

Annual Report 2017

**THE INNOVATIVE
TECHNOLOGY COMPANY**

NETbay[®]

Netbay Public Company Limited

OUR PASSION VISION MISSION

Our Passion

With knowledge and long experience of domestic and international trade, combined with the expertise of an excellent team in Netbay, has resulted in the readiness and the potential to develop service innovation for our customers. Our comprehensive service offers an End-to-End solution to our customers, from the upstream (customers), to midstream (Netbay's Omni Channel Connectivity Gateway) and down-stream (Government, business, financial institute).

Our customers or subscribers can save time and investment budget while gaining convenience and efficiency in using our gateway services with multiple accesses from single connectivity. The users can send or receive their electronic transactions from anywhere, at any time and with any device. Netbay's innovative technology can help our customers keep pace with the rapid changes in this complex business during the digital economy era. Diversity is our strength.

As a global company we value the variety of knowledge, perspectives and experiences in our organization, and draw strength from these to fuel our competitiveness.

We are responsible.

In our pursuit of business growth and profitability we do things the right way- economically, socially, and environmentally.

Vision

Based on our 'Strategic Intent' along with our strengths in innovative digital business technology, we, the management and staff of Netbay, envision maintaining and consolidating our company's position as the most respected brand in our field of business.

Our aspiration is to develop digital business growth with clients, and help them through the complexities and changes in the digitized business world. We seek to organize the client's community to increase the value chain by creating a center and gateway for digital business networking.



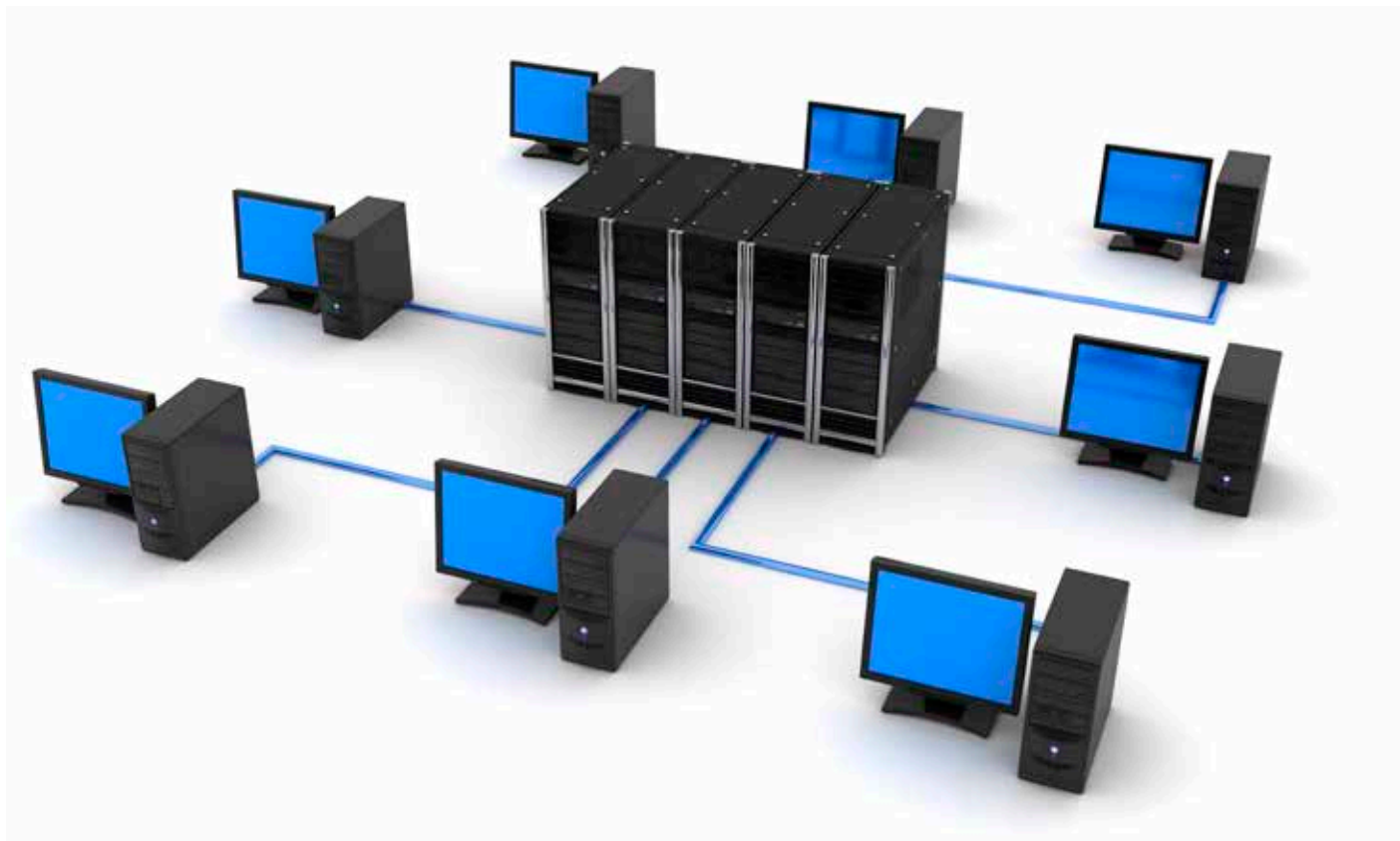
Mission

At Netbay, we aim to create, design and develop the best Innovative Digital Business Technology Platform and e-Logistics Trading include delivering superior professional solutions and services with Omni Channel Connectivity Gateway via single window entry for global & logistics supply chain communities to enable their businesses to achieve multi-channel connectivity across border trade.

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We create, design and develop Innovative Digital Business Technology Platform and Omni Channel Connectivity Gateway. We deliver our e-Business Services for B2G, B2B and B2C. Our products and services are categorized as following:

- e-Trade Finance Supply Chain
- e-Business Services
- Digital Business Transformation Projects

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS



“

For almost ten years, the company developed online digital business services for public and private sector agencies to meet economic needs and the country's

”

Prof. Dr. Pairash Thajchayapong

The past year has been another year with many rapid technological inventions and development. These developments had wide-ranging effects on business operations and life. The search for methods to use big data in analyses for more data analytic benefits in line with different needs and situations, including interest in artificial intelligence such as robotics (machines or computers designed with the capacity to prioritize work in place of humans/robotic computers), machine learning (computers capable of learning) and cognitive computing (artificial intelligence/computers that are similar to humans) is a technology agencies need to pay earnest attention to for adaptation in their organizations to be able to survive and grow with security in a future fraught with aggressive competition and uncertainty.

Netbay Public Co., Ltd. was founded with strategic planning consistent with the world's technological development, including innovations for business model designs reflected as the company's vision, obligations and goals. For almost ten years, the company developed online digital business services for public and private sector agencies to meet economic needs and the country's competitive capacity in order to develop and improve transaction efficiency. These are all factors contributing to the company's secure and consistent growth in the company's past business operations. Furthermore, the aforementioned factors are consistent with government policy to push for using digital technology to steer the country's economy and economic development.

I would like to congratulate Mr. Pichit Wiwatrujirapong, Netbay PLC's Chief Executive Officer and the company's executive and recipient of the Prime Minister's Digital Award as Digital Entrepreneur of the Year from General Prayuth Chan-o-cha, the Prime Minister, on the occasion of his consideration and selection as a person with outstanding innovation and technological achievements as a leader in inventing, creating and developing the Digital Business Technology Platform to provide online services for every industrial business group in October 2017. Furthermore, the company adheres to good governance and investor relations principles. I feel pleased that the company's sincere intention and determination to develop in line with the company's vision and obligations have been recognized.

On behalf of Netbay Public Co., Ltd., I would like to thank all shareholders, customers, related public and private agencies and every business ally for constantly supporting the company, which has enabled secure and sustainable growth to the present at full capacity. I would also like to thank our directors, executives and employees of every department whose dedication has enabled the company to develop innovations and technology to improve the company's capacity and efficiency in applying information technology toward national development with economic and social strength and security allowing the company to become one of Thailand's front-running innovation technology companies.

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



“

From 2018 onward, new innovations and technologies such as artificial intelligence (AI), big data analytics, machine learning (ML), Block Chain, the Internet of Things (IOT) and many other innovations and technologies are gaining more significant roles in businesses and daily life.

”

Mr. Pichit Viwatrujirapong

Innovations and technology have played a role in driving the country's economy with apparent positive and negative effects on business operations and daily life. These technologies are developing, changing and increasing quickly day-by-day, and they will inevitably create significant waves affecting every sector.

Disruptive technologies are innovations and technologies that create new marketing opportunities with added value for products, goods and services using modern innovations and technologies in this highly competitive digital world. On the contrary, businesses with no modifications or changes that continue to use the same business methods, products and services will have severe disruptions for businesses, markets and customers sooner or later, which may cause businesses to fail.

Netbay's objectives and goals including clear visions and obligations are aimed at determination to invent, create, research and develop without stopping. Innovative technology (Digital Business & Fintech Technology Platform) is added to dedication to develop and create networks and connections between the private business sector, the industry sector, financial institutes, government agencies and many other one-stop connections with every sector in an Omni Channel Connectivity Gateway model. Previous results are evident to many of our patrons who used our services and received convenience, speed, enhanced effectiveness and cost-efficiency. Netbay's innovations and technologies can be said to have significant roles for the economy in the country's e-Trade Finance Supply Chain imports and exports. In addition, Netbay's platform is also aimed at becoming the Thailand e-Trading Across Border Hub to help entrepreneurs import and export goods while also helping the logistics supply chain community to effectively increase competitive capacity for global trade.

From 2018 onward, new innovations and technologies such as artificial intelligence (AI), big data analytics, machine learning (ML), Block Chain, the Internet of Things (IOT) and many other innovations and technologies are gaining more significant roles in businesses and daily life. Therefore, Netbay's determination to make a definitive stand as an innovative technology company demonstrates our resolve to lead the business toward sustainable and secure growth. This requires aggressive dedication at all times as a company that has proven Netbay's past performance. Research and development to create innovations and technologies have been ongoing for many years. However, because the aforementioned technology waves in our country are usually slower than other countries by many years, Netbay has dedicated our people to invent, create, research and develop AI, big data analytics, ML, Block Chain and other innovations and technology for Thai businesses and people. We will stand on using innovations, technology and ability to transition into digital transformation successfully without need for high budgets according to Netbay's slogan : Better, Faster, Cheaper & Smarter.

As Chief Executive Officer, I would like to thank every supportive customer, shareholder and director of the company, as well as the Company's valued employees and allies who have always trusted and supported the Executive Committee and Netbay Public Company Limited.

COMPANY GENERAL INFORMATION

Company Name : Netbay Public Company Limited
Registration Number : 0107557000101
Type of Business : Electronic Transaction Services (e-Business)
Registered Capital : 200,000,000 Baht
200,000,000 Ordinary Shares
Par Value : 1 Baht per Share
Paid-Up Capital : 200,000,000 Baht
200,000,000 Ordinary Shares
Par Value : 1 Baht per Share
Preferred Stock : none
Company Registration Date : November 19, 2004
Conversion Date to Public Limited Company April 22, 2014
First Trading Date in MAI : June 16, 2016
Main Office : 719/5, 8-9 Rama 6 Road Wangmai Pathumwan, Bangkok
Telephone Number : 02-620-1800
Fax Number : 02-612-3051
Website : [http ://www.netbay.co.th](http://www.netbay.co.th)

Office of the Company Secretary

Telephone Number : 02-620-1800 #4102
Fax Number : 02-612-3051
E-mail Address : corporatesecretary@netbay.co.th

Investor Relations

Telephone Number : 02-620-1800 #1110
Fax Number : 02-612-3514
Email Address : IR@netbay.co.th

References

Registrar : Thailand Securities Depository Company Ltd.
Address : The Stock Exchange of Thailand
93 Ratchadaphisek Road, Dindaeng, Bangkok 10400
Telephone Number : 02-009-9999
Fax Number : 02-009-9991

Auditor : EY Company Limited
Mr. Sophon Permsirivallop, Certified Public Accountant, License No. 3182 or,
Ms. Rungnapa Lertsuwankul, Certified Public Accountant, License No. 3516 or,
Ms. Pimjai Manitkajohnkit, Certified Public Accountant, License No. 4521 or,
Ms. Rosaporn Decharkom, Certified Public Accountant, License No. 5659 or,
Ms. Sumana Punpongsanon, Certified Public Accountant, License No. 5872

Main Office Address : EY Company Limited
Floor 33rd Lake Rajada Office Complex
193/136-137 Ratchadaphisek Road, Klong Toei, Bangkok 10110

Telephone Number : 02-264-0777
Fax Number : 02-264-0789-90

General Information of Juristic Persons in which the Company Holds 10% or more Shares (Subsidiary)

Company Name : Cloud Creation Company Limited
Registration Number : 0105554030865
Type of Business : Electronic Service and Development
Registered Capital : 50,000,000 Baht
500,000 Ordinary Shares
Par Value : 100 Baht per Share

Paid-Up Capital : 50,000,000 Baht
500,000 Ordinary Shares
Par Value : 100 Baht per Share

Preferred Stock : none
Company Registration Date : March 2, 2011
Proportion of Shares Held : Netbay Public Company Limited 100%

Main Office : 719/8-9 Rama 6 Road Wangmai Pathumwan, Bangkok
Telephone Number : 02-219-5558
Fax Number : 02-612-3513

References :

Auditors : Mr. Sophon Permsirivallop, Certified Public Accountant, License No. 3182 or,
Ms. Rungnapa Lertsuwankul, Certified Public Accountant, License No. 3516 or,
Ms. Pimjai Manitkajohnkit, Certified Public Accountant, License No. 4521 or,
Ms. Rosaporn Decharkom, Certified Public Accountant, License No. 5659 or,
Ms. Sumana Punpongsanon, Certified Public Accountant, License No. 5872

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Telephone Number : 02-264-0777 Fax Number : 02-264-0789-90

We provide Software-as-a-Service (SaaS) on Cloud Computing technology for Better Faster Cheaper. This will facilitate our customers to do their electronic business transactions, exchange their information via our gateway and pay per use or fixed monthly fee. Our customers can gain the maximum benefit without paying for software license and the software annual maintenance fee. Moreover, they can minimize their IT budget, development time and the complexity in connecting with other stakeholders for the comprehensive electronic business connectivity.



THE NATURE OF BUSINESS

Policy and Business Overview

Netbay Public Company Limited (“Netbay”) was established on November 19, 2004 with a registered capital of 10 million Baht. Netbay is a joint venture between a group of shareholders and the executives of Software Link Company Limited (“Software Link”), an electronic transactions software development company (e-Business) and Internet Thailand Public Company Limited (“INET”), Thailand’s first internet service provider, in order to operate a product development business and service business for a comprehensive electronic transaction services (e-Business) between Business-to-Government Services (B2G), Business-to-Business Services (B2B) and Government-to- Citizen Services (G2C). On April 22, 2014, the Company had a registered capital in the amount of 200 million Baht and paid up capital of 160 million Baht. Later, the Company offered 40,000,000 additional shares and registered in the Market for Alternative Investment (MAI) on June 16, 2019. As a result, the Company has registered capital of 200 million Baht and 200 million Baht paid up capital. In addition to that, Netbay Public Company Limited holds Cloud Creation Company Limited’s shares (“Cloud Creation”) at a percentage of 100% of the total registered and paid up shares in order to support the service of e-Business Services group. Cloud Creation engages in the businesses of providing Customer Due Diligence (CDD Gateway) and Electronic Transaction Reporting Gateway (ETR Gateway) and Cloud Creation is the owner of Private Cloud Computing System. The Company is primarily engaged in the development of electronic transactions products (e-Business) and provides a full scaled of Software as a Service (SaaS) for Business-to-Government Services (B2G), Business-to-Business Services (B2B) and Business-to-Consumer Services (B2C). The operators who use the Company’s electronic transaction services will receive optimum benefits from the Company’s services according to the Company’s vision which is “Better, Faster, Cheaper” and the Company will collect service charges on each transaction or a monthly fee. The electronic transaction system offered by the Company to various agencies is in the full scaled form of Software as a Service (SaaS). This services cover the data center, the Disaster Recovery Center, the operating software system that support electronic transaction system (platform as a service) which was developed by the Company, electronic transaction systems, networking systems and the protection of information, etc. This is an important part which enables various agencies to be able to access information technology system services without needing a high investment budget (Cheaper), having working systems that can be used quickly (Faster), without wasting time and increasing effectiveness at work and reducing complications (Better) for agencies in the areas of providing working systems, designing working systems, development, and the installation and maintenance of working systems. The Company’s services are an important logistical tool that enables the customer’s corporate working systems to be carried out effectively, quickly, connecting to one another and reducing the use of high-cost, error-prone human resources. It is a service that could reduce the customers’ logistical costs and be able to build competitive capabilities for customers and Thailand. The electronic transaction systems that the Company has developed and offered to customers are essential for the effective and legal business operations of the customers. As a

result, the Company regularly earns recurring revenue from providing continuous services. In addition to this, the Company does not need to carry the cost of inventory and the distribution costs for the Company's products to customers.

The Corporate e-Business services are divided into 3 services groups. They are :

1. e-Trade Finance Supply Chain Services
2. e-Business Services
3. Projects and Others

e-Trade Finance Supply Chain Services

The Company's e-Trade Finance Supply Chain services provide services to target customers in the form of an optional main service between e-Customs Paperless or e-Express services. The main users of the e-Trade Finance Supply Chain services are import-export operators. Customs e-Payment will also be provided as an additional service to facilitate the customer. In addition to this, the Company provides e-Manifest, a paperless report for imports/ exports system. The main users of this are terminal operators, shipping lines operators, shipping line agents and land transport operators who are responsible for reporting inventory to the customs department. Including e-Manifest (marine) paperless report and goods control paperless report through Port Authority of Thailand (Bangkok and Leamchabang).

e-Business Services

The Company is a provider of electronic transactions between Business-to-Government (B2G) and electronic transactions between Business-to-Business (B2B). Currently, the main business services are being electronic data interchange provider for electronic transaction reporting and electronic data interchange provider for audit report services, a service that provides customers facts to financial institution, and private sectors. This includes businesses that have a responsibility to comply with the laws and the notifications of the Anti-Money Laundering Office (AMLO) by sending electronic mail to the AMLO Office, as well as the process of verifying the identity of customers who have made transactions. Moreover, company provides electronics bank guarantee data interchange service between banks and Comptroller General's Department (e-GP Portal service).

Projects and Others

Since the Company offers electronic transaction services to various customers from the two main types of services mentioned above, the Company was entrusted due to its service performances which includes the knowledge and experience of the working team. The Company has been requested by its clients or related entities to develop internal information systems for its clients or entities in the form of special projects. The Company receives revenue from this project development while project development is taking place only. This is in accordance with the dated specified in the contract. This is different from other services which are in the form of providing continuous revenue.

In 2017

January NETbay has entered into an additional agreement with SCG Logistics Management Company Limited (SCGL) in a project of Car Manifest E-Submission to facilitate the preparation and submission of car manifest at checkpoints or cross-border checkpoints. NETbay is the developer of the Car Manifest E-Submission

which connects to the e-Declaration system and also provides the gateway service at SCGL for automatically transmitting car manifest data with Thai Department of Customs.

February NETbay has fully launched the system for the Bright and Shine Project with SCG Logistics Management Company Limited (SCGL), which is the affiliate of Siam Cement Group (SCG). Such Project is the large project of SCGL for changing the logistics systems of all affiliates of SCG Group, including the sale system, the delivery system, and e-Declaration data transmission to the Department of Customs for automatically presenting evidence, declaring goods, and paying import tax and export tax according to rules of Thai Department of Customs. NETbay is the developer of the connection between the e-Declaration transmission system and the main system of SCG, and also the service provider of gateway at SCGL for data transmission with Thai Department of Customs.

March NETbay cooperated with Thai Airways (Public) Company Limited to develop the e-Storage Charge system for providing the service of e-payment for cargo warehouse to customers importing goods through the warehouse of Thai Airways.

August NETbay has entered in an agreement with DHL Express (Thailand) Company Limited (DHL) in a project of development and connection of Cloud Drive Service and the main logistics system of DHL so that customers and business partners of DHL is able to access and inspect the data of import and export declaration retrospectively. In addition, they are able to inspect and print out real-time declaration which can be used anywhere, anytime and with any devices.

