



# **ANNUAL REPORT 2018**

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**THAILAND IRON WORKS PUBLIC COMPANY LIMITED**

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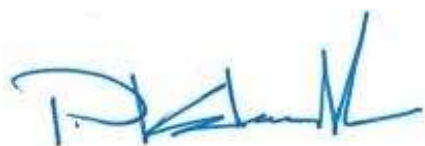
## Message from the Chairman

Dear All shareholders,

During 2018, economy continued to expand during the year. The management has put great efforts in stimulating sales, product development, finding new distribution channels, rehabilitating the business and human resources development and such efforts has resulted in successful achievement of the Company's goals. And the Company's revenues and operating performance has increased to a satisfactory level.

The Company is successful in building its marketing network through having additional distributors nationwide and building new distribution channels, including modern trade and export to borders of neighbouring countries. From now onwards, the Company's revenue and operating performance is expected to improve. In addition, the Company has introduced new products through utilizing these marketing channels for distribution such as gutter, smooth finish galvanized steel sheet etc. The Company also received cooperation from Nisshin Steel Co., Ltd. in Japan for distribution of products from Japan, particularly new innovative products such as ZAM, which is increasingly accepted and likely to be a commonly used product as in Japan and other countries of the world.

On behalf of the management, I am confident that the Company will be able to efficiently operate the business according to its plan and successfully achieve its goals in a short period.



(Mr. Prasit Kanchanasakdichai)

Chairman of the Board of Directors



## Report of the Audit Committee

The Company's audit committee consists of three independent directors, equipped with knowledge and expertise in the areas of law, accounting, finance, and information technology management. The audit committee members are:-

- Miss Naratip Tabtieng, Chairman of the Audit Committee
- Mr. Chai Rungtivaruangrong, Member of the Audit Committee
- Mr. Chinawat Assavapokee, Member of the Audit Committee

Miss Nantana Srabua (I.A.P. International Audit Co., Ltd.) acts as secretary of the audit committee.

During the previous fiscal year from 1 April 2018 to 31 December 2018, the audit committee has convened four meetings whereby all audit committee members have attended in accordance with power, duty and responsibility as specified in the charter of audit committee and in transparent and independent manner. The audit committee has reported its findings to the board of directors as summarized in materiality as follows:-

### 1) Review of financial report

The audit committee reviews quarterly and yearly financial statements of the Company by consulting with the auditor and the Company's Director of Accounting and Finance. In addition, meetings were held between the audit committee and the auditor without attendance by the Company's management:

- to review financial statements, key accounting policies, disclosure of notes to financial statements, including providing recommendations from audit and review of financial statements by the auditor;
- to provide confidence that the financial statements have been prepared in accordance with generally accepted accounting standards, are materially accurate, contain sufficient disclosure of information, complete and reliable.

2) The audit committee reviews if the Company has good and effective internal control system. This includes internal control system relating to anti-corruption and review of internal control system through consultation with independent internal auditor by planning and approving the annual audit plan. The audit committee reviews sufficiency, suitability and independency of internal audit personnel and monitors performance and rectifications of key issues according to internal audit report. Such actions will lead to good internal control system, effective risk management and good corporate governance. The audit committee is of the view that the Company's internal control system is sufficient and effective to reduce the Company's risks to acceptable level.

### 3) Compliance with laws on securities and securities exchange

As well as regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission or other laws relating to undertaking of the Company's business. The audit committee has reviewed and monitored compliance of the Company's business operation with rules and regulations of the Securities and Exchange Commission, the Stock Exchange of Thailand and other laws relating to undertaking of the Company's business to ensure that the Company has complied with all such regulations.

### 4) Review of management of key risks

By establishment of policies and guidelines whereby the Company's risk management committee has the duties to assess risks in all respects, including internal and external factors, of which may impact the Company's business operations, including finding appropriate measures to reduce impact of the risks to an acceptable level.

5) Appointment of external auditor for the year 2019

In selecting the external auditor to be appointed, the audit committee adopted the selecting criteria emphasizing on knowledge, capability and potential of the external auditor as well as the audit fee and qualifications as prescribed by the Office of the Securities and Exchange Commission (SEC).

The audit committee is of the view that the auditors of Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. is suitable to be appointed as the auditor for the period commencing from 1 January 2019 and ending as of 31 December 2019 for the audit fees of Baht 1,750,000 (One Million Seven Hundred and Fifty Thousand Baht). Therefore, the audit committee views it appropriate to submit such proposal to the Board of Directors for further approval by the shareholders' meeting.

6) Related party transactions and transactions with potential conflict of interests

The audit committee has reviewed the transactions by considering reasonableness and transparency and is of the view that the transactions are normal business transactions of the Company according to regulations of the Stock Exchange of Thailand.

Overall, the audit committee has fully performed its duties according to the Audit Committee Charter approved by the Board of Directors. The audit committee is of the view that the Board of Directors, executives and executive directors of the Company perform their duties in a professional manner with ethics and care in order to achieve the Company's objectives. There is sufficient disclosure of information. The Company complies with laws relating to securities and securities exchange and conducts its business operations according to good corporate governance principles with transparency and reliability. The Company also develops and improves its work procedures in order to achieve quality work.



(Miss Naratip Tabtieng)  
Chairman of the Audit Committee



## Board of Directors



**Mr. Prasit Kachanasakdichai**

Chairman of the Board of Directors



**Mr. Kriangkrai Danchaivichit**

Director



**Mr. Win Thanittiraporn**

Director



**Mr. Chokechai Srisrawekkanjana**

Director



**Mr. Kriengchai Trinapakorn**

Director

## Audit Committee



**Miss Naratip Tabtieng**

Chairman of the Audit Committee and  
Independent Director



**Mr. Chinawat Assavapokee**

Member of the Audit Committee and  
Independent Director



**Mr. Chai Rungtivaruangrong**

Member of the Audit Committee and  
Independent Director

## Executive Committee



**Mr. Prasit Kachanasakdichai**

Chief Executive Officer



**Mr. Kriengchai Trinapakorn**

Assistant Managing Director (Operations)



**Ms. Oranuch Pakirasa**

Assistant Managing Director (Finance) and Member of  
the Sustainability and Risk Management Committee



**Mr. Apichat Laksanasirisak**

Managing Director and  
Chairman of the Sustainability and Risk Management  
Committee and Company Secretary



**Mr. Yasuyuki Nakashima**

Assistant Managing Director





**Mr. Prasit Kachanasakdichai (Age 55)**

**Year of appointment as director : 2015**

### Percentage of shareholding

- Direct shareholding of 3,311,368 shares, representing 55.18%

### Family relationship with other directors and executives

- -None-

### Education

- Doctor of Business Administration (Honours) with specialization in finance, Boston University, the United States
- Master of Business Administration (Marketing), National Institute of Development Administration
- Bachelor of Engineering (Mechanical Engineering), Kasetsart University

### Trainings

#### Courses of Thai Institute of Directors (IOD)

- Year 2016 - Role of the Chairman Program (RCP)
- Year 2005 - Director Accreditation Program (DAP)
- Year 2004 - Director Certification Program (DCP)

#### Other Courses

- Year 2015 - Assessing Company Performance Enhancing Good Corporate Governance, Asst. Prof. Mr. J.Thomas Connelly, Chulalongkorn University

### Work Experience

#### ● 2018 – Present

Chairman of the Board of Directors/  
Managing Director

Thai Barge Container Services Co.,Ltd.  
Type of business : Warehouse lease and sea port

#### ● 2015 – Present

Chairman of the Board of Directors/  
Chief Executive Officer

Thailand Iron Works Public Company Limited  
Type of business : Manufacturing and distribution of  
galvanized steel sheet

#### ● 2011 – Present

Director

Daikure (Thailand) Co.,Ltd.  
Type of business : Manufacturing of grating and steel  
grating

- **2010 – Present**  
Independent Director  
Nomura Pattanasin Securities Public Company Limited  
Type of business : Securities
- **2007 – Present**  
Managing Director  
T.C.B. Home Center Co., Ltd.  
Type of business : Distribution of scaffolding and construction equipment
- **2004 – Present**  
Chairman of the Board of Directors/  
Managing Director  
Thai Const & Building Manufacturing Public Company Limited  
Type of business : Manufacturing, distribution and lease of scaffolding and construction equipment
- **2003 – Present**  
Managing Director  
C.M. Manufacturing Co., Ltd.  
Type of business : Manufacturing of metal packaging



**Mr. Kriangkrai Danchaivichit (Age 53)**

**Year of appointment as director : 2018**

#### **Percentage of shareholding**

- Direct shareholding of 1,304,000 shares, representing 21.73%

#### **Family relationship with other directors and executives**

- -None-

#### **Education**

- Master of Business Administration, Pittsburg State University, Kansas, the United States
- Bachelor of Engineering (Mechanical Engineering), Chiangmai University

#### **Trainings**

Course of Thai Institute of Directors (IOD)

- Year 2018 Director Accreditation Program (DAP)

#### **Work Experience**

- **2018 – Present**

Director

Thailand Iron Works Public Company Limited

Type of business : Manufacturing and distribution of galvanized steel sheet

Director

Sun Power Corporation Co., Ltd.

Type of business : Renewable energy

- **2008 – Present**

Director

Superior Residence Co., Ltd.

Type of business : Service

- **2003 – Present**

Director

Krungsri Estate Co., Ltd.

Type of business : Property

- **2003 – Present**

Director

Kua Tawee Co., Ltd.

Type of business : Car lease



- **1996 – Present**

Director

Krungsri Residence Co., Ltd.

Type of business : Property

- **1996 – Present**

Director

Krungsri Park Co., Ltd.

Type of business : Property and construction

- **1995 – Present**

Director

K.patcharasakdi Holding Co., Ltd.

Type of business : Property

Director

Krungsri Realty Co., Ltd.

Type of business : Property

- **1994 – Present**

Director

Krungsri Kehakarnkaset Co., Ltd.

Type of business : Property

- **1991 – Present**

Director

Bangsai Land Development Co., Ltd.

Type of business : Property

- **1989 – Present**

Director

K.patcharasakdi Co., Ltd.

Type of business : Hotel

- **1988 – Present**

Director

K.krungsri Kehakarnkaset Co., Ltd.

Type of business: Property

#### **Other entities that are not listed companies**

- Chairman of Phra Nakhon Si Ayutthaya Chamber of Commerce
- Professional, Provincial Education Commission, Phra Nakhon Sri Ayutthaya
- Professional, Civil Service Commission, Provincial Administration Organization, Phra Nakhon Sri Ayutthaya
- Professional, Sub-committee on determination of the appraisal value of the assets, Phra Nakhon Sri Ayutthaya



**Mr. Win Thanittiraporn (Age 41)**

**Year of appointment as director : 2018**

**Percentage of shareholding**

- -None-

**Family relationship with other directors and executives**

- -None-

**Education**

- Master of Science Engineering Business Management, University of Warwick, UK
- Bachelor of Engineering (Hons.) Electrical Engineering & Electronics, University of Liverpool, UK

**Trainings**

Courses of Thai Institute of Directors (IOD)

- Year 2012 - Director Accreditation Program (DAP)

**Work Experience**

- **2018 – Present**

Director

Thailand Iron Works Public Company Limited

Type of business : Manufacturing and distribution of galvanized steel sheet

Director

Sun Power Corporation Co., Ltd.

Type of business : Renewable energy

- **2013 – 2016**

Director/Managing Director

Thai Foods Group Public Company Limited

Type of business : Integrated livestock business

- **2012 – 2016**

Director

Homeland Development Co., Ltd.

Type of business : Property

- **2012**

Director of Fund Management and  
Bond, Business Relationship Manager

Property Public Company Limited

Type of business : Property

- **2010 – 2012**

Director of Securities Trading

The Siam Commercial Bank Public Company Limited

Type of business : Finance/Banking



**Miss Naratip Tabtieng (Age 61)**

**Year of appointment as director : 2015**

#### **Percentage of shareholding**

- -None-

#### **Family relationship with other directors and executives**

- -None-

#### **Education**

- Master of Business Administration, University of Oklahoma, the United States
- Bachelor of Commerce and Accountancy with specialization in accountancy, Chulalongkorn University

#### **Trainings**

##### Courses of Thai Institute of Directors (IOD)

- Year 2005 - Audit Committee Program (ACP)
- Year 2004 - Director Accreditation Program (DAP)
- Year 2002 - Effective Audit Committees and Best Practices Program

#### **Work Experience**

- **2015 – Present**  
Director/Chairman of the Audit Committee      Thailand Iron Works Public Company Limited  
Type of business : Manufacturing and distribution of  
galvanized steel sheet
- **2010 – Present**  
Director of Master Program in Business      National Institute of Development Administration  
Administration, Faculty of Business Administration
- **1982 – Present**  
Professor at Faculty of Business      National Institute of Development Administration  
Administration
- **1998 – 2011**  
Independent Director/      S.P.Suzuki Public Company Limited  
Member of the Audit Committee      Type of business : Manufacturing and distribution of  
motorcycles





**Mr. Kriengchai Trinapakorn (Age 55)**

**Year of appointment as director : 2017**

#### **Percentage of shareholding**

- -None-

#### **Family relationship with other directors and executives**

- -None-

#### **Education**

- Master of Business Administration, Ramkhamhaeng University
- Bachelor degree in marketing, Ramkhamhaeng University

#### **Trainings**

Course of Thai Institute of Directors (IOD)

- Year 2016 - Director Accreditation Program (DAP)

#### **Work Experience**

- **2017 – Present**

Director

Thailand Iron Works Public Company Limited

Type of business : Manufacturing and distribution of galvanized steel sheet

- **2015 – Present**

Chief Operating Officer

Thailand Iron Works Public Company Limited

Type of business: Manufacturing and distribution of galvanized steel sheet



**Mr. Chokechai Srisrawekkanjana (Age 41)**

**Year of appointment as director : 2015**

**Percentage of shareholding**

- -None-

**Family relationship with other directors and executives**

- -None-

**Education**

- Master degree in business administration, Florida Metropolitan University, the United States
- Bachelor of Business Administration (Finance), Bangkok University

**Trainings**

- -None-

**Work Experience**

- **2015 – Present**

Director

Thailand Iron Works Public Company Limited

Type of business : Manufacturing and distribution of  
galvanized steel sheet

- **2011 – Present**

Director/Assistant Managing Director

Triple A Plus Advisory Co., Ltd.

Type of business : Financial advisory service



**Mr. Chai Rungtivaruangrong (Age 55)**

**Year of appointment as director : 2018**

**Percentage of shareholding**

- - None -

**Family relationship with other directors and executives**

- -None-

**Education**

- Bachelor of Laws, Chulalongkorn University
- Certificate in Advanced Legal Studies, Lawyers Council of Thailand
- Lawyer's license, Lawyers Council of Thailand

**Trainings**

Course of Thai Institute of Directors (IOD)

- Year 2018 - Director Accreditation Program (DAP)

**Work Experience**

- **2018 – Present**

Director

Thailand Iron Works Public Company Limited

Type of business : Manufacturing and distribution of galvanized steel sheet

- **2011 – Present**

Managing Partner

Law Twentyfour Limited Partnership

Type of business : Legal advisory service

- **2003 – 2011**

Head of Legal

Sahaviriya Steel Public Company Limited

Type of business : Manufacturing of steel products



**Mr. Chinawat Assavapokee (Age 45)**

**Year of appointment as director : 2018**

**Percentage of shareholding**

- -None-

**Family relationship with other directors and executives**

- -None-

**Education**

- Master of Laws (Taxation), Washington University, the United States
- Bachelor of Laws, Thammasat University

**Trainings**

Course of Thai Institute of Directors (IOD)

- Year 2018 - Director Accreditation Program (DAP)

**Work Experience**

- **2018 – Present**

Director

Thailand Iron Works Public Company Limited

Type of business : Manufacturing and distribution of galvanized steel sheet

- **2013 – Present**

Partner

Hunton and Williams (Thailand) Limited

Type of business : Legal and management advisory services

- **2006 – 2013**

Partner

Baker and McKenzie Limited

Type of business : Legal and management advisory services





**Mr. Apichat Laksanasirisak (Age 51)**

#### **Percentage of shareholding**

- -None-

#### **Family relationship with other directors and executives**

- -None-

#### **Education**

- Master of Business Administration (Honours) with specialization in finance, University of Oklahoma, the United States
- Bachelor of Business Administration with specialization in finance, University of the Thai Chamber of Commerce

#### **Trainings**

##### Course of Thai Institute of Directors (IOD)

- Year 2016 - Corporate Secretary Program (CSP)

#### **Work Experience**

- **2016 – Present**

Managing Director/Company Secretary Thailand Iron Works Public Company Limited  
Type of business : Manufacturing and distribution of galvanized steel sheet

- **2013-2015**

Managing Director Pantheon Trading Co., Ltd.  
Type of business : Trading of consumer products

- **2011 –2013**

Director DBS Vickers Securities (Thailand) Co.,Ltd.  
Type of business : Securities brokerage for securities on the Stock Exchange of Thailand



**Mr. Yasuyuki Nakashima (Age 60)**

#### **Percentage of shareholding**

- -None-

#### **Family relationship with other directors and executives**

- -None-

#### **Education**

- Bachelor Degree in Commerce, Fukuoka University, Japan

#### **Trainings**

- -None-

#### **Work Experience**

- **2004 – Present**

Assistant Managing Director

Thailand Iron Works Public Company Limited

Type of business : Manufacturing and distribution of  
galvanized steel sheet



**Ms. Oranuch Pakirasa (Age 40)**

#### **Percentage of shareholding**

- -None-

#### **Family relationship with other directors and executives**

- -None-

#### **Education**

- Master of Business Administration (Accounting Management), Burapha University
- Bachelor of Accounting, Dhurakij Pundit University

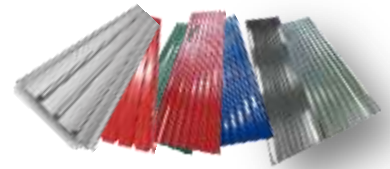
#### **Trainings**

- Year 2018
  - Course on impact of new financial reporting standard regarding Revenue from Contracts with Customers (TFRS 15) and Leases (TFRS 16) to preparation of financial statements by listed companies (Class 2)
  - Basic of Deferred Tax Course
- Year 2017
  - Updated course on latest form of financial statements and problems with preparation of accounts according to the financial reporting standards
  - Excel for Managerial Accounting (Microsoft Excel for Managerial Accounting)
  - Taxation in the digital age for accountants

#### **Work Experience**

- **2014 – Present**  
Chief Financial Officer      Thailand Iron Works Public Company Limited  
Type of business: Manufacturing and distribution of galvanized steel sheet
- **2002-2014**  
General Manager, Accounting and Finance Department      Thai Const & Building Manufacturing Public Company Limited  
Type of business : Manufacturing, distribution and lease of scaffolding and construction equipment

## Products of the Company



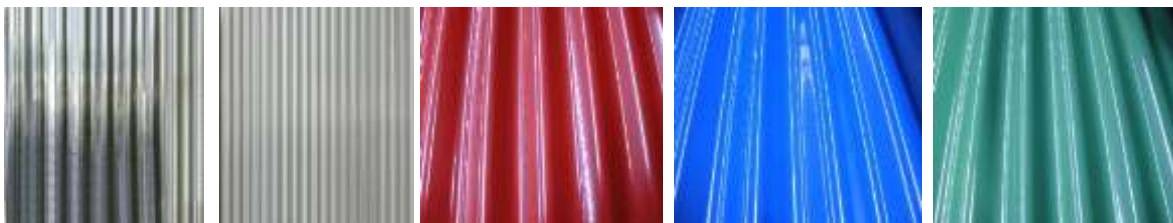
At present, the Company has various types and brands of products, which can be categorized as set out below.

