company for purchase and sales of good, sale of food and beverages through vending machine, logistic business and export business including business of TV drama programs and other entertainment media. Details of the Company’s associates, joint venture and subsidiaries as at 31 December 2018 and 2017 are given in notes 11 and 12.

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.

Change of directors

On 28 December 2018, the Company announced the appointment of Mr. Vacharin Duangdara as Director and Interim Chief Executive Officer (Interim CEO) to replace Mr. Amorn Meemano who resigned from the position of Chief Executive Officer and appointed Mr. Anake Pattanaslid to be a Director and Deputy Managing Director Operation to replace Mr. Pipat Patiwetphinyo.

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 2018. 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 new and revised TFRS which are not yet effective for current periods. The Group has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 37.



Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(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>
Defined benefit liability	Present value of the defined benefit obligation as explained in Note 3 (n)

(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 estimation uncertainties that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities within the year ending 31 December 2018 is included in the following notes:

Note 3 (s)	Recognition of deferred tax asset: availability of future taxable profit against which tax loss carried forward can be used;
Note 7	Allowance for doubtful accounts of trade accounts receivables adjusted to net accounts receivables;
Note 10	Allowance for decline in value of inventories adjusted to net realisable value;
Note 14	Allowance for impairment of current investment adjusted to net realisable value; and
Note 22	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.



Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

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.

Significant valuation issues are reported to the Groups 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 34 Financial instruments.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(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.



Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

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.

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.

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.

Associates 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 associates 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.



Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

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 currencies 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

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

(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) 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.

(f) 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.



Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(g) Investments

Investments in associates, joint venture and subsidiaries

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

Investments in other equity securities

Equity securities and mutual fund which are not marketable are stated at cost less any impairment losses.

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.

(h) 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.



Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

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.

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
Vending machine	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.

(i) 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.

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(j) 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.

(k) 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.

(l) 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.

(m) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(n) Employee benefits

Defined contribution plans

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



Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

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.

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.

(o) 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.



Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(p) 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.

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.

(q) 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.

(r) 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.



Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

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.

(s) 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.



Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(t) 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.

(u) Earnings per share

The Group presents basic earnings per share 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.

(v) 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.

4 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. Details are disclosed in note 14.



Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

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 accounts receivable		(219,425)
Installment sales receivables		746,666
Short-term loan	5	(499,965)
Inventories		275,429
Property, plant and equipment	15	103,405
Intangible assets	16	6,062
Deferred tax assets	17	56,429
Other assets		27,137
		<u>973,494</u>

Decrease in liabilities

Trade accounts payable		(56,840)
Other payables		(470,324)
Short-term loan from related parties	5	(96,000)
Other current liabilities	21	(11,980)
Non-current provisions for employee benefits	22	(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>
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Carrying amounts of interest in subsidiary

145,464

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	14	137,223
Less carrying amounts of interest in subsidiary		<u>(145,464)</u>
Loss from loss of control in subsidiary		<u>(8,241)</u>

Year ended 31 December 2017

Discontinued operation*

	Consolidated financial statements (in thousand Baht)	Separate financial statements
Revenue	<u>869,371</u>	<u>280,392</u>
Cost of sales of goods and services	178,461	209,828
Bad and doubtful debt expense	51,362	-
Loss from repossession	402,902	-
Other expenses	430,442	20,978
Total expenses	<u>1,063,147</u>	<u>230,806</u>
Results from operating activities	(193,776)	49,586
Income tax expense (Note 32)	<u>(12,332)</u>	<u>-</u>
Results from operating activities, net of income tax	<u>(181,444)</u>	<u>49,586</u>



Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

	Consolidated financial statements (in thousand Baht)	Separate financial statements
Year ended 31 December 2017		
Profit (loss) attributable to:		
Owners of parent	(102,941)	49,586
Non-controlling interest	(78,503)	-
Profit (loss) from discontinued operations	(181,444)	49,586
Basic earnings (loss) per share	(0.025)	0.012
Cash flows from (used in) discontinued operation		
Net cash from (used in) operating activities	(39,620)	238,814
Net cash from (used in) investing activities	(75,559)	40,792
Net cash from (used in) financing activities	534,413	(13,252)
Net cash from discontinued operation	419,234	266,354

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.

5 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 associates, joint venture and subsidiaries are described in notes 11 and 12. 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.

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AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

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
Others 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	
	2018	2017	2018	2017
	(in thousand Baht)			
Continuing operation				
Subsidiaries				
Sales of goods	-	-	158,355	5,271
Management service income	-	-	1,484	322
Office rental income	-	-	120	3,331
Interest income	-	-	156	97
Dividend income	-	-	-	23,512
Other income	-	-	305	1,653
Interest expense	-	-	589	-
Key management personnel				
Interest expense	104	63	-	-
Key management personnel compensation				
Short-term employee benefit	19,804	15,717	18,154	15,717
Post-employment benefits	302	284	302	284
Total key management personnel compensation	20,106	16,001	18,456	16,001
Discontinued operation				
Subsidiaries				
Sales of goods	-	-	-	224,013
Management service income	-	-	-	1,350
Interest income	-	-	-	38,217
Interest expense	-	-	-	2,002
Commission expense	-	-	-	10
Key management personnel				
Interest expense	-	2,748	-	2,658
Key management personnel compensation				
Short-term benefit	-	13,915	-	-
Shareholders				
Interest expense	-	14	-	14



Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Trade accounts receivable - related parties				
Subsidiaries				
Siam Advance Electronic Co., Ltd.	-	-	27,601	-
AJ Vending Co., Ltd.	-	-	-	2
Total	<u>-</u>	<u>-</u>	<u>27,601</u>	<u>2</u>
Other receivables - related parties				
Subsidiaries				
Siam Advance Electronic Co., Ltd.	-	-	289	-
AJ Vending Co., Ltd.	-	-	71	161
Youtai Group Co., Ltd.	-	-	43	-
AJ E-Commerce Co., Ltd.	-	-	21	65
Happy Vision Co., Ltd.	-	-	16	-
Total	<u>-</u>	<u>-</u>	<u>440</u>	<u>226</u>
Short-term loans to related parties				
Subsidiary				
AJ Vending Co., Ltd.	-	-	-	8,250
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,250</u>

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

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Subsidiary					
At 1 January		-	-	8,250	458,455
Increase		-	-	-	284,504
Decrease		-	-	(8,250)	(234,744)
Transfer to short-term loans to others party	4	-	-	-	(499,965)
At 31 December		<u>-</u>	<u>-</u>	<u>-</u>	<u>8,250</u>

As at 31 December 2017, the short-term loans to the subsidiary amounting to Baht 8.25 million was at call with interest rates 6.85 % per annum.