October NETbay developed e-Express system with Lazada Express Company Limited (Lazada) which is a part of Lazada Group, the largest online shopping center in the Southeast Asia with its business operation in Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam. Such system is the e-Express for importation-exportation and e-Commerce, which transmits data electronically in order to reduce procedures and duration of customs clearance. It provides the services of transmitting data, canceling data, and creating electronic data from Lazada to the Department of Customs in order to report the import and export manifest at one time by inputting only a single file, including guaranteeing the data connection to the declaration submission system to facilitate more convenient and easier operations.

November NETbay developed the e-Transit / e-Transshipment system announced and enforced by the Department of Customs for warehouse service providers at nationwide airports and transit/transshipment entrepreneurs. E-Transshipment is the customs procedure under which goods are transferred under Customs control from the importing means of transport to the exporting means of transport within the same port or place where the point of entry and the point of exit are outside the Kingdom. Customs clearance procedures relating e-Transit / e-Transshipment (Transit/Transshipment Declaration, Transit/Transshipment Entry, Special Declaration for Container, Container Transfer under Customs Control Form, and e-Transit) are the customs procedure under which goods are transported under Customs control from one port or place of entry to another port or place of departure where the point of entry and the point of exit are outside the Kingdom.

December NETbay developed the Air Manifest reporting system announced and enforced by the Department of Customs for warehouse service providers at Don Mueang Airport, which are Asia Ground Service Company Limited (AGS) and Technology Asia Pacific (TAP). It is the system for electronically reporting Air Manifest to the Department of Customs in advance.

Revenue Structure

The Company's revenue structure categorized by service groups over a period of 3 years and are described as follows (2015-2017).

Revenue Structure	Consolidated Financial Statement						
	2015		2016		2017		Revenue Growth
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	
e-Trade Finance Supply Chain Service	150.52	67.25	165.21	60.53	202.55	64.34	22.60%
e-Business Services	65.71	29.36	86.30	31.62	100.99	32.08	17.02%
Projects and Others	7.58	3.39	21.43	7.85	11.25	3.57	(47.50%)
Total Service Income	223.81	100.00	272.94	100.00	314.79	100.00	15.33%

IMPORTANT FINANCIAL INFORMATION AND OPERATIONAL PERFORMANCE

Netbay Public Company Limited and its subsidiary

Operational Performance of the Consolidated Financial Statement (Unit : million Baht)

Financial Position	2015	2016	2017
Total Assets	251.08	468.81	533.09
Total Liabilities	93.66	125.36	114.66
Shareholders' Equity	157.42	343.44	418.43

Performance	2015	2016	2017
Service Income	223.81	272.94	314.79
Total Revenue	225.22	277.09	321.40
Costs of Services and Service and Administrative Expenses	156.82	182.04	198.70
Gross Profit	173.59	214.31	243.92
Profit before Finance costs, Income Tax, Depreciation and Amortization	69.88	98.19	125.95
Net Profit	65.05	89.32	115.80

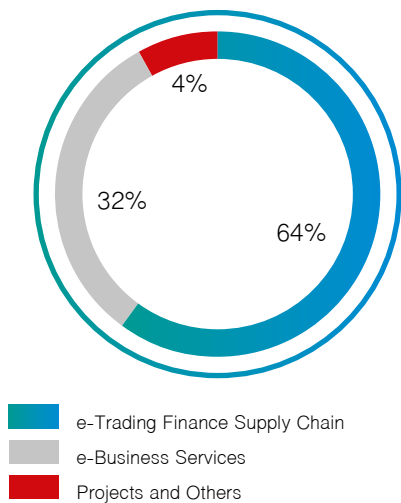
Financial Ratios	2015	2016	2017
Liquidity Ratio (times)	2.62	3.33	4.55
Gross Profit Margin (%)	77.56	78.52	77.49
Net Profit Margin (%)	28.88	32.24	36.03
Return on Assets (%) ⁽¹⁾	28.97	24.81	23.11
Return on Equity (%) ⁽²⁾	49.29	35.67	30.40
Debt to Equity Ratio (times)	0.59	0.37	0.27

Remarks : ⁽¹⁾ Calculated by using the average of total assets

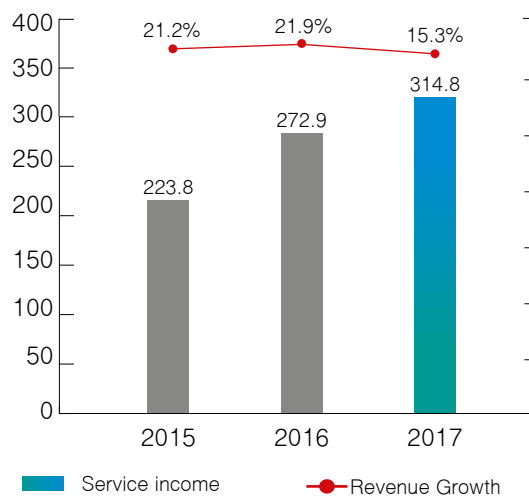
⁽²⁾ Calculated by using the average total shareholders' equity.

Comparison of Information per Share (Baht)	2015	2016	2017
Basic earnings per share	0.41	0.49	0.58
Weighted average of ordinary shares (shares)	160,000,000	182,076,503	200,000,000
Par value	1	1	1
Issued and paid-up ordinary shares at the end of the year (shares)	160,000,000	200,000,000	200,000,000

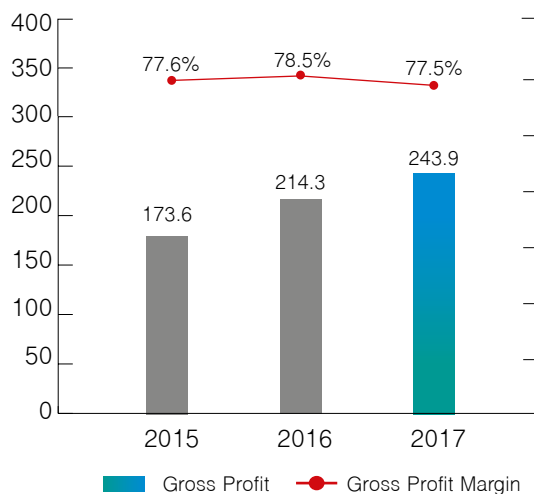
Service income breakdown 2017



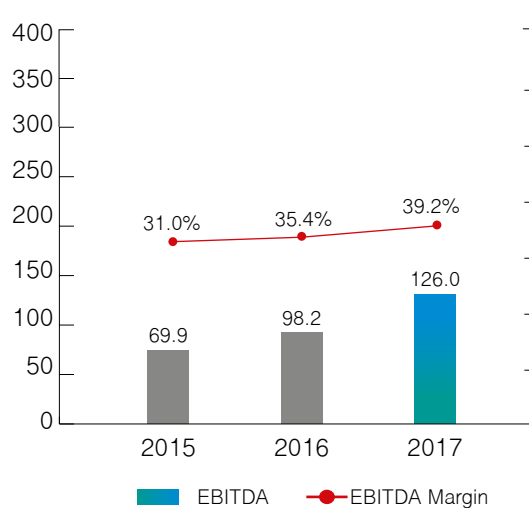
Service income (Million Baht)



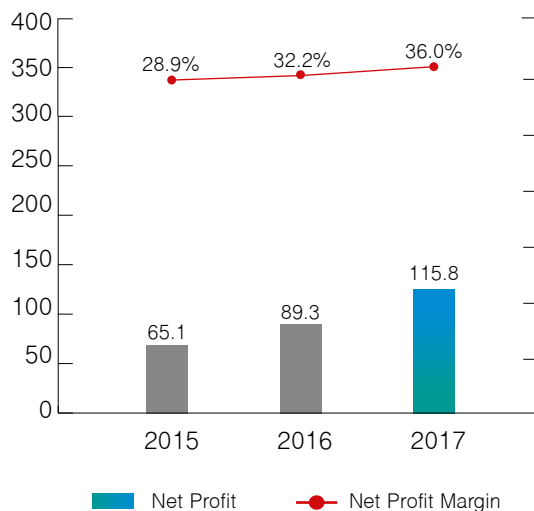
Gross Profit (Million Baht)



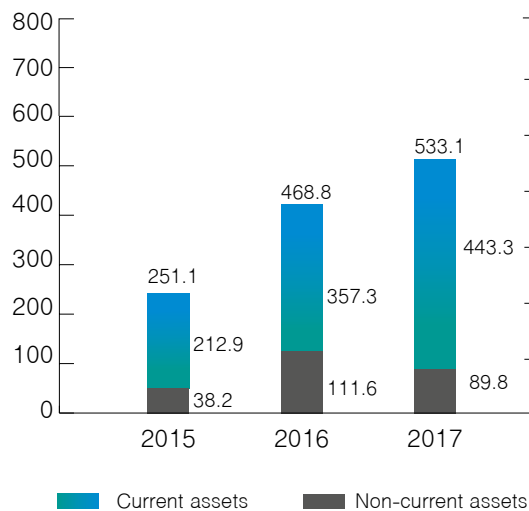
EBITDA (Million Baht)



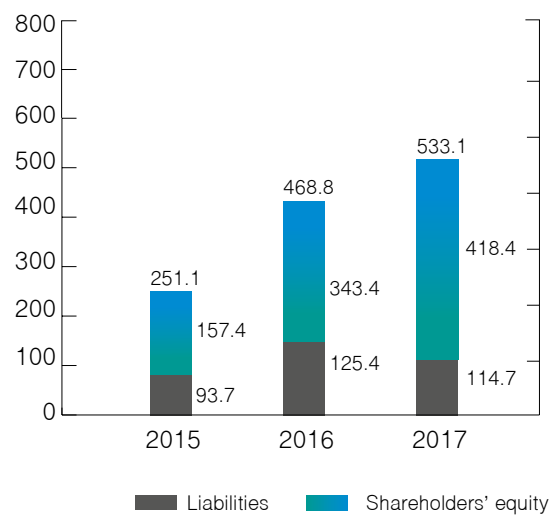
Net Profit (Million Baht)



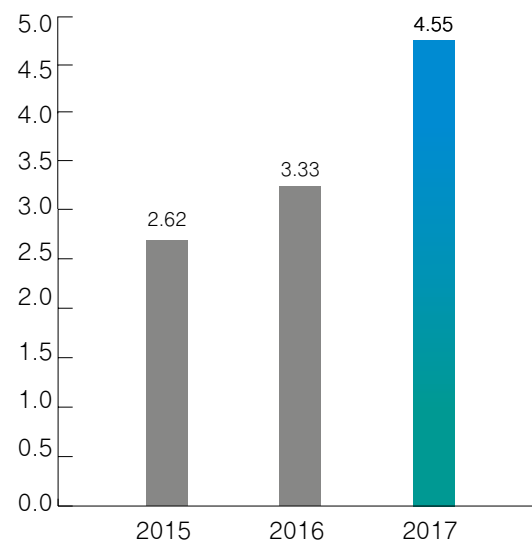
Assets (Unit : Million Baht)



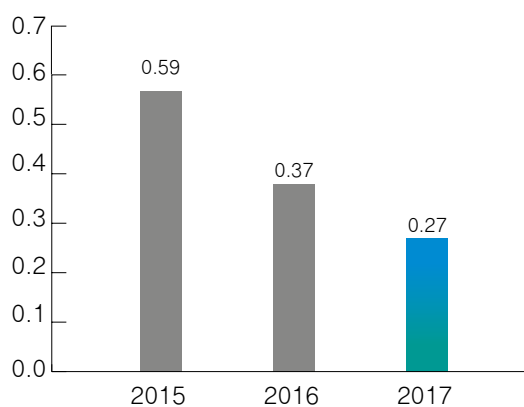
Liabilities and Shareholders' equity (Million Baht)



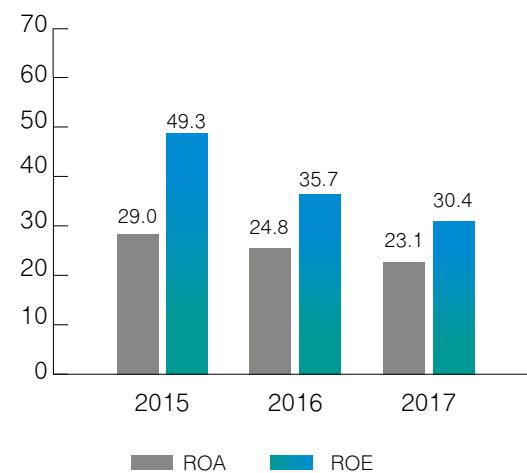
Current ratio (Times)



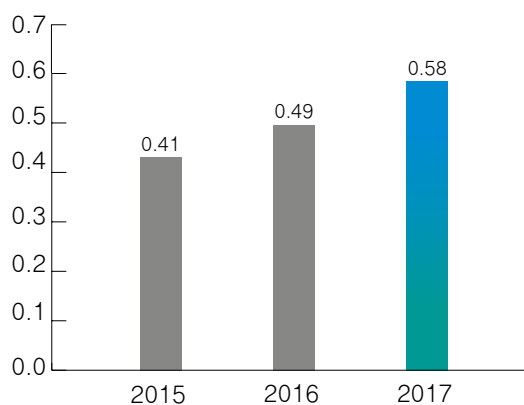
Debt to Equity ratio (Times)



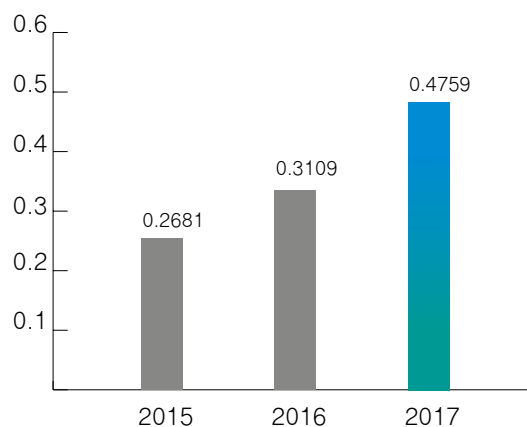
Return on Asset (ROA) / Return on Equity (ROE) (Percent)



Earnings per share (Baht/share)



Dividends per share (Baht/share)



RISK FACTORS

In conducting the Company's business, risk factors that the Company believes may significantly affect the Company's financial status and its performance include :

Risk from the Business of the Company

1. Competition Risk

The Company's main business is providing electronic customs clearance services. As of December 31, 2017, there were 3 service providers connected to the Custom Computer System (Gateway) and 17 electronic data interchange service providers (VANS) which offers similar services (refer to the Thailand National Single Window website). Because government agencies do not grant concessions to these service providers, this may affect the future if new service providers were able to meet the requirements of government agencies and render services as a connector to customs' computer system (Gateway) or provide additional electronic data interchange (VANS). This may cause the Company to face a high competitive risk which may lead to price competition.

However, the Company has its strengths. The Company is the only comprehensive service provider that connects to customs' computer system with the Gateway computer system and provides electronic data interchange (VANS) for logistics customers. This gives the Company a competitive edge. In addition to this, the Company has marketing strategies that aim at maintaining its existing customer base and consistently expands a new customer base. Besides this, the Company has set reasonable pricing, which makes it difficult for new competitors to gain the Company's market share. The Company also focuses on developing products that are easy to use with stable data interchange. The Company continues to develop innovative products and services consistently.

2. Risk from Government Agencies and Relevant Private Sectors Revoked the Necessary Permissions

The Company has received permission from public and private agencies sector such as the Customs Department, the Anti-Money Laundering Office, the Bank of Thailand and commercial banks, etc. If these agencies revoke the necessary permissions, the Company may not be able to provide services to its customers. If other competitors were able to comply with all of the requirements of the government agencies, they would become the Company's competitor in rendering services to the Company's customers which may affect the Company's financial position and performance.

However, the Company provides efficient services in terms of system stability, security of use and services. Throughout the years, the Company has never had a permission revoked by any government agencies or any related private sectors. This makes the executives of the Company believe that the Company will continue to receive the necessary permission from relevant authorities.

3. Risk from the Company's Revenue Comes from the Provision of Electronic Customs Clearance Paperless Services

At present, the Company's main revenue comes from the e-Customs Paperless service. This accounts for 46.83%, 42.12% and 42.68% of the total revenue from 2015 to 2017 respectively. Change in this revenue will have a significant impact on the financial position and the performance of the Company. Nonetheless, e-customs clearance services are also likely to grow significantly in the future due to a tendency for rising volume of imports and exports as a result of economic expansion and the opening of the ASEAN Economic Community (AEC). The Company is the leading service provider company rendering e-custom services with policies to maintain existing customers' base and continually expand its customer's base. This can be seen from the market share of the data interchange. In 2014, the Company's data interchange via e-custom services was at an average level of 70 and had approximately 300 customers. Currently, the Company has policies to significantly increase the proportion of other types of service revenue such as sales revenue from the CDD Gateway service, which commenced in 2013. This has consistently reduced the proportion of e-Customs Paperless services. In addition to this, the Company plans to launch its e-DLT service which is related to the provision of electronic transactions between the private sector and the Department of Land Transport in the year 2018. This would prevent the potential risk of the majority of revenue coming mainly from e-Customs Paperless services.

4. Risk of Dependence on Personnel

The business of the Company is an information technology business which is based on the knowledge, ability and expertise of personnel who understand the problems and processes of transactions in order to develop systems that meet the demands of the market. The Company also relies on a team of computer engineers, especially those with more than 3 years of experience in developing computer programs. The loss of these individuals will adversely affect the Company's operations and its competitiveness.

Due to an awareness of such risks, the Company continually emphasizes the importance of human resources development. The Company's work is a team-based, allowing the team members to be able to fill in for one another. The Company also organizes training courses to continually educate its personnel. The Company has a policy to provide competitive level of remuneration to its employees and to motivate employees to work with the Company for a long period of time. In addition to this, the Company also has a cooperative program with educational institutions to co-host cooperative education. This allows students to learn through practical work. The Company also provides opportunities for students to join the Company as a trainee and they are eligible for full-time employment after graduation. In 2017, no employees resigned from being a member of computer engineering team and company recruit 1 more employee. As a result, there are 27 employees in computer engineering team at the end of 2017.

5. Risk from Changes to Government Policies

The Company's services rely on government policies that support electronic transactions in various forms, such as e-Custom Paperless services for customs and the ETR Gateway, the Electronic Transaction Reporting Gateway for the Anti-Money Laundering Office. As a result, changes in government policies may affect the Company's financial status and performance.

However, presently, the public and private sectors have a policy to support electronic transactions which are convenient, reduce operating costs, reduce the risk of lost documents, and are secure. The government places an importance on the prevention of money laundering. Moreover, the government will notify of such changes before adopting a new policy. The Company will have time to adjust its operating plans to align with any new government policies.

6. Risk from the Stability of the Service System

The stability of the customer service system is one of the important factors that customers consider when they choose a service provider. The Company's service is an important part of the customer's business system and this requires continuous use all the time. Thus, if the Company's service system does not work properly due to various reasons such as faulty processing, connection failures, hardware failures or the inability of the system to accommodate a large number of concurrent users, this will affect the reliability of the Company's services and will affect its financial position and the results of the Company's operations. The Company has entered into a customer service agreement with a guarantee of system availability. The Company is willing to reimburse service charges with the value not exceeding the customer's credit limit of service usage in case the Company's system was not functioning. The Company focuses on the importance to these factors and as a result the Company takes concise actions to ensure that the Company's service system is stable and able to support the needs of customers with a backup system ready to work immediately when the main system is not available. The system will be tested to ensure that it works properly before opening for service. There is also a team of engineers that monitor the system 24 hours. The Company's policy has made the Company's system available at least 99.5 percent of the time. The Company is also certified with ISO 27001, which is the international standard for information technology services.

7. Risk of Technological Change

The information technology business is a fast-changing business because various technologies that are used in product development are always changing. Both programs and electronic devices have changed. At present, the major programs that the Company uses to provide major sales revenue are the Company's own developed programs which were invented by the Company. If a Company is unable improve its services to keep pace with changing technology, it may cause the Company to lose its ability to compete and that affects its financial position and the Company's operational results. Other than that, the rapid change of technology will also affect different electronic materials of the Company. For example, computer networks may not be able to support new devices. This may result in the Company having to supply various electronic devices. However, the Company has always focused on keeping up with technology. As a result, the Company has a policy to regularly organize training about programs or other new technologies. The Company also adopts new innovative technology to help with product development in order to meet the need of customers even more. The Company has a team of consultants and external experts who provide knowledge and advice on services and system development to meet the needs of customers under the right technology. In addition to this, in considering the investment in the Company's computer systems and equipment, at present, the Company has a policy to lease Private Cloud Computing and other network systems instead of purchasing. However, in order to maintain quality standards for the Company's services, in some cases, the Company may need to purchase certain equipment or systems if the Company cannot obtain a quality service provider or is unable to deliver services at the standards that the Company requires.