### 1. Zinc Products

#### 1.1 Corrugated zinc sheet



**Brand: 3 Stars**



Type of zinc sheet : Small and large corrugated sheet

Coated products : Small, large, rectangular corrugated sheet (green, red, blue)



**Brand: 1 Star**

**888**

**Brand: 888**

**111**

**Brand: 1 1 1**



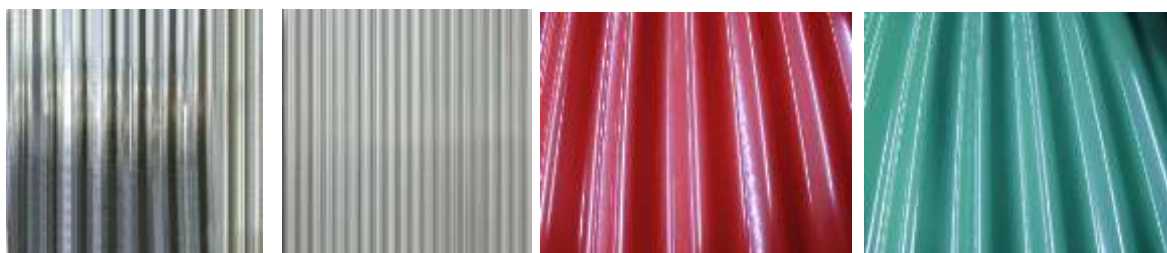
Type of zinc sheet : Small and large corrugated sheet

## Products of the Company



สังกะสีตรา 3 ดี

Brand: 3 D



Type of zinc sheet	: Small and large corrugated sheet
Coated products	: Large and rectangular corrugated sheet (green, red)
Non zinc-coated products	: Large and rectangular corrugated sheet (green, red)

### 1.2 Galvanized steel sheet



Brand: TIW



Type of zinc sheet	: Flat sheet
Coated products	: Flat sheet (green, red, blue)

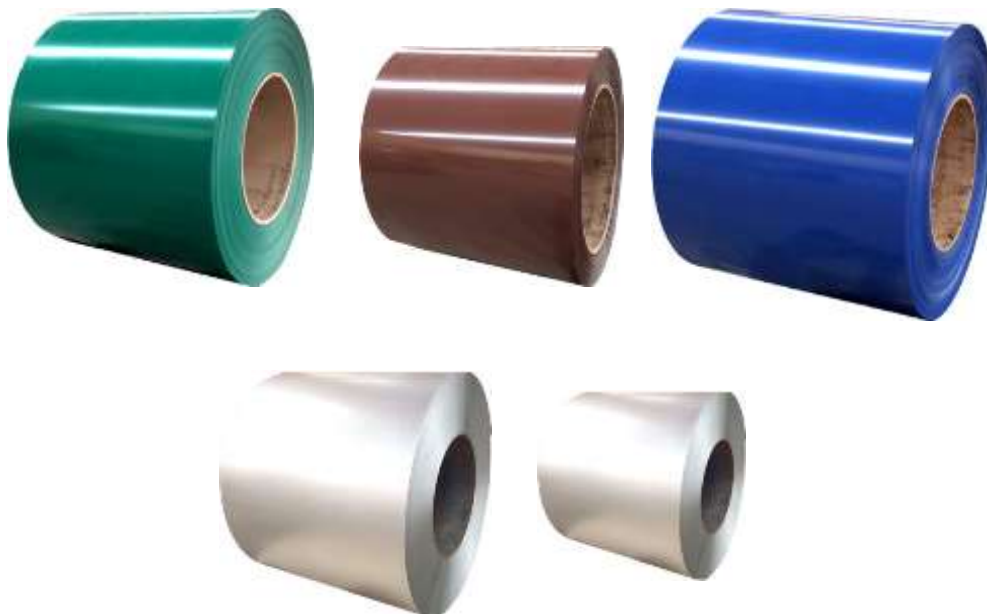


## Products of the Company

### 2. Metal Sheet Products



Brand: 3 Stars



### 3. New innovative product – special galvanized steel (ZAM)

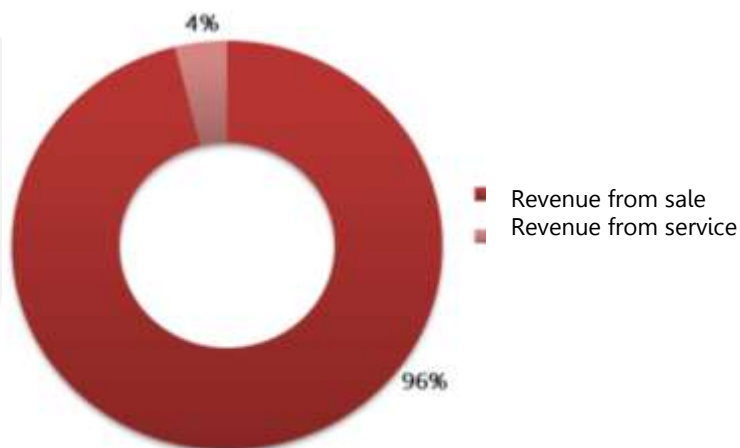


## Financial Highlights

### 1. Revenue

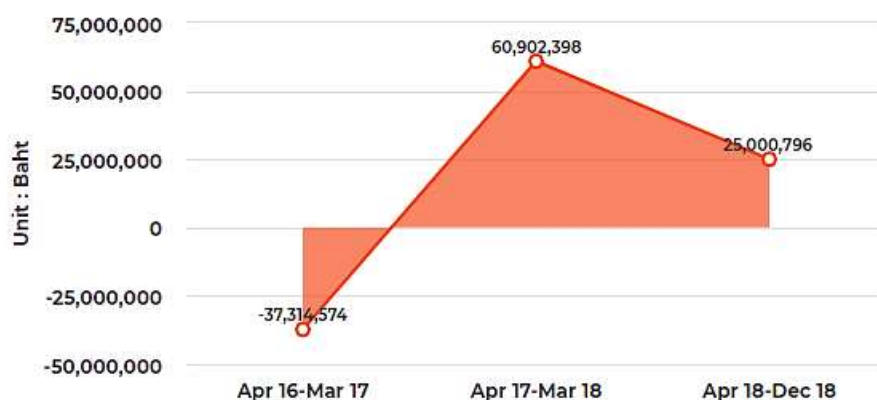
- Revenue from sale  
Baht 359,737,287
- Revenue from service  
Baht 14,620,074

#### Revenue



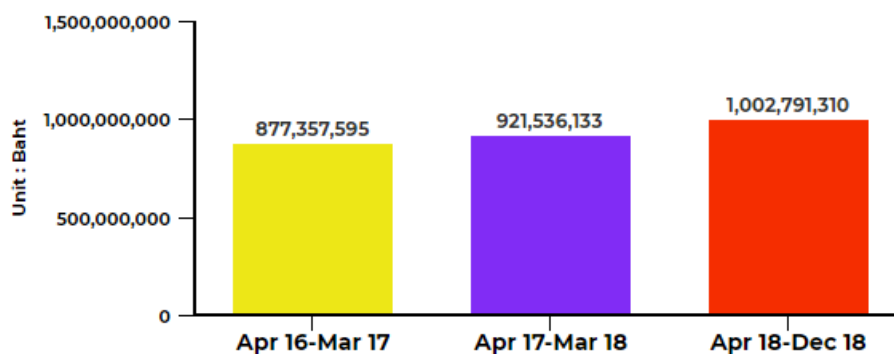
### 2. Net Profit

#### Net Profit



### 3. Assets

#### Assets



## Policies and Business Overview

### Significant Changes and Development of the Company

- Year 1958

The company was first established under the name of Thailand Iron Works Co., Ltd. on 10 April 1958 as a joint venture between Mr.Boonchitra Katerainark and Kinoshita Co., Ltd., Japan with the purpose of producing “Galvanized Iron Sheet” within the country instead of importation of such material from other country. Since it was the first Galvanized Iron Sheet manufacturer in Thailand, a tax privilege under the Industrial Promotional Act was granted by the Board of Investment of Thailand (BOI).



- Year 1960

The production line which was fully equipped and operated with advance production facilities and started producing galvanized iron sheet for the first time. It was the first galvanized iron sheet manufactured in Thailand. The company had produced the first 1,000 galvanized iron sheet of which was humbly offered to His Majesty the King of Thailand.

- Year 1992

The company whose major shareholders are Mitsui & Co., Ltd., Mitsiam International, Ltd. and Leeswadtrakul Family had listed its ordinary shares on the Stock Exchange of Thailand (SET). Moreover, relocation of its main office and factory to Samutprakarn province due to an expansion of city and housing zone in Bangkok. Since then, it has constructed a new factory and changed of production process to manufacture variety of Galvanized Iron Sheet products to respond the demand of domestic consumers.

- Year 1994

A conversion of the company from a private company to a public company limited was made on 18 May 1994. As a public company limited, the name of the company had changed to “Thailand Iron Works Public Company Limited” and its authorized share capital was increased to Baht 100 Million.

- Year 1995

Two major events of the company were as follows:

- Paid-up Capital of the company was increased by another 1 Million shares through a right offering and made it totaling Baht 60 Million after registration with the Ministry of Commerce (MOC)
- Started to commercially produce colour-coated galvanized iron sheets to serve the change of domestic demand and export to neighbouring countries.

Since its establishment, the company has gained wide experience and well reputation as the manufacturer of high-quality galvanized iron sheets and colour-coated sheets which were in different type of corrugation such large round wave, small round wave and square corrugation including plain sheet as well. Registered trademarks for different thickness of iron sheets and galvanized iron sheet, namely “Three Stars”, “One Star”, and “DDD” for corrugation galvanized iron sheets and “TIW” for plain sheets.

- **Year 2004**

The company has introduced another type of business, namely providing roof and wall installation services by providing continuous service to the main contractors of the project in each of the construction projects that are available nationwide.

- **Year 2008**

Total number of ordinary shares of the company held by Mitsui & Co., Ltd. who was one of the company’s major shareholders was transferred to Mitsui & Co. (Asia Pacific) Pte.Ltd. which was a subsidiary company of Mitsui & Co., Ltd. In this regards, shareholding structure of major shareholders was unchanged.

- **Year 2012**

The company had launched new products to the market. The products were “Metal Sheet” with variety appearance of which reveal a beauty of color-coating, durability, modernized and easy installation. The products were to be used for both purposes; roofing and/or siding and suitable for all type of structures; house and/or building.

- **Year 2015**

The company changed its major shareholding structure whereby Dr. Prasit Kanchanasakdichai purchased the company’s shares from the former shareholder group and tender offered the shares in accordance with relevant regulations of the Securities Exchange Commission and the Stock Exchange of Thailand. Following the tender offer as of 3 August 2015, Dr. Prasit Kanchanasakdichai holds 4,610,168 shares in the company or equivalent to 76.84% of total shareholding.

- **Year 2016**

The galvanized iron sheet received Thai Industrial Standard (TIS) and the company uses the trademark “Three Stars” for such product.

- **Year 2017**

The company has introduced new product which is Ridge that has various models than the previous to be the option for customers and has installed additional corrugated machine both in large size and small size to produce the products to respond the increasing of demand of customers.

## Key Milestones and Development in the year 2018



### 12 February 2018

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- Change of shareholding structure through acquisition of the Company's shares from Mr. Prasit Kanchanasakdichai by Mr. Kriangkrai Danchaivichit in the number of 1,304,000 shares, representing 21.73% shareholding.



### 27 February – 6 March 2018

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- The Company has set-up two subsidiary companies:
  - 1) Sun Power Corporation Co., Ltd. with registered capital of Baht 1,000,000. The objective of the company is to conduct solar power plant business.
  - 2) TIW Industries Co., Ltd. with registered capital of Baht 1,000,000. The objectives of the company are the same as the Company's existing business and/or other supporting business.

Thailand Iron Works Public Company Limited holds 99.99% shareholding in both companies.



### 11 June 2018

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- The Board of Directors' Meeting No. 6/2018 resolved to approve indirect acquisition of shares in Ubon Bio Ethanol Public Company Limited ("UBE"), representing 20.00% of the issued shares through acquisition of 99.99% shareholding of Group K Corporation Co., Ltd. ("Group K") from Miss Sureeyot Kousurat and Capital K Limited ("Capital K") (a company registered in Hong Kong of which 100% of shares held by Miss Sureeyot Kousurat) ("Share Purchase Transaction"), whereby Group K is a holding company that holds 99.99% shares in STK Capital Co., Ltd. ("STK"), which is a holding company that holds 20.00% of the issued shares in UBE.

The Company shall acquire all shares in Group K at the purchase price of Baht 522,000,000, the details of which are as follows:

- 1) Payment in cash in the amount of Baht 300,000,000 บาท (Three Million Baht); and
  - 2) Payment in kind in the form of the Company's newly issued ordinary shares in the number of 555,000 shares at the par value of Baht 10 per share, at the price of Baht 400 per share, totaling Baht 222,000,000.
- The Board of Directors' Meeting No. 6/2018 resolved to decrease the Company's registered capital by Baht 40,000,000, from the existing registered capital of Baht 100,000,000 to the new registered capital of Baht 60,000,000 by eliminating 4,000,000 unallotted ordinary shares at the par value of Baht 10 per share. To comply with the plan to acquire 99.99% shareholding in Group K, the Company has increased its registered capital by Baht 13,050,000, from the existing registered capital of Baht 60,000,000 to the new registered capital of Baht 73,050,000 by issuing 1,305,000 new ordinary shares at the par value of Baht 10 per share.



- The Company intended to offer newly issued ordinary shares of not exceeding 1,305,000 shares at the par value of Baht 10 per share, at the price of Baht 400 per share, total of not exceeding Baht 522,000,000, to specific persons (Private Placement), the details of which are as follows:
  - 1) To allot 555,000 newly issued shares to Miss Sureeyot Kousurat and/or Capital K, who is not a related person with the Company as partial consideration for sale of all shares in Group K (Payment in Kind);
  - 2) To allot 375,000 newly issued shares to Mr. Nopporn Achawakulthep who is not a related person with the Company and the payment for such newly issued shares shall be in cash;
  - 3) To allot 200,000 newly issued shares to Mr. Winyu Jiraprapakan who is not a related person with the Company and the payment for such newly issued shares shall be in cash;
  - 4) To allot 62,500 newly issued shares to Miss Panchalee Supanimitkunkit who is not a related person with the Company and the payment for such newly issued shares shall be in cash;
  - 5) To allot 62,500 newly issued shares to Mr. Sarin Suphannimitkunkit who is not a related person with the Company and the payment for such newly issued shares shall be in cash; and
  - 6) To allot 50,000 newly issued shares to Mrs. Supin Triangkunsri who is not a related person with the Company and the payment for such newly issued shares shall be in cash.



### **13 November 2018**

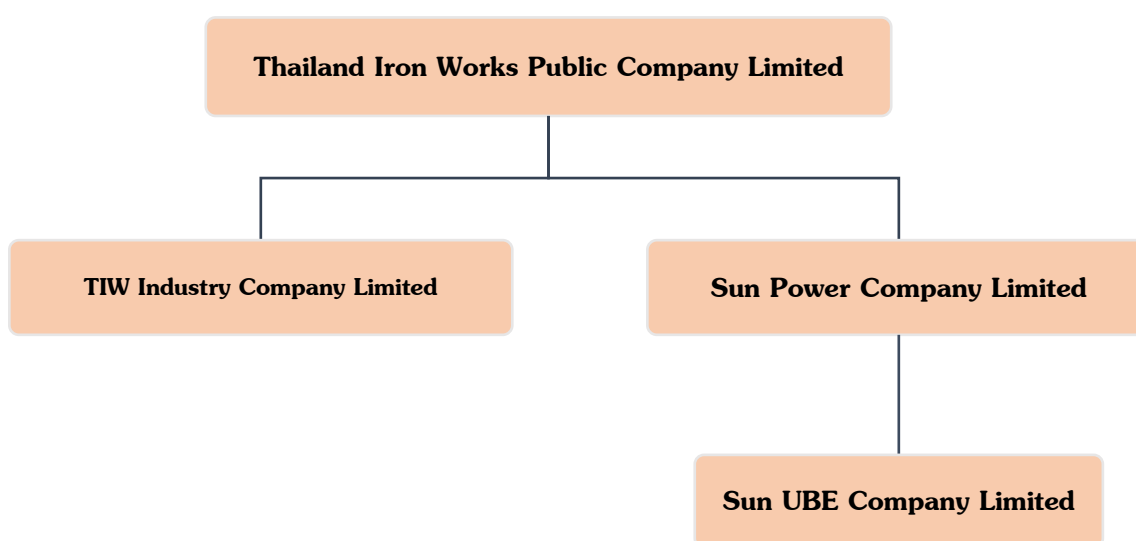
Canceling the issuance and offering of private placement shares and canceling the purchase of Group K shares as well as delaying the transfer of the existing business to the subsidiary company because it found that the conditions of the investors as approved by the shareholders' meeting is quite complicated and cannot be agreed. In addition, the period for the offering of the Private Placement shares has elapsed from 25 October 2018, which is the time required by law to require the Company to complete the sale of shares within a period not exceeding three months from the date of the meeting of the shareholders approved the offering of the newly issued shares, and after considering with the industry trend and the performance of Group K is not in line with the expectation due to uncontrollable factors.

### Change of Control of the Company

There was a change in control of the Company after the acquisition of 21.73% shareholding in the Company by Mr. Kriangkrai Danchaivichit from Mr. Prasit Kanchanasakdichai. Mr. Prasit Kanchanasakdichai remains a shareholder of the Company with 55.18% shareholding following such acquisition. The current authorized signatories of the Company are as follows:

- The authorized signatories to sign and bind the Company is any one of Mr. Prasit Kanchanasakdichai or Mr. Kriengchai Trinapakorn jointly signs with Mr. Kriangkrai Danchaivichit or Mr. Win Thanittiraporn, totaling two persons together with the Company's seal affixed.

### Shareholding Structure of the Group Company



### Entities in which the Company has shareholding of 10% and above

#### 1) Sun Power Corporation Co., Ltd. (Direct Subsidiary)

Head office address	: 123 Suntowers Building A, Level 15, Unit No. 1501, Vibhavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok
Registered capital	: Baht 1,000,000
Percentage of shareholding	: 99.99%
Type of business	: Solar power plant business

**2) TIW Industries Co., Ltd.** (Direct Subsidiary)

Head office address : 86 Moo 1, Suksawat-Pomphrajun Road, Laemphapa,  
Phrasamutjadee, Samut Prakarn 10290

Registered capital : Baht 1,000,000

Percentage of shareholding : 99.99 %

Type of business : Similar business as business of Thailand Iron Works Public Company Limited  
and/or any other supplementary business of the existing business, including  
manufacturing of galvanized steel sheet and roof and wall installation service

**3) Sun UBE Co., Ltd.** (Indirect Subsidiary)

Head office address : 123 Sun Towers Building A, Level 15, Unit No. 1501, Vibhavadi-Rangsit  
Road, Chomphon, Chatuchak, Bangkok

Registered capital : Baht 100,000

Percentage of shareholding : 99.99 %

Type of business : Solar power plant business

## Type of Business

### Revenue Structure

Revenue structure of the Company in the year 2018 by business unit is as set out below.