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Other payables - related parties				
Subsidiaries				
Happy Vision Co., Ltd.	-	-	-	1,536
AJ E-Commerce Co., Ltd.	-	-	-	806
Siam Advance Electronic Co., Ltd.	-	-	-	25
Key management personnel	-	52	-	-
Total	-	52	-	2,367

Short-term loans - related parties

Subsidiaries				
Happy Vision Co., Ltd.	-	-	-	32,000
AJ E-Commerce Co., Ltd.	-	-	-	25,000
Siam Advance Electronic Co., Ltd.	-	-	-	4,600
Key management personnel	-	5,500	-	-
Total	-	5,500	-	61,600

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Subsidiaries				
At 1 January	-	-	61,600	14,769
Increase	-	-	-	75,000
Decrease	-	-	(61,600)	(28,169)
At 31 December	-	-	-	61,600
Key management personnel				
At 1 January	5,500	188,160	-	173,160
Increase	-	175,700	-	43,000
Decrease	(5,500)	(262,360)	-	(216,160)
Decrease from loss of control (Note 4)	-	(96,000)	-	-
At 31 December	-	5,500	-	-
Shareholders				
At 1 January	-	-	-	-
Increase	-	11,000	-	11,000
Decrease	-	(11,000)	-	(11,000)
At 31 December	-	-	-	-



Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Total short-term loans from related parties				
At 1 January	5,500	188,160	61,600	187,929
Increase	-	186,700	-	129,000
Decrease	(5,500)	(273,360)	(61,600)	(255,329)
Decrease from loss of control (Note 4)	-	(96,000)	-	-
At 31 December	-	5,500	-	61,600

As at 31 December 2017, the Group's short-term loans from related parties amounting to Baht 5.5 million baht were at call, bearing interest rates 3.2% per annum.

As at 31 December 2017, the Company's short-term loans from related parties amounting to Baht 61.6 million baht were at call, bearing interest rates 3.2% per annum.

Guarantee obligations

As at 31 December 2018 and 2017, subsidiaries had contingent liabilities in respect of guarantees of loans and other credit facilities as follows:

	Siam Advance Electronic Co., Ltd.	
	2018	2017
	<i>(in thousand Baht)</i>	
The Company as guarantee company		
- Baht	-	16,394
Total	-	16,394

6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Cash on hand	2,436	705	97	54
Cash at banks - current accounts	15,518	8,558	1,393	3,664
Cash at banks - savings accounts	260,779	72,018	165,756	22,814
Highly liquid short-term investments	1,170	1,425	1,068	1,425
Total	279,903	82,706	168,314	27,957

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

7 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Related parties	5	-	-	27,601	2
Other parties		154,638	413,053	111,438	411,849
Total		154,638	413,053	139,039	411,851
Less allowance for doubtful accounts		(23,063)	(38,180)	(23,063)	(38,180)
Net		131,575	374,873	115,976	373,671
Bad and doubtful debts expense for the year (reversal of)		(15,117)	19,402	(15,117)	20,496

Aging analysis for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	-	-	27,601	2
	-	-	27,601	2
Other parties				
Within credit terms	51,730	115,734	42,861	115,734
Overdue:				
Less than 3 months	36,610	182,812	36,610	182,598
3 - 6 months	6,029	18,927	5,690	18,473
6 - 12 months	42,266	66,059	8,274	65,523
Over 12 months	18,003	29,521	18,003	29,521
	154,638	413,053	111,438	411,849
Less allowance for doubtful accounts	(23,063)	(38,180)	(23,063)	(38,180)
	131,575	374,873	88,375	373,669
Net	131,575	374,873	115,976	373,671

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

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

8 Other receivables

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Related parties	5				
Interest receivable		-	-	-	97
Others		-	-	440	129
		-	-	440	226
Other parties					
Deposit for purchase of goods		27,776	28,455	27,599	28,455
Prepaid expenses		4,446	2,953	2,919	2,803
Advance payment		652	1,289	648	1,289
Others		3,836	14,305	1,768	14,305
Total		36,710	47,002	33,374	47,078
Less allowance for doubtful accounts		(1,260)	(3,523)	(1,260)	(3,523)
Net		35,450	43,479	32,114	43,555
Reversal of bad and doubtful debts expense for the year		(2,263)	-	(2,263)	-

9 Short-term loans

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Related parties	5	-	-	-	8,250
Other parties		-	125,045	-	125,045
Total		-	125,045	-	133,295

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 accounts 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 financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

10 Inventories

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Merchandised goods	284,469	405,776	254,877	399,669
Spare parts	28,673	31,292	28,470	31,044
Goods in transit	5,004	13,839	5,003	13,839
	<u>318,146</u>	<u>450,907</u>	<u>288,350</u>	<u>444,552</u>
Less allowance for decline in value	(124,643)	(169,814)	(124,643)	(169,814)
Net	<u>193,503</u>	<u>281,093</u>	<u>163,707</u>	<u>274,738</u>
Inventories recognized as an expense in cost of sales of goods :				
- Cost of sales of goods	493,965	499,041	463,884	469,379
- Write-down to net realizable value (reversal of)	(45,171)	133,065	(45,171)	133,065
Total	<u>448,794</u>	<u>632,106</u>	<u>418,173</u>	<u>602,444</u>

11 Investments in associates and joint venture

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Associates				
At 1 January	347	342	342	342
Acquisition	9,837	-	9,837	-
Share of profit (loss) of associates	(1,570)	5	-	-
Loss on impairment	-	-	(342)	-
At 31 December	<u>8,614</u>	<u>347</u>	<u>9,837</u>	<u>342</u>
Joint venture				
At 1 January	5,231	-	5,625	-
Acquisition	10,125	5,625	10,125	5,625
Share of loss of joint venture	(5,739)	(394)	-	-
Elimination of unrealised profit on downstream sales to joint venture	(62)	-	-	-
At 31 December	<u>9,555</u>	<u>5,231</u>	<u>15,750</u>	<u>5,625</u>
Total				
At 1 January	5,578	342	5,967	342
Acquisition	19,962	5,625	19,962	5,625
Share of loss of associates and joint venture	(7,309)	(389)	-	-
Elimination of unrealised profit on downstream sales to joint venture	(62)	-	-	-
Loss on impairment	-	-	(342)	-
At 31 December	<u>18,169</u>	<u>5,578</u>	<u>25,587</u>	<u>5,967</u>



Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

Acquisition

Associate

BLTC Incorporation (Thailand) Co., Ltd.