8. Risks from Changes in the Format of the Data Interchange (Schema) of Relevant Government Agencies

At times, relevant government agencies change the format of the data transmission. The Company has to make changes in the data format to be consistent with the requirements of government agencies. Therefore, if the Company cannot change the data format in a timely manner, customers of the Company may not be able to use the Company's services and this could cause the Company to lose customers. This may affect the Company's income and financial position. In the past, the Company provided various services for customers in a Client Base. This caused delays in the implementation of changes in data format for each customer. However, at present, the Company has changed its service model for customers to a Web base. If government agencies change the format of the data transmission, the Company can update its software for all customers at once.

9. Risk from the Uncertainty of Return on New Business

To create a sustainable good return for shareholders, the Company plans to offer new types of services called e-DLT projects. This is an electronic car tax payment system. The success of these projects depends on several factors. These factors include market needs and trends, user behavior, different laws and regulations, changes in the political situation, and the country's economy. Some of these factors are beyond the Company's control and may adversely affect the Company's financial condition and performance.

However, before offering these services, the Company studied the feasibility of marketing very well. The Company's product development team is experienced and has the ability to develop software that meets customer needs and solves problems that may occur in the future. In addition to this, the electronic car tax payment system is a direct collaborative development between the Company and customers, thus ensuring that the Company's services will have a customer base that is quite certain.

SHAREHOLDING STRUCTURE AND MANAGEMENT

1. Shareholders

Netbay Public Company Limited

As of December 31, 2017, the Company's top 10 shareholders are as follows.

Name of Shareholder	As of December 31, 2017	
	Number of shares	Number of shares
	Percentage	Percentage
1. Prof.Dr. Pairash Viwatrujirapong	101,999,980	51.00
2. Internet Thailand Public Company Limited	9,156,300	4.58
3. Thai NVDR Company Limited	7,424,800	3.71
4. Mrs. Uraiporn Chaloemsapyakorn	5,450,000	2.73
5. Bualuang Infrastructure RMF	5,307,400	2.65
6. B Senior Citizen Mixed Fund (B-SENIOR)	4,930,200	2.47
7. Mr. Lersak Jongwilaikasem	4,775,000	2.39
8. Bualuang Infrastructure Open-end Fund	2,517,000	1.26
9. Mr. Vichaya Mekaapirak	2,000,000	1.00
10. Mr. Pamorn Polathep	2,000,000	1.00
Other shareholders	54,439,320	27.22
Total	200,000,000	100.00

The Company's Subsidiary

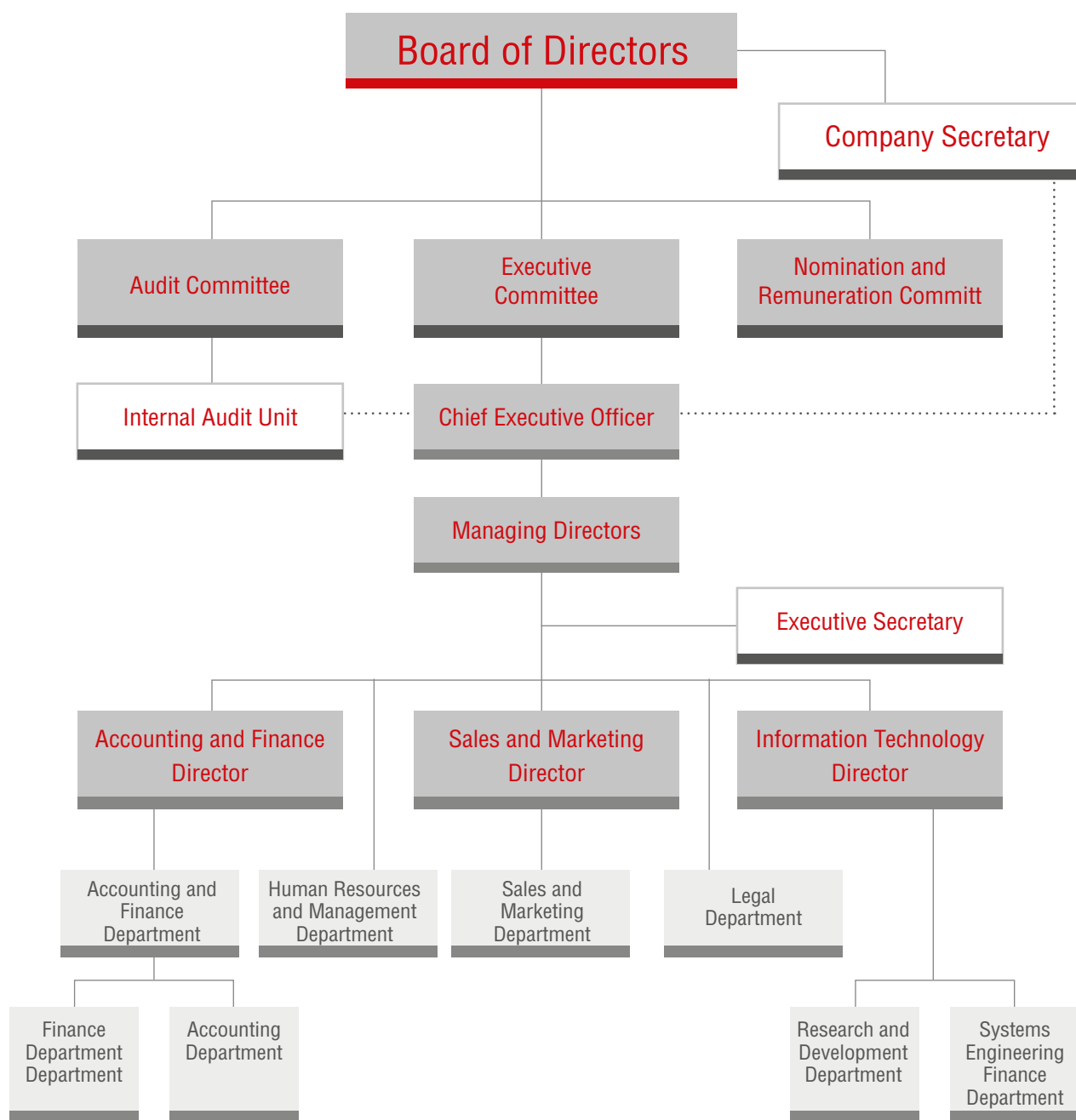
Cloud Creation Company Limited

As of December 31, 2017, the list of Cloud Creation Company Limited shareholders was summarized below.

As of December 31, 2017	As of December 31, 2017	
	Number of shares	Number of shares
	Percentage	Percentage
1. Mr. Pichit Viwatrujirapong	1	0
2. Mr. Arthit Pasukyued	1	0
3. Netbay Public Company Limited	499,998	100

Management Structure

As of December 31, 2017, Netbay Public Company Limited's management structure was comprised of the board of directors and 3 subcommittees. The subcommittees are the audit committee, the nomination and remuneration committee and the executive committee as follows.



Remarks : * The Internal Audit Unit will work directly with the Audit Committee by coordinating with the independent internal control appraisal company that the Company signed contract of employment. The internal audit unit will report the operational results and give recommendations to the Chief Executive Officer to acknowledge.

Management Structure of the Company's Subsidiary

As of December 31, 2017, the management structure of Cloud Creation Company Limited was as follows.



2. The Board of Directors

As of December 31, 2017, the board of directors was comprised of the following 9 directors.

Name, Last Name	Position
1. Prof.Dr. Pairash Thajchayapong ¹	Chairman
2. Mr. Pichit Viwatrujirapong ²	Vice Chairman and Chief Executive Officer
3. Mr. Sahas Treetipbut ^{1,3}	Director
4. Mr. Akaradej Rojmeta ²	Director
5. Mr. Pichai Asavanapakas	Director
6. Mrs. Patama Wongtoythong	Director/ Independent Director/Chairman of the Audit Committee
7. Mr. Vichit Yanamorn	Director/Independent Director/Audit Committee Member/ Nomination and Remuneration Committee Member
8. Mr. Suvit Arunanondchai	Director/Independent Director/Audit Committee Member/Chairman of the Nomination and Remuneration Committee
9. Mrs. Kobkanjana Veerapongpradit ^{2,5}	Director/ Nomination and Remuneration Committee Member

Remarks : ¹ Appointed as director by Internet Thailand Public Company Limited

² Directors no. 2, 4 and 5 are directors who have authority to sign on behalf of the Company. Two-thirds of these directors must sign their names together and affix it with the Company's seal from 1 January 2017 to 8 May 2017.

² Directors no. 2, 4 and 9 are directors who have authority to sign on behalf of the Company. Two-thirds of these directors must sign their names together and affix it with the Company's seal from 11 May 2017 onward.

³ Mr. Sahas Treetipbut has resigned from company director since 11 May 2017.

⁴ Mr. Pichai Asavanapakas has resigned from company director since 8 May 2017.

⁵ Mrs. Kobkanjana Veerapongpradit has appointed to be company director since 11 May 2017.

Directors who have Authority to Sign on Behalf of the Company

Mr. Pichit Viwatrujirapong, Mr. Pichai Asavanapakas and Mr. Akaradej Rojmeta are directors who have the authority to sign on behalf of the Company. Two-third of these directors must sign their names and affix it with the Company's seal from 1 January 2017 to 8 May 2017.

Mr. Pichit Viwatrujirapong, Mr. Akaradej Rojmeta, and Mrs. Kobkanjana Veerapongpradit are directors who have the authority to sign on behalf of the Company. Two-third of these directors must sign their names and affix it with the Company's seal from 11 May 2017 onward.

The Company Secretary

Ms. Quanying Wongkasemjit is the Company Secretary.

The Board of Directors' Meeting

Meeting attendance for the board of directors for 2017 is as follows.

Name, Last Name	Number of Times Attended/Total Number of Meetings
1. Prof.Dr. Pairash Thajchayapong	6/6
2. Mr. Pichit Viwatrujirapong	6/6
3. Mr. Sahas Treetipbut ¹	3/6
4. Mr. Akaradej Rojmeta	6/6
5. Mr. Pichai Asavanapakas ²	2/6
6. Mrs. Patama Wongtoythong	6/6
7. Mr. Vichit Yanamorn	6/6
8. Mr. Suvit Arunanondchai	6/6
9. Mrs. Kobkanjana Veerapongpradit ³	3/6

Remark : ¹ Mr. Sahas Treetipbut has resigned from company director since 11 May 2017.

² Mr. Pichai Asavanapakas has resigned from company director since 8 May 2017.

³ Mrs. Kobkanjana Veerapongpradit has appointed to be company director since 11 May 2017.

The Scope of Authority, Duties and Responsibilities of the Board of Directors

Duties of the board of directors are as follows.

1. To perform the duties in accordance with laws, objectives and regulations of the Company and the resolutions of the Shareholders' meeting with honesty and to protect the benefits of the Company.
2. Consider the details and approve the vision, business strategy, policies, goals, guidelines, and the Company's operational plans as prepared by management and presented to the board of directors.
3. To oversee the management and performance of management or any person entrusted with such duties in order to comply with the policies set forth by the board of directors.
4. Continually monitor the performance of the Company in order to be in compliance with the operational plans and the Company's budget.
5. To manage management in order to have an accounting system, financial reporting and reliable auditing and to ensure that there was adequate and appropriate internal control systems.
6. Review the risk management process and risk management policies and follow-up on the results of risk management.
7. To consider the acquisition or disposal of assets, investments and any actions taken in order that they are in compliance with laws, notices, rules and any relevant regulations.
8. To consider and approve the Company's connected transactions in order that they are in accordance with the laws, notices, rules and any relevant regulations.
9. Prevent any conflicts of interest between the Company's stakeholders.

10. Consider various matters by taking into account the interests of the shareholders and stakeholders of the Company fairly. Directors must notify the Company without delay if they have a stake in the contract. For transactions in which directors or any person has any possible conflicts of interest, directors who are stakeholders do not have the right to vote for the approval of that transaction.
11. Provide written policies on good corporate governance in accordance with the corporate governance principle. Review the Company's corporate governance policies to ensure that the Company is responsible to all its stakeholders fairly.
12. If necessary, get professional advice from outside organizations in order to make the correct decision.
13. Consider the appointment of Chief Executive Officer and the subcommittees. For example, the audit committee, the executive committee, etc. To determine the powers and responsibilities of the Chief Executive Officer and the subsidiary' board of directors' in order to monitor management systems and internal control systems as set forth in the policies.
14. Consider the appointment of the Company Secretary in order to ensure that the board of directors and the Company complies with any laws, announcements, rules and regulations.
15. Consider changing the scope of authority and responsibilities of the audit committee, the executive committee, the nomination and remuneration committee and the Chief Executive Officer as deemed appropriate and necessary.
16. Evaluate the performance of the board of directors. The board of directors will evaluate their performance on an annual basis and consider ways to improve the board's performance in order to be more effective.

Therefore, the board of directors must not delegate authority or responsibilities to the board of directors and/ or any authorized person to approve transactions in which the board or any individual that may have a conflict of interest (as defined in the notifications of the Securities and Exchange Commission and the notifications of the Capital Market Advisory Board) or may have a stake or any kind of benefit in any way or have any other conflict of interest with the Company, other than the approved transactions that are done in accordance with the policies and regulations of the meeting of shareholders or the board of directors' consideration for approval.

Director Recruitment

When selecting a person to be a director or an executive of the Company, the board of directors that hold the position during that time will select a suitable person by considering the appropriate qualifications and make sure they are aligned with the Company's strategies and operational plans. The person must be qualified in terms of knowledge, ability, experience, dedication, and the person appointed to be a director or executive of the Company must be fully qualified under Section 68, Public Company Act BE 2535 (as amended) and the notifications of the Board of Governors of the Stock Exchange of Thailand and the relevant Capital Market Supervisory Board. The appointment of directors and management of the Company has to be approved by the board of directors and/or the shareholders' meeting (as the case may be).

The Term of the Office of the Board of Directors

At every annual General Meeting of Shareholders, one third of the directors shall retire. If the number of directors cannot be divided equally into three parts, then the number of directors that are retiring will be rounded to number nearest one-third in the first year. In the second year, after registering the conversion of a limited company to a public limited company, a lottery method shall be used. In the following years, the longest tenured directors shall leave their office. However, directors who have retired by rotation may be re-elected.

The Meeting of the Board of Directors

1. The board of directors shall have a meeting at least once every three months. The board of directors' meeting shall be held in the locality where the Company's head office is located or at any location that chairman or the appointed chairman determines.
2. The board of directors shall elect one director to be the chairman. In the case where the board deems it appropriate to elect one or more directors to be a vice chairman and a managing director, the position shall be held for a period as agreed upon by the board.
3. The meeting of the board of directors will be called when the chairman of the board of directors calls a meeting or if two or more directors request a meeting of the board of directors. The chairman shall appoint the date of the meeting within fourteen days of receiving the request to meet.
4. When calling a meeting of the board of directors, the chairman or the authorized person shall send a notice of the meeting to the directors no less than seven days prior to the meeting date, except in urgent cases to maintain the benefits of the Company. The meeting will be notified through other means and the meeting date may be earlier than that.
5. At the board of directors meetings, at least half of the total number of directors needs to be present at the meeting in order to constitute a quorum.

In the case that the chairman is not present at the meeting or is unable to perform the duty, the vice chairman shall act on behalf of the chairman. If the vice chairman is not present at the meeting or is unable to perform the duty or the vice chairman position is vacant, the board of directors may appoint one of the directors present at the meeting to be chairman of the meeting. Decisions at the meeting shall be taken by a majority of votes.

Each director has one vote except a director who has a stake in that matter. Then he or she has no right to vote on that matter. If there is a tied vote, the chairman of the meeting shall have the deciding vote.

Changes in Securities Held by the Board of Directors of Netbay Public Company Limited as of December 31, 2017.

Name	Netbay Public Company Limited			
	Number of Shares (Ordinary Shares)			
	Personal Shares	Increase (Decrease) in the Number of Shares during the Year	Spouse Children	Increase (De- crease) in the Number of Shares during the Year
1. Prof.Dr. Pairash Thajchayapong	-	-	-	-
2. Mr. Pichit Viwatrujirapong	101,999,980	(18,000,000)	-	-
3. Mr. Sahas Treetipbut	-	-	-	-
4. Mr. Akaradej Rojmeta	10	-	-	-
5. Mr. Pichai Asavanapakas	10	-	-	-
6. Mrs. Patama Wongtoythong	-	-	-	-
7. Mr. Vichit Yanamorn	-	-	-	-
8. Mr. Suvit Arunanondchai	-	-	-	-
9. Mrs. Kobkanjana Veerapongpradit	-	-	-	-

Changes in Securities Held by the Company's Board of Directors' for Subsidiaries as of December 31, 2017.

Name	Cloud Creation Company Limited			
	Number of Shares (Ordinary Shares)			
	Personal Shares	Increase (Decrease) in the Number of Shares during the Year	Spouse Children	Increase (De- crease) in the Number of Shares during the Year
1. Prof.Dr. Pairash Thajchayapong	-	-	-	-
2. Mr. Pichit Viwatrujirapong	1	-	-	-
3. Mr. Sahas Treetipbut	-	-	-	-
4. Mr. Akaradej Rojmeta	-	-	-	-
5. Mr. Pichai Asavanapakas	-	-	-	-
6. Mrs. Patama Wongtoythong	-	-	-	-
7. Mr. Vichit Yanamorn	-	-	-	-
8. Mr. Suvit Arunanondchai	-	-	-	-
9. Mrs. Kobkanjana Veerapongpradit	-	-	-	-

Board of Directors



Prof. Dr. Pairash Thajchayapong

Age : 73 years old

Position : Chairman of the Board

Education :

- Honorary Doctorate Degree in Information and Communication Technology, King Mongkut's Institute of Technology Ladkrabang
- Honorary Doctorate Degree in Engineering, Tokai University, Japan
- Ph. D from Cambridge University, United Kingdom
- Bachelor degree, 1st class honor, in Electrical and Electronic Engineering, Imperial College of Science and Technology, London University, United Kingdom

Training :

2009 Director Certification Program, Thai Institute of Directors

Other Positions/ Other Businesses :

- Chairman of Internet Thailand Public Company Limited
- Director of Wisdom Wave Company Limited
- Specialist and Senior Advisor at the National Science and Technology Development Agency

Previous Experience over the Past 5 Years :

- July–September 2004 Senior Official Advisor to the Prime Minister in Science and Technology



Mr. Sahas Treetipbut

Age : 70 years old

Position : Director

Education :

- Bachelor of Commerce in Statistics, Faculty of Commerce and Accounting, Chulalongkorn University.
- Master of Science, Computer and Information Sciences, Syracuse University, New York, USA

Training :

- 1993 - Advanced Management Program For Overseas Bankers, The Wharton School, University of Pennsylvania, USA
- Diploma, National Defense College, The Joint State - Private Sector Course 4212, Thailand National Defense College in 1999
- Director Accreditation Program Class 28/2004, Thai Institute of Directors Association

Other Positions/Other Businesses :

- Chairman of Thiensurat Public Company Limited
- Chairman of the Board and Audit Committee for Office Mate Company Limited
- Chairman of The Audit Committee and Director of Origin Property Public Company Limited
- Director of Internet Thailand Public Company Limited
- Director of MBK Resort Public Company Limited
- Advisor for Siam Trade Company Limited

Previous Experience over the Past 5 Years :

- Advisor for KTB general services Company Limited
- Advisor for Bank for Agriculture and Agricultural Cooperatives
- Advisor for Islamic Bank of Thailand
- Director of Office of the Electronic Transaction Commission (two times)



Mr. Pichit Viwatrujirapong

Age : 67 Years Old

Position : Director/Vice Chairman and Chief Executive Officer

Education :

- Master of Political Science in Political Management, Faculty of Political Science, Ramkhamhaeng University
- Bachelor of Political Science, Faculty of Political Science, Ramkhamhaeng University

Training :

2013 Director Accreditation Program, Thai Institute of Directors

Other Positions/Other Businesses :

- Chief Executive Officer/
President of Cloud Creation Company Limited
- Chief Executive Officer/
President of Creation Group Company Limited

Previous Experience over the Past 5 Years :

- 2013-Present
 - Consultant for the Business Advisory Board of Giga Impact Initiative Program, National Science and Technology Development Agency
 - Committee Consultant for Software Industry Promotion Agency (Public Organization)
 - Chairman of a Subcommittee supporting and following up Software Productivity Program, Software Industry Promotion Agency (Public Organization)
 - Principal Advisor for Bangkok
 - Subcommittee for Investor Club, Thailand Board of Investment



Mr. Akaradej Rojmeta

Age : 63 Years Old

Position : Director

Education :

- Master Degree in Business Administration, Tarleton State University Texas, U.S.A.
- Bachelor Degree in Business Administration (Accounting), Thammasat University

Training :

2004 Director, Accreditation Program (DAP), Thai Institute of Directors

Other Positions/Other Businesses :

- Director of Solartron Public Company Limited

Previous Experience over the Past 5 Years :

- 2004-2007 Director of Netbay Public Company Limited
- 2004-2007 Director of Solartron Public Company Limited



Mr. Pichai Asavanapakas

Age : 57 years old

Position : Director/Executive Director

Education :

- Master Degree of Computer Science, University of Atlanta, Georgia, USA
- Bachelor of Science, Majoring in Statistics, Chulalongkorn University

Training :

2013 Director Accreditation Program, Thai Institute of Directors

Other Positions/Other Businesses :

- Managing Director of Cloud Creation Company Limited
- Director of Creation Group Company Limited

Previous Experience over the Past 5 Years :

- 2006-April 18, 2014
Managing Director of Netbay Public Company Limited



Mrs. Patama Wongtoythong

Age : 58 Years Old

Position : Independent Director and Chairman of the Audit Committee

Education :

- Master Degree in Business Administration, University of Missouri, USA
- Bachelor of Accounting Program, Thammasat University

Training :

- 2006
- Director of Accreditation Program, Thai Institute Of Directors (IOD)
 - Director Certification Program, Thai Institute of Directors (IOD)
 - Financial Restructuring & Corporate Recovery, Organized by the World Bank and the Office of Corporate Debt Restructuring Advisory Committee
 - Senior Executive Development Program
 - Full Scale Internal Auditing and Control Program
 - Future and Derivatives for Investor Program

Other Positions/Other Businesses :

- Chief Executive Officer of Solartron Public Company Limited

Previous Experience over the Past 5 Years :

- 2008-Present
Chief Executive Officer and Vice President of Solartron Public Company Limited
- 2015-Present
Director of Solartron Energy 1-5 Company Limited
- 2008
Deputy Chief Executive Officer of Solartron Public Company Limited
- 2005-2007
Chief Financial Officer of Solartron Public Company Limited



Mr. Vichit Yanamorn

Age : 71 Years Old

Position : Independent Director, Audit Committee,
Nomination and Remuneration Committee

Education :

- Master of Science in Computer and Sciences, University of Iowa, USA
- Bachelor of Commerce in Statistics, Faculty of Commerce and Accounting, Chulalongkorn University.