- Revenue from distribution of products during the past 3 years

Item	2016 (12 months)		2017 (12 months)		2018 (Apr-Dec18)	
	Million Baht	%	Million Baht	%	Million Baht	%
Domestic sales	318	100.00	538	99.81	356.42	99.92
Export sales	-	-	1	0.19	0.27	0.08
Total sales	318	100.00	539	100.00	356.69	100.00
Increase (Decrease) in sales	-	-	221	69.64	(182.31)	(34.00)

- Revenue from roof and siding installation service during the past 3 years

Item	2016 (12 months)		2017 (12 months)		2018 (Apr-Dec18)	
	Million Baht	%	Million Baht	%	Million Baht	%
Domestic sales	20	100.00	14	100.00	14.61	100.00
Export sales	-	-	-	-	-	-
Total sales	20	100.00	14	100.00	14.61	100.00
Increase (Decrease) in sales	(7)	(26.92)	(6.23)	31.14	0.61	4.36

Remark : During the fiscal year, the revenues generated from roof and siding installation service constituted **more than 4.36%** of the total revenues recorded in profit and loss statements.

- Revenue from distribution of ZAM and products made from ZAM during the past 3 years

Item	2016		2017		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Domestic sales	-	-	5.29	100.00	5.92	100.00
Export sales	-	-	-	-	-	-
Total sales	-	-	5.29	100.00	5.92	100.00
Increase (Decrease) in sales	-	-	5.29	100.00	0.63	11.91

## Type of Products and Services







Products and services of the Company can be categorized into 4 main groups.

### 1. Galvanized iron sheet can be divided into 2 types:

- 1) **Corrugated galvanized iron sheet** – large and small corrugated sheet, galvanized iron (GI) with zinc color, color-coated galvanized iron in green, blue and red. It is commonly used in households and buildings such as roofing, fencing, building granary etc.
- 2) **Flat galvanized iron sheet** – commonly used in industries such as advertising board, air conditioner duct, roof ventilator, bathroom door, document cabinet, tool box, water grating, and water tank etc. In addition, the Company has developed products to create variety and respond to customers' needs. The Company uses flat galvanized iron sheet to develop new products. This is to emphasize its position as the first manufacturer of galvanized iron sheet in Thailand who has stood by Thai people's side for over 60 years.

Farmers are the main target customer group for sale of the Company's products. Such target group accounts for 80% of the total revenues. Farmers and other customers purchase the Company's products through distributors at construction material store or modern trade. To create product uniqueness suitable to both upper-level and lower-level customer groups, the Company uses trademarks to communicate with customers so that they understand products and their qualities. The Company's trademarks can be categorized as set out below.




Trademark	Manufacturing Quality	Distribution Channel
	High quality TIS.50-2548	<ul style="list-style-type: none"> <li>● Distributor</li> <li>● Purchaser</li> </ul>
	Medium quality	<ul style="list-style-type: none"> <li>● Distributor</li> <li>● Purchaser</li> </ul>
	Standard quality	<ul style="list-style-type: none"> <li>● Distributor</li> <li>● Purchaser</li> <li>● Overseas purchaser</li> </ul>
	Standard quality	<ul style="list-style-type: none"> <li>● Distributor</li> <li>● Retail store with branches nationwide</li> </ul>
	Standard quality	<ul style="list-style-type: none"> <li>● Retail store with branches nationwide</li> </ul>
	Standard quality	<ul style="list-style-type: none"> <li>● Distributor</li> <li>● Purchaser</li> </ul>


**2. Metal sheet** can be divided into 2 types:

- 1) Color-coated metal sheet** – commonly used as roof tile and side installation in construction, residence, car park, canteen, coffee shop, petro station, condominium, apartment and temple etc. Customers may choose any color of metal sheet.
- 2) Aluzinc metal sheet** – commonly used as roof tile and side installation, awning, canopy, frame, venting, ceiling and fence etc.

Sheet metal contractors are the main customer group for sale of the Company's products, accounting for **80%** of the total revenue. Sheet metal contractors purchase products from the Company's distributors including flat iron manufacturers, construction material stores, and modern trade. Trademark of the Company's metal sheet is **3 Stars**, which is in accordance with Thai Industrial Standards.

Trademark	Manufacturing Quality	Distribution Channel
	High quality TIS.2131-2545	<ul style="list-style-type: none"> <li>• Distributor</li> <li>• Purchaser</li> </ul>

- 3. ZAM and products made from ZAM** – products with trademark of Nisshin Steel Company Limited. ZAM is a hot-dipped galvanized sheet with coating that consists of 87-92% zinc, 5-10% aluminium and 3% magnesium. They are commonly used for area with high level of erosion such as wiring rack, windproof panel, fermentation plant, farm building, and grape arbor. The products can withstand high-level of erosion and have better usage and general coated products. They help reducing work procedures and overall costs.

Trademark		Distribution Channel
	High quality TIS.2131-2545	<ul style="list-style-type: none"> <li>• Distributor</li> <li>• Purchaser</li> </ul>

### Sale Process of Galvanized Iron Sheet, Metal Sheet and ZAM Products



#### **4. Roofing and siding installation service**

The Company has introduced another business by becoming a specialized contractor service for an installation of galvanized iron sheet, Alu-zinc or other type of materials as roofing and siding. During the year 2017-2018, Roofing & Siding Department has imported high-resistance ZAM from Japan as part of roofing material. The Company also provides installation service for roofing made from other materials as required by customers. The service is provided according to terms and conditions of contract as either sub-contractor or contractor. Specification of material used and completion date of installation are determined in advance. In respect of receipt of payment, the Company will be paid based on completion of work according to project milestones. Usually, it is agreed under the contract that the Company may submit its invoice once every month.

**Target customers and groups** The target customers include large and small projects, construction of new factory buildings, and repair of old and damaged factory roof with innovative construction technology called “Roof On Roof” which is usually used with construction of large warehouse and factory. Hence, the target customers and groups are local juristic persons or joint venture incorporated in Thailand with investment by foreigners. The service areas are located throughout regions of Thailand.

**Distribution and distribution channels** The Company’s unit responsible for contractor service will have direct contact with customers who are leading contractors in Thailand. Existing customers of the Company’s other products or persons related to existing customers also contact the Company’s marketing department for interest in this service and the service is introduced through word of mouth. Since the Company focuses on provision of quality, punctuality, reasonable prices and provision of services which is responsive to customers’ requirement, customers has always given trust and confidence to work and service performed by Thailand Iron Works Public Company Limited.

## Samples of Roof and Siding Installation Services by the Company

### Project Extension Factory 2



<b>Main contractor</b>	Thai Fukuda Corporation Limited
<b>Project owner</b>	Saginomiya (Thailand) Co., Ltd.
<b>Type of work</b>	Installation of ZAM roof, metal sheet siding and ZAM gutter
<b>Installation area</b>	7,512 square metres

## Project New Warehouse



<b>Main contractor</b>	Thai Fukuda Corporation Limited
<b>Project owner</b>	Endo (Thailand) Co., Ltd.
<b>Type of work</b>	Installation of ZAM roof, metal sheet siding and ZAM gutter
<b>Installation area</b>	22,000 square metres



## Project New Warehouse 2



**Main contractor**

Thai Fukuda Corporation Limited

**Project owner**

Nippon Konpo (Thailand) Co., Ltd.

**Type of work**

Installation of metal sheet roof and siding and ZAM gutter

**Installation area**

5,000 square metres

## Operational Strategies

1. The Company has continuously developed new products and services in order to respond to changing market demand. During the past two years, the Company has been successful in developing new products and services such as:

1.1 Colored Metal Sheet Coil or PPGL is widely used at present for roofing in replace of tiles and corrugated galvanized iron sheet. There is no more than 4 manufacturers of the product in Thailand. The Company's colored metal sheet coil has been certified for quality industrial standard (TIS.2131-2545) by Thai Industrial Standards Institute. Hence, the product is widely accepted for quality and, therefore, is able to easily reach government agencies as customers of the product.

1.2 Rain gutter and equipment relating to rain gutter – the Company has expertise in manufacturing rain gutter. It has developed high-technology machinery to manufacture the product. The Company has folding machine which can make 6-metre rain gutter as the longest length. Sizes of the Company's rain gutters range from 0.35 mm to 2.5 mm. Customer may order any size of rain gutters as required. Variety of materials can be used for manufacturing rain gutters including zinc, alu-zinc, stainless steel and ZAM.

2. The Company has been building business relationship with partners in order to access new products. In the past year, the Company has received cooperation from Nisshin Steel, Japan in respect of collaboration for development of various products with Nisshin Steel. The Company also imports ZAM, which is the newest technology of galvanized steel of Nisshin Steel. ZAM has outstanding quality compared to the commonly used hot-dipped galvanized steel product and hot-diiped zinc aluminum steel product or commonly known as Alu-Zinc. ZAM combined the outstanding qualities of both types of galvanization together by dipping steel sheet with zinc and aluminum at the appropriate proportion, including mixing with magnesium in order to better prevent rust. In Japan, ZAM is widely used, particularly in housing structure, large building structure, foundation post for pedestrian and vehicle bridges, electrical appliance, agricultural works or structure for solar farm. The Company continues to search new partners for collaboration on product development.

3. The Company supports expansion of its customer base. It has set up sales and marketing team designated for each area in order to cover additional area in the country. The sales and marketing team visits the Company's existing distributors and penetrates to area where the Company's products are not being distributed on a monthly basis. This is a different marketing strategy compared to the former marketing strategy in which the Company sells its products to existing distributors only. In addition, the sales and marketing team assists the Company in obtaining market movements and information which allows the Company to adjust its work plan to accommodate changing situation.

## Marketing Strategies

In respect of sales and marketing, the Company treats customers according to policies as set out below.



### Policy on treatment to customers

The Company's main policy is to treat every customer as its important partner by delivering quality products and service in order to create highest customer's satisfaction, treating partners with fairness and consistently developing relationship with partners, avoiding any situation in which conflict of interest may arise, negotiating with partners based on good and mutually satisfactory business relationship.



### Policy on responsibility to customers before sale of products

The Company's policy is to manufacture and distribute quality products to the market. It focuses on all procedures required prior to sale of products including analysis of requirements by each customer in order to respond to his/her needs, submission of quotation, and recommendations on details of products with accuracy and polite presentation of products in order to give respects to customers.



### Policy on responsibility to customers during sale of products

The Company's policy is to distribute quality products to the market. It pays attention to all manufacturing procedures. The Company offers its product at a fair price in line with market conditions at the time. It issues correct sale and purchase documents such as tax invoice, product warranty, and delivery documents. Customers must receive complete and accurate documents and responsive service. During negotiation for sale of products, documents shall be reviewed every time in order to prevent any mistake which may arise during sale of products.



### Policy on responsibility to customers after sale of products

As part of its business operation, the Company has a policy to provide after-sale service. There are teams designated for following up on quality of products and documents after sale. For instance, if a customer notifies that the Company's product is damaged, the Company's officer will visit the customer in order to collect information and analyze cause of the damage. The issue shall be summarized and reported for rectification and preparation of preventive measures in the future. The Company also takes recommendations and comments from all customers in order to improve its sale and marketing strategies.

Since the Company distributes quality products which have been certified for quality industrial standard, the Company can provide product warranty for all of its products, including:

- 1) Galvanized iron sheet (corrugated-flat)
- 2) Metal sheet (colored and alu-zinc)
- 3) ZAM and products made from ZAM

Key conditions of product warranty can be summarized as follows:

- 1) The Company provides warranty for manufacturing defect which impacts normal usage.
- 2) Product warranty shall cover only issues with normal usage. Product warranty shall be void for usages that are not considered normal usage such as:
  - damages arising from incorrect installation;
  - lack of knowledge or expertise in installation;
  - incorrect adaption of product or not following installation instructions;
  - damages arising from transportation;
  - and other conditions as specified in product warranty.
- 3) Product warranty shall be considered from warranty certificate, receipt or any other document from the date of sale and purchase.

#### Sample of product warranty of colored metal sheet



## Industry Outlook and Competition

In the year 2018, steel production index has increased compared to the year 2017 with higher distribution of long products such as steel wire and structural steel of which distribution has increased due to expansion of construction industry. For flat products, there is higher distribution of hot-rolled steel sheet, galvanized steel sheet, and cold-rolled steel sheet (according to information from the Office of Industrial Economics, Ministry of Industry) since metal sheet (zinc-coated and aluminium-coated steel sheet) is popular among contractors and consumers, replacing traditional construction material such as roof tiles and prefabricated concrete wall as it is cheap and can be utilized in many ways, including roofing, siding, ceiling, awning, fence and louver frame.

For industry trend in the year 2019, it is expected that production of both long and flat products will slightly increase due to increasing domestic and overseas consumer consumption. The increase in consumer consumption will result in expansion of related industries such as automotive industry, electric appliance industry, and construction industry.

At present, there is a higher level of competition in galvanized iron sheet and metal sheet, particularly galvanized iron sheet as there are many distributors who either manufacture the product in Thailand or import the product from overseas for distribution. In addition, there are other modern products which attract consumers and many consumers have switched to such products, for instance using CPAC roof tile or concrete roof tile instead of galvanized steel sheet. Hence, manufacturers and distributors entered into a fierce price competition. Such situation indicates that only those manufacturers with strong financial positions, can effectively manage costs, and has extensive distribution network will survive in the business.



## Competitors

**Corrugated galvanized iron sheet** – the Company's product has potential to compete in the business and is similar to product of large manufacturers. At present, there are only 3 major manufacturers:

- Bangkok Steel Industry Public Company Limited;
- The Tree Sourcing Company Limited;
- Siam Box Company Limited.



The above manufacturers are major manufacturers and distributors of corrugated galvanized iron sheet in Thailand. It is anticipated that the Company is a leader in marketing of corrugated galvanized iron sheet through distribution via various channels such as dealers and modern trade. And there is continuous expansion of customer base during the past 2 years.

**Metal sheet** – the Company’s product quality is competitive compared to major manufacturers in Thailand such as NS BlueScope (Thailand) Limited, Bangkok Steel Industry Public Company Limited, and Dongbu Thai Steel Co., Ltd. who are considered major manufacturers and distributors in Thailand.

### **Future Industry Competition**

During the past 2–3 years, the market of corrugated galvanized iron sheet has received negative impact from the importation of low quality product with thin galvanized coating and low-quality steel. As a result, the number of remaining local manufacturers of corrugated galvanized iron sheet is 3 manufacturers. It is anticipated that competition will increase in the future, particularly price competition and sale of products that does not focus on quality, which may have direct impact on consumers.

However, situation of the Company’s galvanized iron sheet has improved although no anti-dumping duty is collected. The Company is able to manufacture products with similar or lower cost than importation, but with higher quality than imported products. If at any time, manufacturing cost is higher than importation, the Company will choose to import products while still focusing on quality of imported products. Therefore, the Company will always have sufficient inventory ready for sale to customers, which creates confidence to customers. Meanwhile, competitors who import products from overseas only will face difficulties in managing inventory for distribution.

The Company will gain a competitive advantage since Industrial Standard Committee had a resolution on 23 March 2018 to approve conformity of cold-rolled galvanized flat sheet through hot dip, coil, strip, plate and corrugated sheet with industrial standards. If such announcement is in effect, all products distributed in the market shall meet Thai Industrial Standards (TIS). At present, the Company’s products meet the industrial standards, which becomes a competitive advantage to the Company, but a disadvantage to competitors who import products from overseas for distribution.

In respect of metal sheet and galvanized iron sheet roofing, the Department of Foreign Trade announced on 10 January 2018 that it would consider necessity in implementing anti-dumping measures for colored hot-dip galvanized cold-rolled steel sheet and hot-dip galvanized with aluminium and zinc cold-rolled steel sheet manufactured in China, Korea and Taiwan and expired in January 2018. Such review includes amendment of tariff rate in 2017 to cover and prevent avoidance on anti-dumping duty and the announcement has become effective since 10 January 2018 onwards, for a period of 1 year.

In considering collection of anti-dumping duty for importation of colored hot-dip galvanized cold-rolled steel sheet and hot-dip galvanized with aluminium and zinc cold-rolled steel sheet manufactured in China, Korea and Taiwan, the tariff rates under List Gor. annexed to this announcement are as follows:

- 1) Products with country of origin in the Republic of China at 23.24% of CIF;
- 2) Products with country of origin in Korea at 10.70% of CIF, except for tariff imposed on products manufactured by Dongkuk Steel Mill Co., Ltd.;
- 3) Products with country of origin in Taiwan:
  - Sheng Yu Steel Co., Ltd. at 23.55% of CIF
  - Yieh Phui Enterprise Co., Ltd. at 18.39% of CIF



- Prosperity Tieh Enterprise Co., Ltd. at 20.78% of CIF
- Kai Ching Industry Co., Ltd. at 20.78% of CIF
- Other manufacturers at 44.77% of CIF

Such measure will make importation of colored hot-dip galvanized cold-rolled steel sheet and hot-dip galvanized with aluminium and zinc cold-rolled steel sheet more difficult. The Company's products which have received certificates for meeting industrial standards will be marketable and more competitive.

In addition, the Company has improved its production process in order to decrease costs by importing hot-dip galvanized iron sheet (GI) from the Republic of China for color coating. As a result, cost of production has decreased significantly, while the Company is able to maintain quality of color coating, in order to respond to requirements for cheaper products with high-quality color of certain customer groups.

## Procurement of Products or Services

Details on procurement of products for distribution in the past year, number of factories, total production capacity, procurement of raw material or products, number of raw material distributors and proportion between local and overseas raw material purchase.

### 1. Procurement of products

- 1) Number of plant : 1
- 2) Total production capacity : 60,000 tonnes per year
- 3) Production policy : Manufacturing products according to industrial standards
- 4) Procurement of raw material: Procurement from local and overseas manufacturers and distributors
- 5) Number of suppliers of principal raw materials: 3 suppliers
- 6) Proportion of local and overseas raw material procurement:  
Majority of raw material procured from local manufacturers.

#### Local manufacturers and distributors



Manufacturer : NS-Siam United Steel Company Limited  
Type of raw material : Cold-rolled steel sheet (CRC)  
Relationship : Juristic person incorporated in Thailand



Manufacturer : Thai Cold Rolled Steel Sheet Public Company Limited  
Type of raw material : Cold-rolled steel sheet (CRC)  
Relationship : Juristic person incorporated in Thailand



Distributor : Mitsui & Co., (Thailand) Ltd.  
 Type of raw material : Cold-rolled steel sheet (CRC)  
 Relationship : Juristic person incorporated in Thailand with non-controlling shareholders in the company



Distributor : Marubeni-Itochu Tubulars (Thailand) Ltd.  
 Type of raw material : Cold-rolled steel sheet (CRC)  
 Relationship : Juristic person incorporated in Thailand



Distributor : Dongkuk Steel (Thailand) Limited  
 Type of raw material : 55% aluminium-coated hot-dipped galvanized steel sheet (GL)  
 Relationship : Juristic person incorporated in Thailand

#### Overseas manufacturers



Manufacturer : Toho Zinc Co., Ltd. / Korea Zinc Co., Ltd  
 Type of raw material : Zinc  
 Relationship : Juristic person incorporated overseas



Manufacturer : Zhejiang Catarich International Trade Co., Ltd  
 Type of raw material : Hot-dip galvanized steel sheet (GI)  
 Relationship : Juristic person incorporated overseas



Manufacturer : Nisshin Steel Co., Ltd.  
 Type of raw material : Hot-dipped galvanized steel sheet with aluminium and magnesium coating (ZAM)  
 Relationship : Juristic person incorporated overseas



Manufacturer : Changzhou Machinery & Equipment Import & Export Co Ltd.  
 Type of raw material : Hot-dipped galvanized steel sheet (GI)  
 Relationship : Juristic person incorporated overseas

The Company has a network with manufacturers and distributors of steel in Thailand and overseas. Hence, the Company is able to source raw material at suitable price and quality for each product type. At present, the Company procures raw material with similar quality locally and overseas. Hence, it can manufacture high quality products and does not face any issue with the lack of raw material.