At the Board of Directors meeting of the Company held on 5 April 2018, approved to establish BLTC Incorporation (Thailand) Co., Ltd. (“BLTC”) to engage in logistic business with an initial registered share capital of Baht 16.32 million (163,200 ordinary shares with par value of Baht 100 each), as the Company to hold 60.28% interest. Such subsidiary was registered on 18 June 2018. The Company has made the payment as the Company’s ownership interest in the amount of Baht 9.84 million in July 2018.

Management has determined that the Group has no control over BLTC due to conditions in an agreement with its other shareholders. Although the Group hold 60.28% ownership interest in BLTC, voting right is 13.39% only. Therefore, the Group does not have power from the voting right over the other shareholders. However, the Group has determined that it has significant influence because it has representation on the board of directors of the associate.

Joint venture

Rizen Energy Co., Ltd.

During the year of 2018, the Board of Directors Meeting of Rizen Energy Co., Ltd. approved to call additional 45% authorized share capital. The Company has made the payment as the Company’s ownership interest in amounting to Baht 10.13 million.

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, 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.

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

Investments in associates and joint venture as at 31 December 2018 and 2017 were as follows:

Consolidated financial statements						
	Ownership interest	Paid-up capital		Cost		Equity
		2018	2017	2018	2017	
	(%)			(in thousand Baht)		
Associates						
Muangthai Digital Co., Ltd.	30	3,000	3,000	861	861	347
BLTC Incorporation (Thailand) Co., Ltd.	60	16,320	-	9,837	-	-
Joint venture						
Rizen Energy Co., Ltd.	45	35,000	12,500	15,750	5,625	5,231
Total				26,448	6,486	5,578

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

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	Ownership interest		Paid-up capital		Separate financial statements			
	2018	2017	2018	2017	Cost	Impairment	At cost - Net	
	(%)				2018	2018	2018	2017
					(in thousand Baht)			
Associates								
Muangthai Digital Co., Ltd.	30	30	3,000	3,000	861	(861)	-	342
BLTC Incorporation (Thailand) Co., Ltd.	60	-	16,320	-	9,837	-	9,837	-
Joint venture								
Rizen Energy Co., Ltd.	45	45	12,500	12,500	15,750	-	15,750	5,625
Total					26,448	(861)	25,587	5,967

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



Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

12 Investments in subsidiaries

	Note	Separate financial statements	
		2018	2017
		<i>(in thousand Baht)</i>	
At 1 January		75,950	148,060
Acquisitions		19,175	50,450
Disposal		-	(2,400)
Transfer to other long term investment	4, 14	-	(120,160)
At 31 December		95,125	75,950

Acquisitions

For the year ended 31 December 2018

AJ Vending Co., Ltd.

At the Board of Directors meeting of the Company held on 28 March 2018, the shareholders approved the increase in the authorised share capital from Baht 50 million to Baht 70 million by issue 2 million ordinary shares with par value of Baht 10 per share. The Company has made the payment as the Company's ownership interest in amounting to Baht 11 million. The subsidiary registered the increase of share capital with the Ministry of Commerce on 4 April 2018.

Youtai Group Co., Ltd.

At the Board of Directors meeting of the Company held on 26 June 2018, the Board approved to establish a subsidiary, Youtai Group Co., Ltd. to engage in export business with an initial registered share capital of Baht 50 million (500,000 ordinary shares with par value of Baht 100 each), as the Company to hold 51% interest. Such subsidiary was registered on 8 August 2018 and an initial paid-up share capital was 25% and the Company has made the payment in the amounting of Baht 6.4 million in August 2018.

Happy Vision Co., Ltd.

In September 2018, the Group acquired an additional 9% interest in Happy Vision Co., Ltd. (Happy Vision) for Baht 1.8 million in cash, increasing its ownership interest from 90% to 99%. The carrying amount of Happy Vision's net assets in the Group's financial statements on the date of the acquisition was Baht 3.86 million. The Group recognised a decrease in non-controlling interests of Baht 3.86 million, an increase in retained earnings of Baht 2.06 million of changes in the Group's ownership interest in Happy Vision.

For the year ended 31 December 2017

AJ Vending Co., Ltd.

At the Board of Directors meeting of the Company held on 23 January 2017, 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 6.87 million in February 2017.

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AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

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.





Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

Investments in subsidiaries as at 31 December 2018 and 2017 were as follows:

		Separate financial statements				
Type of business	Ownership interest 2018 2017 (%)	Paid-up capital		At cost		Dividend income 2018 2017
		2018	2017	2018 (in thousand Baht)	2017	
Direct subsidiaries						
Siam Advance Electronic Co., Ltd.	51	51	50,000	25,500	25,500	23,512
AJ E-Commerce Co., Ltd.	100	100	5,000	4,950	4,950	-
Happy Vision Co., Ltd.	99	90	20,000	19,800	18,000	-
AJ Vending Co., Ltd.	55	55	70,000	38,500	27,500	-
Youtai Group Co.,Ltd.	51	-	12,500	6,375	-	-
Total				95,125	75,950	23,512

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018



13 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 2018		
	Siam Advance Electronic Co., Ltd.	AJ Vending Co., Ltd (in thousand Baht)	Other individually immaterial subsidiaries Total
Non-controlling interest percentage	49	45	
Current assets	103,740	18,428	
Non-current assets	1,575	44,292	
Current liabilities	(37,096)	(5,906)	
Non-current liabilities	(56)	(1,531)	
Net assets	68,163	55,283	
Carrying amount of non-controlling interest	33,400	24,877	5,666
			63,943
Revenue	171,097	68,031	
Profit (loss)	17,944	(3,460)	
Profit (loss) allocated to non-controlling interest	8,793	(1,557)	(987)
			6,249
Cash flows from operating activities	(11,624)	(725)	
Cash flows from investing activities	3,936	17,507	
Cash flows from in financing activities	(916)	(14,804)	
Net increase (decrease) in cash and cash equivalents	(8,604)	1,978	



Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

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	31 December 2017			
	Vending Corporation Co., Ltd.	Siam Advance Electronic Co., Ltd.	AJ Vending Co., Ltd (in thousand Baht)	Other individually immaterial subsidiaries 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)	
Loss 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)

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

14 Other investments

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		(in thousand Baht)			
Current investment					
Other non-marketable equity securities		296,842	-	296,842	-
Less Allowance for impairment		(91,134)	-	(91,134)	-
At 31 December		205,708	-	205,708	-
Other long-term investment					
Deposits at financial institutions		28,242	58,442	27,262	58,262
Other non-marketable equity securities	4	-	137,223	-	120,160
		28,242	195,665	27,262	178,422
Total		233,950	195,665	232,970	178,422

Current investment

At the Board of Executive Directors Meeting of the Company held on 15 August 2018, approved the Company to invest in a private fund in overseas which intended to invest a period of short term.

The Company had investment in a private foreign investment fund of 91,000 units at cost of USD 100 per unit each, in totaling amount of USD 9.1 million (equivalent of Baht 296.8 million), and a foreign asset management company was the fund manager and a foreign trustee was the custodian. The fund invested in a private investment fund which has the policy to invest in marketable and non-marketable securities.

As the reporting from the trustee, the net asset value shown as follows;

	31 December 2018	31 January 2019
Net asset value per unit	USD 62	USD 70
Total net asset value	USD 5.6 million (equivalent of Baht 182.3 million)	USD 6.4 million (equivalent of Baht 205.7 million)

As at 31 December 2018, the Company recognised the impairment loss on investment of Baht 91.1 million.

Restricted deposits at financial institutions

As at 31 December 2018, the Group and the Company had restricted fixed deposits at financial institutions of Baht 28.2 million and Baht 27.3 million respectively (2017: Baht 58.4 million and Baht 58.3 million) which were used as collateral for loan, electricity usage, guarantees for receivable to financial institutions and other guarantees.



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For the year ended 31 December 2018

Other long-term investment

On 9 February 2018, the Board of Directors Meeting of the Company approved the Company to waiver 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. Subsequently reporting date, on 5 April 2018, at the Board of Directors Meeting of the Company approved the Company to sell all of other long-term investment at Baht 150 per share, in total amount of Baht 180.2 million to other parties and received the consideration in April 2018. The Company recognised the gain on sale of investment in the consolidated and separate statements of comprehensive income for the year ended 31 December 2018 amount of Baht 43.0 million and Baht 60.1 million, respectively.



Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

15 Property, plant and equipment

Consolidated financial statements

	Land and improvement	Buildings and improvement	Office equipment	Tools (in thousand Baht)	Vehicles	Top-up and vending machine	Assets under construction and installation	Total
Cost								
At 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 4)	-	(2,059)	(11,970)	(1,664)	(14,625)	(88,238)	(108)	(118,664)
At 31 December 2017 and 1 January 2018	180,487	102,694	17,670	25,374	15,673	29,117	14,071	385,086
Additions	155	1,280	973	728	3,266	-	1,985	8,387
Transfers	-	-	-	-	-	11,909	(11,909)	-
Disposals	-	(776)	(1,312)	(1)	(1,573)	(61)	-	(3,723)
At 31 December 2018	180,642	103,198	17,331	26,101	17,366	40,965	4,147	389,750
Depreciation								
At 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 4)	-	(285)	(2,351)	(336)	(3,591)	(8,696)	-	(15,259)
At 31 December 2017 and 1 January 2018	9,719	42,956	12,253	19,051	9,106	2,072	-	95,157
Depreciation charge for the year	3,951	5,327	1,939	2,748	2,133	4,580	-	20,678
Disposals	-	(155)	(1,290)	(1)	(1,573)	-	-	(3,019)
At 31 December 2018	13,670	48,128	12,902	21,798	9,666	6,652	-	112,816



Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

Consolidated financial statements								
	Land and improvement	Buildings and improvement	Office equipment	Tools	Vehicles	Top-up and vending machine	Assets under construction and installation	Total
	(in thousand Baht)							
<i>Net book value</i>								
At 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 and 1 January 2018								
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
At 31 December 2018								
Owned assets	166,972	55,070	4,244	4,302	2,766	34,312	4,147	271,813
Assets under finance leases	-	-	185	-	4,934	-	-	5,119
	166,972	55,070	4,429	4,302	7,700	34,312	4,147	276,932

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

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 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 and 1 January 2018	180,487	102,641	16,436	25,052	13,372	53	338,041
Additions	155	109	439	376	2,091	222	3,392
Disposals	-	(73)	(1,312)	(1)	(1,573)	-	(2,959)
At 31 December 2018	180,642	102,677	15,563	25,427	13,890	275	338,474
Depreciation							
At 1 January 2017	5,944	36,140	10,205	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 and 1 January 2018	9,719	42,951	12,092	19,012	9,779	-	93,553
Depreciation charge for the year	3,951	5,176	1,671	2,663	1,705	-	15,166
Disposals	-	(73)	(1,290)	(1)	(1,573)	-	(2,937)
At 31 December 2018	13,670	48,054	12,473	21,674	9,911	-	105,782





Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

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 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 and 1 January 2018							
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
At 31 December 2018							
Owned assets	166,972	54,623	3,090	3,754	2,121	275	230,853
Assets under finance leases	-	-	-	-	1,858	-	1,858
	166,972	54,623	3,090	3,754	3,979	275	232,693

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

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 2018 amounted to Baht 46.2 million (2017: Baht 43 million).