Training :

- 2015 - Role of the Nomination and Governance Committee (RNG) Certificate Class 7/2558
- Role of the Compensation Committee (RCC) Certificate Class 20/2558
- 2016 - Driving Company Success with IT Governance (ITG) Certificate Class 3/2559
- 2007 - Audit Committee Program (ACP) Certificate Class 18, Thai Institute Of Directors (IOD) 1997
- Director Accreditation Program (DAP) Certificate Class 34, Thai Institute Of Directors (IOD)

Other Positions/Other Businesses :

- Independent Director and Audit Committee, IT City Public Company Limited
- Director, Navataveep Company Limited
- Director, Amorncheewin Company Limited
- Director, Grand UB Company Limited
- Non Executive Director, Risk Management Committee, Nomination and Remuneration Committee Thanachart Capital Public Company Limited

Previous Experience over the Past 5 Years :

- 2001-2002
Deputy Chief Executive Manager, Technology and Operation Group, Siam Commercial Bank Public Company Limited



Mr. Suvit Arunanondchai

Age : 68 Years Old

Position : Independent Director, Chairman of the Nomination and Remuneration Committee

Education :

- Bachelor of Economics, Louisiana Tech University, USA

Training :

Thai Institute Of Directors (IOD)

2017 - Board Room Success Through Financing & Investment (BFI) 1/2017

- Board Matters&Trend (BMT) 3/2017

2015- Successful Formulation and Execution of Strategy (SFE)

2014 - Role of Compensation Committee (RCP)

- Advance Audit Committee Program (AACP)

2006 - Quality Financial Reporting Class 2/2006

2005 - Audit Committee Program (ACP) Class 4/2005

2002 - Director Certification Program (DCP) Class 14/2002

- Director Diploma Examination (Follow Member)

- Stock Exchange of Thailand (SET)

2009 - Capital Market Academy (CMA8) 2009

Other Positions/Other Businesses :

- 2016-present

Thai Nippon Rubber Industries Public Company Limited,
Independent Director, Audit Committee, Chairman of Nomination and Remuneration Committee

- 2012-present

Rachatani Leasing Public Company Limited

Previous Experience over the Past 5 Years :

- 2002-2009

Independent Director and Audit Committee, Thanachart Bank
Public Company Limited



Mrs. Kobkanjana Veerapongpradit

Age : 49 years old

Position : Managing Director

Education :

- Masters of Business Administration, National University, San Diego USA
- Bachelor's Degree - Faculty of Communication of Arts, Chulalongkorn University

Training :

- 2017 - Director Certification Program (DCP) Class 248, Thai Institute Of Directors (IOD)
- Digital Law and Security Digitalisation for Thailand 4.0 : Technology Security and Law, Electronic Transactions Development Agency (Public Organization)
- 2015 - Strategic CFO in Capital Markets Program, Stock Exchange of Thailand
- Successful Formulation & Execution of Strategy, Thai Institute Of Directors (IOD)

Other Positions/Other Businesses :

- Director, Creation Group Company Limited

Previous Experience over the Past 5 Years :

- April 2011- April 2014
Vice-managing director of Netbay Company Limited
- August 2008-September 2011
Enterprise & Partner Group Sales Director of Microsoft (Thailand) Company Limited

3. The Audit Committee

The board of audit committee was comprised of 3 independent directors who served on the audit committee as follows.

Name-Last name	Position
1. Mrs. Patama Wongtoythong	Chairman of the Audit Committee
2. Mr. Vichit Yanamorn	Audit Committee Member
3. Mr. Suvit Arunanondchai	Audit Committee Member

Ms. Patama Wongtoythong is an audit committee member who has sufficient knowledge and experience to review the reliability of the financial statements. Ms. Quanying Wongkasemjit is the secretary of the audit committee.

The Meetings of the Audit Committee

The attendance for meetings of the audit committee for the year 2017 was as follows.

Name-Last name	Number of Times Attended a Meeting/ TotalNumber of Meetings
1. Mrs. Patama Wongtoythong	5/5
2. Mr. Vichit Yanamorn	5/5
3. Mr. Suvit Arunanondchai	5/5

The Scope of Authority and the Responsibilities of the Audit Committee

1. To review the accuracy and adequacy of the Company's financial reports.
2. To review the Company's internal control systems and internal audit systems to ensure that they are suitable and effective. To consider the independence of the internal audit unit. To approve the appointment, transfer or termination of the chief of the internal audit unit or any other unit responsible for the internal audit. This includes the hiring or termination of an internal audit firm or any other entity responsible for internal auditing.
3. To review the Company's compliance to laws regarding securities and the stock exchange and the requirements of the stock exchange and laws relating to the business of the Company.
4. To consider, select and nominate an independent person to be the Company's auditor. To propose the remuneration of that person as well as attend meetings with the auditors without management present at least once a year.
5. To consider connected transactions or transactions that may have conflicts of interest in order to be in compliance with the laws and regulations of the stock exchange and to ensure that these transactions are reasonable and for the greatest benefit of the Company.
6. To prepare the audit committee's report and disclose the report in the Company's annual report. This must be signed by the chairman of the audit committee. The audit committee's report must have at least the following information :
 - 1) Opinions on the accuracy, completeness, reliability and reliability of the Company's financial report.
 - 2) Opinions on the adequacy of the Company's internal control systems.

- 3) Opinions regarding the compliance with the Securities and Exchange Act, the Stock Exchange Act or any laws relating to the business of the Company.
 - 4) Opinions about the suitability of the auditor.
 - 5) Opinions regarding transactions that may have a conflict of interest.
 - 6) The amount of audit committee meetings and each audit committee member's meeting attendance.
 - 7) Comments or overall observations by the audit committee from their operations.
 - 8) Other agendas item that shareholders and general investors should know under the scope of duties and responsibilities assigned by the board of directors.
7. To perform any other act assigned by the board of directors with the approval of the audit committee.
 8. In regards to the performance of duties of the audit committee, if the audit committee finds or suspects that the following transactions or actions have occurred which have a significant impact on the Company's financial status and results of operations, the audit committee will report to the board of directors to get corrective actions within the time that the audit committee deems appropriate.
 - 1) Conflicts of Interest
 - 2) Fraud or there is something wrong or there are significant deficiencies in internal controls.
 - 3) Violations of the Securities and Exchange Act and the Stock Exchange Act or any laws relating to the business of the Company.
 9. In regards to the performance of duties, the audit committee may seek independent opinions from any other professional advisor if deemed necessary at the expense of the Company.
 10. In practice of the scope of authority and responsibilities, the audit committee shall have the power to invite management, executives or any relevant employees to report, give opinions, attend meetings or submit relevant and necessary documents.

Therefore, the board has the power to change the scope of authority and the responsibilities of the audit committee as it deems appropriate and necessary.

Recruitment of the Audit Committee

The board of directors is comprised of at least 3 audit committee members. The board of directors will select independent directors to serve on the audit committee and consideration of approval will be proposed to the board of directors or the shareholders' meeting. Therefore, the audit committee shall have the scope of duties and responsibilities as specified in the notifications of the Stock Exchange of Thailand regarding the qualifications and scope of work for the audit committee.

The Term for Holding a Position on the Audit Committee

Audit committee members shall serve 3 year terms except when stepping down from the position in order to be in compliance with the Company's Articles of Association. An audit committee member who steps down by rotation may be re-elected. In the case that a position on the audit committee is vacant for any reason other than for the expiration of the term, the board of directors shall appoint a qualified person to be on the audit committee so that the number of audit committee will be complete as prescribed by the board of directors. The person who replaces the audit committee member will hold the position for the remainder of the term of the audit committee member they replaced.

The Audit Committee Meeting

1. There should be at least 4 meetings per year. Management, executives, relevant employees or auditors may be invited to attend the meeting in order to give opinions or submit documents and information that is relevant or necessary.
2. At every audit committee meeting, a quorum must consist of no less than two thirds of the total number of audit committee members holding a position at that time in order to be considered as a quorum.
3. Audit committee members who have a stake in the consideration of any matter will abstain from voting on such matters. The audit committee has the right to vote. Each member has one vote. Resolutions are made by a majority vote. The secretary of the audit committee does not have the right to vote. In case of a tied vote, the chairman of the meeting shall have the deciding vote.
4. The Company's auditors shall meet at least once a year without management present.

The Recruitment of Independent Directors

The Qualifications of Independent Directors

The board of directors determines the qualifications of independent directors in accordance with the requirements of the Stock Exchange of Thailand. The qualifications of independent directors are as follows.

1. They must not hold more than one percent of the total voting shares of the Company, its parent company, its subsidiaries, affiliated companies, major shareholders or controlling persons of the Company. This includes shareholding of any person involved with the independent director.
2. They must not be or have been a director who was involved with management, staff, employees, consultants who receive a regular salary, or any controlling authority of the Company, its parent company, its subsidiaries, affiliated companies, subsidiaries, major shareholders or a controlling person of the Company unless they have ceased to have such characteristics for no less than two years before the date of requested permission to the Office of the Stock Exchange of Thailand. Such prohibited characteristics do not include the case in which independent directors were former officials or consultants of government agencies which are major shareholders or a controlling authority of the Company.
3. They must not be a person who has blood relations or have a binding legal registration such as a parent, spouse, sibling or child. This includes the spouse of a child of other directors, executives, major shareholders, controlling persons or anyone who is nominated as a director, manager or a controlling person of the Company or its subsidiaries.
4. They must never have or have had any business relationship with the Company, parent company, subsidiaries, associated company, major shareholders or a controlling authority of the Company in such a way as to impede the exercise of independent judgment. This includes neither being nor ever been a significant shareholder or a controlling person who has business relationships with the Company, parent company, subsidiaries, associated companies, major shareholders or a controlling authority of the Company unless those characteristics have ceased for no less than two years before the date of submission for permission to the office, or providing or receiving financial assistance by accepting or giving loans, being a guarantor, or giving assets as a liability guarantee and includes other similar circumstances that has resulted in the Company or any party owing a debt to another party from three percent of the Company's net tangible assets or valued at twenty million Baht or more, whichever is lower. Therefore, the calculation

of such indebtedness shall be in accordance with the calculation method of connected transactions according to the notifications of the Capital Market Supervisory Board regarding connected transaction mutatis mutandis. However, in considering such indebtedness, it shall include the debt incurred during the year prior to the date of having a business relationship with the same person.

5. They must not be or have been the auditor of the Company, its parent company, subsidiaries, associated companies, major shareholders or a controlling person of the Company and not be a significant shareholder or a controlling authority or partner of an auditing company that hold the position of auditors in the Company, its parent company, subsidiaries, associate companies, major shareholders or the controlling person of the Company unless these characteristics have ceased for no less than two years before the date of submission for permission from the Office.
6. They must not be or never have been a professional service provider. This includes serving as a legal or financial advisor which receives service fees greater than two million Baht per year from the Company, its parent company, subsidiaries, associate companies, major shareholders or a controlling authority of the Company and be a significant shareholder, controlling authority or partner of that professional service provider unless these characteristics have ceased for no less than two years before the date of submission for permission from the Office.
7. They must not be a director appointed to represent the Company's directors, major shareholders or shareholders who are related to major shareholders.
8. They do not engage in the same business conditions and are not a significant competitor to the business of the Company or its subsidiaries. They are not a significant partner in partnership or a director who is involved in the management of employees, staff, or consultants who receive a regular salary or hold more than one percent of the total voting shares of other companies that conduct the same business and is a significant competitor to the business of the Company or its subsidiaries.
9. There is no other characteristic that makes it impossible to express independent opinions about the Company's operations.

4. The Nomination and Remuneration Committee

The nomination and remuneration committee consisted of the following 3 directors.

Name - Last Name	Position
1. Mr. Suvit Arunanondchai	Chairman of the Nomination and Remuneration Committee
2. Mr. Vichit Yanamorn	Nomination and Remuneration Committee Member
3. Mrs. Kobkanjana Veerapongpradit	Nomination and Remuneration Committee Member

The Meeting of the Board of the Numeration and Remuneration Committee

For 2017, the attendance of meetings for members of the board of the nomination and remuneration committee was as follows.

Name - Last Name	Number of Times Attended a Meeting/ Total Number of Meetings
1. Mr. Suvit Arunanondchai	2/2
2. Mr. Vichit Yanamorn	2/2
3. Mrs. Kobkanjana Veerapongpradit	2/2

The Scope of Authority and Responsibilities of the Nomination and Remuneration Committee The Recruitment of Directors and Senior Executives

1. Establish regulations and recruitment procedures for the Company's directors, subcommittees or senior executive directors and determine the qualifications needed to hold the position.
2. Consider recruitment and selection of qualified people in order to be the Company's directors, subcommittees, executive directors or senior executives. Consider the recruitment of qualified people who have various skills, experiences, professions, expertise and specific capabilities that are beneficial to the business operations of the Company to be proposed to the board of directors or the shareholders' meeting as the case may be.
3. Consider a succession plan for the Company's senior executives to be proposed for the consideration of the board of directors.
4. Perform other duties assigned by the board of directors.

Consideration and Determination of Remuneration

1. Define regulations, guidelines and methods regarding remuneration payment that are necessary and appropriate for the appointed Company's directors, subcommittees, executive directors or senior executives to be proposed for the consideration of approval by the board of directors or the shareholders' meeting as the case may be. Therefore, the method of payment may be in different manners or forms such as meeting allowances, salaries, bonuses, or any other monetary or non-monetary benefit.
2. Determine the remuneration for directors, subcommittees, executive directors or senior executives by considering the appropriate remuneration in accordance with the duties and responsibilities as well as the performance when compared to other companies and industries of the business or a business of similar size in order to be proposed to the board of directors for the approval.
3. Regularly review, study, and follow-up on changes and trends in the remuneration of the Company's directors, subcommittees, executive directors or senior executives in order to propose a suitable remuneration policy and be able to compete with other companies that conduct the same business or are in the same industry. It can also compete with other listed companies in the Stock Exchange market who conduct the same business.
4. Report the progress and performance to the board of directors as well as clarify and answer questions about defining and paying the remuneration of the company directors, subcommittees, executive director or senior executives on behalf of the board of directors to the shareholders' meeting at the Annual General Meeting of Shareholders or Extraordinary Shareholders' Meeting (if any).
5. Report policies, principles and rationale regarding the determination of remuneration for directors, subcommittees, executive directors or senior executives by disclosing information in the annual disclosure statement (Form 56-1).
6. Review, revise and propose amendments to the nomination and remuneration committee charter to the board of directors (if any) to ensure that the charter is appropriate and always up to date.
7. Perform other duties as assigned by the board of directors.

Recruitment of the Nomination and Remuneration Committee

The nomination and remuneration committee consists of at least three directors. Half of the total number of directors shall be independent directors. The board of directors or shareholders will appoint directors or executives to serve on the nomination and remuneration committee. Therefore, the scope of duties and responsibilities of the nomination and remuneration committee will be in accordance with the charter of the nomination and remuneration committee as approved by the board of directors.

The Term for Holding a Position on the Nomination and Remuneration Committee

The nomination and remuneration Committee has terms in which a person can hold a position for 3 years and retire by rotation of the position of directors. Other than retiring by rotation, the nomination and remuneration committee will be released from their position due to (1) death (2) resignation or termination of employment (3) disqualification or have prohibited characteristics in accordance with the law or charter and (4) the meeting of the board of directors made a resolution to terminate. In the case that the position of the nomination and remuneration committee is vacant because someone stepped down by rotation, the board of directors shall select a qualified person to be the replacement for the retired director. The replacement on the nomination and remuneration committee shall serve for the remainder of the term of the person they replaced.

The Meetings of the Nomination and Remuneration Committee

1. The board shall hold a meeting at least once a year at an appropriate time.
2. The chairman of board shall call for a meeting. If at least half the number of directors requested for a meeting, the chairman of the board shall set a meeting date within 30 days from the date the request was received.
3. In the calling for the meeting of the board, the chairman or the secretary of the board shall send a notice of the meeting to directors no less than 7 days prior to the meeting date unless it is an urgent case in order to protect the benefits of the company. Then the meeting will be notified by other means and the date will be set earlier than that.
4. At the board meetings, at least half of the total number of directors must be present at the meeting in order form a quorum. In the case that the Chairman is absent or unable to attend the meeting, the directors present at the meeting shall elect a director to be chairman of the meeting.
5. Every director shall attend every meeting except in the case that there is a necessary event that must be attended. If directors are not able to attend the meeting, the director will inform the chairman in advance.
6. Any committee member that has a stake concerning the matter being considered by the board, they shall abstain from attending and considering such matter. The resolutions of the board shall be made by a majority vote. Each director has a right to vote and each share has one vote. In case of a tied vote, the Chairman of the meeting shall have the deciding vote.
7. The board can invite, call or order management, supervisors or any relevant employees to give opinions and attend the meeting in order for clarification or submit relevant or necessary documents.

5. The Executive Committee

The Executive Committee consisted of the following 3 executives.

Name - Last Name	Position
1. Mr. Pichit Viwatrujirapong	Chairman of the Executive Committee
2. Mr. Pichai Asavanapakas ¹	Executive Committee Member
3. Mrs. Kobkanjana Veerapongpradit	Executive Committee Member

Remark ¹ Mr. Pichai Asavanapakas has resigned from Executive Committee Member since 26 December 2017.