## **2. Procurement of products for roofing and siding installation service**

The Company procures galvanized iron sheet from local distributors. The Company then cut and form the products at the Company's factory area or site. All other components are sourced locally. Hence, the Company does not have any issue with the lack of raw material.

### **Backlog of Work**

No backlog of project(s) with the value of 10% of the Company's total revenues or more.

### **Industrial Standards**



**TIS.50-2548**

On 8 September 2005, the Company received industrial standard certification for hot-dipped galvanized iron coil, plate, and corrugated sheet.



**TIS.2131-2545**

On 7 July 2006, the Company received industrial standard certification for colored hot-dipped galvanized iron coil and plate.



**TIS.2132-2545**

On 21 September 2016, the Company received industrial standard certification for hot-dipped and colored corrugated galvanized iron sheet.

## Risk Factors

### Risk of the Company's Operation

#### 1. Risk from dumping practice of imported products

In the past 2-3 years, substituted imported products from the Republic of China, Taiwan, Korea and Vietnam penetrated the market with dumping practices and brought about even fiercer competition. Local manufacturers faced several business problems and some have exited the market. Only a few local manufacturers remain, trying to sustain the business.

The Company has introduced measure to prevent disadvantages from product dumping by finding foreign trading partners who can produce products with comparable quality as alternative for the Company's customers. The Company has found 4-5 qualified trading partners who manufacture acceptable quality product as alternatives in the event of product dumping.

Another measure which the Company has implemented and found to be quite effective is the study on cost reduction by launching another product group with comparable or better quality than the product facing dumping practice. The Company can reduce significant amount of production costs and the difference between the price of another product group and the product facing dumping practice has significantly reduced at the competitive level. The Company has launched 3D corrugated galvanized iron sheet with thin steel and lower thickness of galvanized coating which results in cost reduction. However, such product has better quality than imported product but its price is competitive.

#### 2. Risk of fluctuation in raw material prices

The key raw material of the Company's galvanized iron sheet is cold rolled steel sheet and zinc which are considered commodities with fluctuating prices according to the global market conditions.

As measures for managing risk of fluctuation in raw material prices, the Company focuses on the effective management of inventory at a sufficient level. Measures which have been implemented are:

1) Increase in frequency of raw material purchase or shorter purchase contract term compared to the past 40-50 years in which the Company took longer contract term. In addition, the Company has increased the number of raw material suppliers to ensure that raw material will be procured sufficiently and at better pricing. Each adjustment of price by raw material supplier is different and not solely due to adjustment of price in the global market within the short period of time.

2) Management of accounting and finance system by the implementation of AS system, which helps inventory management to become better and more efficient.

Nevertheless, the Company closely monitors movement of product and raw material prices and follows in-depth analysis reports in order to manage this risk.

#### 3. Finance Risks

##### Risk of fluctuation in foreign exchange rates

In the past, the Company has imported small portion of products and raw materials from overseas. However, recently the Company has imported products from overseas in order to conduct market testing and

manage potential dumping practice in the future. The importation also helps with expanding items of the Company's products. Hence, the Company faces risk of fluctuation in foreign exchange rates.

The Company's key policy for managing the risk of fluctuation in foreign exchange rates by hedging around 50 – 100% of the value of imported products, depending on each circumstance and the level of fluctuation. At present, the proportion of imported products is considered relatively low, only 20 – 30% of all products distributed. In addition, the Company enters into forward contract from time to time in order to prevent risk of fluctuation in raw material price due to fluctuation in foreign exchange rates.

#### **4. Risk relating to manufacturing of products**

##### Risk of manufacturing personnel

The manufacturing process of galvanized iron sheet requires operation of machinery with considerable complexity. Each manufacturing process must be continuous and consistent and skilled personnel is necessary for the operation.

The Company is aware of this risk and has manufactured its products periodically. In order to retain skilled personnel for manufacturing, they are compensated by the Company with special benefits. The company also has a policy for job rotation whereby employees from other departments will rotate to the manufacturing department. In addition, the Company provides an opportunity to retired employees to work at the Company after retirement. In such case, the term of employment contract is for a period of 1 year.

#### **5. Risk of substitute products**

The core product distributed and manufactured by the Company is galvanized iron sheet used as roofing and siding material. Many material can be used as substitute of such product including tiles, metal sheet, and aluminium composite etc. Hence, consumers have choices of many products as alternatives. If consumers switch to substitute products, the Company's revenue may decrease.

As risk management measure, the Company has set-up Product Research and Development Department to improve existing products to be more up-to-date and new products for distribution, such as ZAM and increase its business opportunities.

#### **Litigation**

As of 31December 2018, the company and subsidiaries not being a party or having a legal dispute or having a case that is not caused by normal business operations of the Company and its subsidiaries that may cause damage or have a negative impact on the Company's assets significantly.

There is only a case that a company has filed a lawsuit before the court to claim damages from the breach of the construction of the odor removal system project. The Primary Court sentenced the Company to pay damages in the amount of Baht 1.67 million plus interest.

## General and Other Significant Information

### General Information of the Company

Company name:	Thailand Iron Works Public Company Limited
Company registration number:	0107537001714
Type of business:	Production and distribution of galvanized iron sheet and roofing and siding installation service
Head office address:	86 Moo 1, Suksawad-Pomphrachoon Road, Laemphapa, Phrasamutjedee, Samutprakarn 10290
Telephone:	0-2425-0011
Fax:	0-2425-8882
Website:	<a href="http://www.tiw.co.th">http://www.tiw.co.th</a>
Email address:	info@tiw.co.th
Company registration number:	0107537001714
Registered capital:	Ordinary shares 7,305,000 shares at the par value of Baht 10 per share
Paid-up capital:	Ordinary shares 6,000,000 shares at the par value of Baht 10 per share

### Other References

- 1) Securities Registrar: Thailand Securities Depository Co., Ltd.  
93 Ratchadapisek Road, Dindaeng Sub-district,  
Dindaeng District, Bangkok 10400  
Telephone: 02 009 9000  
Fax: 02 009 9991
- 2) Debentureholder representative: -None-
- 3) Auditor:  
Mr. Chavala Tienpasertkij, CPA registration no. 4301  
Dr. Kiatniyom Kuntisook, CPA registration no. 4800  
Mrs. Nisakorn Songmanee, CPA registration no. 5035  
Mr. Suwatchai Meakhaamnouychai, CPA registration no. 6638  
Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.  
AIA Sathorn Tower, 23rd - 27th Fl., 11/1 South Sathorn Road, Yannawa,  
Sathorn, Bangkok 10120  
Telephone: 02 034 0000  
Fax: 02 034 0100



- 4) Legal advisor: Paramee Law Co., Ltd.  
551/4 Soi Pracha Uthit 117/1, Pracha Uthit Road,  
Thungkru Sub-district, Thungkru District, Bangkok 10140  
Telephone: 02 815 9522  
Fax: 02 815 9523

- 5) Advisor or manager under management contract: -None-

#### Other Significant Information

- None -

## Securities and Shareholder Information

#### Registered and paid-up capital

As of 31 December 2018, the Company has registered and paid-up capital as follows:

- Registered capital of 7,305,000.00 shares at the par value of Baht 10 per share, totalling Baht 73,050,000.00;
- Paid-up capital of 6,000,000.00 shares at the par value of Baht 10 per share, totaling Baht 60,000,000.00.

#### Name of stock exchange

- Stock Exchange of Thailand

#### Other type of shares with rights or conditions different from ordinary shares

- (None)

#### Shareholders

Top 10 major shareholders as of 31 December 2018 are as follows:

Name	No. of shares	% shareholding
1. Mr. Prasit Kanchanasakdichai	3,311,368	55.19
2. Mr. Kriangkrai Danchaivichit	1,304,000	21.73
3. Mrs. Ruenruay Katerainark	362,400	6.04
4. Mitsiam International Co.,Ltd.	300,000	5.00

<b>Name</b>	<b>No. of shares</b>	<b>% shareholding</b>
5. Mrs. Wilaiwan Arjariyanondha	53,500	0.89
6. Mr. Pairoj Bandittayanon	32,000	0.53
7. Ms. Phakawalee Jearsawatwattana	31,100	0.52
8. Bangkok Commercial Asset Management Public Company Limited	25,879	0.43
9. Mr. Charungsak Duangratanachaya	23,900	0.40
10. Mr. Suroj Trilotwong	22,500	0.38
Total number of shares of top 10 major shareholders	5,466,647	91.11
Total number of shares	6,000,000	100

Group of major shareholders that significantly influence determination of policies and operation of the Company such as nominate a director as an authorized director of the company:

(1) Group of major shareholders that significantly influence determination of policies, management and operation of the Company as of 31 December 2018 are as follows:

- Mr. Prasit Kachanasakdichai Chairman of the Board of Directors
- Mr. Kriangkrai Danchaivichit Director

(2) Business of holding shares in other companies (Holding Company), consisting of 2 companies:

- Sun Power Corporation Co., Ltd.
- TIW Industries Co., Ltd.

(3) Shareholders' agreement between major shareholders

– None–

## **Dividend Policy**

The Company's dividend policy is to pay dividend of not exceeding 50% of net profit for the year after deduction of all types of reserves according to the laws and the Company's Articles of Association. The consideration of dividend payment shall be subject to cash flow and investment plan of the Company during each year as deemed necessary and appropriate by the Board of Directors.

## **Related-party Transactions**

### **1) Related-party transaction with persons with potential conflict of interest during the past year**

In the year 2018, the Company and its subsidiaries entered into significant business transaction with related company (related by having same shareholder ans/or director). Such transaction was entered into according to trade conditions and terms as agreed between the parties. In addition, the Company did not provide any form of financial assistance such as lending or credit guaranty to companies that are not its subsidiaries, the details of which are as set out in Section 26 of notes to financial statements for the period from 1 April 2018 to 31 December 2018.

### **2) Necessity and justification in entering into the transactions**

The Company purchased main raw materials of cold rolled steel sheet from a distributing agent, which is an entity in Thailand, and is a company in the same group as the Company's major shareholder. The transaction was usually made under the normal course of business with the same conditions as other customers. The Company purchases and sells products with juristic persons where the major shareholder is the same person as the Company of which the purchase price and the rate of charge are the same terms as the general customers. Transactions occurring in ordinary course of business and transaction size are in the consideration of the Board of Directors and management of the Company according to the Notification of the Capital Market Supervisory Board No. ThorJor. 21/2551.

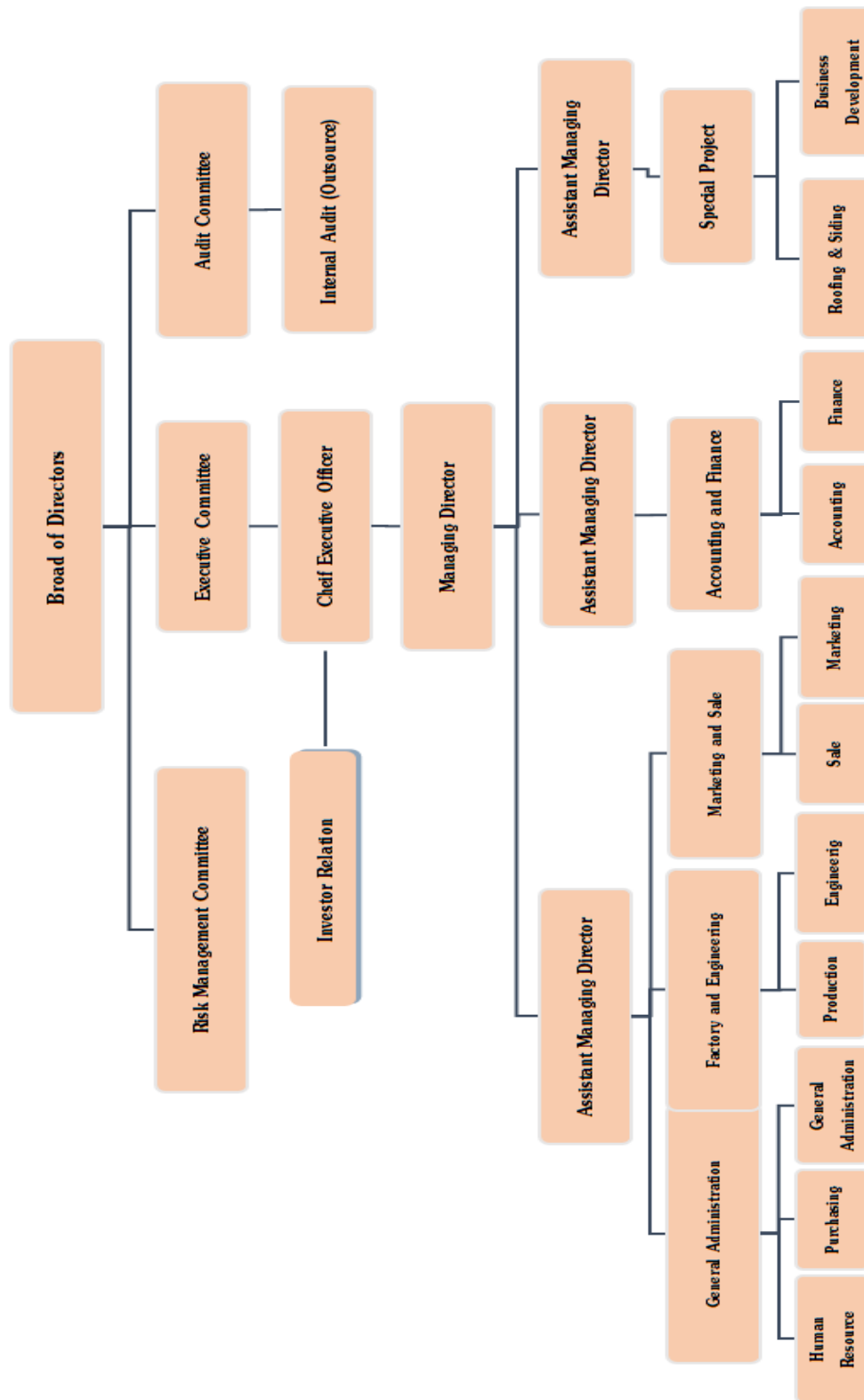
### **3) Policy and future related party transactions**

- None -

### **4) Price appraisal to support entry into related party transactions**

- None -

## Organization Structure



Data is presented as of December 31, 2018.

## **Management Structure**

The Company's management structure as of 31 December 2018 consists of the Board of Directors, the sub-committees, and the management team. The sub-committee consists of the Audit Committee, the Executive Committee and the Risk Management Committee.

### **1. Board of Directors**

As of 31 December 2018, the Board of Directors consists of 8 directors: 2 executive directors, 3 non-executive directors and 3 non-executive independent directors (accounting for one-third of the total number of directors).

Each year one-third of the total number of directors shall be retired by rotation (according to the Company's articles of association) and, for the period ending 31 December 2018, 8 Board of Directors' Meeting were held. The details of attendance by each director appear in the below table.

For the period commencing from 1 April 2018 to 31 December 2018:-

(No. of meeting attendance / No. of attendance entitlement)		
Name	Position	Attendance
1. Mr. Prasit Kanchanasakdichai	Chairman of the Board of Directors	8/8
2. Miss Naratip Tabtieng	Independent Director/ Chairman of the Audit Committee	6/8
3. Mr. Chokechai Srisrawekkanjana	Director	6/8
4. Mr. Kriengchai Trinapakorn	Director	7/8
5. Mr. Kriangkrai Danchaivichit	Director	7/8
6. Mr. Win Thanittiraporn	Director	7/8
7. Mr. Chinawat Assavapokee	Independent Director/ Member of the Audit Committee	3/8
8. Mr. Chai Rungtivaruangrong	Independent Director/ Member of the Audit Committee	5/8

### **1) Authorized Signatories of the Company**

Authorized signatories of the Company to sign and bind the Company is any one of Mr. Prasit Kanchanasakdichai or Mr. Kriengchai Trinapakorn jointly signs with Mr. Kriangkrai Danchaivichit or Mr. Win Thanittiraporn, totaling two persons together with the Company's seal affixed

## 2) Audit Committee

(No. of meeting attendance / No. of attendance entitlement)

Name	Position	Attendance
1. Miss Naratip Tabtieng	Chairman of the Audit Committee	3/3
2. Mr. Chinawat Assavapokee	Member of the Audit Committee	1/3
3. Mr. Chai Rungtivaruangrong	Member of the Audit Committee	3/3

## 3) Executive Committee

Name	Position
1. Mr. Prasit Kanchanasakdichai	Chief Executive Officer
2. Mr. Kriengchai Trinapakorn	Director
3. Mr. Kriangkrai Danchaivichit	Director
4. Mr. Win Thanittiraporn	Director

## 4) Risk Management Committee

Name	Position
1. Mr. Apichat Laksanasirisak	Chairman of the Risk Management Committee
2. Mr. Kriengchai Trinapakorn	Director
3. Mr. Nanthapong Wongdee	Director
4. Ms. Oranuch Pakirasa	Director



The details on shareholding of the company's shares by the directors as of 31 December 2018 are as follows:

(No. of meeting attendance / No. of attendance entitlement)

Name	Position	No. of shares*	
		31 Mar'18	31 Dec'18
1. Mr. Prasit Kanchanasakdichai	Chairman of the Board of Directors	3,311,368	3,311,368
2. Miss Naratip Tabtieng	Independent Director/ Chairman of the Audit Committee	0.00	0.00
3. Mr. Chokechai Srisrawekkanjana	Director	0.00	0.00
4. Mr. Kriengchai Trinapakorn	Director	0.00	0.00
5. Mr. Kriangkrai Danchaivichit	Director	1,304,000	1,304,000
6. Mr. Win Thanittiraporn	Director	0.00	0.00
7. Mr. Chinawat Assavapokee	Independent Director/ Member of the Audit Committee	0.00	0.00
8. Mr. Chai Rungtivaruangrong	Independent Director/ Member of the Audit Committee	0.00	0.00

\* Information as of the book closing date

### **Scope of Duties and Responsibilities of the Board of Directors**

The Board of Directors consists of 8 directors. The company's Articles of Association requires that at each shareholders' meeting, one-third of the total number of director, whom have served the longest term, shall retire by rotation. Therefore, the directorship term for each director is 2 – 3 years. The roles and responsibilities of the Board of Directors are as follows:

1) The Board of Directors are responsible for all activities of the company. Its roles and responsibilities shall be subject to the laws, the company's objectives and Articles of Association, and the resolutions of the shareholders' meetings. Its authority to perform any act shall be as specified under the Memorandum of Association or authority relevant to such act.

2) The Board of Directors may assign any person or several persons to perform any act on behalf of it.

3) Authorized signatories to sign and bind the Company is any one of Mr. Prasit Kanchanasakdichai or Mr. Kriengchai Trinapakorn jointly signs with Mr. Kriangkrai Danchaivichit or Mr. Win Thanittiraporn, totaling two persons together with the Company's seal affixed.

4) The Board of Directors may appoint any person as general manager or other position as it deems appropriate to manage the company's business under the control of the Board of Directors.

5) Directors must inform the company without delay in case of arising conflict of interest, whether directly or indirectly, in respect of contracts to be entered into by the company, increase or decrease in the holding in shares/debentures of the company or its associated companies or subsidiaries.