16 Intangible assets

	Consolidated financial statements		
	Computer software and music licenses	Computer software under installation (in thousand Baht)	Total
Cost			
At 1 January 2017	9,441	4,184	13,625
Additions	1,893	2,389	4,282
Disposals	(300)	-	(300)
Transfers	3,500	(3,500)	-
Loss of control (Note 4)	(4,922)	(1,689)	(6,611)
At 31 December 2017 and 1 January 2018	9,612	1,384	10,996
Additions	372	-	372
Disposals	-	1,384	(1,384)
At 31 December 2018	9,984	-	9,984
Accumulated amortisation			
At 1 January 2017	5,789	-	5,789
Amortisation for the year	1,942	-	1,942
Disposals	(129)	-	(129)
Loss of control (Note 4)	(549)	-	(549)
At 31 December 2017 and 1 January 2018	7,053	-	7,053
Amortisation for the year	999	-	999
At 31 December 2018	8,052	-	8,052
Net book value			
At 1 January 2017	5,036	2,800	7,836
At 31 December 2017 and 1 January 2018	3,943	-	3,943
At 31 December 2018	1,932	-	1,932



Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

	Separate financial statements		
	Computer software and music licenses	Computer software under installation	Total
	<i>(in thousand Baht)</i>		
Cost			
At 1 January 2017	6,239	1,384	7,623
Additions	1,652	-	1,652
Disposals	(300)	-	(300)
At 31 December 2017 and 1 January 2018	7,591	1,384	8,975
Additions	90	-	90
Disposals	-	(1,384)	(1,384)
At 31 December 2018	7,681	-	7,681
Accumulated amortisation			
At 1 January 2017	5,093	-	5,093
Amortisation for the year	1,389	-	1,389
Disposals	(129)	-	(129)
At 31 December 2017 and 1 January 2018	6,353	-	6,353
Amortisation for the year	822	-	822
At 31 December 2018	7,175	-	7,175
Net book value			
At 1 January 2017	2,530	-	2,530
At 31 December 2017 and 1 January 2018	2,622	-	2,622
At 31 December 2018	506	-	506

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

17 Deferred tax

Movements in total deferred tax assets and liabilities during the year ended 31 December 2018 and 2017 were as follows:

	Consolidated financial statements (Charged) / Credited to		
	At 1 January 2018	Profit or loss (in thousand Baht)	Other comprehensive income
			At 31 December 2018
Deferred tax assets			
Accounts receivable (<i>allowance for doubtful accounts</i>)	8,340	(3,476)	-
Inventories (<i>allowance for decline in value</i>)	33,963	(33,963)	-
Intangible assets (<i>amortisation gap</i>)	30	(30)	-
Other current liabilities (<i>provisions</i>)	737	(690)	-
Non-current provisions for employee benefit	955	304	(181)
Difference from recognition revenue and cost of sales	241	(17)	-
Unrealised intercompany profit on inventories	101	117	-
Total	44,367	(37,755)	(181)
			218
			6,431





Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

	At 1 January 2017	Consolidated financial statements Charged) / Credited to			At 31 December 2017
		Profit or loss	Other comprehensive income (in thousand Baht)	Loss of control in subsidiary (Note 4)	
Deferred tax assets					
Accounts receivable (<i>allowance for doubtful accounts</i>)	14,445	14,386	-	(20,491)	8,340
Inventories (<i>allowance for decline in value</i>)	7,350	26,613	-	-	33,963
Intangible assets (<i>amortisation gap</i>)	181	(186)	-	35	30
Other current liabilities (<i>provisions</i>)	4,325	(1,193)	-	(2,395)	737
Non-current provisions for employee benefit	988	446	-	(479)	955
Difference from recognition revenue and cost of sales	275	6,237	-	(6,271)	241
Unrealised intercompany profit on inventories	13,146	13,783	-	(26,828)	101
Total	40,710	60,086	-	(56,429)	44,367

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

	At 1 January 2018	Separate financial statements (Charged) / Credited to		At 31 December 2018
		Profit or loss (in thousand Baht)	Other comprehensive income	
Deferred tax assets				
Accounts receivable (<i>allowance for doubtful accounts</i>)	8,340	(3,476)	-	4,864
Inventories (<i>allowance for decline in value</i>)	33,963	(33,963)	-	-
Intangible assets (<i>amortisation gap</i>)	30	(30)	-	-
Other current liabilities (<i>provisions</i>)	737	(690)	-	47
Non-current provisions for employee benefit	955	235	(181)	1,009
Difference from recognition revenue and cost of sales	241	(17)	-	224
Total	44,266	(37,941)	(181)	6,144

	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

Deferred tax assets have not been recognised in respect of the following items:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Statement of income				
Inventories (<i>allowance for decline in value</i>)	24,928	-	24,928	-
Other current liabilities (<i>provisions</i>)	1,018	-	1,018	-
Current investment (<i>allowance for impairment</i>)	18,227	-	18,227	-
Loss carry forward	17,643	36,630	16,161	23,887
Total	61,816	36,630	60,334	23,887

The tax losses will expire in 2022 and 2023. 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 financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

18 Interest-bearing liabilities

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		(in thousand Baht)			
Current					
Bank overdrafts					
Secured		-	6,956	-	6,956
Short-term loans from financial institutions					
Secured		-	16,394	-	16,394
Trust receipts					
Secured		-	7,816	-	7,816
Total bank overdrafts and short-term loans from financial institutions		-	31,166	-	31,166
Short-term loans from related parties					
Unsecured	5	-	5,500	-	61,600
Current portion of finance lease liabilities		1,777	1,833	829	1,014
Total current interest-bearing liabilities		1,777	38,499	829	93,780
Non-current					
Finance lease liabilities		2,019	3,123	513	1,342
Total non-current interest-bearing liabilities		2,019	3,123	513	1,342
Total		3,796	41,622	1,342	95,122

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	
	2018	2017	2018	2017
	(in thousand Baht)			
Within one year	-	36,666	-	92,766
Total	-	36,666	-	92,766

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.

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

As of 31 December 2018 and 2017, credit facilities and secured interest-bearing liabilities with financial institutions were collateralised by fixed deposits at financial institutions, directors and related parties of which the details of collateralized assets were as follows:

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		(in thousand Baht)			
Fixed deposits at financial institutions	14	28,242	58,442	27,262	58,262
Total		28,242	58,442	27,262	58,262

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

As at 31 December 2018, the Group and the Company had unutilised credit facilities totaling Baht 364.57 million (2017: Baht 1,638.4 million).

Finance lease liabilities

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

Consolidated financial statements					
	2018		2017		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Future minimum lease payments	Interest
Within one year	1,917	(140)	1,777	1,971	(138)
After one year but within five years	2,098	(79)	2,019	3,345	(222)
Total	4,015	(219)	3,796	5,316	(360)

Separate financial statements					
	2018		2017		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Future minimum lease payments	Interest
Within one year	862	(33)	829	1,080	(66)
After one year but within five years	518	(5)	513	1,380	(38)
Total	1,380	(38)	1,342	2,460	(104)

As at 31 December 2018 and 2017, the Group entered into finance lease agreements with a local company for vehicles acquired for business operations. The agreements will expire in January 2022 bearing interest rates at 1.47% to 5.25% per annum.