Scope of Authority, Duties and Responsibilities of the Executive Committee

1. Manage and operate the business of the Company in accordance with the business objectives of the Company. The operations and the management of the Company must align with the policies, guidelines and operational plans set forth by the board of directors.
2. Define vision, business strategies, policies, goals, and operational plans that are appropriate and consistent with the economic and competitive environment in order to be proposed to the board of directors for approval.
3. Monitor the implementation of policies and the Company's management guidelines which were approved by the board of directors effectively.
4. Consider the approval of operational expenses, transportation expenses, travel expenses, stationery expenses, office supply expenses, repair and maintenance expenses, and other expenses which are normal Company expenses and do not exceed 20 million Baht.
5. Consider negotiations and approval of entering into contracts and/or any action related to business operations that does not exceed 20 million Baht.
6. Consider the approval of investments in fixed assets and investments in securities in the market demand (approved by the board of directors in principle) and does not exceed 20 million Baht.
7. Consider approval of writing off bad debts from balance sheets according to the conditions set by the Company and do not exceed 5 million Baht per transaction.
8. Perform any other actions assigned by the board of directors. Therefore, the board of directors must not delegate authority or responsibilities to the board of directors and/or any authorized person to approve transactions in which the board or any individual that may have a conflict of interest (as defined in the notifications of the Securities and Exchange Commission and the notifications of the Capital Market Advisory Board) or may have a stake or any kind of benefit in any way or have any other conflict of interest with the Company, other than the approved transactions of normal business activities and ordinary trading conditions.

The Term for Holding a Position on Executive Committee

Executive committee members hold the position for a 3 years term. Retired executive committee members may be re-elected. In the case that the position of executive director is vacant due to any reasons other than the expiration of a term, the board of directors shall appoint a qualified person to be executive director in order to complete the amount of executive directors as set by the board of directors. The person who replaced the executive director will be in the position only for the remainder of the term of the executive committee member he or she replaces.

6. Management

As of December 31, 2017, the Company's management consisted of the following 6 executives.

Name - Last Name	Position
1. Mr. Pichit Viwatrujirapong	Chief Executive Committee
2. Mrs. Kobkanjana Veerapongpradit	Managing Director
3. Mrs. Sutarin Wongsongcha	Accounting and Finance Director
4. Ms. Nunwaruth Wanitchachokechai	Sales and Marketing Director
5. Mr. Arthit Phasukyued ¹	Acting Information Technology Director
6. Ms. Ornrueda Kuumlertluck	Account and Finance Manager

Remark ¹ Mr.Arthit Pasukyued has resign from Acting Information Technology Director since 26 December 2017.

Director Biographies



Mrs. Kobkanjana Veerapongpradit

Age : 49 years old

Position : Managing Director

Education :

- Masters of Business Administration, National University, San Diego USA
- Bachelor's Degree - Faculty of Communication of Arts, Chulalongkorn University

Training :

- 2017 - Director Certification Program (DCP) Class 248, Thai Institute Of Directors (IOD)
- Digital Law and Security Digitalisation for Thailand 4.0 : Technology Security and Law, Electronic Transactions Development Agency (Public Organization)
- 2015 - Strategic CFO in Capital Markets Program, Stock Exchange of Thailand
- Successful Formulation & Execution of Strategy, Thai Institute Of Directors (IOD)

Other Positions/Other Businesses :

- Director, Creation Group Company Limited

Previous Experience over the Past 5 Years :

- April 2011- April 2014
Vice-managing director of Netbay Company Limited
- August 2008-September 2011
Enterprise & Partner Group Sales Director of Microsoft (Thailand) Company Limited

Proportion of Shares Held : 0%



Mrs. Sutarin Wongsongcha

Age : 42 years old

Position : Accounting and Finance Director

Education :

- Masters of Business Administration, Kasetsart University
- Bachelor's Degree - Commerce and Accounting, Chulalongkorn University

Training :

- 2017 - How to Develop a Risk Management Plan (HRP) Thai Institute Of Directors (IOD)
- Ethical Leadership Program (ELP) Thai Institute Of Directors (IOD)
- Board Reporting (BRP) Thai Institute Of Directors (IOD)
- Company Reporting (CRP) Thai Institute Of Directors (IOD)
- 2016 - Chief Financial Officer Certification Program, Federation of Accounting Professions
- 2015 - Strategic CFO in Capital Markets Program, The Stock Exchange of Thailand
- Successful Formulation & Execution of Strategy, Thai Institute of Directors

Previous Experience over the Past 5 Years :

- 2013-2014
Senior Manager, EY Corporate Services Company Limited
- 1996-2011
Manager, EY Company Limited Office

Proportion of Shares Held : 0%



Ms. Nunwaruth Wanitchachokechai

Age : 45 years old

Position : Sales and Marketing Director

Education :

- Master's Degree - Information Management and Systems, Monash University, Australia
- Bachelor's Degree - Political Science, Chulalongkorn University

Previous Experience over the Past 5 Years :

- 2009-2013
- Senior Retail Store Solution Manager (Brand Manager), IndoChina/Storage & Technology Group, IBM Company Limited (Thailand)

Proportion of Shares Held : 0%



Ms. Ornrueda Kumlertluck

Age : 29 years old

Position : Accounting and Finance Manager

Education :

- Bachelor's Degree - Faculty of Commerce and Accounting, Chulalongkorn University

Training :

- 2017 - The Digital Accountant, Federation of Accounting Practices TFRS 15 for general business, Federation of Accounting Practices
- 2016 - TFRS Workshop (TFRS), Federation of Accounting Practices
- 2015 - IFRS Update (In-House Training), EY Company Limited Office
 - IFRS organized for Thailand, Federation of Accounting Professions
 - Issues with the application of Pack 5 in operations, Federation of Accounting Practices

Previous Experience over the Past 5 Years :

- 2011-2015
Senior Auditor Assistant, EY Company Limited Office

Proportion of Shares Held : 0%



Mr. Arthit Phasukyued

Age : 37 years old

Position : Acting Director of Information Technology

Education :

- Master's Degree - Computer Engineering, Kasetsart University
- Bachelor's Degree - Computer Engineering, Mae Jo University

Previous Experience over the Past 5 Years :

- 2007-2013
Research and Development Division Manager,
Software Link Company Limited

Proportion of Shares Held : 0%

REMUNERATION FOR DIRECTORS AND MANAGEMENT

1. The Remuneration of Directors

The Company clearly determined the directors' remuneration in accordance with the notifications of the Office of the Securities and Exchange Commission (SEC). The remuneration must be approved by the Annual General Meeting (AGM). At the Annual General Meeting of Shareholders for the year 2017, the Company approved the remuneration of the board of directors, the audit committee, and the nomination and remuneration committee and will use the remuneration rate from the approval of the 2017 Annual General Meeting of Shareholders until the Shareholders' Meeting resolves otherwise. The details are as follows.

1.1 Meeting Allowance for Directors : In the case of meeting attendance

		baht/person/time
Position	The Board of Directors	Meeting Allowance
Chairman	Director/ Audit Committee/ Nomination and Remuneration Committee/ other committee which may appointed in 2017	25,000
Non-Executive Director	Director/ Audit Committee/ Nomination and Remuneration Committee/ other committee which may appointed in 2017	18,000
Chairman/ Executive Director	Director/ Audit Committee/ Nomination and Remuneration Committee/ other committee which may appointed in 2017	none

1.2 Monthly Remuneration

		baht/person/month
Position		Salary
Chairman of the Board		30,000
Chairman of Audit Committee		25,000
Chairman of Nomination and Remuneration Committee/ Chairman of other committee which may appointed in 2017		20,000
Non-Executive Director		20,000
Chairman/ Executive Director		none

The amount of meeting allowances and monthly remuneration will not exceed Baht 3,000,000 Baht.

1.3 Directors' Bonuses

The Board of Directors shall receive a bonus not exceeding 5% of the dividend payment distributed to shareholders and will be arranged by board of directors.

Monetary remuneration

Details of the remuneration that directors and subcommittees received in 2017 for the fiscal year ended on December 31, 2017 are as follows.

unit : baht

Name-Last Name	Meeting Allowance			Monthly Remuneration	Bonus	Total
	Director	Audit Committee	Nomination Committee			
1. Prof.Dr. Pairash Thajchayapong	145,000	-	-	360,000	1,103,820	1,608,820
2. Mr. Pichit Viwatujirapong	48,000	-	-	100,000	264,110	412,110
3. Mr. Sahas Treetipbut	30,000	-	-	80,000	223,785	333,785
4. Mr. Akaradej Rojmeta	30,000	-	-	80,000	223,785	333,785
5. Mr. Pichai Asavanapakas	102,000	-	-	240,000	735,875	1,077,875
6. Mrs. Patama Wongtoythong ¹	102,000	122,500	-	280,000	735,875	1,240,375
7. Mr. Vichit Yanamorn ^{1**}	102,000	87,000	33,000	240,000	735,875	1,197,875
8. Mr. Suvit Arunanondchai ^{1**}	102,000	87,000	47,500	240,000	735,875	1,212,375
9. Mrs. Kobkanjana Veerapongpradit ^{**}	-	-	15,000	-	0	15,000

Remarks ¹ Audit Committee

^{**} Nomination and Remuneration Committee

Non-Monetary Remuneration

-None-

2. Management Remuneration

Remuneration for the Company's executives who were directors (excluding remuneration received as a director) and executives who were not directors in the form of salaries and bonuses can be summarized as follows.

For the year ended December 31, 2017	
Number (people)	6
Remuneration (million Baht)	33.93

CORPORATE GOVERNANCE

1. Corporate Governance Policy

The Company focused on adopting corporate governance principles as a guideline for its business operations. Therefore, the Company set up the corporate governance policy that have principles and practice guidelines that are in line with the good corporate governance principles for companies listed on the Stock Exchange of Thailand (SET) in 2012. The corporate governance policies of the Company are divided into the following 5 categories.

Section 1 : The Rights of Shareholders

The Company places an importance on shareholders' rights. The Company encourages shareholders to exercise their rights. The fundamental rights of shareholders include the trading or transferring of shares, profit sharing, receiving sufficient information, attending meetings to exercise their right to vote at the shareholders' meeting in order to appoint or remove directors, appoint auditors and other matters that affect the Company such as dividend allocation, determining or amending the Articles of Association and Memorandum of Association, reducing or increasing capital, and the approval of special items, etc. The Company has a policy to carry out various matters in order to encourage and facilitate shareholders to exercise their rights as follows.

- The Company will send a meeting invitation letter and the supporting documents to all shareholders at least 7 days in advance or according to the requirement by the law and the notifications. The meeting invitation letter will specify the date, time, place, including the Company's Articles of Association relating to the meeting of shareholders and the agenda. Each agenda item has indications and reasons along with the opinions of the board of directors, and the proxy form as prescribed by the Ministry of Commerce. The Company offered the names of independent directors which could be authorized to attend the meeting as a proxy on behalf of the shareholder in the case that shareholders unable to attend the meeting in person. In addition to this, the Company will disseminate important information about the shareholders' meeting through the website of the Stock Exchange of Thailand and the Company's website prior to the meeting.
- Before conducting the meeting, the Company will inform the meeting about the criteria for voting and votes counting at the meeting. When information is given according to the meeting's agenda items. The chairman of the meeting will allocate appropriate time for the shareholders to express their opinions and ask the Company questions. The directors and the executives who are involved in the matter attend the meeting in order to answer inquiries and listen to comments and suggestions from shareholders. The Company will give opportunity for shareholders to send their questions in advance prior to the meeting.

- In the case that there are many agenda items such as appointing directors, the Company will make a resolution to each item.
- After the shareholders' meeting, the Company shall prepare the complete and accurate minutes of the meeting. The voting procedures, questions, answers and voting results for each agenda item, including voting agreement, vote for disagreement and abstain votes. Names of directors who attended the meeting and those who are absent will be recorded. Therefore, the Company will report the resolutions result on the Stock Exchange of Thailand website within the same day of the meeting or at the latest by 9.00 am on the next business day. The Company shall send the minutes of shareholders' meeting to the Stock Exchange of Thailand within 14 days and disseminated the minutes of shareholders' meeting on the Company's website.

Section 2 : Equitable Treatment of Shareholders

The Company will treat all shareholders equitably. This includes shareholders that are executives, and non-executive shareholders including foreign shareholders. The Company has the following operational policies.

- The Company will prepare the meeting invitation letter in English, every part, and publish it together with the meeting invitation letter in Thai.
- The Company will conduct the shareholders' meeting according to the order of agenda items specified in the meeting invitation letter. The Company will not add any unnecessary agenda items that were not notified in advance. Especially important agenda items that shareholders require more time to study the information before making any decisions.
- The Company will provide opportunities for minor shareholders to nominate candidates for director positions by submitting information of the nominated person with the letter of consent to the chairman of the board of directors in compliance with the Company's requirements.
- The Company will encourage shareholders to use ballots on every agenda item. The ballots will be collected at the shareholders' meeting for vote counting. The Company will keep the ballot papers in order to be transparent and verifiable.
- The Company emphasizes the importance of accurate, complete and timely disclosure of information to all shareholders equally through the website of the Stock Exchange of Thailand and the Company's website.
- The Company has a preventative policy in the case that directors and executives using inside information for personal gain or give it to the wrongdoer.
- The Company has a policy for directors who have a stake in any agenda items to abstain from the meeting and the consideration for such agenda.

Section 3: Role of Stakeholders

The Company emphasizes the importance of the rights of all stakeholders. This includes customers, employees, business partners, shareholders, investors, creditors and the communities in which the Company located. It also includes other stakeholders, such as competitors and independent auditors, etc. The Company will treat these stakeholders fairly believing that good relationships with all stakeholders will enable the Company to grow sustainably.

Shareholders

1. The Company is responsible for encouraging its shareholders to exercise their rights. The fundamental rights of shareholders include trading or transferring shares, acquiring profit sharing, receiving sufficient information, attending the shareholders' meeting to exercise the right to vote in order to appoint or remove directors, appointing auditors, and other matters that affect the Company such as dividend allocation, determining or amending the Articles of Association and Memorandum of Association, reducing or increasing capital, and approving extraordinary agenda items etc.
2. The Company has a responsibility to encourage shareholders to exercise their rights in various matters at the general meeting of shareholders. This includes the right to nominate persons to be directors and the right to express opinions and ask questions related to the agenda items, etc.
3. The Company must abstain from any act of violation or deprivation of shareholders' rights. This includes not sending information or important documents prior to the meeting of shareholders and adding important agenda items or changing important information without informing shareholders in advance, etc.

Employee

1. The Company provides fair remuneration to its employees based on the performance of the employee. The Company will measure the performance of its employees fairly in accordance with the Company's guidelines.
2. The Company has policies to develop its personnel by organizing training program to employees and executives. The Company also sends its employees and executives to be trained with outside agencies on work related issues.
3. The Company is responsible for maintaining a hygienic working environment, help to work effectively and secure the lives and property of employees.
4. The Company is responsible for maintaining employee's privacy. The Company will not disclose employee personal information such as salaries or medical history to outsiders unless the Company is obligated to disclose such information in accordance with any applicable laws and regulations.

Customers

1. The Company is responsible for building good relationships and long-term cooperation with customers based on the principles of honesty.
2. The Company focuses on creating satisfaction and the utmost confidence to customers. The Company will provide services and quality products that are safe for consumers in accordance with the requirements given to customers and adhere strictly to the terms and conditions given to customers.

Business Partners and Account Payable

1. The Company considers the equality, fairness and faithfulness in conducting business by strictly comply with the laws and the regulations that have been established together.
2. The Company will adhere business code of conduct by not calling, nor receiving, or paying any dishonest benefits in operating business with its business partners.

Business Competitors

1. The Company has a policy to support and promote free and fair trade.
2. The Company will treat its competitors according to the laws and adhere to good business practices. The Company will not destroy the reputation of its competitors by allegation, false accusation without truths or any other acts that are unfair to the competition.

Government Agencies

1. The Company must comply with the regulations and any laws related to the Company's operations.
2. The Company focuses on the importance transparency and honesty in dealing with transactions with officials and government agencies. The Company has a policy to combat the various forms of government official bribery in a manner that accommodate or give any benefits to the Company.

The Environment, Society and the Community

1. The Company has a policy to conduct its business with responsibility for the environment and to conserve natural resources. This includes promoting energy efficiency.
2. The Company has a policy to conduct business with regard for the quality of life of society and community. The Company will strictly comply with any regulations and laws.

In addition to this, stakeholders can inquire about company information or complaints regarding different matters through the Company's audit committee. Complaints can be made by mail and sent to the office of the company secretary at the Company's address or complaints can be sent by email to corporatesecretary@netbay.co.th. Information regarding complaints will be kept confidential. The audit committee will examine the information and propose solutions report them to the board of directors.

Section 4 : Disclosure and Transparency

The Company attaches importance to the disclosure of accurate, complete, timely and transparent information so that shareholders and stakeholders have equal and reliable information.

The Company regularly updates its information on the Company's website.

The Company has a policy to disclose important information to the public, such as its vision and mission, the nature of business, a list of directors and management, financial statements, financial position reports, risk factors and policies regarding risk management. It also includes the management of various risk, direct and indirect shareholdings of directors, major shareholders and top management, auditor fees and other auditor fees, and the remuneration of the board and management, etc.

In addition to this, the Company is in the process of establishing an Investor Relations Unit to provide Company information to its shareholders, investors, securities analysts and the general public.

Section 5 : Responsibilities of the Board

As at December 31, 2016, the management structure of the Company consisted of three committees and subcommittees. These committees included the audit committee, the nomination and remuneration committee, and the executive board which oversees the Company for the long-term benefits of the Company and its overall shareholders.

Board structure

The board of directors consists of directors who have knowledge, ability and experience. The board considers important issues related to the management of the Company. All directors are free to express their opinions at the meeting and freedom to vote on various agenda items and to supervise the operations of the Company properly, effectively and transparently.

As of December 31, 2016, the board of directors consists of 8 directors and 3 independent directors.

At least one-third of the directors must be independent directors and have no less than three independent directors. The independent directors should not have any prohibited characteristics that do not follow the announcement of the Capital Market Supervisory Board and the Stock Exchange of Thailand.

Roles, Duties and Responsibilities of the Board The board of directors is responsible for considering and approving important matters such as the vision and mission, strategies, financial targets, risks, plans and budgets, and supervising and effectively and efficiently managing the operation of the policies and plans by the board of directors. The board of directors uses judgment and prudence in making decisions and acts responsibly and honestly for the long-term benefit of the Company.

Remuneration of the Directors and Executives

The Company has clearly determined the directors' remuneration in accordance with the Notification of the Office of the Securities and Exchange Commission (SEC). The remuneration must be approved by the Annual General Meeting (AGM) every year. In the case that the directors are assigned more duties and responsibilities such as being a member of the Audit Committee, etc., they will receive more compensation for these duties and responsibilities as assigned by the Company. Remuneration of management is linked to the Company's performance and the performance of each individual executive on an annual basis.

Board of Directors' Meetings

The Company's board of directors' meeting emphasized the importance of monitoring and certifying quarterly performance and reports from the audit committee for the consideration of the executive board regarding the greatest benefit to the Company, as well as reporting the Company's operational risk.

Each board of directors' meeting will have a secretary to the board of directors organize the meeting's agenda items. The secretary will deliver the meeting's documents to the board of directors at least 7 days prior to the meeting. This includes the meeting records by recording suggestions and comments from each subcommittee, the board of directors, the audit committee and the executive Committee. In regards to the overall picture, the Company has recorded the minutes of the meeting and sent the report to the board of directors on an individual basis as deemed appropriate. The minutes of the board of directors' meetings have been kept in a systematic manner and are available for the board of directors, the Company and any relevant people to check out.

2. Supervision of the Operations of Subsidiary and Associates

The Company will send qualified, knowledgeable, and experienced persons who are suitable for the business of the subsidiary to be a director or executive in proportion to its shareholding in the subsidiary to ensure that the operations are in the right direction. In addition to this, representatives of the Company are responsible for closely monitoring the business of the subsidiary, the financial status report, and the performance of the subsidiary or associated company to the board of directors.

THE USE OF INTERNAL INFORMATION AND CONFLICTS OF INTEREST

The Company has a policy to prevent directors and executives from using inside information for their own benefit or the benefit of others in the wrong way.