6) Directors shall not conduct similar business and competing business with the company or become a partner in an ordinary partnership or partner without limit in limited liability partnership or director of private or other companies which conduct business and competing business with the company, whether or not the conduct is for the benefits of himself or others, unless the conduct has been informed to the shareholders' meeting prior to its resolution to appoint such director.

7) Pursuant to the Public Company Act, the Board of Directors has the authority to sell or mortgage any immovable property of the company or lease out any immovable property of the company for the period of more than 3 years or compromise for settlement or file complaints to the courts or submit any dispute to arbitration.

8) Matters to be proposed for approval by the Board of Directors are those as specified under the laws, regulations and Articles of Association are those matters relating to shareholders' meetings, Board of Directors and financial statements etc.

#### **Authorization of the Board of Directors**

The Board of Directors is authorized to approve matters of the Company according to the level of authorization as determined by the laws, the Company's Articles of Association, Charter of the Board of Directors and resolutions of the shareholders' meetings. The Board of Directors also determines and reviews vision, strategies, financial goals, risks, business plan and budget and approves balance sheet and operating performance of the Company. It also approves any transaction or act which may have significant impact on financial positions, liabilities, business operation and reputation of the Company.

## **2. Management**

List of executives and the management of the Company and their shareholding in the Company as at 31 December 2018 are as follows:-

Name	Position	No. of shares*	
		31 Mar'18	31 Dec'18
1. Mr. Prasit Kanchanasakdichai	Chief Executive Officer	3,311,368	3,311,368
2. Mr. Apichat Laksanasirisak	Managing Director	0.00	0.00
3. Mr. Yasuyuki Nakashima	Assistant Managing Director	0.00	0.00
4. Ms. Oranuch Pakirasa	Assistant Managing Director (Finance)	0.00	0.00
5. Mr. Kriengchai Trinapakorn	Assistant Managing Director (Operations)	0.00	0.00

\* Information as of the book closing date

### **Scope of Duties and Responsibilities of the Management**

- 1) Determine strategy, operation plan, and budget, including efficient performance of work in line with policies, budget, and goals as approved by the Board of Directors.
- 2) Perform his duties according to policies, direction, strategy and management and operating structure as set by the company effectively and efficiently.
- 3) Determine organizational structure under his responsibility, including appointment and determination of roles and responsibilities of his subordinated management.
- 4) Determine work system and work procedures and effective internal control.
- 5) Authority to approve expenses and payment for projects or investment within his scope of duties and responsibilities as approved by the Board of Directors.
- 6) Authority to hire, appoint, remove, fire, and determine wages, bonus, adjustment of salary, and compensation for employees under his supervision.
- 7) Authority to perform and act as representative of the company to third party for relevant business which is beneficial to the company.
- 8) Perform any act relating to the general management of the company.

The approval by executives of transactions shall not include transactions of which the executive or any other person may have an interests or conflict of interest in any form with the company, including transactions which are subject to shareholders' approvals through related party transaction or acquisition or disposal of the company's assets in order to be in line with the SET regulations regarding such matter, except for transactions with normal business terms and conditions for which the Board of Directors has determined clear framework.

### **3. Company Secretary**

Mr. Apichat Laksanasirisak as Company Secretary shall perform the following duties and responsibilities:

- 1) To arrange the Board of Directors' Meeting, any other Sub-Committee which are appointed by the Board of Directors and to arrange the Annual General Meeting of Shareholders.
- 2) To report and take care for all disclosure matters which are prescribed by relevant laws and regulations and the Principles of Good Corporate Governance.
- 3) To give consultation services and preliminary recommendations to the Board of Directors concerning to the laws, regulations, principles and guidance of the corporate governance.
- 4) To arrange and keep information and documentation of the company such as:
  - Directors registration record
  - Notice to the Board of Directors' Meeting, Minutes of the Board of Directors' Meeting and the company's Annual Report
  - Invitation to the Annual General Meeting of Shareholders' and Minutes of the Annual General Meeting of Shareholders
- 5) To keep the report of the directors and the management regarding their conflict of interest.
- 6) To convey the resolutions/ approval, policies of the Board of Directors to the concerned parties and to follow up and report the result to the Board of Directors.

7) To communicate with and to give the company's information to directors especially outside directors.

8) To communicate with shareholders.

9) To arrange an orientation to new director(s) and to support them for directors' continual development.

10) To handle other matter(s) as prescribed by the Securities and Exchange Commission.

#### **4. Remuneration of directors and executives**

##### **Remuneration of directors**

##### **1) Monetary remuneration**

Monetary remuneration for directors includes directors' fees which shall be paid once a year to directors. Remuneration to 8 directors of the Company shall be proposed to the shareholders' meeting for consideration and approval, the details of which are as set out below.

##### Board of Directors:

Chairman of the Board of Directors	Proposed rate	150,000 Baht per annum
Director	Proposed rate	100,000 Baht per annum

##### Audit Committee:

Chairman of the Audit Committee	Proposed rate	75,000 Baht per annum
Member of the Audit Committee	Proposed rate	50,000 Baht per annum

The remuneration shall be paid to each committee, including retired and new directors during the accounting period and those who remain as directors until 31 December 2018 by calculating number of meeting attendance and number of days as director.

Risk Management Committee: - None -

Executive Committee: - None -

## Remuneration of the Board of Directors and the Audit Committee

(For the period commencing from 1 April 2018 to 31 December 2018 (9 months))

1. Mr. Prasit Kanchanasakdichai <sup>1</sup> Chairman of the Board of Directors	131,250	-	131,250
2. Miss Naratip Tabtieng <sup>2</sup> Independent Director/ Chairman of the Audit Committee	62,500	93,750	156,250
3. Mr. Chokechai Srisrawekkanjana <sup>3</sup> Director	62,500	-	62,500
4. Mr. Kriengchai Trinapakorn <sup>4</sup> Director / Executive Committee	66,667	-	66,667
5. Mr. Chinawat Assavapokee <sup>5</sup> Independent Director / Member of the Audit Committee	50,000	31,250	81,250
6. Mr. Kriangkrai Danchaivichit <sup>6</sup> Director	66,667	-	66,667
7. Mr. Chai Rungtivaruangrong <sup>7</sup> Independent Director / Member of the Audit Committee	58,333	43,750	102,083
8. Mr. Win Thanittiraporn <sup>8</sup> Director	66,667	-	66,667

### 2) Other remuneration

-None-

<sup>1</sup> Appointed by resolution of the Board of Directors as director, effective from 6 June 2015 and, as Chairman of the Board of Directors, effective from 6 November 2015.

<sup>2</sup> Appointed by resolutions of the Board of Directors as director and independent director, effective from 24 July 2015 and, as Member of the Audit Committee, effective from 7 August 2015.

<sup>3</sup> Appointed by resolutions of the Board of Directors as director, effective from 6 November 2015.

<sup>4</sup> Appointed by resolutions of the Board of Directors as director, effective from 26 May 2017.

<sup>5</sup> Appointed by resolutions of the Board of Directors as director, effective from 12 February 2018 and, as Member of the Audit Committee, effective from 12 February 2018.

<sup>6</sup> Appointed by resolutions of the Board of Directors as director, effective from 12 February 2018.

<sup>7</sup> Appointed by resolutions of the Board of Directors as director, effective from 12 February 2018 and, as Member of the Audit Committee, effective from 12 February 2018.

<sup>8</sup> Appointed by resolutions of the Board of Directors as director, effective from 12 February 2018.

## **Remuneration of Management**

### **1) Monetary remuneration**

The company's remuneration for management consists of salary, position fees, bonus, personal income taxes subsidized by the company, and employer's contribution for provident fund, and contributions to employees for various level of employees. The compensation is determined based on roles and responsibilities of each senior executive, taking into account other qualities or benefits in respect of work such executive has been assigned to.

For the period commencing from 1 April 2018 to 31 December 2018, the company has the total of 5 executive directors and management. The total remuneration is Baht 5,960,298.

### **2) Other remuneration**

– None –

## **5. Manpower**

Total number of employees as at 31 December 2018 was 191 employees.

1) Number of employees in each department is as follows:

<b>Unit/Department</b>	<b>No. of employees</b>
Management	5
Factory and Roofing & Siding	144
Procurement	3
Sales & Marketing	16
Personnel & General Affairs	12
Finance & Accounting	10
Business Development	1
<b>Total</b>	<b>191</b>

2) Significant change in the number of employees : – None –

3) Major labour dispute during the past 3 years: – None –

4) Employee benefits

Compensation policies of the company was set up based upon the fair treatment and correspond with cost of living and in line with the title, duties, responsibilities and line of command. As at 31 December 2018, total compensation paid to employees was Baht 38,567,888.

5) Type of compensation consists of:

- Salary
- Bonus
- Overtime
- Personal income tax paid by the Company
- Provident fund



6) Policy on human resources development

The Company has the policy to support and develop the knowledge and ability of its employee for each position according to the annual training plan by sending the employees to attend training organized by entities of government sector and private sector including the internal training which is organized every year to develop skill, knowledge, understanding and ability of employees to perform their duties efficiently. The participation in activity to build unity of employees has been developed and improved systematically and continuously

In 2018, the Company has the policy to develop the ability of employees by organizing internal training to develop the knowledge and ability and skill of the employees to perform their duties correctly, the details of internal training programs are as follows:

No.	Training Program	Day/Month/Year	No. of Employees (Person)
1.	Basic knowledge on safety	18 July 2018	50
2.	Crane operator safety training	20 July 2018	42
3.	Basic fire extinguisher training	26 October 2018	48

The development of human resources plan by sending the employees to attend the training as necessary and relating to the development of management skill as follows:

No.	Training Program	Day/Month/Year	No. of Employees (Person)
1.	Smart Discloser (SDP)	20 April 2018	1
2.	Business sustainability basis	3 May 2018	1
3.	Foreign exchange	23 August 2018	1
4.	Deferred tax preparation	27 September 2018	1
5.	Knowledge on Labor Protection Act B.E. 2541 for the Exellent of Labour	20 Novemebr 2018	1
6.	Using program GX-WORK2 and special orders	18 December 2018	1

ลำดับ	Training Program	Day/Month/Year	No. of Employees (Person)
7.	Data conversion between DATA and BIT Using commands to calculate numbers in both integers and decimals	20 December 2018	1
8.	Using SCP in form of Straight Through	20 December 2018	1

7) Policy and treatment of Company's employees

According to the corporate governance subject / corporate governance principle / Section 3 roles of stakeholders / employees which are “the Company equally treats employees at all times based on fairness and appropriate reward including providing sufficient welfares such as annual bonus, award to promote morale of senior employees, provident fund, diligent incentive, compensation and special compensation for retired employees, medical treatment for employees and family, other activities and parties, etc. In addition, the Company also promotes the development of human resources such as employees training, field trips for both in domestic and international.

The Company has the policy to produce goods and services with quality by considering the importance on safety, occupational health and environment both in overall and in personal which was announced to all employees to strictly comply.

## Corporate Governance

### 1. Corporate Governance Policies

The company considers that Corporate Governance Policy is one of the essential measures and guidance for the operations and the carrying out its business activities for the sustainable growth of the company, therefore, principle of good corporate governance policy is prescribed in compliance with that stipulated by the Stock Exchange of Thailand (SET) as had been set forth and comprising with 5 categories as follows:

Section 1	Rights of Shareholders
Section 2	Equitable Treatment to Shareholders
Section 3	Role of Stakeholders
Section 4	Disclosure of Information and Transparency
Section 5	Responsibilities of the Board of Directors

#### Section 1 Rights of Shareholders

The company clearly determines rights of shareholders in writing in Article 40 of the Articles of Association of the Company under Chapter IV. Details are as follows:

“In every shareholders’ meeting, all shareholders shall have one vote for each share. A shareholder who has a special interest in any resolution may not vote on such resolution, except for the election of directors.

A resolution of any shareholders’ meeting shall be passed by majority votes of all shareholders attending the meeting and having the right to vote, except for the following cases where a resolution of not less than three-fourths of the votes of the shareholders attending the meeting and having the right to vote is required:

- a. sale or transfer of the Company’s business whether in whole or in substantial part to any other person;
- b. purchase or acceptance of any transfer of the business of other public or private companies;
- c. entry into, alteration or termination of any agreement concerning the lease, in whole or in substantial part, of the Company’s business, an assignment to any person for the management of the Company’s business, or the merger with any other person for the purpose of profit and loss sharing.”

To provide essential, clear and up-to-date information for shareholders concerning the company’s business and/or relevant information deem to be interesting, the company notifies such information for the acknowledgement of shareholders through the company’s website: [www.tiw.co.th](http://www.tiw.co.th) and through the Stock Exchange of Thailand (SET): [www.sec.or.th](http://www.sec.or.th).

The company recognizes and respects rights of shareholders by complying with the notifications, announcements, prescription and all relevant laws as stipulated by the regulators namely the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). In arranging the shareholder's meeting, the company appoints Thailand Securities Depository Co., Ltd. (TSD) as the registrar to send the notice calling for the shareholders' meeting to all shareholders at least *21 days prior to the date of the meeting*, providing that such notice clearly contains details of date, time and venue of the meeting which are not obstacle to the participation to the meeting as well as meeting agenda.

The company arranges the shareholders meeting in compliance with guidelines prescribed by the Securities and Exchange Commission (SEC) in relation to matters that should be done before, in and after the meeting, the details of which are as follows:

### **1) Prior to the Annual General Meeting of Shareholders**

The company sends the notice for the shareholders' meeting together with information and supplementary documents to all shareholders *at least 21 days prior to the date of the meeting*. Supplementary documents and basic information for the meeting both in Thai and English contain date, time, venue of the meeting, map, meeting agenda, opinion of the Board of Directors in each agenda, information for each agenda, the company's Articles of Association only those relevant to the shareholders' meeting, Annual Report (Form 56-2), proxy form, description for use of proxy form and supporting documents required for a proxy form.

The company had granted an opportunity to shareholders to propose their agenda(s) and to nominate their candidate for the election as a director of the company in the Annual General Meeting of Shareholders. The announcement for the granting of an opportunity was uploaded on to the company's website for *60 consecutive days from end of January 2019 until March 2019 where such granting was made more than 90 days prior to the date of the Annual General Meeting of Shareholders*.

The information and documents as mentioned in paragraph 1 are also *upload onto the company's website at least 30 days prior to the date of the annual general meeting of shareholders*.

### **2) On the date of Annual General Meeting of Shareholders**

The company allows the shareholder to register for the participation to the meeting *at least 1 hour prior to the commencement of the meeting*. The shareholders will have an opportunity to meet with and talk to all directors. When the meeting has been commenced, prior to considering any agenda, the Chairman of the meeting will clarify rules applying to the meeting including procedures and method to vote on each agenda.

At the commencement of the meeting, in considering each of agendas respectively, *the shareholders are entitled to vote freely in each agenda*. The company uses the service of a company with expertise in the registration and counting the number of votes at the Annual General Meeting of Shareholders. Having such company processes on such matter on behalf of the company will reflect the company's transparency and equitable treatment to shareholders, to regulators and other outsiders. For any issue on the agenda at the shareholders' meeting, the shareholders can call for a secret ballot if one of them makes such request with approval of five other shareholders. The shareholders shall vote using voting ballots prepared by "TSD" and the resolution of each agenda is shown on LCD Projector where total number of votes is identified and categorized by approved, disapproved and abstain votes.

In the meeting, the shareholders are entitled to freely express their opinions and recommendations and to question the Board of Directors in the meeting. Furthermore, the shareholders are allowed to question directors about any corporate matter without time limit where there is no violation or limitation of shareholders' right. Should shareholders have questions on any agenda issues, specialists in the specific fields are available to answer those questions under the responsibility of the Board of Directors.

The Board of directors participates in every shareholders meeting and the Chairman conducts the meeting in the manner that all agendas are considered in the order determined in the notice calling for the shareholders meeting sent in advance to all shareholders.

### **3) After the date of Annual General Meeting of Shareholders**

The company prepares minutes of the meeting with complete material information including number of voting of shareholders in each agenda categorized by for, against and abstain in order to allow examination by any relevant party. Records of questions asked by the shareholders and answer as well as their opinions are also available in the minutes to allow the absent shareholders to learn of. Copies of the minutes are submitted to the Stock Exchange of Thailand (SET), the Ministry of Commerce (MOC) and the Securities and Exchange Commission (SEC) *within 14 days from the date of the meeting*.

## **Section 2 Equitable Treatment to Shareholders**

The company provides equitable treatment to every individual shareholder, every group of shareholders, major or minor shareholders, institutions or foreign investors which is set forth as follows:

**1) The company confirms the right of shareholder to vote** and have one vote per one share as stated in Article 40 of the Articles of Association of the Company that "In every shareholders' meeting, all shareholders have one vote for each share..."

**2) Any shareholders who are unable to attend the meeting in person is entitled to nominate proxy** as stated in the first paragraph of Article 37 of the Articles of Association that "In any shareholders' meeting, a shareholder is entitled to appoint a proxy to represent him/her at the meeting and have the right to vote...". The company prepares proxy form in accordance with the Notification of the Department of Commercial Business Development on form of Proxy (No.5) B.E. 2550 given on 2nd February B.E.2550, two forms of which are sent to the shareholders – Proxy Form B. which allows the shareholder to specify intention to vote in every agendas including an agenda to elect director individually and Proxy Form C. for foreign investor who appoints domestic custodian to perform safekeeping of shares. This is to allow the shareholder who is unable to attend the meeting in person and proxy form is sent to all shareholders together with the notice calling for the shareholders meeting and is clearly stated the documents/evidence required for giving proxy. Relevant procedures are also explained to all shareholders in order to allow proper preparation for them and not to cause any problem to attend the meeting. In addition, the company prepares both proxy forms in English for foreign investors and allows any shareholder who is unable to attend the meeting to give proxy to independent director or other individual person as deem appropriate by shareholder to attend the meeting and to vote on his/her behalf.

*The company had set up criteria(s) in granting of an opportunity to shareholders to propose their agenda(s) for the shareholders' meeting and to propose their candidate for an election as a director of the*

company. All details are posted on the company's website 3 months prior to the date of the Annual General Meeting of Shareholders. Specific period of time for the shareholder to dispatch proposals is 1 month.

### **3) Prevention for use of inside information**

The company sets policy and method of monitoring the executives with a view to prevention on use of inside information for their own benefit and for securities trading, in particular during the period of 1 month prior to disseminating financial statement to the public. In this regards, the company assigns the corporate secretary as the persons responsible for disclosure of information relating to financial conditions and result of business operation and not allow any person to use the said information for his/her own benefit prior to making to information public.

Control of inside information is existing in the company while employ the internal control and the internal audit in addition (as shown in 5.2.4 Corporate Governance/ Corporate Governance Policy/ Section 5 Responsibilities of the Board of Directors/ Inside Information Control/ Internal Control and Internal Audit) Moreover, a prescription about the provisions and guideline for inside information management of which stipulated in the Code of Conducts of the Company (as shown in 5.2.4 Corporate Governance/ Corporate Governance Policy/ Section 5 Responsibilities of the Board of Directors/ The Code of Conducts/ 6) Confidentiality and Information of the Company)

### **4) Monitoring related party transactions and transactions with conflict of interests**

The company discloses information, opinion of the Audit Committee and resolution of the Board of Directors in relation to the connected transaction within the period and in compliance with the regulation of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). Regularly, the transactions are sufficiently and timely disclosed in the notes to the financial statement.