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

19 Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Other parties	25,982	28,248	17,218	24,481
Total	25,982	28,248	17,218	24,481

20 Other payables

	Consolidated financial statements		Separate financial statements	
Note	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Related parties	5	-	52	-
Other parties				
Accrued operating expenses	51,490	106,650	45,866	101,503
Others	2,122	13,774	1,029	12,047
Total	53,612	120,476	46,895	115,917

21 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Provision for sales returns	5,088	3,279	5,088	3,279
Provision for warranties	234	404	234	404
Guarantee deposits	1,000	1,926	627	1,855
Others	304	522	247	514
Total	6,626	6,131	6,196	6,052

	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 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 4)	-	(11,980)	(11,980)	-	-	-
At 31 December 2017 and 1 January 2018	3,279	404	3,683	3,279	404	3,683
Provisions made (decrease)	1,809	(26)	1,783	1,809	(26)	1,783
Provisions used	-	(144)	(144)	-	(144)	(144)
At 31 December 2018	5,088	234	5,322	5,088	234	5,322

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

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22 Non-current provisions for employee benefits

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Statement of financial position				
Non-current provisions for:				
Post-employment benefits	<u>5,387</u>	<u>4,775</u>	<u>5,045</u>	<u>4,775</u>
 Year ended 31 December				
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Statement of comprehensive income:				
Recognised in profit or loss:				
Post-employment benefits	<u>1,516</u>	<u>2,320</u>	<u>1,174</u>	<u>1,043</u>
 Recognised in other comprehensive income:				
Actuarial gains recognised in the year	<u>(904)</u>	<u>-</u>	<u>(904)</u>	<u>-</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	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
At 1 January	4,775	4,942	4,775	3,825
 Include in profit or loss:				
Current service costs	1,356	2,166	1,014	917
Interest on obligation	<u>160</u>	<u>154</u>	<u>160</u>	<u>126</u>
	<u>1,516</u>	<u>2,320</u>	<u>1,174</u>	<u>1,043</u>
 Include in other comprehensive income:				
Actuarial gain	(904)	-	(904)	-
 Other				
Benefit paid	-	(93)	-	(93)
Loss of control (Note 4)	<u>-</u>	<u>(2,394)</u>	<u>-</u>	<u>-</u>
 At 31 December	<u>5,387</u>	<u>4,775</u>	<u>5,045</u>	<u>4,775</u>

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

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On 13 December 2018, the National Legislative Assembly passed a bill amending the Labor Protection Act to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group will amend its retirement plan in the period in which the amendment will have become law and is announced in the Royal Gazette. As a result of this change, the provision for retirement benefits as at that future period end as well as past service cost recognized during that period in the consolidated and the separate financial statements is estimated to increase by an amount of approximately Baht 0.83 million.

Principal actuarial assumptions

Principal actuarial assumptions at the reporting date:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
			(%)	
Discount rate	2.9	3.3	2.9	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	10 - 30	10 - 30	10 - 30

Assumptions regarding future mortality are based on published statistics and mortality tables 2017.

Sensitivity analysis

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

	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
				(in thousand Baht)
At 31 December 2018				
Discount rate (1% movement)	(540)	628	(505)	588
Future salary increases (1% movement)	603	(530)	564	(496)
Turnover rate (20% movement)	(720)	945	(673)	875
At 31 December 2017				
Discount rate (1% movement)	(520)	608	(520)	608
Future salary increases (1% movement)	636	(553)	636	(553)
Turnover rate (20% movement)	(785)	1,056	(785)	1,056

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 financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

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23 Share capital

		Consolidated financial statements/ Separate financial statements			
	Par value per share (in Baht)	2018		2017	
		Number (thousand shares)	Baht (thousand Baht)	Number (thousand shares)	Baht (thousand Baht)
Authorised					
At 1 January					
- ordinary shares	0.10	5,269,250	526,925	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	5,269,250	526,925
Issued and paid-up					
At 1 January					
- ordinary shares	0.10	4,240,295	424,030	4,210,429	421,043
Issue of new shares	0.10	-	-	29,866	2,987
At 31 December					
- ordinary shares	0.10	4,240,295	424,030	4,240,295	424,030

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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AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

Exercise of warrants AJD-W1

<i>For the year ended 31 December</i>	2018	2017
	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>	2018	2017
	Number (unit)	
Warrants issued at 1 January	-	29,572,254
Less: Exercised during the year	-	(28,197,001)
Expired during the year	-	(1,375,253)
Warrants issued at 31 December	-	-

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.

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

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.

	Consolidated financial statements/ Separate financial statements	
<i>For the year ended 31 December</i>	2018	2017
	(in thousand Baht)	
At 1 January	649,894	647,236
Increase	-	2,658
At 31 December	649,894	649,894



Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

24 Reserves and surplus

Reserves and surplus 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.

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.

25 Segment information

From 1 January 2018, the Group has changed the basis of presentation and disclosure of segment information and resulted in the Group presenting segment information to be four reportable segments. Previously, the Group segment information just presented only two reportable segments. Because retailing and wholesaling of mobile phone, including parts and sale food and beverages through vending machine was considered that the remaining balances was material to the consolidated financial statements. The new basis has been applied retrospectively and segment information included in the financial statements for the period ended 31 December 2017, which are included in the Group's financial statements for the period ended 31 December 2018 for comparative purposes, has been re-presented accordingly.

The Group has four 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 Retailing and wholesaling of mobile phone, including parts
- Segment 3 Sale food and beverages through vending machine
- Segment 4 Others

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.



Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018



	Consolidated financial statements													
	Retailing and wholesaling of electric appliance, including parts				Retailing and wholesaling of mobile phone, including parts		Sale food and beverages through vending machine		Others		Eliminating entries		Total	
	2018		2017		2018		2017		2018		2017		2018	2017
	(in thousand Baht)										2018	2017	2018	2017
Revenues from external customers	369,951	640,074	170,893	-	68,032	23,184	76,238	19,174	-	-	685,114	682,432		
Inter-segment revenues	15,570	50,241	205	-	-	-	570	1,415	(16,345)	(51,656)	-	-		
Total revenues	385,521	690,315	171,098	-	68,032	23,184	76,808	20,589	(16,345)	(51,656)	685,114	682,432		
Segment operating profit (loss)	(193,706)	(335,750)	25,973	-	(3,460)	(11,255)	39,886	5,418	619	-	(130,688)	(341,587)		
Unallocated expenses														
Share of loss of associate and joint venture											(7,309)	(389)		
Net loss from discontinued operation, net of tax											-	(181,444)		
Tax income (expense)											(42,661)	29,998		
Loss for the year											(180,658)	(493,422)		

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

	Consolidated financial statements													
	Retailing and wholesaling of electric appliance, including parts		Retailing and wholesaling of mobile phone, including parts		Sale food and beverages through vending machine		Others		Discontinued operations		Eliminating entries		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017		
	(in thousand Baht)													
Other material non-cash items														
- Finance costs	1,307	27,209	8	-	414	300	172	784	-	39,304	(745)	(40,505)	1,156	27,092
- Bad and doubtful debt expense (reversal of)	(13,638)	19,324	-	-	-	-	-	-	-	51,440	-	-	(13,638)	70,764
- Loss from repossession	-	-	-	-	-	-	-	-	-	402,902	-	-	-	402,902
- Loss from impairment of investments	(91,134)	-	-	-	-	-	-	-	-	-	-	-	(91,134)	-
- Loss from decline in value of inventories	(45,171)	133,065	-	-	-	-	-	-	-	244	-	-	(45,171)	133,065
- Interest received	2,863	42,090	78	-	3	14	587	1,417	-	64,802	(745)	(40,505)	2,786	3,260
- Capital expenditure	3,480	9,195	1,690	-	1,614	48,495	33	123	-	39,304	-	-	6,817	122,615



Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

Financial information by business segment for the consolidated statements of financial position as at 31 December 2018 and 2017 are as follows:

Consolidated financial statements

	Retailing and wholesaling of electric appliance, including parts		Retailing and wholesaling of mobile phone, including parts		Sale food and beverages through vending machine		Others		Eliminating entries		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	<i>(in thousand Baht)</i>											
Total assets for reportable segments	1,078,407	1,413,580	105,316	50,638	62,720	59,958	77,132	68,173	(131,567)	(132,124)	1,192,008	1,460,225
Total liabilities for reportable segments	76,696	246,348	37,151	104	7,437	21,215	6,678	6,094	(28,254)	(72,445)	99,708	201,316

(in thousand Baht)

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 financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

26 Investment income

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		(in thousand Baht)			
Dividend income					
Related parties	5,12	-	-	-	23,512
Interest income					
Related parties	5	-	-	156	97
Other parties		2,790	685	2,707	612
		<u>2,790</u>	<u>685</u>	<u>2,863</u>	<u>709</u>
Other investment income					
Other parties	14	<u>43,018</u>	-	<u>60,080</u>	<u>360</u>
Total		45,808	685	62,943	24,581

27 Distribution costs

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>(in thousand Baht)</i>				
Employee benefit expenses	56,087	73,745	46,802	71,410
Sales promotion expenses	34,858	59,768	32,556	59,601
Commission expenses	34,583	47,553	28,515	46,972
Freight charges	13,524	21,298	13,124	20,962
Amortization of licenses	172	772	172	772
Others	450	1,542	312	438
Total	<u>139,674</u>	<u>204,678</u>	<u>121,481</u>	<u>200,155</u>

28 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>(in thousand Baht)</i>				
Employee benefit expenses	66,350	68,910	57,879	64,006
Depreciation of plant and equipment	16,413	19,713	15,166	18,560
Donation	13,252	2,199	13,252	2,199
Professional fees	13,204	18,196	12,448	17,785
Utilities expenses	2,818	4,345	2,801	4,240
Travelling expenses	2,223	2,333	1,765	2,190
Amortization of licenses	877	1,426	823	1,389
Bad and doubtful debts expense (reversal of)	(13,638)	19,402	(13,638)	20,496
Others	20,405	21,669	14,768	21,266
Total	<u>121,904</u>	<u>158,193</u>	<u>105,264</u>	<u>152,131</u>

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

29 Employee benefit expenses

Note	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Wages and salaries	98,279	115,889	85,928	110,605
Post-employment benefits	22 1,516	2,320	1,174	1,043
Others	51,305	70,090	45,465	68,884
Total	151,100	188,299	132,567	180,532

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.

30 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:

Note	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Purchases of merchandised goods and consumables used	395,094	242,140	339,632	242,140
Employee benefit expenses	29 151,100	188,299	132,567	180,532
Changes in inventories of merchandised goods	121,975	222,373	147,366	222,373
Sales promotional expenses	27 34,858	59,768	32,556	59,601
Depreciation and amortization	21,556	22,165	15,989	19,502
Freight charges	27 13,524	21,298	13,124	20,962
Bad and doubtful debts expense (reversal of)	28 (13,638)	19,402	(13,638)	20,496
Loss from obsolete items (reversal of)	(45,171)	133,065	(45,171)	133,065
Cost of service	13,141	5,856	-	2,396
Others	31,074	86,467	23,033	56,059
Total cost of sales of goods, cost of rendering of service, distribution costs and administrative expenses	723,512	1,000,833	645,458	957,126

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

31 Finance costs

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Interest expense					
Bank loans and overdrafts		1,052	14,882	718	13,955
Related parties	5	104	63	589	-
Total		1,156	14,945	1,307	13,955

32 Income tax expense

Income tax recognised in profit or loss

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Current tax expense					
Current year		4,593	17,756	-	-
Under recorded from prior period		313	-	-	-
Deferred tax expense					
Movements in temporary differences	17	37,755	(60,086)	37,941	(30,217)
Total		42,661	(42,330)	37,941	(30,217)

Attributable to:

- Income tax expense from continuing operations		42,661	(29,998)	37,941	(30,217)
- Income tax from discontinued operations	4	-	(12,332)	-	-
Total income tax expense		42,661	(42,330)	37,941	(30,217)

Income tax recognised in other comprehensive income

	Consolidated / Separate financial statements					
	2018		2017			
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
	<i>(in thousand Baht)</i>					
Defined benefit plan actuarial gains	904	(181)	723	-	-	-
Total	904	(181)	723	-	-	-