- 1) The Company requires the protection of the Company's information. By requiring information agencies not to disclose information to unrelated entities or individuals.
- 2) Company executives who have been informed of the material information and financial information of the Company who can change the securities price. The information must not be exploited prior to public disclosure. By prohibiting executives from trading securities of the Company for a period of one month before the financial statements or material information is disclosed to the public.
- 3) When the Company's securities are listed on the Stock Exchange of Thailand, the Company requires directors and executives to report their holdings in the Company pursuant to Section 59 in order to comply with the Notification of the Office of the Securities and Exchange Commission regarding the preparation and disclosure of securities holders. The number of securities that the management must report must include the holding of management, spouses and minor children, whether directly or indirectly. Married and underage children are the owners of such securities, such as being held by other persons in the form of a nominee or holding through a private fund
- 4) The Company has imposed disciplinary measures for the benefit of the Company's internal information disclosure which may cause damage to the Company by considering punishment as appropriate for each case, whether verbal admonition, proclamation is a letter of probation or even termination of employment due to dismissal, release or leave. The punishment will be determined by the intent of the action and the seriousness of the offense.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board's Opinion Regarding Internal Controls

The Company attaches great importance to having good internal control systems that are in line with the principles of good corporate governance. This includes being transparent, fair, reliable, and having a transparent system of checks and balances that can be verified. This will lead to maximum benefit for shareholders, employees, partners, the community and all parties involved.

At the Board of Directors Meeting No. 3/2017 held on May 11, 2017, the audit committee attended the meeting to review the adequacy of the Company's internal control systems in all five aspects. These are organization and environment, risk management, control of management performance, information and communication systems and tracking systems. The board of directors is of the opinion that the Company has adequate internal controls and they are in line with the adequacy model of the internal control system of the Securities and Exchange Commission.

DIVIDEND POLICY

Dividend Policy of the Company and its Subsidiaries The Company and its subsidiaries have a policy to pay dividends at the rate of no less than 40% of the net profit after corporate income tax. However, the rate of dividend payment may vary depending on liquidity, investment plans and business plans, as well as the terms and conditions of contracts. The resolution of the board of directors to approve the dividend payment must be proposed for approval at the shareholders' meeting, except for interim dividend payments. The board of directors is authorized to approve the interim dividend payment and it will be reported to the shareholders' meeting at the next meeting.

RELATED PARTY TRANSACTIONS

Related Party transactions between Netbay Public Company Limited (“The Company”) and its subsidiary, manufacturers or any person that may have had a conflict of interest for the year ended on December 31, 2016 and 2017 are summarized below.

The Necessity and Appropriateness of Related Party Transactions

Important related party transactions between the Company and other companies or people that many have had a conflict of interest are rental costs, Cloud Computing system services, office rental costs and service fees. The audit committee reviewed these related party transactions, which will be disclosed later, and are of the opinion that the price and conditions for these related party transactions are fair, reasonable and these transactions were for the Company’s utmost benefit.

Measures or Steps to Approve Related Party Transaction

The Company’s measures or steps to approve related party transactions are stipulated so that related party transactions regarding any person or juristic person that may have a conflict of interest are transparent and benefit the Company. The Company will operate in accordance with the laws of the Securities and the Stock Exchange in Thailand and operate in accordance with the rules, notices, and regulations of the Office of Securities and Exchange Commission. Therefore, directors, executive directors or stakeholders shall have no part in the approval of transaction items. In the case that the law requires an authorization from the meeting of the board of directors, the Company will require that the audit committee attend the meeting in order to consider and give any necessary opinions for appropriate transactions. The principles for business transactions with ordinary business conditions and business transactions with unordinary business conditions are as follows :

Business Transactions with Ordinary Business Conditions

Ordinary business transactions will first be considered by the board of the audit committee before proposing them to the board of directors for principle approval. The management team can authorize these transactions if the business conditions are of the same manner that any reasonable person would do if their contract parties were facing the same situation without any influence on negotiation from any director, executive committee member, or relevant person.

Therefore, the Company shall prepare a quarterly report on transactions for proposal at the audit committee meeting and the board of directors meeting.

Business Transactions with Unordinary Business Conditions

Generally, Business transactions with unordinary business conditions must be reviewed and considered by the audit committee to be assessed prior to submission for approval from the meeting of the board of directors and/or the shareholder’s meeting. This is in accordance with the laws of Securities and the Stock Exchange of Thailand and the laws, regulations, acts and notices of the Securities and Exchange Commission regarding connected transactions.

In the case that the audit committee is not experienced with the assessment of related party transactions, the Company will appoint an independent expert such as financial advisor, independent expert or property evaluator. They are independent and can give an opinion concerning related party transactions. The opinion of the audit committee and the expert will be used for the board of directors' and/or the shareholders' consideration in order to ensure that the related party transactions will not be used to allocate or transfer benefits between the Company or the Company's shareholders but for the greatest benefit of all its shareholders.

Therefore, the Company will disclose any related party transactions in the annual registration statement and in notes of the financial statements which was assessed or reviewed by the Company's auditor.

Future Trends in Regards to Policies and Related Party Transactions

The Company projected that the Company would continue to have related party transaction with people that may have a conflict of interest in areas like rental costs, Cloud Computing System service costs, office rental costs, and services fees. These transactions are still necessary for the Company's operations.

Company/Person who may have a Conflict of Interest	Relationship	Related Party Transactions	Valued Items (million Baht)		Necessity and Appropriateness of the Transactions Items and Audit Committee's Opinion
			Year Ended December 31, 2016	Year Ended December 31, 2017	
1. Internet Thailand Public Company Limited ("Internet Thailand")	1. The Company's 1 affiliated director is Prof. Dr. Pairash Thajchayapong	The Company paid rent and Cloud Computing service costs	7.11	7.21	The Company uses Cloud Computing services from Internet Thailand. The rental costs and conditions are at the same price as the market. The board of audit committee reviewed these transactions and is of the opinion that the transactions are ordinary business transactions and appropriate.
	2. As of December 31, 2017, Internet Thailand, a shareholder of the Company holds 4.58% of the Company's shares of the Company's total paid up capital.	<u>Trade accounts payable</u>	1.38	1.75	
2. Creation Group Company Limited ("Creation Group")	The Company's 2 affiliated directors are Mr. Pichit Viwatrujirapong, and Mrs. Kobkanjana Veerapongpradit	The Company pays Creation Group for office space rental. <u>Trade accounts payable</u>	5.05	5.24	The Company is renting office space from Creation Group. The rental costs and conditions are the same as other office space rentals in the same area. The board of audit committee reviewed these transactions and is of the opinion that this transaction is a ordinary business transaction and appropriate.
			0.45	0.46	

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Result Analysis

Overview of Previous Operating Results

Revenues from services of the Company Group can be divided into 3 groups as follows; e-Trade Finance Supply Chain Services, e-Business Services, and Projects and others. In 2017, the Company's main revenue was from e-Trade Finance Supply Chain services, which was accounting for 64.34% of the total revenue from services. The Company's revenue from services for the year 2016 and 2017 had been grown up continuously, which its total revenues from services were 272.94 million Baht and 314.79 million Baht, increased by 21.95% and 15.33%, respectively. For the year 2016 and 2017, the Company's profits before interest, income tax, depreciation and amortization were 98.19 million Baht and 125.95 million Baht, respectively. The Company's net profits were 89.32 million Baht and 115.80 million Baht, which were an increase of 37.31% and 29.65%, respectively. This indicated the growth rate at a good level. Regarding the previous operating results, the Company had net profits continuously, resulting to the good financial position and the regular dividend payout to its shareholders. In addition, the Company has strong capital structure. As of December 31, 2017, the Company's debt to equity equaled to 0.27 times, which was at a low level. It indicated the strong financial position of the Company. In 2016 and 2017, the Company had no interest-bearing debt.

Revenues from service of e-Trade Finance Supply Chain and e-Business services in 2017 equaled to 303.54 million Baht, increased by 52.03 million Baht or equivalent to 20.69% from the previous year. It was because the Company focused on regularly and consistently monitoring and improving service standards in order to enhance efficiency of providing services to customers, maintain existing customers, and expand new customer base. Additionally, the Company continuously develops new and various service platforms corresponding to customers' businesses and meeting customers' various needs in the digital age. Revenues from Project services for the year 2017 amounted to 11.25 million Baht, decreased by 10.18 million Baht or equivalent to 47.50% from the previous year, as the size of projects in 2017 was smaller than those in the previous year.

The Company's net profit in 2017 was increased by 26.48 million Baht or equivalent to 29.65% from the previous year. This resulted from the increased revenues from services of the Company. In addition, the Company also effectively implemented the management plans and control service and administrative costs and expenses.

Structure of Revenues and Operating Results

Revenues from services of the Company Group are as follows;

	Consolidated Financial Statements					
	2017		2016		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
1. e-Trade Finance Supply Chain Service	202.55	64.34	165.21	60.53	37.34	22.60
2. e-Business Services	100.99	32.08	86.30	31.62	14.69	17.02
3. Projects and others	11.25	3.57	21.43	7.85	(10.18)	(47.50)
Revenues from services	314.79	100.00	272.94	100.00	41.85	15.33

In 2017, revenues from services of the Company amounted to 314.79 million Baht, increased by 41.85 million Baht or equivalent to 15.33% from the previous year. When considering each category of services, the Company's revenues from e-Trade Finance Supply Chain service were increased by 37.34 million Baht or equivalent to 22.60%. Revenues from e-Business Services were increased by 14.69 million Baht or equivalent to 17.02%. The growth of revenues from these two groups derived from the Company that was able to maintain its existing customers and expand more new customers, including enhance the variety of services. Regarding revenues from Projects and others, they amounted to 11.25 million Baht, decreased by 10.18 million Baht or equivalent to 47.50% from the previous year. This was because the size of projects in 2017 was smaller than those in the previous year. Revenues from Projects and others mostly derived from the services of computer software development provided to customers or units in a form of specific project.

Structure of Expenses

	Consolidated Financial Statements					
	2017		2016		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Cost of service	70.87	35.66	58.62	32.20	12.25	20.90
Service expenses	41.68	21.00	38.48	21.14	3.20	8.32
Administrative expenses	86.15	43.33	84.94	46.66	1.21	1.42
Total expenses	198.70	100.00	182.04	100.00	16.66	9.15

Cost of Services

For the year 2017 and 2016, the Company's total cost of services amounted to 70.87 million Baht and 58.62 million Baht, respectively, increased by 12.25 million Baht or equivalent to 20.90%. The cost of services increased due to an increase of the cost of Cloud service rental fee based on the increased usage and revenues and the cost of license fee (the cost of copyright for software that the Company used for CDD Gateway services) corresponding to the increased revenues from such services.

Service Expenses

For the year 2017 and 2016, the Company's total service expenses amounted to 41.68 million Baht and 38.48 million Baht, respectively, increased by 3.20 million Baht or equivalent to 8.32%. However, service expenses did not increase significantly compared to the increased proportion of revenues from service since the Company managed the expenses effectively.

Administrative Expenses

In 2017 and 2016, the Company's administrative expenses amounted to 86.15 million Baht and 84.94 million Baht, respectively, increased by 1.21 million Baht or equivalent to 1.42 % from the year 2016. The expenses slightly increase, compared to the increased proportion of revenues, because the Company managed the expenses effectively.

(A) Financial Position

Assets consist of;

	Consolidated Financial Statements					
	2017		2016		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current Asset	443.27	83.15	357.25	76.20	86.02	24.08
Non-current Asset	89.82	16.85	111.56	23.80	(21.74)	(19.49)
Total Assets	533.09	100.00	468.81	100.00	64.28	13.71

Quality of Assets

In 2017 and 2016, 83.15% of the Company's main assets were the current asset and another 16.85% was the non-current assets. The Company's current assets for business operations consisted of cash and cash equivalents, trade account receivables and other receivables, and current investments. The Company's non-current assets were comprised of restricted bank deposits, long-term investments, hardware for providing services to customers accounted as devices, and software accounted as intangible assets.

The Company's current assets as of December 31, 2017 and December 31, 2016 amounted to 443.27 million Baht and 357.25 million Baht, respectively, increased by 86.02 million Baht or equivalent to 24.08%. Assets with significant changes were cash and cash equivalents and current investments. The increase of account receivables corresponded to the increase of the Company's revenue.

The average debt collection periods for the Company's trade account receivables in 2017 and 2016 were 49 days and 44 days, respectively. The average debt collection period was at a normal level as the Company granted a credit limit of 30-60 days for customers. However, the Company never had any problems regarding debt default from customers.

As of December 31, 2017 and December 31, 2016, the Company's non-current assets were 89.82 million Baht and 111.56 million Baht, respectively, decreased by 21.74 million Baht or equivalent to 19.49% from the previous year. Such decrease mainly resulted from the classification of long-term investment which became the current investment based on the tenor of invested bonds.

Sources of Financial Capital

Appropriateness of Financial Capital Structure

As of December 31, 2017 and December 31, 2016, the Company's debt to equity ratio equaled 0.27 times and 0.37 times, respectively. This represented the strength of the Company's financial status.

	Consolidated Financial Statements					
	2017		2016		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current Liabilities	97.47	85.01	107.40	85.67	(9.93)	(9.25)
Non-current Liabilities	17.19	14.99	17.96	14.33	(0.77)	(4.29)
Total Liabilities	114.66	100.00	125.36	100.00	(10.70)	(8.54)

Liabilities

As of December 31, 2017 and December 31, 2016, the Company's total liabilities were 114.66 million Baht and 125.36 million Baht, respectively, decreased by 10.70 million Baht or equivalent to 8.54%. The main liabilities of the Company were comprised of trade account payables and other payables, accrued expenses and revenues received in advance.

As of December 31, 2017 and December 31, 2016, the Company's current liabilities were 97.47 million Baht and 107.40 million Baht, respectively, decreased by 9.93 million Baht or equivalent to 9.25%. Current liabilities mainly consisted of accrued expenses, which most of them were accrued bonus of the Company's employees and directors, and revenues received in advance, that was mainly from CDD Gateway service. Customers paid annual pre-paid service charges in replace of monthly service charges.

As of December 31, 2017 and December 31, 2016, the Company's non-current liabilities were 17.19 million Baht and 17.96 million Baht, respectively, decreased by 0.77 million Baht or equivalent to 4.29%. The non-current liabilities mainly consisted of the provision for long-term employee benefits.

	Consolidated Financial Statements					
	2017		2016		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Issued and paid-up share capital	200.00	47.80	200.00	58.23	-	-
Share premium	115.34	27.56	115.34	33.58	-	-
Share discount on business combination under common control	(76.85)	(18.37)	(76.85)	(22.38)	-	-
Statutory reserve	25.00	5.97	13.35	3.89	11.65	87.27
Unappropriated retained earnings	154.62	36.95	91.46	26.63	63.16	69.06
Other components of shareholders' equity	0.32	0.08	0.14	0.04	0.18	128.57
Total Shareholders' Equity	418.43	100.00	343.44	100.00	74.99	21.83

Shareholders' Equity

Shareholders' Equity as of December 31, 2017 and 2016 were 418.43 million Baht and 343.44 million Baht, respectively, increased by 74.99 million Baht or equivalent to 21.83 %. It reflected the increased retained earnings value based on operating results. In 2017, the Company and its subsidiary allocated its annual net profits at the rate of 10% of the registered capital of the Company and its subsidiary for a Statutory reserve.

The rate of the return on equity for the year 2017 and 2016 was 30.40% and 35.67%, respectively. The rate of the return on equity is calculated by dividing net income by average shareholders' equity (an average of the shareholders' equity at the beginning of a period and the shareholders' equity at the ending of a period). As a result, the rate of the return on equity for the year 2017 was lower than that of the year 2016 as the average shareholders' equity in 2016 was lower than that of the year 2017 due to the issuance of capital increase share (IPO) during the year 2016.

Liquidity Analysis

Consolidated Statement of Cash Flow

	Unit: Million Baht	
	Consolidated Financial Statement	
	2017	2016
Net cash flow from operating activities	104.66	104.66
Net cash flow used in investing activities	(77.04)	(196.89)
Net cash flow from (used in) financing activities	(44.60)	98.38
Net increase (decrease) in cash and cash equivalents	(16.98)	6.15
Cash and cash equivalents at the beginning of the year	49.83	43.68
Cash and cash equivalents at the end of the year	32.85	49.83

Cash Flow from Operating Activities

In 2017, the Company's cash flow from operating activities was increased by 104.66 Million Baht, compared to the previous year, due to the increase of overall operating results. The cash flow to profit ratios for the year 2017 and 2016 were 85.30% and 110.11%, respectively. This indicated the strength of the Company in the performance of cash flow management and the Company's net profit stability.

Cash Flow from Investing Activities

In 2017, the Company spent 77.04 Million Baht on investing activities, consisting of an increase of current investment amounted to 35.70 million Baht, a purchase of other long-term investments amounted to 48.93 million Baht, an increase of restricted bank deposits amounted to 2.97 million Baht, cash for purchasing equipment amounted to 0.90 million Baht, cash paid for acquisition of intangible assets amounted to 0.33 million Baht, and cash from interest received amounted to 4.78 million Baht.

In 2016, the Company spent 196.89 Million Baht on investing activities, consisting of an increase of current investment amounted to 122.40 million Baht, an increase of other long-term investments amounted to 73 million Baht, cash received from disposal of other long-term investments amounted to 3.0 million Baht, an increase of restricted bank deposits amounted to 1.4 million Baht, cash for purchasing equipment amounted to 2.8 million Baht, and cash paid for acquisition of intangible assets amounted to 2.1 million Baht.

Cash Flow from Financing Activities

In 2017, the Company had a cash flow from financing activities amounted to 44.60 Million Baht due to the dividend payout.

In 2016, the Company had a cash flow from financing activities amounted to 98.38 Million Baht. This was due to the cash received from capital increases in the amount of 155.34 Million Baht and dividend payments of 56.96 Million Baht.

Significant Financial Ratio Analysis

Liquidity Ratio

As of December 31, 2017 and December 31, 2016, the Company's liquidity ratio equaled 4.55 times and 3.33 times, respectively. Since the liquidity ratio of the Company was higher than 1.00 times, it revealed that the Company had a high level of liquidity.

Profitability Margin Ratio

In 2017 and 2016, the Company's gross profit margin was 77.49 % and 78.52% respectively, which was close to the same level as the previous year. It was considered that the Company has the ability to maintain its gross profit at a level of higher than 70%.

Efficiency Ratio

In 2017 and 2016, the Company's return on assets ratio was 23.11% and 24.81%, respectively. The change of the return on assets in each period fluctuated with net profits and the amount of total asset.

Financial Ratio

In 2017 and 2016, the Company's debt to equity ratio equaled 0.27 and 0.37 times, respectively, which was at a low level. The result of this ratio revealed that the Company's financial status is strong. In 2017 and 2016, the Company has no interest-bearing debts.

THE AUDIT COMMITTEE REPORT

The audit committee of Netbay Company Limited consists of 3 independent directors that are qualified and experienced in accounting, finance, law, science and organizational administration. They performed the duties as assigned by the board of directors and according to the regulations of Netbay Company Limited regarding the principles and guidelines of the audit committee which are in accordance with the requirements of the Stock Exchange of Thailand. The policies emphasize the principles of good corporate governance and have a good internal control system.

In 2017, the audit committee held 5 meetings that consulted with the audit committee, the internal auditors and auditors of relevant subject matters. The following is a summary of their duties.

1. Review of the Financial Statements

The audit committee reviewed the quarterly financial statements and the financial statements for the year 2017 for Netbay Company Limited. This included transactions that may have potential conflicts of interest with the executives. Auditors were invited to attend quarterly and annual meeting to consider financial statements. The audit committee discussed the accuracy and completeness of the financial statements with the auditor, significant adjustments to accounting transactions that affect the financial statements, the suitability and appropriateness of accounting records and audit scope, the complete and sufficient disclosure of information and the independence of the auditor to ensure that the preparation of the financial statements complies with the requirements of law and accounting standards in accordance with generally accepted accounting principles that are reliable and timely. The disclosures in the financial statements were adequate in order to benefit the investors or users of the financial statements.

2. Review of Risk Management

The audit committee reviewed the risk management results of the Company to ensure that management had conducted appropriate risk management activities at appropriate operational levels. The identified risk factors were complete and sufficient and recommendations were given to make improvements. In 2017, there were no issues or problems that needed to be improved on these matters.

3. Review of the Effectiveness of the Internal Control Systems

In 2017, apart from the review of the internal control systems regarding operations, the Company recognized the importance of good corporate governance. The Company then set up an internal control system for information technology (IT), which was audited on November 20-24 of 2017 by auditors that were competent and independent to the extent prescribed.

The Company's IT internal control audit found that the overall internal control of information technology (IT) that the company has operated on was consistent with the standards for maintaining the security of information systems and met the relevant requirements for the BOT's non-bank financial institutions. This included requirements related to the internal control of information technology (IT) for the public companies listed on the Stock Exchange of Thailand.