## **Section 3 Role of Stakeholders**

### **Policy and treatment of the company to all stakeholders**

In order to ensure sustainable and mutual benefits to all related parties, the company provides policy and treatment to all stakeholders as follows:

#### **1) Shareholders**

The company discloses information in compliance with relevant laws and regulations accurately, completely and timely and answer questions of investors which is not in violation of rules on procedure and appropriate period of time for disclosure. Shareholders as the owner of the company are entitled to freely give suggestion and comments on the company's affairs to the Board of Directors in the shareholders' meetings.

#### **2) Employees**

The company treats every employee equally and on a fairness basis. Proper remuneration and welfare are provided, for instance:

- payment of bonus when the company has good operating results;



- award given to long year service employees;
- provision of provident fund, diligent allowance, retirement compensation and healthcare;
- policy on human resources development and provision of supports for human resources development in many different ways such as arrangement of training and outside visits etc.

Determination of a clear and fair policy about treatment of the company to employees including clear and fair compensation policy (details of which are set out under Personnel / Policy on employees' compensation / Policy on development of employees / Policy and guideline on treatment of the company to employees).

### **3) Customers**

The company gives attention and is responsible to customers in order to provide customers with the maximum benefits in term of quality and price, and the company is determined to develop and maintain sustainable relationships with customers. The company usually supports and encourages sales activities of customers, solve problem and receive comment/complaint/suggestion in order to ensure the satisfaction of customers.

### **4) Trading Partners**

The company complies with terms and conditions and trading agreement when purchase products and services from trading partner and comply with policy on treatment to trading partner in respect of actions to trading partners of the company for the procurement:

- The company complies with the laws relating to procurement including pay keen attention to the importance of Safety, Occupational Health and Environmental in the workplace.
- Fair treatment to trading partners to conduct business with the company and to be able to compete with other competitors in the current business circumstances.
- Promote and tighten the firm relationship between the company and trade partners in view of business partners base upon mutual understanding and stable reliability of each other.

### **5) Creditors**

The company has the policy regarding the fairness and responsible to its creditor, whether account payable or loan from financial institution, in relation to the repayment of debt within the agreed period or as specified in the contract in order to maintain the creditability of the company that has with its creditor and financial institution including the performance in accordance with the condition of creditor. The company will use the principle for the fair treatment to its creditor as follows:

- To provide accurate and necessary information of the company to its creditor for the accuracy of providing financial support.
- To utilize the loan provided by the creditor or financial institution in accordance with the objective which has been informed by the company to its creditor or financial institution.
- To repay loan to the creditor on time and in accordance with the conditions of the creditor.

- To comply with the terms and conditions of the loan agreement with the creditor or financial institution, particularly, the conditions of guarantee including the maintenance of collateral to be in line with the requirement of the creditor or financial institution.

## **6) Society/Community**

The company is responsible to society and regularly gives support to community and its neighborhoods where appropriate or upon request. It was an intention of the company to put the importance in proceeding of the business with the responsibilities to the society, community, neighboring area as stated clearly in “Policy and Treatment to Stakeholders”, “Code of Conduct of the Business” and “Code of Ethics of Employees” of which should be strictly complied with by all employees of the company.

### Participation in development of the community during the year

The company participated in the following activities relating to the community:

- Provision of necessary equipment in performing duties by local administrative agency in area nearby the company.
- Provision of scholarship to school in nearby area on occasions.
- Promotion of safety in performing of duties by environmental police officer.

The company had taken actions pertaining to the environmental matters as follows:

- Prescribed “Policy of Safety, Occupational Health and Environmental at the workplace” (Details were as shown under the topic “Activities to ease the effect to environment” / “Policy on Safety, Occupational Health and Environmental at the workplace”).
- Specified about maintenance of good health, safety and environmental protection in “Code of Conducts” and “Code of Ethics for Employees”.
- Establishment of Safety, Occupational Health and Environmental Division with the purpose to let the division promote about the matters to the employees of the company and to the community nearby.
- Intensively and systematically carried out the environmental matters (as mentioned under the topic “Activities to ease the effect to environment” such as the elimination of both water and air pollution, proper management of the industrial waste and general waste and the management of heat, light and sound pollution etc.
- Promote correct understanding and knowledge of employees about the environment issues by stipulated it into the Safety, Occupational Health and Environmental Policy that “the company would give a full support to employees in order to promote their knowledge, understanding and awareness about the Safety, Occupational Health and Environmental issues such as giving of a training and outside visit etc” (details are as shown under the topic: Environment Concerned / Activities to ease the effect to environment).

## **7) Competitors**

The company had prescribed the policy about the treatment to the company's stakeholders in "Code of Conducts" (details are as shown under the topic: Corporate Governance / Section 5 Responsibilities of the Board of Directors / Code of Conducts of the Company / Item 3) Compliance with the Anti-Monopoly and Trade Competition Act). Reference to the Act, the company would not make any agreement with competitors in fixing the price of the product of which would give an impact to the price of the products in the market and would not take any action that would lead to any conflict of interest of the competitors.

## **8) Human Rights**

The issues pertaining to the human rights was stipulated in "Code of Conducts" of the company (details are as shown under the topic: Corporate Governance/ Section 5 Responsibilities of the Board of Directors/ Code of Conducts of the Company/ Item 1) Compliance with law in paying respect to human rights).

## **9) Intellectual Property and Copyright**

Prescription about the policy and disciplinary action pertaining to the violation of the intellectual property and copyright was clearly made (details are as shown under the topic: Monitoring on use of inside information/ Policy pertaining to the protection of intellectual property and violation of copyright) and as well in "Code of Conducts of the Company" (details are as shown under the topic: Corporate Governance/ Section 5 Responsibilities of the Board of Directors/ Code of Conducts of the Company / Item 6) Confidentiality and information of the company).

## **10) Corruption and Bribery**

- **Anti-corruption policy**

The company put great emphasis on this matter issue and has stipulated about such matter in "Code of Conducts of the Company" in Item 5) Gift and Reward that "directors and employees must not offer to give or give any property to public official or any other person in similar position which may cause undue benefit to the company and must not give any property to any person who promises to give it to the public official for omission to undertake lawful act".

The company had prepared "Anti-Corruption and Anti-Bribery Policies" and it was approved by the Board of Directors' Meeting on 7 February 2014.

1. **Monitoring and control for prevention of and follow-up on risk of corruption**

The company had clearly stipulated channel and procedures for reporting corruption under "Code of Conducts" and inform directors and all level of employees for acknowledgement and distributed such document to all level of employees.

2. **Whistle Blowing Policy**

The Board of Directors prioritizes the rights of all stakeholders of the company. Therefore, the company has prepared and developed the whistle blowing policy in order to find out the channels and procedures for directors, executives, employees, and all stakeholders who have seen or reported corruption, bribery, corruption as well as abusive actions, illegal, failure to comply with the company's regulation, failure to comply with the company's policy, unethical act, misconduct or any action that could cause damage to the

company. Please contact for any suggestion or report such wrongful acts or complaint including any comment in relation to such wrongful acts to improve or correct it to be line with the accuracy and transparency. The whistle blowing policy has determined the details necessary to guide all employees as well as all stakeholders of the company.

**3. Channels for stakeholders to provide recommendation, report misconduct or make complaint**

Other than policy and treatment of the company to all stakeholders, the company provides channels for all stakeholders to contact/file a complaint to the management in order to consider and conclude any matters and to propose to the Board of Directors' consideration as follows:

(1) Mr. Prasit Kanchanasakdichai      Chief Executive Officer

E-mail address: horypresident@yahoo.com

(2) Mr. Apichat Laksanasirisak      Managing Director

E-mail address: apichat@tiw.co.th

## **Section 4 Disclosure of Information and Transparency**

The company discloses information and releases news of the company both financial and non-financial via the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) so that the shareholders, investors and any other persons are able to access to information of the company accurately, completely, timely and in an equal manner.

The company discloses detailed information in the Annual Updated Information (Form 56-1) and the Annual Report (Form 56-2) in compliance with the rules of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) which includes shareholding structure demonstrating major shareholders and ultimate shareholders, shareholding of directors and executives, financial condition and result of operation, business operation and competition, risks associated with business operation of the company, background of directors and executives stating details of independence directors, policy and remuneration of directors and executives, meeting attendance in the past year, disclosure of related party transaction and the most recent financial statement and those of the past two years.

The company provides channel for the shareholders and investors to contact and make inquiry in relation to the company through the corporate secretary who acts as "Investors' Relations Officer" having responsibility to insure that the company has disclosed material information accurately, timely and transparently and as the company's representative in communicating to institutional investors, shareholders, analyst and relevant governmental authority.

Both shareholders of the company and general investors could contact to the Investor Relations Unit via email: info@tiw.co.th or by phone number 02-425-0011 or by mail to the company's address.

## **Section 5 Responsibilities of the Board of Directors**

### **Mission and Vision of the Company**

The Board of Directors of the Company took part in setting up of the company's mission and vision so that the management and employees aim to the same direction. The management usually communicated to employees both in vertical and horizontal line of command through a meeting session in order to let all concerned person acknowledge and understand their duties and responsibilities and realized the expectation

of the company. Meanwhile, the company would get employees comments and suggestion and created mutual understanding amongst the company and employees. Information would be conveyed to employees through circulations, memorandum and guidance etc.

### **Duties and Responsibilities of the Board of Directors**

The duties and responsibilities of the Board of Directors of the Company were stipulated under the topic: Management / Management Structure/ Power and Authorization of the Board of Directors of the Company and Power and Authorization of the Audit Committee.

### **Policy on Quorum of the Board of Directors**

The Board of Directors' meeting shall be attended by not less than one-half of all the directors in order to constitute a quorum.

In the event the chairman is not present or is unable to discharge his duties, vice-chairman, if any, shall serve as a chairman. If there is no vice-chairman or such vice-chairman is unable to discharge his duties, the directors present shall elect one of their members to be the chairman.

### **Code of Conducts of the Company**

With respect to compliance with principles of good corporate governance, the company prepares Code of Conducts in writing as clear guidelines for every directors and employees to meet expectation of the company and shareholders. The Code of Conducts contains 12 key principles as follows:

#### **1. Compliance with law and respect to human rights**

Directors and employees must comply with law, custom and tradition either that of domestic of the country assigned to perform their duty and must not join or involve with harmful act or cause disturbance to any person with differences in color, racial, gender, religious, age and maturity etc.

#### **2. Workplace environment**

Directors and employees must act and perform their duties with due care and responsibility in the workplace with a view to safety and must not use impolite words etc.

#### **3. Compliance with the Anti-Monopoly Act and Trade Competition Act**

Directors and employees must not join competitor of the company to monopolize the price of product which affects supply in the market and must not conduct any act which causes damage to or conflict with trading partners of the company.

#### **4. Having interest which may be in conflict with the company's interest**

Directors and employees must inform their superior of any transaction which may cause the company to lose benefit and must not use any property of the company for personal benefit as well as not undertake any personal business prior to approval of the Board of Directors.

#### **5. Gifts**

Directors and employees must not offer to give or give any property to public official or any other person in similar position which may cause undue benefit to the company and must not give any property to any person who promises to give it to the public official for omission to undertake lawful act.

#### **6. Confidentiality and information of the company**

Directors and employees must keep confidential the company's trade secret and inside information which should not be disclosed to any person and must not do anything in violation to copyright or patent.

#### 7. Financial reports

Directors and employees must perform their duty for accurate and complete financial statement within reasonable period of time as well as avoiding any act which is likely to cause such financial statement inaccurate. Besides, they must not act jointly with debtors or creditors for the purpose of unreasonably high or low debt collection.

#### 8. Mutual cooperation

Directors and employees must use their effort to create good relationship between the company and all relevant parties during the course of duty.

#### 9. Prevention in relation to occupation health and safety in property and environment

Directors and employees must comply with law on preservation of environment and the company must take into account preservation of environment in conducting any activity.

#### 10. Treatment to anti-socialist

Directors and employees must not provide financial support or participate in any group with anti-socialists.

#### 11. Sale and marketing

Directors and employees must treat customers and trading partners equally and legally and must not promise to give or give anything with unreasonably high value or accept any treatment with a view to gaining of unlawful benefits.

#### 12. Political activities

Directors and employees must avoid participation in politics by using the company's name and must not use any company's property to support any political activities.

## **2. Guideline for encouragement and compliance of employees to the Code of Conducts**

The company had arranged in-house training for employees under the topic "Importance and Necessity of Compliance with the Code of Conducts and Relevant Rules and Regulations of the Company". After the training, the Company monitors results of the training and compliance by employees. Moreover, a handbook of "The Code of Conducts" had been distributed to each of employees for their reference and compliance.

### **Structure of the Board of Directors**

As prescribed in the Articles of Association, the company's Board of Directors shall comprise of at least 5 directors. However, the Board of Directors as at the end of 31 December 2018 consists of 8 directors of which compose of 6 non-executive directors (including with 3 independent directors) and 2 executive directors. Independent directors of the company are all qualified under the definition of the independent director stipulated by the Securities and Exchange Commission (SEC) (details are as shown under the topic "Qualification of the company's independent directors").



The Company has clearly stipulated duties and responsibilities of the Board of Directors *under Articles 25 - 32 of the Articles of Association of the Company*.

During the year, there was one meeting held amongst non-executive directors, which excluded executive directors, in order to discuss matters in which would be beneficial to the company's operations.

**Policy pertaining to the number of listed company that a director could hold a directorship at a time**

The company has prescribed and informed to each new director upon their official appointment as director of the company pertaining to number of listed company that a director can hold a directorship at a time. In addition, each new director will receive handbook for directors of listed company and Principles of Good Corporate Governance. In this connection, the prescription about Good Corporate Governance that the company has taken into actions is in line with that as recommended by the regulators (details are as shown under the topic "Power and the Authorization of the Board of Directors of the Company / Qualifications of Directors / Item 4 "Holding of directorship of listed company of not more than 5 listed companies at a time").

**Policy pertaining to the holding of a directorship in other company by managing director the President**

This is a prohibited as prescribed in the "Principles of Good Corporate Governance" of the company.

**Policy pertaining number of consecutive terms in office of independent directors**

Business of the company is manufacturing of the products of which requires a continual monitoring and management. Since the independent directors of the company are all knowledgeable, ethical and had been fully contributing their experience to the company from the beginning, the term in office of the independent directors are not prescribed.

**Orientation of new director**

All necessary handbooks for directors are submitted to new directors at the first possible occasion. Such handbooks include Principles of Good Corporate Governance of Listed Companies, Articles of Association of the company, work rules for employees and executive directors, policy on corporate governance of the company.

**Self-assessment of the Board of Directors**

The Company conducts assessment on performance of the Board of Directors and 2 sub-committees so that each director may review performance, issues and challenges during the past year and would be able to improve his/her performance.

**Individual Self Assessment of Board of Directors**

- Structure and qualification of Board of Directors that will create the efficient of the performance of the Board of Directors such as qualification, knowledge, and appropriate experience for business and understanding of good corporate governance principle.

- Proceeding that will support the performance of the Board of Director on attending the meeting with efficient such as review of documents and information in advance, providing opinion which is beneficial to the meeting appropriately, not attend the meeting or vote on matters that you have conflict of interest.
- Roles, duties and responsibilities of the Board of Directors include the performance in accordance with the laws, regulations and charters with efficient, dedication in performing duties for the Company does not interfere with the work of the management and control and monitoring of management operations.

### **Committee Self Assessment of the Board of Directors**

- The structure and qualification of the Board of Directors which has resulted in the performance of the Board of Directors is effective such as the number of directors that are appropriate to the nature of the Company's business, knowledge and experience of the Board of Directors, definition of independent directors, qualifications and appointment of company secretary etc.
- Actions in matters that enable the Board of Directors to perform their duties efficiently in the meeting, including the appropriateness of the time spent in the board meeting, receiving meeting documents and having sufficient time to study the information, the atmosphere in the meeting room etc.
- Roles, duties and responsibilities of the Board of Directors in giving priority, taking time to consider and review and practice in various matters sufficiently important of the Company, including corporate governance of the Company, direction, strategies and plans, business operations of the Company, transactions with conflicts of interest, connected transaction, internal control system, risk management, whistleblowing policy, preparation of financial statements in accordance with accounting standards, etc.
- Other matters such as the self development of directors and executives, relationship between Board of Directors and management team

The self-assessment form has been prepared by using the guideline of the SET and has been customized to in line with the business of the company and in accordance with the performance pursuant to the charter of which the criteria of such self-assessment shall be as follows:

<b>Score</b>	<b>Level</b>
<b>4</b>	Excellent
<b>3-3.99</b>	Good
<b>2-2.99</b>	Average
<b>1-1.99</b>	Fair
<b>0-0.99</b>	Below average

### **Self-assessment of the Board of Directors**

The Company arranged for self-assessment on an individual basis and assessment of the Board of Directors, the details of which can be summarized as follows:

<b>Self-assessment of each individual director</b>	<b>Self-assessment of the Board of Directors</b>
By considering: 1) Qualifications of director 2) Roles and responsibilities of director 3) Performances of director 4) Relationship with management 5) Self-development as director and development of management	By considering: 1) Structure and qualification of the Board of Directors 2) Roles and responsibilities of the Board of Directors 3) Board of Directors' meetings 4) Performance of the Board of Directors 5) Relationship with management 6) Self-development as the Board of Directors and development of management
The result of the assessment of each of director is average at 3.75 of 4 which is at good level.	The result of the assessment of the Board of Director is average at 3.33 of 4 which is at good level.

Self-assessment of the 2 sub-committees, namely the Audit Committee and the Risk Management Committee by considering:

- |                                 |                                 |
|---------------------------------|---------------------------------|
| 1) Structure and qualifications | 4) Performance of duties        |
| 2) Roles and responsibilities   | 5) Relationship with management |
| 3) Meeting                      | 6) Self-development             |

The result of assessment of the 2 sub-committees' performance during the accounting period from 1 April 2018 to 31 December 2018:

<b>Sub-committee</b>	<b>Result of assessment of sub-committees' performance</b>
1) Audit Committee	Average at 3.95 of 4 which is at good level
2) Risk Management Committee	Average at 2.45 of 4 which is at average level

### **Policy on disclosure / report on purchase-sale of shares / holding shares of the company**

The directors must report the purchase-sale of shares / hold the company's securities to the Board of Directors meeting in every board meeting regardless of whether there will be changes or not.

### **Connected Transaction Policy**

The company has been strictly carrying out the matter in compliance with the regulations issued by relevant regulators.

### **Sub-Committee**

The company has the Audit Committee and Risk Management Committee as its sub-committee. The company has no any other sub-committee such as the Remuneration Committee, Nomination Committee and Corporate Governance Committee.

### **Development of Directors and Executives**

The company supports every director to attend development and/or refreshment program facilitated by the Stock Exchange of Thailand (SET), the Securities and Exchange Commission (SEC) and the Institute of Directors (IOD), for instance.

### **Succession Plan**

To order to prepare the human resource that has appropriate qualifications, knowledges and sufficient abilities for the replacement of management and senior management if there have the resignation, retirement, rotation or failure to perform of management in any cases and to ensure that the performance of such position has been smoothly continue and to reduce the risk of non-successor, the Board of Directors determines the succession plan by considering of the performance and ability of each person.

Employee performance appraisals (KPIs) are also used to assess employee performance in line with the company's core performance indicators. Employees recognize the importance of their self-defined goals. The goal will be used as a basis for evaluation. This evaluation will affect the return on investment and the progressive planning in the next section.

However, the company has prepared for the development of knowledge. Skill and skills required by the position. To keep the business running continuously. And it can provide the right employees to replace vacant positions in a short time.

### **The Board of Directors' Meeting**

The company determines the Board of Directors' meeting in advance and regularly to allow every director and executive to be available for attending of the meeting.