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

Reconciliation of effective tax rate

	Consolidated financial statements			
	Rate (%)	2018 (in thousand Baht)	Rate (%)	2017 (in thousand Baht)
Loss before income tax expense from continuing operations		(137,997)		(341,976)
Income tax using the Thai corporation tax rate	20.00	(27,599)	20.00	(68,395)
Additional deductible expenses for tax purposes		(78)		(231)
Current year losses for which no deferred tax asset was recognized		17,643		36,630
Deferred tax asset which no benefit for tax purposes		44,173		-
Expenses not deductible for tax purposes		3,396		1,998
Elimination - taxable profit items		3,351		-
Difference in effective tax rate of investments in associates and joint venture		1,462		-
Under recorded from prior period		313		-
Total	(30.91)	42,661	8.77	(29,998)

	Separate financial statements			
	Rate (%)	2018 (in thousand Baht)	Rate (%)	2017 (in thousand Baht)
Loss before income tax expense from continuing operations		(128,304)		(300,592)
Income tax using the Thai corporation tax rate	20.00	(25,661)	20.00	(60,118)
Income not subject to tax		-		(4,702)
Additional deductible expenses for tax purposes		(78)		(12)
Current year losses for which no deferred tax asset was recognised		16,161		23,887
Deferred tax asset which no benefit for tax purposes		44,173		-
Expenses not deductible for tax purposes		3,346		10,728
Total	(29.57)	37,941	10.05	(30,217)



Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018



	Separate financial statements			
	2018		2017	
	Continuing operation	Discontinued operation	Total (in thousand Baht / thousand shares)	
Profit (loss) attributable to ordinary shareholders of the Company (basic)	(166,245)	-	(166,245)	49,586
Number of ordinary shares outstanding at 1 January	4,240,295	-	4,240,295	4,210,428
Effect of shares issued during the year	-	-	-	28,312
Weighted average number of ordinary shares outstanding (basic)	4,240,295	-	4,240,295	4,238,740
Earnings (loss) per share (basic) (in Baht)	(0.039)	-	(0.039)	0.012
				(220,788)
				4,210,428
				28,312
				4,238,740
				(0.052)

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

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34 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.

Market risk

Market risk is the risk due to changes in exchange rates and equity prices which affects the Group's operation and financial performance.

Foreign exchange rate risk

Foreign exchange rate risk is the risk that occurs from changes in exchange rates which may affect the value of the financial instruments, both in the current reporting period and in the future.

Equity price risk

Equity price risk of investment or fund is the risk arising from changes in the price of securities or net asset value that affect the value of investment.

The Group manages the investment under relevant applicable regulations for non-marketable securities. The Group consider the net realisable value for the adequacy of allowance for impairment.



Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2018

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

Consolidated financial statements				
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	Total
2017				
Current				
Short-term loan	6.6-9.0	125,045	-	125,045
Total		125,045	-	125,045

Separate financial statements				
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	Total
2017				
Current				
Short-term loan	6.6-9.0	133,295	-	133,295
Total		133,295	-	133,295

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
2018					
Finance lease liabilities	1.47-5.25	1,777	2,019	-	3,796
Total		1,777	2,019	-	3,796
2017					
Bank overdrafts and short-term loans from financial institutions	3.8-3.95	31,166	-	-	31,166
Short-term loans from related parties	3.2-6.85	5,500	-	-	5,500
Finance lease liabilities	1.47-5.25	1,833	3,123	-	4,956
Total		38,499	3,123	-	41,622

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

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	Effective interest rate (% per annum)	Separate financial statements			
Within 1 year		After 1 year but within 5 years	After 5 years	Total	
(in thousand Baht)					
2018					
Finance lease liabilities	1.47-5.25	829	513	-	1,342
Total		829	513	-	1,342
2017					
Bank overdrafts and short-term loans from financial institutions	3.8-3.95	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

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	
	2018	2017	2018	2017
<i>(in million Baht)</i>				
United States Dollars				
Current investment	206	-	206	-
Interest-bearing liabilities	-	(8)	-	(8)
Trade accounts payable	(14)	(19)	(14)	(18)
Gross statement of financial position exposure	192	(27)	192	(26)
Net exposure	192	(27)	192	(26)

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.



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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

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair value (in thousand Baht)	Carrying amount	Fair value
31 December 2018				
<i>Financial asset and financial liability not measured at fair value</i>				
Current investment	205,708	182,291	205,708	182,291

Financial instruments not measured at fair value

Type	Valuation technique
Current investment	Calculations based on net asset value from trustee at reporting date.

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.

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.

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AJ Advance Technology Public Company Limited and its subsidiaries

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35 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within one year	3,130	-	503	-
After one year but within five years	4,022	-	612	-
Total	7,152	-	1,115	-
<i>Other commitments</i>				
Purchase orders for goods	88,237	14,597	87,650	14,597
Total	88,237	14,597	87,650	14,597

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.

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.



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36 Events after the reporting period

On 14 January 2019, the Board of Directors' meeting of the Company, the Board approved to invest as its ownership interest in BLTC Incorporation (Thailand) Co., Ltd from Baht 9.83 million to Baht 22.00 million. The Company has made the payment for the investment on 1 February 2019 in the amount of Baht 12.17 million for 121,658 ordinary shares with par value of Baht 100 each.

On 28 February 2019, the Board of Directors' meeting of the Company, the Board approved to appoint Mr.Apsit Taisedtawatkul as Chief Executive Officer on 1 March 2019 onward, Mr.Vacharin Duangdara would be in the position of interim Chief Executive Officer until 28 February 2019.

37 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS which relevant to the Group and the Company operations are expected to have significant impact on the consolidated and separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January of the following years.

TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TFRS 22	Foreign Currency transactions and Advance Consideration	2019

* TFRS - Financial instruments standards

(a) TFRS 15 Revenue from Contracts with Customers

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled.

The Group has made a preliminary assessment of the potential impact of adopting and initially applying TFRS 15 on the consolidated and separate financial statement and expects that there will be no material impact on the consolidated and separate financial statement in the period of initial application.

(b) TFRS - Financial instruments standards

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRS – Financial instruments standards on the consolidated and separate financial statements.



AJ Advance Technology Public Company Limited

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