However, the Company's internal control of information technology (IT) was at a standard level which could be developed to correspond to and in time of changes to Financial Technology. This included the Security Awareness Training of staff and be able to implement procedures effectively and procure network protection (IPS, DDoS Protection) and/or website protection (Web Application Firewall) to be applied to more applications, etc.

4. Review of Good Corporate Governance

The audit committee reviewed the performance of the assigned work systems. The Company conducted business with morality, complied with the Securities and Exchange Act Terms of the Stock Exchange of Thailand as well as other laws that are related to the business operations of the Company, especially in relation to connected transactions which ensured that the Company has reasonable business conditions. In addition to this, the audit committee evaluated the performance of the audit committee as a whole. The self-assessment was in accordance with good practices of the Stock Exchange of Thailand to ensure the confidence of all related parties.

5. The Appointment of Auditors for the Year 2017

The audit committee approved the appointment of EY office Limited as Netbay Public Company Limited's auditor for the year 2017. This was proposed to the board of directors for consideration and approval at the Annual General Meeting of Shareholders for the year 2017. Consideration was made regarding appointments, the approval of auditors and the audit fees.

6. Compliance with Applicable Requirements, Regulations and Laws

The audit committee, in cooperation with the Internal Audit Department, reviewed the business operations so that the Company regularly complied with the Securities and Exchange Act and terms of the Stock Exchange of Thailand and any relevant laws. The audit committee is of the opinion that the Company has legitimate business operations and complies with the terms and conditions set forth.

Based on the self-assessment of the audit committee for the year 2017, the audit committee performed the duties and responsibilities set forth in the Audit Committee Charter approved by the board of directors. The overall performance regarding the financial report review, the risk management review, the review of the effectiveness of the internal control systems, the review of good corporate governance, consideration regarding the appointment of auditors and compliance with relevant regulations, requirements and laws by using knowledge, caution and sufficient independent for the equal benefit of the stakeholders.

The audit committee is of the opinion that the Company's financial information was accurate, reliable and in line with generally accepted accounting standards. The Company has adequate risk management, has proper internal control systems, has consistent operations in accordance with good corporate governance, and abides by the law and strict business requirements.

Yours Sincerely,



(Mrs. Patama Wongtoythong)

Chairman of the Audit Committee

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

Netbay Public Company Limited and its Subsidiary
31 December 2017



Independent Auditor's Report

To the Shareholders of Netbay Public Company Limited

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

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

Service revenue recognition

I identified service revenue recognition to be an area of significant risk, as service revenue that the Group recognise in each period forms a significant portion of the Group's total revenue. For the year ended 31 December 2017, service revenue represented 99% of the Group's total revenue. I have therefore focused on the audit of the occurrence and timing of revenue recognition.

I have examined on the Group's revenue recognition as follows:

- Assessing and tested of the Group's IT system and its significant internal controls with respect to the revenue cycle by making inquiries of responsible persons, gaining an understanding of the controls and selecting representation samples to test the operation of the designed controls.
- On a sampling basis, examining supporting documents for actual service transactions occurring during the year and near the end of the accounting period.
- Reviewing of credit notes that the Group issued after the period-end.
- Performing analytical procedures of disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group 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 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.

I am responsible for the audit resulting in this independent auditor's report.



Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

EY Office Limited

Bangkok: 21 February 2018

STATEMENT OF FINANCIAL POSITION

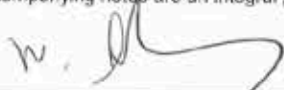
Netbay Public Company Limited and its Subsidiary

As at 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	6	32,847,822	49,830,934	18,830,651	37,726,508
Current investments	7	353,060,099	251,382,148	259,724,062	188,240,235
Trade and other receivables	8, 9	51,050,141	38,341,466	46,702,006	32,824,055
Inventories		385,702	149,058	385,702	149,058
Unbilled receivables	8	-	8,672,897	-	7,476,636
Prepaid expenses		3,852,096	6,297,973	957,097	830,101
Prepaid corporate income tax		115,896	235,197	115,896	235,197
Other current assets		1,960,125	2,344,849	1,445,125	1,893,606
Total current assets		443,271,881	357,254,522	328,160,539	269,375,396
Non-current assets					
Restricted bank deposits	10	10,508,088	7,533,019	4,461,079	4,033,019
Investment in subsidiary	11	-	-	49,999,800	49,999,800
Other long-term investments	12	68,200,829	90,328,058	51,109,020	60,178,944
Equipment	13	5,471,812	6,584,676	1,502,868	1,334,255
Intangible assets	14	1,394,989	2,292,791	509,197	851,456
Deferred tax assets	21	3,262,851	3,447,200	3,060,658	2,855,839
Other non-current assets		975,972	1,369,062	930,972	930,972
Total non-current assets		89,814,541	111,554,806	111,573,594	120,184,285
Total assets		533,086,422	468,809,328	439,734,133	389,559,681

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



Mr. Pichit Viwatrujanpong
(Director)



บริษัท เนตเบย์ จำกัด (มหาชน)
Netbay Public Company Limited



Mrs. Kobkanjana Veerapongpradit
(Director)

STATEMENT OF FINANCIAL POSITION (CONTINUED)

Netbay Public Company Limited and its Subsidiary

As at 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	8, 15	8,912,314	11,441,433	5,390,514	4,826,673
Accrued expenses		38,663,416	39,262,894	36,007,756	35,711,143
Unearned income		40,867,016	37,879,013	116,774	119,421
Other current liabilities	15	9,025,250	18,813,293	4,254,389	15,156,841
Total current liabilities		97,467,996	107,396,633	45,769,433	55,814,078
Non-current liabilities					
Provision for long-term employee benefits	17	16,709,500	17,407,307	15,573,711	14,368,369
Other non-current liabilities		478,396	560,744	-	-
Total non-current liabilities		17,187,896	17,968,051	15,573,711	14,368,369
Total liabilities		114,655,892	125,364,684	61,343,144	70,182,447
Shareholders' equity					
Share capital	18				
Registered					
200,000,000 ordinary shares of Baht 1 each		200,000,000	200,000,000	200,000,000	200,000,000
Issued and paid up					
200,000,000 ordinary shares of Baht 1 each		200,000,000	200,000,000	200,000,000	200,000,000
Share premium	18	115,341,500	115,341,500	115,341,500	115,341,500
Share discount on business combination					
under common control		(76,851,515)	(76,851,515)	(54,000,000)	(54,000,000)
Retained earnings					
Appropriated - statutory reserve	19	25,000,000	13,354,173	20,000,000	13,354,173
Unappropriated		154,624,350	91,463,441	96,833,153	44,610,221
Other components of shareholders' equity		316,195	137,045	216,336	71,340
Total shareholders' equity		418,430,530	343,444,644	378,390,989	319,377,234
Total liabilities and shareholders' equity		533,086,422	468,809,328	439,734,133	389,559,681

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

Mr. Pichit Viwatrujirapong
(Director)

NETbay
บริษัท เน็ตเบย์ จำกัด (มหาชน)
Netbay Public Company Limited

Mrs. Kobkanjana Veerapongpradit
(Director)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Netbay Public Company Limited and its Subsidiary

For the year ended 31 December 2017

Consolidated financial statements										(Unit: Baht)
Note	Issued and paid-up share capital	Share premium	Share discount on business combination under common control	Retained earnings		Other components of shareholders' equity	Total other components of shareholder's equity	Total shareholders' equity		
				Appropriated	Unappropriated					Share surplus on change in value of available-for-sale investments
Balance as at 1 January 2016	180,000,000	-	(76,851,515)	10,163,544	64,052,045	26,089	26,089	157,420,153		
Profit for the year	-	-	-	-	39,320,585	-	-	39,320,585		
Other comprehensive income for the year	-	-	-	-	(1,788,560)	-	-	(1,788,560)		
Total comprehensive income for the year	-	-	-	-	37,532,025	-	-	37,532,025		
Increase in share capital	40,000,000	115,341,500	-	-	-	-	-	155,341,500		
Dividends paid	-	-	-	-	(66,960,000)	-	-	(66,960,000)		
Unappropriated retained earnings transferred to statutory reserve	-	-	-	3,160,629	(3,160,629)	-	-	-		
Balance as at 31 December 2016	200,000,000	115,341,500	(76,851,515)	13,354,173	91,453,441	137,045	137,045	343,444,644		
Balance as at 1 January 2017	200,000,000	115,341,500	(76,851,515)	13,354,173	91,453,441	137,045	137,045	343,444,644		
Profit for the year	-	-	-	-	115,797,388	-	-	115,797,388		
Other comprehensive income for the year	-	-	-	-	3,828,348	-	-	3,788,498		
Total comprehensive income for the year	-	-	-	-	119,625,736	-	-	119,625,736		
Dividends paid	-	-	-	-	(44,800,000)	-	-	(44,800,000)		
Unappropriated retained earnings transferred to statutory reserve	-	-	-	11,945,827	(11,945,827)	-	-	-		
Balance as at 31 December 2017	200,000,000	115,341,500	(76,851,515)	25,000,000	154,824,360	316,195	316,195	418,430,930		

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


 Mr. Pichit Vitaratnawong
 (Director)


 เนตเบย์ จำกัด (มหาชน)
 Netbay Public Company Limited


 Mrs. Kotkarnjana Veerapongpradit
 (Director)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

Netbay Public Company Limited and its Subsidiary

For the year ended 31 December 2017

Separate financial statements										(Unit: Baht)
Note	Issued and paid-up share capital	Share premium	Share discount on business combination under common control	Retained earnings		Share surplus on change in value of available-for-sale investments	Total other components of shareholder's equity	Total		
				Appropriated	Unappropriated					
Balance as at 1 January 2016	100,000,000	-	(54,000,000)	10,193,544	42,934,838	13,045	13,045	156,141,427		
Profit for the year	-	-	-	-	63,212,585	-	-	63,212,585		
Other comprehensive income for the year	-	-	-	-	(1,416,574)	58,295	58,295	(1,358,279)		
Total comprehensive income for the year	-	-	-	-	61,796,012	58,295	58,295	61,854,307		
Increase in share capital	40,000,000	115,341,500	-	-	-	-	-	155,341,500		
Dividends paid	-	-	-	-	(56,960,000)	-	-	(56,960,000)		
Unappropriated retained earnings transferred to statutory reserve	-	-	-	3,160,629	(3,160,629)	-	-	-		
Balance as at 31 December 2016	200,000,000	115,341,500	(54,000,000)	13,354,173	44,610,221	71,340	71,340	319,377,234		
Balance as at 1 January 2017	200,000,000	115,341,500	(54,000,000)	13,354,173	44,610,221	71,340	71,340	319,377,234		
Profit for the year	-	-	-	-	101,820,997	-	-	101,820,997		
Other comprehensive income for the year	-	-	-	-	1,647,762	144,996	144,996	1,792,758		
Total comprehensive income for the year	-	-	-	-	103,468,759	144,996	144,996	103,613,755		
Dividends paid	-	-	-	-	(44,600,000)	-	-	(44,600,000)		
Unappropriated retained earnings transferred to statutory reserve	-	-	-	6,645,827	(6,645,827)	-	-	-		
Balance as at 31 December 2017	200,000,000	115,341,500	(54,000,000)	20,000,000	96,833,153	216,336	216,336	318,390,989		

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

W. P.
Mr. Pichit Vwatvuthapong
(Director)

Netbay
บริษัท เนตเบย์ จำกัด (มหาชน)
Netbay Public Company Limited



Mrs. Kobkajana Veerapongpradit
(Director)

STATEMENT OF CASH FLOW

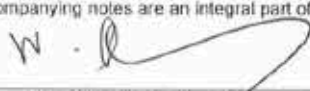
Netbay Public Company Limited and its Subsidiary

For the year ended 31 December 2017


	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit before tax	122,710,578	95,051,056	101,167,988	62,643,276
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Interest income	(4,522,981)	(3,178,364)	(3,594,122)	(2,386,056)
Gain on sales of investments	(363,471)	(44,403)	(171,628)	(35,224)
Dividend income	-	-	(18,999,924)	-
Unrealised gain on change in value of investments	(352,097)	(274,787)	(228,519)	(122,608)
Amortisation of discount on debt securities	(998,770)	(644,304)	(672,103)	(274,554)
Depreciation and amortisation	3,242,592	3,141,042	1,202,235	1,130,881
Gain on disposal of equipment	(200)	-	(200)	-
Write-off withholding tax	235,197	1,850,123	235,197	11,990
Provision for long-term employee benefits	3,813,878	3,349,991	3,265,044	2,846,549
Profit from operating activities before changes in operating assets and liabilities	123,764,726	99,250,354	82,203,968	63,814,254
Operating assets (increase) decrease				
Trade and other receivables	(12,708,675)	(5,677,793)	(13,877,951)	(6,096,846)
Inventories	(236,644)	109,034	(236,644)	109,034
Unbilled receivables	8,672,897	(7,317,757)	7,476,636	(6,308,412)
Prepaid expenses	2,445,877	(1,865,282)	(126,996)	(65,637)
Other current assets	391,322	(221,667)	105,381	(147,595)
Other non-current assets	-	801,464	-	-
Operating liabilities increase (decrease)				
Trade and other payables	(2,529,119)	3,066,243	563,841	416,932
Accrued expenses	(599,478)	6,742,054	296,613	6,127,910
Unearned income	2,988,003	7,932,155	(2,647)	6,754
Other current liabilities	(10,433,848)	7,497,277	(10,902,452)	7,709,558
Other non-current liabilities	(82,348)	89,294	-	-
Cash flows from operating activities	111,672,713	110,405,356	65,499,749	65,566,052
Cash received from interest	131,445	97,027	58,542	56,345
Cash paid for income tax	(7,146,055)	(5,844,920)	(115,896)	(235,197)
Net cash flows from operating activities	104,658,103	104,657,463	65,442,395	65,387,200

(Unit: Baht)


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



Mr. Pichit Viwatrujirapong
(Director)



บริษัท เนตเบย์ จำกัด (มหาชน)
Netbay Public Company Limited



Mrs. Kobkanjana Veerapongpradit
(Director)

STATEMENT OF CASH FLOW (CONTINUED)

Netbay Public Company Limited and its Subsidiary

For the year ended 31 December 2017

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from investing activities				
Increase in current investments	(35,700,176)	(122,397,538)	(20,225,859)	(107,655,510)
Decrease (increase) in restricted bank deposits	(2,975,069)	(1,367,608)	(428,060)	19,283
Cash received from interest income	4,778,026	1,689,559	3,878,679	1,100,617
Cash paid for other long-term investments	(48,934,547)	(73,000,000)	(40,934,547)	(50,000,000)
Cash received from sales of other long-term investments	7,022,276	3,041,263	-	-
Cash received from dividend of subsidiary	-	-	18,999,924	-
Cash paid for acquisitions of equipment	(902,924)	(2,804,786)	(798,401)	(770,589)
Proceeds from sales of equipment	541	-	541	-
Cash paid for acquisition of intangible assets	(329,342)	(2,057,303)	(230,529)	(220,203)
Net cash flows used in investing activities	(77,041,215)	(196,896,413)	(39,738,252)	(157,526,402)
Cash flows from financing activities				
Dividends paid	(44,600,000)	(56,960,000)	(44,600,000)	(56,960,000)
Proceeds from increase in share capital	-	155,341,500	-	155,341,500
Net cash flows from (used in) financing activities	(44,600,000)	98,381,500	(44,600,000)	98,381,500
Net increase (decrease) in cash and cash equivalents	(16,983,112)	6,142,550	(18,895,857)	6,242,298
Cash and cash equivalents at beginning of the year	49,830,934	43,688,384	37,726,508	31,484,210
Cash and cash equivalents at end of the year (Note 6)	32,847,822	49,830,934	18,830,651	37,726,508

Supplemental cash flows information

Non-cash items consists of

Gain on changes in value of available-for-sale investments	179,150	110,956	144,996	58,295
Actuarial gains (losses)	3,609,348	(1,788,560)	1,647,762	(1,416,574)
Transfer of other long-term investments to current investments	64,042,955	-	50,027,768	-

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


Mr. Pichit Vitarajirapong
(Director)

NETbay
บริษัท เนตเบย์ จำกัด (มหาชน)
Netbay Public Company Limited


Mrs. Kobkarnjana Veerapongpradit
(Director)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Netbay Public Company Limited and its Subsidiary

For the year ended 31 December 2017

1. General information

Netbay Public Company Limited ("the Company") is incorporated and domiciled in Thailand. It has been engaging in the provision and development of computer software used in transmission of information electronically. The Company's registered office is located at No. 719/5, 8-9 Rama 6 Road, Wangmai Sub-district, Pathumwan District, Bangkok.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation


- a) The consolidated financial statements include the financial statements of Netbay Public Company Limited ("the Company") and the following subsidiary company ("the subsidiary"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2017	2016
			%	%
Cloud Creation Company Limited	Cloud computing provider	Thailand	100	100

- b) The Company is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.


 Mr. Pichit Viwatrujirapong
 (Director)


 บริษัท เน็ตเบย์ จำกัด (มหาชน)
 Netbay Public Company Limited


 Mrs. Kobkanjana Veerapongpradit
 (Director)

1

- c) Subsidiary is fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
 - d) The financial statements of the subsidiary are prepared using the same significant accounting policies as the Company.
 - e) Material balances and transactions between the Company and its subsidiary company have been eliminated from the consolidated financial statements.
- 2.3 The separate financial statements present investments in subsidiary, under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that become effective in the current year

During the year, the Company have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiary's financial statement.

(b) Financial reporting standard that will become effective in the future

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

The management of the Company and its subsidiary believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied.


 Mr. Pichit Viwatirujirapong
 (Director)


 บริษัท เน็ตเบย์ จำกัด (มหาชน)
 Netbay Public Company Limited


 Mrs. Kobkanjana Veerapongpradit
 (Director)

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4. Significant accounting policies

4.1 Revenue and expenses recognition

Revenues from service

Service income is recognised when services have been rendered taking into account the stage of completion.

Rendering of services from system development

System development service income is recognised as income on the basis of percentage of completion. The percentage of completion is based on cost of services rendered to date as a percentage of total cost of services to be rendered as assessed and certified by the Company's specialist. Allowance for foreseeable loss on projects is recognised in the accounts when the possibility of loss is ascertained.

Maintenance service income is recognised as monthly basis on the straight-line method over the term of the contracts.

The recognised service income, which is not yet due under the contracts, have been presented in the statement of financial position under the caption of "Unbilled receivable". The unrecognised service income, which is due, has been presented in the statement of financial position under the caption of "Unearned income".

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

4.2 Cash and cash equivalents


Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade and other receivables

Trade and other receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Inventories

Inventories are valued at the lower of cost (under the weighted average method) or net realisable value.


Mr. Pichit Viwatrujirapong
(Director)

NETbay
บริษัท เน็ตเบย์ จำกัด (มหาชน)
Netbay Public Company Limited


Mrs. Kobkanjana Veerapongpradit
(Director)

4.5 Investments

- a) Short-term investment included promissory notes, term deposit with banks with maturity period of longer than 3 months but not longer than 1 year or term deposits with banks with an original maturity of 3 months or less, which the Company and its subsidiary intends to roll-over or reinvest when due.
- b) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- c) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- d) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- e) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- f) Investment in subsidiary is accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

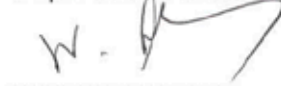
4.6 Equipment and Depreciation

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

Depreciation of equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

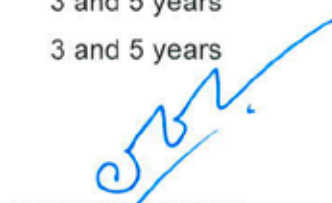
Office equipment, computer equipment	3 and 5 years
Signal system and communication equipment	3 and 5 years

Depreciation is included in determining income.



Mr. Pichit Viwatrujirapong
(Director)

NETbay
บริษัท เนตเบย์ จำกัด (มหาชน)
Netbay Public Company Limited



Mrs. Kobkanjana Veerapongpradit
(Director)

4.7 Intangible assets

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	3 and 5 years

4.8 Related party transactions

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

In addition, related parties include associates, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them a significant influence over the Company, key management personnel, and directors and officers, with authority in the planning and direction of the Company's operations.

4.9 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease period.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.


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4.10 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.11 Impairment of assets

At the end of each reporting period, the Company and its subsidiary performs impairment reviews in respect of the investments, the equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiary also carry out annual impairment reviews in respect of intangible assets with indefinite useful lives. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiary could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.