Longer than 7 days prior to the date of the meeting, the company distributes notice calling for the meeting to all directors together with supporting documents.

When consideration the matters presented to the Board, the Chairman of the Board of Directors presides over and duly conducts the meeting. Resolutions are passed with a majority vote, providing that one director is eligible for one vote. The director with any interest in the issue under consideration or the

director ineligible to vote is excused and to be absent during voting. In case of a tie vote, the Chairman of the meeting will vote and give the binding result.

The company appoints **a corporate secretary** to be responsible for arranging of activities of the Board of Directors, recording minutes and keeping documents relating to the meeting in the manner that those documents are accurate and complete and that the minutes contains complete information in materiality and is prepared within reasonable period of time and with appropriate safekeeping. The minutes must then be approved at the following Board of Directors' meeting, where the directors may make comments, corrections, or additions to ensure the greatest accuracy and completeness.

#### **Policies pertaining to the combination of Directors of the Company**

There is not any written policies on the matter, however, the company practically invited directors from variety of profession and experience. The Company believed that under the combination of experience obtained by all directors shall efficiently manage the company for a sustainable growth.

#### **Internal Information Control**

The company transparently follows the regulations covering conflict of interest in a strict, comprehensive and fair manner. Any connected transaction must be considered carefully, openly and in a timely manner to protect the overall interests of the company.

The company has prescribed guidance for the treatment of internal information in the Code of Conducts. (Details are as shown under the topic "Corporate Governance Policy, Section 5 Responsibilities of the Board of Directors, Structure and its Sub-committee, 6) Confidentiality and information of the company").

#### **Risk Management Policy and Risk Management System**

The company has managed risks that will affect business operations by establishing a risk management committee to perform the duties and be responsible for directing and promoting risk management to be effective including considering significant risks as well as setting up a plan to monitor, evaluate and continuously improve the plan to reduce the level of risk to an acceptable level.

#### **Internal Control and Internal Audit**

The company defines and develops an efficient and effective internal controls system according to international standards in term of internal environment, risk assessment, control practices, information technology and communication systems and continuous monitoring and assessment. The organizational structure is created to serve a business operation with segregation of duties and responsibilities of management and staffs, a written Code of Conducts, an operation manual and procedures suitable to each of business process, an efficient and up-to-date computer system, for instance.

The company has internal audit function reporting to the Audit Committee and performing duties to review and audit the company's operation in compliance with annual audit plan of the company of which prepared in line with the company annual objectives. The internal audit report is regularly submitted to the Audit Committee every quarter for their consideration.

### **Appointment of the Audit Committee**

The company appointed a sub-committee namely **the Audit Committee** of which consists of 3 independent directors and determined **“The Charter of the Audit Committee”** in writing where scope of duties and responsibilities and relevant matters to the Audit Committee are clearly prescribed. (Details are as shown under the topic “Management Structure/ Power and the Authorization of the Board of Directors of the Company/ Power and the Authorization of the Audit Committee of the company”)

### **Policy on performance of Company’s directors for the best benefit of shareholders**

Every director shall bear the fiduciary duties of overseeing the management of the company that it operates in the best interests of the shareholders, for whom the director is responsible. After all, it is the shareholders who own the capital invested in the company and they appointed the board of directors. There are 4 principle fiduciary duties to which directors must perform, namely:

1) Duty of care: As a company director, any activity that the director perform or decision that the director make shall be deemed adequately fulfilling the fiduciary duty of care when such activity or decision meets the following criteria:

- Being fully informed or relevant facts and figures that are credible;
- Exercise with such a reasonably sound judgment that could be expected of from a good company director who is in such a situation;
- Executed with care and diligence.

2) Duty of Loyalty: The fiduciary duty of loyalty for company directors is to carry out their responsibilities earnestly and honestly for the benefit of the company, with no regard to self-serving gains. These include such criteria as follows:

- Work done in good faith for the best interest of the company;
- Work done with proper purpose;
- No conflict of interests, either directly or indirectly;
- No misuse of information

3) Duty of Obedience: It is the duty of a company director to oversee the operating of the company’s businesses to abide by rules and regulations whether they are enacted by the authority or by the company’s internally, that is;

- To comply with laws, within the scope of the company’s stated objectives, and in accordance with its by-laws;
- In accordance with the resolutions of the board of directors, and the shareholders meeting;
- To comply with the company’s rules, regulations, and policy guidelines issues by the board of directors.

4) Duty of disclosure: The main objective of the fiduciary duty of disclosure is to provide shareholders with adequate information for making their decisions. There are two categories of decision at stake here:



decisions on investment or following up on the outcome of their investment, and ones dealing with exercising their voting rights at shareholders meetings. The board of directors has the fiduciary duty to ensure that:

- The company information is disclosed properly, completely, adequately, truthfully, and not misleading or concealing essential information that should have been disclosed.
- The information is up-to-date and timely.
- The disclosure channel can be easily and equally accessed.

## **Sub-committees**

### **Board of Directors Structure**

The Company consists of 4 committees namely:

- 1) Board of Directors
- 2) Audit Committee
- 3) Risk Management Committee
- 4) Executive Committee

- 1. Board of Directors** – as of 31 December 2018, the Board of Directors consists of 8 directors as listed below:

<b>Name</b>	<b>Position</b>
1. Mr. Prasit Kanchanasakdichai	Chairman of the Board of Directors / Authorized Director
2. Miss Naratip Tabtieng	Independent Director / Chairman of the Audit Committee
3. Mr. Chokechai Srisrawekkanjana	Director
4. Mr. Kriengchai Trinapakorn	Director
5. Mr. Kriangkrai Danchaivichit	Director / Authorized Director
6. Mr. Win Thanittiraporn	Director / Authorized Director
7. Mr. Chinawat Assavapokee	Independent Director / Member of the Audit Committee
8. Mr. Chai Rungtivaruangrong	Independent Director / Member of the Audit Committee

### **Power and the Authorization of the Board of Directors of the company**

The Board of Directors of the company is comprised of 8 directors. Regarding to the Annual General Meeting of Shareholders of each year, one-third of total number of the board members who possessed longest year in office should be retired by rotation, hence, term in office of each of board member is 2-3 years.

Power and the Authorization of the Board of Directors of the company are

- 1) The Board of Directors shall perform their duties and carry on the businesses of the Company in accordance with the laws, the Company's Objectives and the Articles of Association as well as the resolutions of the shareholders' meeting, and shall also be authorized to carry on any activities as prescribed in the Memorandum or those related thereto.
- 2) The Board of Directors may assign one or more person to carry on any activities on behalf of the Board of Directors. Authorized signatories to sign and bind the Company is any one of Mr. Prasit Kanchanasakdichai or Mr. Kriengchai Trinapakorn jointly signs with Mr. Kriangkrai Danchaivichit or Mr. Win Thanittiraporn, totaling two persons together with the Company's seal affixed.
- 3) The authorized signatories of the company shall be any two directors signing their names together with the Company's seal. The Board of Directors is entitled to appoint the authorized signatories of the Company.
- 4) The Board of Directors may appoint any director or any other person to be a general manager of other positions as deemed fit to exercise the Company's business under the control of the Board of Directors.
- 5) Directors shall immediately notify the Company, in case of having any interest in any contract entered into by the Company, directly or indirectly, or increasing or decreasing amount of shares or debentures held in the Company or its subsidiaries.
- 6) No director shall operate any business which has the same nature as and is in competition with the business of the Company or become a partner in an ordinary partnership or become a partner with unlimited liability in a limited partnership or become a director of any private or other companies operating business which has the same natures as and is in competition with the business of the Company, unless he or she notifies the shareholders meeting prior to the resolution is adopted for his or her appointment.
- 7) Subject to the provisions of public company law, the Board of Directors shall have the authority to sell or to mortgage any real property of the Company or to lease any real property for a period of more than three years or to give, the compromise, to file a complaint, or to proceed with any dispute by means of arbitration.
- 8) As prescribed by relevant laws, regulations and rules of the company, issues that shall be approved by The Board of Directors are matters regarding to the shareholders' meeting, directors and financial statement for instance.

#### **Qualification of Directors**

- 1) The Director shall be elected by the shareholders' meeting with the procedures and rules as specified in the Articles of Association of the company. (Details are as shown under the topic "Nominations of Directors and Executives Officers / Nominating Procedures"). Qualifications of company's director are as follows:-
- 2) Having the qualification according to the Public Company Act, Securities and Exchange Act and the Good Corporate Governance of the Company.
- 3) Being knowledgeable, capable, independent, dedicated, and healthy mentally and physically, be of suitable age and be able to perform Director's duties with care and loyalty. He/she

should attend the Directors' meeting regularly, study meeting agendas in advance, and productively participate in the meeting in a straightforward manner.

- 4) Obtaining of knowledge pertaining to the industry, accounting & finance, business judgment, managerial skill, international trades and markets, business strategy, crisis management, corporate governance and laws.
- 5) Holding of directorship of listed company at not more than 5 listed companies at a time.
- 6) Not required to be shareholders of the company
- 7) No director shall operate any business which has the same nature as and is in competition with the business of the company or become a partner in an ordinary partnership or become a partner with unlimited liability in a limited partnership or become a director of any private or other companies operating business which has the same natures as and is in competition with the business of the Company, unless he or she notifies the shareholders meeting prior to the resolution is adopted for his or her appointment.

## **2. Audit Committee**

The Audit Committee of the Company as of 31 December 2018 consists of 3 independent directors in accordance with the rules determined by the Capital Market Supervisory Board which is the Company shall have the member of Audit Committee at least 3 persons, the names are listed below:

- |                 |                   |                                 |
|-----------------|-------------------|---------------------------------|
| 1) Miss Naratip | Tabtieng          | Chairman of the Audit Committee |
| 2) Mr. Chinawat | Assavapokee       | Member of the Audit Committee   |
| 3) Mr. Chai     | Rungtivaruangrong | Member of the Audit Committee   |

### **Power and the Authorization of the Audit Committee of the company**

The Audit Committee is a sub-committee of the Board of Directors of the company of which is established to perform, supervise and manage their duties and responsibilities in compliance with the standard concerning the transparency as well as to review the reliable financial report system which shall benefit to the investors and all concerned parties and to comply with all regulations stipulated by the Stock Exchange of Thailand, the Securities and Exchange Commission and the other relevant laws. The Board of Directors of the company prescribes herewith the Charter of the Audit Committee as follows:-

#### **Section 1 Qualification of the Audit Committee's Members**

(1) The Board of Directors shall approve the appointment of members of the Audit Committee from the existing 3 directors of the company. Qualifications of members of the Audit Committee are as follows:-

- Holding of the company's shares at not exceeding 1% of the issued and paid-up shares of the company
- Be an independent director and have never been an authorized signatory of the company, parent company, subsidiary company within two years prior to being an independent director
- Having adequate knowledge and experience to perform their duties and responsibilities as the Audit Committee and at least one Audit Committee Member must have adequate

knowledge and experience to perform his/her duty in verifying the reliability of the financial statement

- Never have had a relationship, directly or indirectly, with finance or management of the company or a major shareholder of the company except the prudent consideration is made by the Company's Board of Directors in agreeing that having been interested persons would not have the effects against their performances and their independent expression of opinion
- Being able to perform their duties and responsibilities, expressing of their opinions or report the performance of their duties as assigned by the Board of Directors of the company without being influenced under the control of the company's executives or major shareholders, including with the concerned persons or closed relatives of such persons

(2) The Audit Committee shall elect one member of the Audit Committee to act as the Chairperson of the Audit Committee.

(3) Term in office of each of Audit Committee Member is a three (3) years period. The retired audit committee members may be reelected to hold the office for another term.

(4) Any member of the Audit Committee wishes to resign from the post before the completion of the term shall notify to the Board of Directors their intention and reason of the resignation in writing for at least 30 days prior to the effective date.

(5) The Board of Directors shall appoint a new member of Audit Committee as replacement to the resigned committee member within 3 months counting from the effective date as stipulate in the resignation letter.

## **Section 2      The Scope of Duties and Responsibilities of the Audit Committee**

(1) To review the sufficiency, credibility and objectivity of the financial reporting by coordinating with the external auditors and management responsible for preparing the quarterly and yearly financial reports. The audit committee may suggest issues or matters to be included for review or audit by the external auditors during its audit of the company.

(2) To review the adequacy and effectiveness of internal control system and internal audit functions by coordinating with the external auditors and internal auditors and to observe the independence of the internal audit unit, as well as to approve the appointment, transfer and dismissal of the head of the internal audit unit or any other units responsible for the internal audit.

(3) To review the risk assessment and risk management system to oversee that they are appropriate, adequate and efficient.

(4) To review compliance with the Securities and Exchange Acts, Regulations of the Stock Exchange of Thailand and any other relevant law.

(5) To recommend to the Board of Directors the independent auditors to be nominated for shareholders' approval to audit the financial reports of the company together with their audit fee and to review with the external auditors the objectivity of the audit, responsibility and auditing procedures of the external auditors including problems found during the audit as well as significant issues that the external auditors interpret that they may have material impact to the company financial reports and to attend a meeting with the external auditor without the presence of the management at least once a year.

(6) To review the connected transactions or transactions that may have conflict of interest and to oversee that they are accurately, completely and timely disclosed in order to ensure that such transactions are appropriate and most beneficial to the company.

(7) To issue a Report of Audit Committee and be included in the company's annual report and the report must be signed by the Audit Committee Chairperson and must at least contain the following information:

- Opinions concerning the correctness, completeness and trustworthiness of the financial reports of the company
- Opinions concerning the adequacy of the Company's internal control system
- Opinions concerning the Company's compliance with the law and regulations of the Securities and Exchange and regulations of the Stock Exchange of Thailand, or any relevant laws
- Opinions concerning the appropriateness of the external auditor
- Opinions concerning the transactions that may involve conflict of interest
- Number of the Audit Committee's Meeting and attendance record of each of the Audit Committee Members
- Opinions or overall observation that the Audit Committee has received by performing its duties in accordance with the Charter of the Audit Committee
- Other transactions assigned by the company's Board of Directors that should be acknowledged by shareholders and investors.

(8) To perform other activities as assigned by the Company's Board of Directors with consent from the Audit Committee. In carrying out the assignment, the Audit Committee is responsible to the Board of Directors and the Board of Directors will still have to be responsible to the performances to the public.

### **Section 3 The Audit Committee Meeting**

(1) The Audit Committee shall convene for the regular meeting for the consideration of the financial statements and other matters on quarterly basis or the Chairperson of the Audit Committee is required to call for the irregular meeting to consider any emergency, significant matters as deem appropriate.

(2) The Audit Committee may invite the Company's directors, executives, internal auditor to join the meeting on any specific matters.

(3) The Chairperson of the Audit Committee is required to report the result of the meeting and the committee's performances to the Board of Directors for their acknowledgement or approval as the case may be.

(4) The interested Audit Committee member on any matter shall be prohibited from expressing the opinions and voting for the resolution on the matter under consideration of the meeting.

### **Section 4 General Prescription**

(1) Any act or omission on any matter which should be carried out in the ordinary course of business of the Company, but which is not expressly provided for in the Charter, shall be carried out in good faith taking into account the spirit of the Charter of the Audit Committee.

(2) Amendment of this Charter shall be solely made by the Board of Directors of the Company.

## **3. Risk Management Committee**

The Risk Management Committee consists of Mr. Apichat Laksanasirisak, director and managing director acts as the Chairman of Risk Management Committee and the representative of the main business unit of the company or business unit which owns the risk i.e. accounting and finance, procurement, human resource, factory and manufacture which consists of 4 persons and has secretary of the Risk Management Committee to has the responsibility on the meeting.

### **The Roles and Responsibilities of the Risk Management Committee**

(1) To review the company's overall risk management policies and guidelines. It covers major risks such as financial risk, marketing risk, production risk, etc. to present to the Board of Directors for approval.

(2) To supervise and follow the implementation of the risk management policy under the guidelines and policies approved by the Board of Directors.

(3) To provide guidance on monitoring and evaluation of risk management to the Risk Management Committee for consideration.

(4) To consider the corporate risk management report and to comment on the potential risks include guidelines for the establishment of control measures or mitigation and development of enterprise risk management to be effective continuously.

(5) To review the adequacy of risk management policies and systems including the effectiveness of the system and compliance with the policy.

(6) To report to the Board of Directors regarding the company's operational management and risk status and changes including what needs to be done to improve it to meet the policies and strategies set.

(7) Risk Management Committee shall be convened at least once a quarter.

### **3. Executive Committee**

It consists of Mr. Prasit Kanchanasakdichai as the Chairman of Executive Committee and other directors, totaling 4 persons and has the secretary of the Executive Committee to perform the duties on meeting.

### **Roles, duties and responsibilities of the Executive Committee**

(1) Have the power to order the planning and policy formulation of the Company's business strategy to be in line with the economic conditions and competitive conditions to propose to the Board of Directors for approval

(2) Control the business operation of the company to be in accordance with the policy or business plan including the business strategy approved by the Board of Directors or already determined

(3) Propose investment plans and/or funding of the company for the Board of Directors and/or the shareholders' meeting to approve, as the case may be

(4) Approve the expenditure of investments as specified in the annual expenditure budget approved by the Board of Directors or according to the resolution of the Board of Directors in principle

(5) Consider the Company's funding for proposing to the Board of Directors.

(6) Approve the appointment of various consultants as necessary for the operation of the business

(7) Perform other matters In order to support the above actions or as assigned by the Board of Directors each time. delegation of powers, duties and responsibilities of the Executive Committee mentioned above will not include power and/or granting authority during the approval of any item or the delegate or persons who may have conflicts (as defined in the announcement of the Capital Market Supervisory Board) having a conflict of interest or any other kind of conflict of interest with the company, which must be approved by the Board of Directors and/or the shareholders' meeting (as the case may be) to consider approving such transactions according to the company's regulations or related laws

## **Selection and Nomination of Directors and Executives**

### **1. Independent Director**

#### **Criteria and Procedures in the selection of independent director**

Qualifications of the company's independent directors are in accordance with the Notification of the Capital Market Supervisory Board ThorChor. 4/2552 dated 20th February 2009 as follows:

(1) Holding shares not exceeding one percent of total number of shares with voting right in the company, parent company, subsidiary company, affiliate company, major shareholder or controlling person of the company, providing that shares held by related person of each independent director shall be included;

(2) Not being or has been a director with management function, employee, worker, permanent advisor or controlling person of the company, parent company, subsidiary company, affiliate company, major shareholder or controlling person of the company except where such characteristics unless having vacated from such position at least for two years;

(3) Not being a person with family relationship either by birth or by legal registration as parent, spouse, siblings and child including spouse of child, executive, major shareholder, controlling person or person to be proposed as executive or controlling person of the company or subsidiary company;

(4) Not having or had business relationship with the company, parent company, subsidiary company, affiliate company, major shareholder or controlling person of the company in a manner that may obstruct exercise of independent discretion and is not or has been a significant shareholders or controlling person of the person having business relationship with the company, parent company, subsidiary company, affiliate company, major shareholder or controlling person of the company unless having refrained from such relationship at least for two years;

(5) The business relationship in accordance with the first paragraph shall include commercial transaction in ordinary course of business, rent or lease of real property, transaction relating to assets or service or grant or accept grant of financial assistance by means of accepting, grant of loan, guarantee, giving assets as collateral for indebtedness and any other similar behavior which causes the company or the party to perform the obligation to the other, the value of which is at least three percent or tangible assets of the company or twenty million baht., whichever is lower. Calculation of such obligation shall be in accordance with calculation of related party transaction under the Notification of the Capital Market Supervisory Board concerning criteria for engagement in related party transaction, mutatis mutandis, providing that all obligations incurred during one year prior to the date on which the business relationship with the same person occurs shall be included.