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4.12 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

The Company and its subsidiary and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiary. The fund's assets are held in a separate trust fund and the Company's and its subsidiary's contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiary have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiary treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

4.13 Provisions

Provisions are recognised when the Company and its subsidiary have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.14 Income tax

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

Current tax

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


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Deferred tax

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

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

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

The Company and its subsidiary record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.15 Fair value measurement


Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiary apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiary measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

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

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

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


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

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Cash and cash equivalents

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2017	2016	2017	2016
Bank deposits	32,848	27,747	18,831	15,643
Treasury bill	-	12,095	-	12,095
Bills of exchange	-	9,989	-	9,989
Total	32,848	49,831	18,831	37,727

As at 31 December 2017, bank deposits in saving accounts carried interests between 0.10% and 0.50% per annum (2016: between 0.10% and 0.50% per annum).


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7. Current investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Investments in securities held for trading				
Investments in open-end fund - Cost	164,620	105,400	105,560	57,400
Add: Unrealised gains on changes in value of investments	630	278	351	122
Fair value	165,250	105,678	105,911	57,522
Investment in debt securities, both due within one year and expected to be held to maturity	81,846	145,704	64,898	130,718
Investments in available-for-sale securities				
Government debt security - Cost	105,890	-	88,874	-
Add: Unrealised gains on changes in value of investments	74	-	41	-
Fair value	105,964	-	88,915	-
Total	353,060	251,382	259,724	188,240

8. Related party transactions

During the years, the Company and its subsidiary had significant business transactions with its related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, its subsidiary and those related parties, are summarised below.


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(Unit: Thousand Baht)

	Consolidated		Separate		
	financial statements		financial statements		Pricing policy
	2017	2016	2017	2016	
<u>Transaction with subsidiary company</u>					
(eliminated from the consolidated financial statements)					
Management fee	-	-	1,360	1,200	On the basis agreed upon by both parties
Software development fee	-	-	10,793	15,654	On the basis agreed upon by both parties
Dividend income	-	-	19,000	-	As declared
<u>Transactions with related companies</u>					
Communication					
system rental fee	7,208	7,106	1,126	4,780	Market price
Office rental fee	3,904	3,904	3,724	3,724	On the basis agreed upon by both parties
Dividend payment	5,757	14,240	5,757	14,240	As declared

As at 31 December 2017 and 2016, the outstanding balances of the transactions between the Company, its subsidiary and its related parties and persons can be summarised as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade and other payables - related party (Note 9)				
Subsidiary	-	-	1,391	321
Unbilled receivables - related party				
Subsidiary	-	-	-	7,477
Trade and other payables - related party (Note 15)				
Related party	2,220	1,831	749	802


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Directors and management's remuneration

During the years ended 31 December 2017 and 2016, the Company and its subsidiary had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Short-term employee benefits	44,381	44,898	41,308	40,457
Post-employment benefits	1,564	1,478	1,312	1,243
Total	45,945	46,376	42,620	41,700

9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<u>Trade accounts receivable - related party</u>				
Aged on the basis of due dates				
Not yet due	-	-	877	321
Past due				
Up to 3 months	-	-	514	-
Total trade accounts receivable - related party	-	-	1,391	321
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	36,130	26,211	31,948	21,953
Past due				
Up to 3 months	12,724	10,182	11,445	8,644
Total trade accounts receivable - unrelated parties	48,854	36,393	43,393	30,597
Total trade accounts receivable	48,854	36,393	44,784	30,918
<u>Other receivables</u>				
Accrued income	2,176	1,933	1,898	1,891
Other receivables	20	15	20	15
Total other receivables	2,196	1,948	1,918	1,906
Total trade and other receivables	51,050	38,341	46,702	32,824

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10. Restricted bank deposits

These restricted bank deposits represent saving and fixed deposits pledged with banks do not exceed 6 months to secure the issuance of bank guarantees to guarantee services rendered to the customers as already described in Note 27.2.

11. Investment in subsidiary

Detail of investment in subsidiary as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		(Unit: Thousand Baht) Cost	
	2017	2016	2017	2016	2017	2016
			(%)	(%)		
Cloud Creation Company Limited	50,000	50,000	100	100	50,000	50,000

12. Other long-term investments

	(Unit: Thousand Baht) Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Investments in available-for-sale securities				
Corporate debt securities - Cost	29,879	17,157	22,879	10,090
Add: Unrealised gains on changes in value of investments	322	171	230	89
Net	30,201	17,328	23,109	10,179
Investments in debt securities held to maturity	38,000	73,000	28,000	50,000
Total	68,201	90,328	51,109	60,179


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13. Equipment

(Unit: Thousand Baht)

	Consolidated financial statements		
	Office equipment and computer equipment	Signal system and communication equipment	Total
Cost			
1 January 2016	8,694	65,110	73,804
Additions	775	2,030	2,805
31 December 2016	9,469	67,140	76,609
Additions	636	266	902
Disposals	(122)	(2,099)	(2,221)
31 December 2017	9,983	65,307	75,290
Accumulated depreciation			
1 January 2016	7,497	60,522	68,019
Depreciation for the year	600	1,405	2,005
31 December 2016	8,097	61,927	70,024
Depreciation for the year	612	1,403	2,015
Depreciation on disposals	(122)	(2,099)	(2,221)
31 December 2017	8,587	61,231	69,818
Net book value			
31 December 2016	1,372	5,213	6,585
31 December 2017	1,396	4,076	5,472
Depreciation for the years			
2016 (Baht 1.7 million included in cost of services, and the balance in administrative expenses)			2,005
2017 (Baht 1.7 million included in cost of services, and the balance in administrative expenses)			2,015


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(Unit: Thousand Baht)

	Separate financial statements		
	Office equipment and computer equipment	Signal system and communication equipment	Total
Cost			
1 January 2016	8,582	8,477	17,059
Additions	770	-	770
31 December 2016	9,352	8,477	17,829
Additions	532	266	798
Disposals	(122)	(2,098)	(2,220)
31 December 2017	9,762	6,645	16,407
Accumulated depreciation			
1 January 2016	7,456	8,389	15,845
Depreciation for the year	576	74	650
31 December 2016	8,032	8,463	16,495
Depreciation for the year	571	58	629
Depreciation on disposals	(122)	(2,098)	(2,220)
31 December 2017	8,481	6,423	14,904
Net book value			
31 December 2016	1,320	14	1,334
31 December 2017	1,281	222	1,503
Depreciation for the years			
2016 (Baht 0.4 million included in cost of services, and the balance in administrative expenses)			650
2017 (Baht 0.3 million included in cost of services, and the balance in administrative expenses)			629

As at 31 December 2017, certain equipment items have been but fully depreciated are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 66 million (the Company only: Baht 14 million) (2016: Baht 67 million, the Company only: Baht 15 million).



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14. Intangible assets

The net book value of intangible assets as at 31 December 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Computer software - cost	5,356	5,027	3,009	2,779
<u>Less:</u> Accumulated amortisation	(3,961)	(2,734)	(2,500)	(1,928)
Net book value	1,395	2,293	509	851

A reconciliation of the net book value of intangible assets for the years 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	2,293	1,372	851	1,112
Additions	329	2,057	231	220
Amortisation	(1,227)	(1,136)	(573)	(481)
Net book value at end of year	1,395	2,293	509	851

15. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade accounts payable - related parties	2,220	1,831	749	802
Trade accounts payable - unrelated parties	4,035	7,157	2,293	2,034
Accrued expenses	2,657	2,453	2,349	1,991
Total trade and other payables	8,912	11,441	5,391	4,827



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16. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Treasury bill investment payable	-	12,095	-	12,095
Other current liabilities	9,025	6,718	4,254	3,062
Total other current liabilities	9,025	18,813	4,254	15,157

17. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Provision for long-term employee benefits at beginning of year	17,407	11,822	14,368	9,751
Included in profit or loss:				
Current service cost	3,424	3,035	2,937	2,584
Interest cost	390	315	328	262
Included in other comprehensive income:				
Actuarial (gains) losses arising from				
Demographic assumptions changes	1,156	11	1,075	11
Financial assumptions changes	(2,212)	1,746	(1,771)	1,481
Experience adjustments	(3,455)	478	(1,363)	279
Provision for long-term employee benefits at end of year	16,710	17,407	15,574	14,368

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cost of services	295	228	295	228
Servicing and administrative expenses	3,519	3,122	2,970	2,618
Total expenses recognised in profit or loss	3,814	3,350	3,265	2,846



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As at 31 December 2017 and 2016, the Company and its subsidiary expect not to pay of long-term employee benefits during the next year.

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 13.71 - 17.93 years (the Company only: 13.71 years) (2016: 9.79 - 13.75 years, the Company only: 13.75 years).


Significant actuarial assumptions are summarised below:

	Consolidated financial statements		(Unit: % per annum) Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Discount rate	2.51 - 3.05	2.06 - 2.28	2.51	2.28
Salary increase rate	5.5	6.0	5.5	6.0
Turnover rate	0 - 11	0 - 13	0 - 11	0 - 13


The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

	(Unit: million Baht) As at 31 December 2017			
	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
	1%	1%	1%	1%
Discount rate	(1.88)	2.31	(1.70)	2.09
Salary increase rate	2.28	(1.90)	2.07	(1.71)
Turnover rate	(1.96)	0.28	(1.78)	0.27

	(Unit: million Baht) As at 31 December 2016			
	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
	1%	1%	1%	1%
Discount rate	(1.83)	2.26	(1.58)	1.96
Salary increase rate	2.22	(1.84)	1.91	(1.58)
Turnover rate	(1.93)	0.30	(1.66)	0.28


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18. Share capital

On 8 - 10 June 2016, the Company allocated of 40 million new ordinary shares with a par value of Baht 1 per share to the Initial Public Offering (IPO) at Baht 4 each, totaling Baht 160 million, with a share premium of Baht 115 million, net of related expenses incurred in making the offering. On 13 June 2016, the Company received all payment for IPO.

The Company registered the change of its share capital with the Ministry of Commerce on 13 June 2016. The Company's paid up capital therefore increased from Baht 160 million to Baht 200 million.

Reconciliation of number of ordinary shares

	(Unit: Thousand shares)	
	For the year ended	
	31 December	
	2017	2016
<u>Issued and paid-up share capital</u>		
Number of ordinary shares at beginning of the year	200,000	160,000
Increase in share capital during the year	-	40,000
Number of ordinary shares at end of the year	200,000	200,000

19. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered share capital. The statutory reserve is not available for dividend distribution.

20. Expenses by nature

Expenses by nature consist of significant expenses as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Salary, wages and other employee benefits	112,056	109,866	101,666	98,951
Depreciation and amortisation	3,242	3,141	1,202	1,131
Rental expenses	26,582	17,957	17,920	13,051


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21. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statement		financial statement	
	2017	2016	2017	2016
Current income tax:				
Current income tax charge	7,676	6,379	-	-
Adjustment in respect of income tax of previous year	-	21	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(763)	(670)	(653)	(569)
Income tax expense (revenue) reported in the statement of comprehensive income	6,913	5,730	(653)	(569)

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deferred tax on share surplus on change in value of available-for-sale investments	45	27	36	14
Deferred tax on actuarial gains (losses)	902	(446)	412	(354)
	947	(419)	448	(340)


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The reconciliation between accounting profit and income tax expenses is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statement		financial statement	
	2017	2016	2017	2016
Accounting profit before tax	122,710	95,051	101,168	62,643
Applicable tax rate	20%, 0%	20%, 0%	20%, 0%	20%, 0%
Accounting profit before tax multiplied by applicable tax rate	24,542	19,010	20,234	12,529
Adjustment in respect of income tax of previous year	-	21	-	-
Effects of:				
Promotional privileges (Note 22)	(17,679)	(12,317)	(16,723)	(11,424)
Non-deductible expenses	1,130	1,028	716	338
Others	(1,080)	(2,012)	(4,880)	(2,012)
Total	(17,629)	(13,301)	(20,887)	(13,098)
Income tax expenses (revenue) reported in the statement of comprehensive income	6,913	5,730	(653)	(569)

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statement		financial statement	
	2017	2016	2017	2016
Deferred tax assets (liabilities)				
Surplus on changes in value of investments	(79)	(34)	(54)	(18)
Provision for long-term employee benefits	3,342	3,481	3,115	2,874
Total	3,263	3,447	3,061	2,856

As at 31 December 2017, the Company has unused tax losses totaling Baht 22 million (2016: Baht 19 million), on which deferred tax assets have not been recognised as the Company believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.


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22. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the software business, pursuant to the promotion certificate No. 1423(7)/2556 issued on 22 March 2013. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations commenced generating revenues.

The subsidiary has received promotional privileges from the Board of Investment for software development, pursuant to the promotion certificate No. 2351(7)/2554 issued on 17 November 2011. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations commenced generating revenues

The Company's operating revenues for the years ended 31 December 2017 and 2016, divided according to promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	2017	2016	2017	2016	2017	2016
Service income	221,633	192,327	708	588	222,341	192,915

23. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year. The number of ordinary shares has been adjusted in proportion to the change in par value of ordinary shares, as mention in Note 18.

The following table sets forth the computation of basic earnings per share:

	For the year ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Profit for the year (Thousand Baht)	115,797	89,321	101,821	63,213
Weighted average number of ordinary shares (Thousand shares)	200,000	182,077	200,000	182,077
Basic earnings per share (Baht per share)	0.58	0.49	0.51	0.35


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24. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

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

- The e-Business segment, which develops an e-Business product and presented to the user in the form of services (SaaS: Software As A Service).
- The e-Service segment, which rendered an e-Business service for Business segment to Government (B2G) transaction, and Business segment to Business segment (B2B) transaction.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements.

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


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The following tables present revenue, profit and total assets information regarding the Company and its subsidiary's operating segments for the years ended 31 December 2017 and 2016, respectively.

(Unit: Thousand Baht)

For the year ended 31 December 2017					
	e-Businesses segment	e-Service segment	Total reportable segments	Adjustments and eliminations	Consolidated
Revenue from external customers	211,548	103,243	314,791	-	314,791
Inter-segment revenue	12,153	-	12,153	(12,153)	-
Interest revenue	3,594	929	4,523	-	4,523
Depreciation and amortisation	1,202	2,040	3,242	-	3,242
Income tax expense or income	653	(7,566)	(6,913)	-	(6,913)
Segment profit	101,821	32,976	134,797	(19,000)	115,797
Segment total assets	439,734	144,743	584,477	(51,391)	533,086
Increase (decrease) of non-current assets other than financial instruments and deferred tax assets	254	317	571	-	571

(Unit: Thousand Baht)

For the year ended 31 December 2016					
	e-Businesses segment	e-Service segment	Total reportable segments	Adjustments and eliminations	Consolidated
Revenue from external customers	177,261	95,675	272,936	-	272,936
Inter-segment revenue	16,854	-	16,854	(16,854)	-
Interest revenue	2,386	792	3,178	-	3,178
Depreciation and amortisation	1,131	2,010	3,141	-	3,141
Income tax expense or income	569	(6,299)	(5,730)	-	(5,730)
Segment profit	63,213	26,108	89,321	-	89,321
Segment total assets	389,560	137,047	526,607	(57,798)	468,809
Increase (decrease) of non-current assets other than financial instruments and deferred tax assets	(159)	2,447	2,288	-	2,288

Geographic information

The Company and its subsidiary operate in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.



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Major customers information

For the years 2017 and 2016, the Company and its subsidiary have no major customer with revenue of 10% or more of an entity's revenues.

25. Provident fund

The Company and its subsidiary and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiary contribute to the fund monthly at the rates of 3% to 15% of basic salary. The fund, which is managed by TISCO Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for year 2017 amounting to approximately Baht 2.6 million (2016: Baht 2.2 million) were recognised as expenses.

26. Dividends paid

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividends for 2017			
Dividend from the operating results as from April 2016 to December 2016	Annual General Meeting of the shareholders on 20 April 2017	44,600	0.2230
Dividends for 2016			
Dividend from the retained earnings and the operating results of the year 2015	Annual General Meeting of the shareholders on 27 April 2016	42,896	0.2681
Interim dividends for 2016	Board of Directors' meeting on 12 May 2016	14,064	0.0879
Total		56,960	0.3560


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27. Commitments

27.1 Operating lease commitments

The Company and its subsidiary have entered into lease agreement in respect of the lease of office building space. The term of the agreement is generally 3 years.

The Company and its subsidiary have future minimum lease payments required under operating lease contracts were as follows.

(Unit: Million Baht)		
As at 31 December		
	2017	2016
Payable:		
In up to 1 year	4	4
In over 1 and up to 3 year	-	4


27.2 Guarantees

As at 31 December 2017, there were outstanding bank guarantees for service rendered the customers of approximately Baht 4.4 million (the Company only: Baht 2.2 million) (2016: Baht 5.3 million, the Company only: Baht 3.2 million) issued by banks on behalf of the Company and its subsidiary. The letters of guarantee was pledged by the Company's saving account and term deposit account of the subsidiary.

28. Fair value hierarchy

As at 31 December 2017 and 2016, the Company and its subsidiary had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)				
Consolidated financial statements				
As at 31 December 2017				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investment				
Investments in open-end fund	-	165	-	165
Available-for-sale investments				
Corporate debt securities	-	136	-	136


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 (Director)

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investment				
Investments in open-end fund	-	106	-	106
Available-for-sale investments				
Corporate debt securities	-	112	-	112

(Unit: Million Baht)

Consolidated financial statements				
As at 31 December 2016				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investment				
Investments in open-end fund	-	106	-	106
Available-for-sale investments				
Corporate debt securities	-	17	-	17

(Unit: Million Baht)

Separate financial statements				
As at 31 December 2016				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investment				
Investments in open-end fund	-	58	-	58
Available-for-sale investments				
Corporate debt securities	-	10	-	10


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29. Financial instruments

29.1 Financial risk management

The Company and its subsidiary's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current and long-term investments, trade and other receivables, trade and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiary are exposed to credit risk primarily with respect to trade accounts receivable and other receivable. The Company and its subsidiary manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiary do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables and other receivables as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiary's exposure to interest rate risk relates primarily to its cash at financial institutions. However, since most of the Company and its subsidiary's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

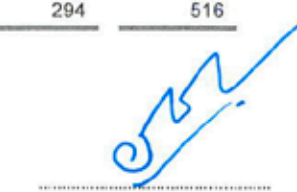
As at 31 December 2017 and 2016, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date of this occurs before the maturing date.

(Units: Million Baht)

As at 31 December 2017						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years				
Financial assets						
Cash and cash equivalent	1	-	13	19	33	0.10-0.50
Current investments	129	-	-	224	353	1.63-4.60
Trade and other receivables	-	-	-	51	51	-
Deposits at bank with restrictions	6	-	5	-	11	1.00
Other long-term investments	-	68	-	-	68	1.91 - 4.18
Total	136	68	18	294	516	


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 (Director)

(Units: Million Baht)

As at 31 December 2017

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years				
Financial liability						
Trade and other payables	-	-	-	9	9	-

(Units: Million Baht)

As at 31 December 2016

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years				
Financial assets						
Cash and cash equivalent	6	-	14	30	50	0.10 - 0.50
Current investments	91	-	-	160	251	1.60 - 4.60
Trade and other receivables	-	-	-	38	38	-
Deposits at bank with restrictions	4	-	4	-	8	1.00
Other long-term investments	-	90	-	-	90	1.91 - 4.18
Total	101	90	18	228	437	
Financial liability						
Trade and other payables	-	-	-	11	11	-

29.2 Fair values of financial instruments

Since the majority of the Company and its subsidiary's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

30. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2017, the debt-to-equity ratio of the Company and its subsidiary was 0.27:1 (the Company only: 0.16:1) (2016: 0.37:1, the Company only: 0.22:1).


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31. Events after the reporting period

On 21 February 2018, the meeting of the Company's Board of Directors passed the following resolutions to propose to Annual General Meeting of the Company's shareholders for the year 2018 for approval.

1. A transfer of total amount of Baht 6.7 million of unappropriated retained earnings to statutory reserve, which made the statutory reserve reaches 10% of the registered capital.
2. A dividend payment from operating results of the year 2017 from the activities that receives the promotional privileges from the Board of Investment. The dividend will be paid by cash at the rate of Baht 0.4759 per share or in the total amount not exceeding Baht 95.2 million. The payment of cash dividend shall be made within 25 May 2018.

32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2018.


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Netbay Public Company Limited
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