(6) Not being or was an auditor of the company, parent company, subsidiary company, affiliate company, major shareholder or controlling person of the company and not being a significant shareholder, controlling person or partner of any audit firm for which auditor of the company, parent company, subsidiary company, affiliate company, major shareholder or controlling person of the company works unless having refrained from such service at least for two years;

(7) Not being or was a provider of an professional service including service of legal advisor or financial advisor with professional fee exceeding two million baht from the company, parent company, subsidiary company, affiliate company, major shareholder or controlling person of the company and not being a significant shareholder, controlling person or partner of such service provider unless having refrained from such service at least for two years;

(8) Not being a director appointed as a representative of the company, major shareholder or any shareholder that is a related person of the major shareholder;

(9) Not undertaking any business with similar nature and competing with the business of the company or subsidiary company or not being significant partner in a partnership or a director with management function, employee, worker, permanent advisor or holding shares exceeding one percent of total number of shares with voting right of other company with similar nature and competing with the business of the company or subsidiary company;

(10) Not having any other characteristics obstructing independent opinion on the company's operation.

#### **Independent Director Selection Process**

(1) The Board of Directors shall propose the name list of potential candidates through considerations of those deemed professionally recognized and qualified.

(2) The Board of Directors shall further consider the qualifications of those potential candidates in order to ensure compliance with regulations stipulated by the Securities and Exchange Commission and the Stock Exchange of Thailand.

(3) The Board of Directors shall ensure that those potential candidates are able to devote their time sufficiently to maintain the Company's good corporate governance, transparency and equitable treatment for minority shareholders.

(4) The Board of Directors shall invite any qualified candidate deemed appropriate to join the Board and act as an independent director.

The Independent directors as of 31 December 2018 are as follows:

<b>Name</b>	<b>Date of holding independent director position</b>	<b>No. of Year (Rounding)</b> (date of holding position – 31 December 2018)
1. Miss Naratip Tabtieng	24 July 2015	3 year 5 months
2. Mr. Chinawat Assavapokee	12 February 2018	11 months
3. Mr. Chai Rungtivaruangrong	12 February 2018	11 months

## **2. Nomination of Directors and Executives Officers**

### **Nominating Procedures of Directors and Executives Officers**

The shareholders of the company will select and appoint the directors and executive officers because the company does not have a nominating committee.

Criteria and procedures on election of directors are as follows:-

- (1) each shareholder has one vote for one share;
- (2) each shareholder must exercise all votes in (1) to select one or more persons as the director(s) provided that, such votes cannot be devisable;
- (3) candidate will be ranked in order descending from the one with the highest number to the lowest number of votes until the positions to be elected are filled. Where the votes are tied, which otherwise causes the number of directors to be exceeded, the Chairperson of the shareholder meeting will cast the vote.

### **Qualification of Director**

Details are presented in “Roles Powers, Duties and Responsibilities of the Board of Directors/Qualification of Directors” Qualifications of independent director presented in “Rules and procedure on selection of independent director” in accordance with the Capital Market Supervisory Board Notification no. ThorJor. 4/2551 dated 20 February 2009.

### **Number of directors nominated by each of major shareholder group as of 31 December 2018**

- 4 person

### **Granting of the opportunity to minority shareholders to nominate their candidate for an election as director**

The company had prescribed a criteria and procedures in order to provide an opportunity for the shareholders to propose their agenda for the Shareholders’ Meeting including an opportunity to nominate candidates for an election as director of the company. Specific period of time had been set forth and announced to the public. Qualifications of shareholders who would be entitled to propose agenda and/or nominate their candidate are that individual or a group of shareholders holding of the company shares of not less than 1 % of the company paid-up shares and such shareholders should have been holding those shares for at least 1 year by the date the shareholder propose the agenda or nominate of candidate. In this regards, an appointment of director should be made in compliance with the prescription as shown in the company’s Articles of Association.

Details of such matter are as posted on the company’s website.

### **Policy and supervision of operations of subsidiaries and associated companies**

The company has a policy and supervision of operations of all subsidiaries and associates. By sending the executives or directors of the company to manage As well as being responsible for establishing various management policies by individuals appointed as directors in subsidiaries and associates Is responsible for taking care of the interests of the subsidiaries and associates in the same way as the main company making transactions between the company and all its subsidiaries. There are step-by-step supervision mechanisms.

There is a committee of each subsidiary company to consider while the company will have another step of consideration as appropriate and the importance of the transaction.

In addition, various information disclosure policies and connected transactions including rules and regulations which the company must perform under the supervision of the Securities and Exchange Commission and the Stock Exchange of Thailand will cover all transactions of subsidiaries and associated companies as well.

While supervising accounting standards or financial information of the subsidiary and associated companies the company uses an auditor that is the same standard as the company, which has been accepted by the Securities and Exchange Commission in order to make the consolidated financial report of the company the same standard.

## **Supervision on Using of Inside Information**

Policies and procedures for supervising directors or executives in the following matters:

### **(1) Using internal information for personal gain**

It has already shown in the topic Corporate Governance / Section 5 Responsibilities of the Board of Directors / Control of internal information and internal control systems and internal audit

(2) Trading of securities during the 1 month period before the financial statements are made public

Finance and Accounting Department is responsible for keeping information and coordinate with the Investor Relations Department. The Investor Relations Department monitors daily trading of the company's securities to closely monitor changes in prices and trading volume. In the past, data retention was efficient enough. Therefore no use of internal information in any way.

Policy on prevention of intellectual property infringement and piracy

(1) The company has determined the company information in the "Business Ethics of the Company" as shown in the topic of Corporate Governance / Section 5 Responsibilities of the Board of Directors of the Company / Business Ethics of the Company / 6) Confidentiality and Company Information is "Directors and employees of the company must maintain trade secrets and internal information of the company that should not be disclosed to any person and do not do any that is a copyright violation or patents of intellectual property, etc. "

(2) The company also identifies prevention of intellectual property infringement and copyright infringement in "Employee Code of Conduct" is "Employees must not violate intellectual property rights of third parties. Including copying computer software without the permission of that third party. "

## Punitive measures

According to the "Business Ethics of the Company" clearly defined that Violators will be punished according to the current work regulations. Or according to other regulations related to the company

## **Audit Fee**

### Audit fee

(1) The Company has paid the audit fees to the audit firm that the auditor worked with or person or entity that related to the auditor and audit firm in the past year in the amount of Baht 1,650,000 (One million six hundred fifty thousand only)

(2) Other expenses of Baht 100,000 (One hundred thousand only) , totaling Baht 1,750,000 (One million seven hundred fifty thousand only)

## **Compliance with Corporate Governance in other aspects**

The Company always adheres to corporate governance principles in accordance with international standards and rules promulgated by The Stock Exchange of Thailand (SET). The rules categorize the principles into 5 chapters.

In addition, the Company has announced "The Code of Conducts" as practice guidelines leading to transparency, fairness and sustainable development of the Company.

## **Corporate Social Responsibilities**

### Overview Policies

#### 1) Operating Business with Fairness

The Company has undertaken business operation based on fair and transparent competition with suppliers and all stakeholders as well as fair and equitable treatment to all suppliers.

At present, businesses of production and distribution of galvanized iron sheet and metal sheet have faced dumping practices from imported products with overall quality lower than the products manufactured in the Company's production lines. During the past couple of years, price competition has been even fiercer while the Company has no other options but enter the competition to maintain the market share.

On purchasing side, the Company cautiously considers to purchase from suppliers or manufacturers with trustworthy standard and proper competition practices in order to avoid or lessen possible negative impact to the practices of fair business operations of the Company and suppliers.

The Company has determined fair business operation which extends to prevention from involving in or obstructing competition, proper purchasing practices promoting fair price with adequate delivery schedule and fair contract to suppliers and avoiding breach of intellectual property; purchase of licensed products (in cases where copyright or patent applies).

#### 2) Anti-corruption

On 7th February 2014, the Company's board of directors meeting No.1/2557 approved "Anti-corruption and Anti-Bribery Policies" to apply as a guideline in connection with "The Code of Conducts".

The Policy preliminary specifies principles on anti-corruption and bribery that support all staffs, senior management and all suppliers to report on fraud and/or bribery by setting communication channel for whistle blowing on fraud or breach of laws, regulations and the Company's by-law to proper authorities. The Anti-corruption and Anti-Bribery Policies" also covers whistleblower protection and sanctions to be imposed on the wrongdoers.

In the procedures for daily business operation, supervisors in all level train all sub-ordinates emphasis on the honesty and awareness of compliance with all rules, regulations, prescriptions and business ethics. In this connection, each of employees shall receive a copy of "The Code of Conducts" so that individual person shall read and understand the background and intention of the compliance and eventually translate it to a proper action.

Moreover, the company has assigned the internal audit unit to carry out the fraud inspection so as to assure that the set-forth procedures are adequate for a prevention of fraud and to be able to detect once the fraud is committed by any related parties.

The company also provides channels for all stakeholders to contact / give feedback /report clues, offenses or direct complaints to management to summarize the issues and propose to the Board of Directors for consideration.

### 3) Respect for Human Rights

The Company has stipulated principles of respect for human rights in "The Code of Conducts" such as non-discrimination practices in respects of race, youths, women and disables.

The Company complies and supports equitable treatment to all levels of employees and stakeholders with internal communication from management to employees and suppliers. Moreover, channels for filing of complaints are also set up in cases where any breach has been or is believed to occur.

### 4) Fair and Equitable Treatment in Workplace

The Company respects for right and freedom of the employees in founding "Labour Union" where there have been negotiation on a variety of employees' benefits. There is no use of child labour while working conditions of all levels of employees have been treated equally; for instance, wage and benefit payments, working hours, vacation leave, disciplinary action, termination of employments, maternity leave, leave to enter into priesthood, Hajj leave, necessary welfares, first aid room with medical personnel during working hours and annually medical check.

The said working conditions have been described in details in "Working Regulation of Employees" and the Company has described the regulations together with relevant documents to everyone, including new employees.

Upon becoming a permanent employee(s), the Company and superior will jointly develop the employee(s) to enhance his or her skill and potential. Every employees will have opportunity to seek for knowledge and be promoted to higher position on appropriate occasion.

Labour Union has an office space provided by the Company where it can function without the Company's intervention or involvement in order to permit the union to perform its duty efficiently and independently.

The Company has founded a joint committee comprising representatives of employer and employees with an objective to consider welfares and benefits of the employees for their well-being and morale as well as to boost working efficiency. In the meeting of such committee, the Company as the employer respects for right and freedom of the employees to express their opinions without any intervention and pressure. The Company has clearly set appropriate wages to working conditions and fair to the employees in the employment contract co-signed by the employer and employee. Wages are determined in reference to living expenses and wages in the similar or comparable positions in the similar industry.

“Working Regulations of Employees” has clearly specified working conditions suitable to the employees; for instance, wage payment, working over-time, breaks, weekly holiday, annual vacation leave and other leaves while the employees are capable of working with full competency. The Company has set up a committee on occupational health, safety and environment in workplace and has given the policy on such matters for the committee to apply as a framework and practice guideline. The policy includes setting up a system for management of scrap and waste, a system for prevention of pollution, procurement of equipment for prevention, safety and occupational health of the employees in production line to prevent both accident and illness. In addition, communication to the employees concerning safety and occupational health has been conducted aiming to raise awareness and bring about better understanding and consistent practices.

#### 5) Responsibility to Customers

The Company places priority on responsibility to customers as follows:

- Determining reasonable product prices based on the quality.
- Honestly giving production information to customers and not advertising or giving information in the manner that may mislead their understanding in the products.
- Consumers can seek for production information conveniently.
- The products of the Company are safe for consumers and environment that is core and non-core raw materials are environmental friendly. Chemicals used in production process are approved and harmless to customers.
- The Company collects consumer information as necessary with the consent and strictly treats such information in confidentiality permitted to be disclosed only with prior consent. Consumers are entitled to examine their information.
- In cases where the products deficiency is found, consumers are entitled to return the product and exchange for the new one without any exception.
- The Company assigns sales and marketing units to regularly review and improve compliant handling and consumer treatment processes. Consumers are also welcome to give opinions or recommendations to the Company.

#### 6) The Company takes good care of environmental conservation as follow:

- Having air and water quality examined by responsible government authority both inside and outside the Company’s area.
- The level of air and water pollution is lower than the permitted level as prescribed by the authority.
- Hiring agent authorized by governmental authority to eliminate industrial waste properly.

- Building and improving air and water management to control pollution level to be minimal and save for health and environment.
- Promoting relationship with community and provide opportunity to community representatives to make examination in cases of suspicious event relating to pollution caused by the Company.
- Analyzing to find raw materials and chemicals for production process with more environmental friendly quality.

#### 7) Cooperation on Development of Community or Society

Meeting with community nearby to communicate and better understanding on the Company's production line and its safety for health by assigning representatives of committee on occupational health and safety to regularly visit community nearby.

- Hiring people with potential in community nearby to work in the Company's production line by paying wages appropriate to knowledge and competency to maintain good relationship.
- Accepting students to attend summer training program in the areas appropriate to their knowledge and experience.
- The program offers privilege to children of employees and people living in community nearby.
- Supporting activities necessary to develop happiness and safety of youths and community.
- Attempting to eliminate likelihood of impact on public health.
- Cooperating with public sector and community nearby to support and enhance cooperation to make use of resource, knowledge and skill of the Company's employees.

#### 8) Innovations and Dissemination of Innovations from Operation with Responsibility to Society, Environment and Stakeholders

Examples of innovations supporting responsibility to society, environment and stakeholders are as follows:

- Changing use of energy in production process from fuel oil to gas to help save resources and diminish air pollution significantly.
- Recycling certain portion of resources used in production to reduce pollution from scrap and industrial waste.
- Emphasizing on purchasing raw materials and chemicals which are environmental friendly from manufacturers operating business with social responsibility in environment conservation.
- Hiring experts to improve efficiency of production process while reducing waste to environment.
- In inviting experts to improve production process, the Company set up knowledge and expertise dissemination to responsible employees to create learning process, expertise and continuing production process development to be more efficient.
- Organizing internal trainings to build up and push the employees to have positive attitude towards creating innovations to the Company where the employees are free to propose ideas concerning innovations.
- Providing opportunity for all stakeholders to make recommendations on product innovation and products of the Company with a view to developing products which better responsive to market needs.



## **Carrying out and Reporting**

The Company prepares “The Company’s Corporate Social Responsibilities Report” by applying the guideline of Corporate Social Responsibility Institute, The Stock Exchange of Thailand.

### **Business Operation that affected the corporate social responsibilities** (if any)

The Company emphasizes on compliance with laws relevant to undertaking business operation. Accordingly, it has never been in any difference or dispute with any stakeholder. Furthermore, the Company set up internal working group and unit to monitor compliance with laws and regularly conducts review on such compliance.

### **Activities for the Benefit of the Social and the Environment (After process)**

In the past, the Company regularly cooperated and supported governmental authorities and community in activities aiming to promote safety and peace in the society, community and environment; for example schools and religious places nearby, local governmental authorities etc.

### **Additional practices related to the prevention of corruption-related matters**

The Board of directors adheres to honesty in all practices of the Company, employees, stakeholders and all relevant parties in respect of the Company’s business. Accordingly, the board of directors has determined “Anti-corruption and Anti-Bribery Policies” as approved in the meeting No.2/2557 on 7 February 2014.

During the year, the Company assigned both executive and employees in operation level to attend courses pertaining to the issue of anti-corruption in order to apply knowledge obtained

## **Procedure**

### **(1) Assessment of Business Risks**

The Company assesses risks associated with its internal activities, as shown in the following examples:

- Purchase Activities

The Company has set up “Rules and Policy on Purchasing” where elements of working structure and procedures, such as price comparison and product examination, personnel of purchasing units, relevant persons, schedules as well as roles and duties of all relevant parties have been described.

- Sale Activities

The Company has prescribed “Rules and Policy on Sales and Marketing” where elements of working structure and procedures, such as receipt of purchasing orders, price determination and price approval have been described.

- Accounting and Finance

The Company has determined rules and regulations pertinent to accounting and finance activities to prevent and diminish possibilities of fraud and corruption by responsible persons. Examples of rules and regulations are as follows:

1. Rules and regulations on management and control of tangible assets;
2. Rules and regulations on management and control of inventories;
3. Rules and regulations on general accounting and finance

**(2) Setting up a criteria for the controlling, prevention and following up of the risk on corruption**

To ensure compliance with the Company's rules and transparent business operation to fight against corruption and bribery, the Company has proper internal audit on compliance with rules and regulations for business activities. The audit has been carried out under the schedule set in an annual internal audit plan, the results of which have regularly been reported to the Audit Committee on quarterly basis and to be further reported to the Board of Directors, respectively.

**(3) Communication of the company to employees for the acknowledgement of employees pertaining to the guideline for the anti-corruption**

Upon the determination of "Anti-corruption and Anti-Bribery Policies", the Company has communicated and educated employees on the Policies and guidelines as well as given them all relevant documents. Top Executives of each department are assigned to conduct specific group communication as an open venue for discussion and inquiry with all levels of employees to clarify all respective issues.

**(4) Guideline for the assessment of the carrying out and compliance with the anti-corruption policies**

The Company has appointed internal audit unit to monitor compliance with "Anti-corruption and Anti-Bribery Policies" by conducting review on each activity at least once a year.

**(5) Reviewing of all of the procedures by the Audit Committee or the External Auditor for the adequacy of the control**

The Audit Committee has reviewed adequacy of the control and all of the procedures and is of the view that the control is sufficient and the internal control system is in line with COSO.

## **Internal Control and Risk Management**

**(1) Risk Management**

The company attaches great importance to the potential risks and impacts on its operating results by setting up a Risk Management Committee to follow up and set the risk management guidelines to an acceptable level. The Risk Management Committee consists of the President, Chairman of the Board of Directors and representatives of the main departments of the company or the agency that owns the risk, such as accounting and finance, procurement, human resources, the factory and the production department. The total number of 4 members and has a secretary of the Risk Management Committee.

(2) Comment of The Board of Directors pertaining to the Internal Control System of the Company

- The company has assessed the adequacy of the internal control system at least once a year. In such an assessment, the Audit Committee will attend and express opinions on the adequacy and appropriateness of the control system within the evaluation form used by the company will be referenced to "the Internal Control System of the Tread Way Commission (COSO), which has five components i.e. internal control, risk assessment operational control, information and communication systems and tracking system.
- The Audit Committee has expressed its opinion on sufficiency and properness of the Company's internal control system under the Topic : "Corporate Governance / Chapter 5 / Responsibility of the Board of Directors / Control over Internal Information and Internal Control and Audit System"
- The Audit Committee is of the view that the Company's internal control system is sufficient and proper for its present business operation.

In respect of personnel for internal audit functions, the Company has engaged I.A.P. Internal Audit Company Limited to assist on this matter. Such company will send the following staffs to perform the functions at the Company's office at least 5 business days per month:

Team Leader Level	1	person
Assistant Team Leader Level	1	person
Operational Level	1	person

Internal Audit unit has counted the Company's assets and reviewed use of each type of asset to ensure that those assets have been used only for the Company's business and without improper or unauthorized uses. During the accounting period ended on 31<sup>st</sup> March 2014, the Company has specified "Rules for Use and Management of Assets" as a guideline for proper use and management of the Company's assets.

- The Company has informal risk assessment in the meeting of executive directors. It, however, has no specific procedure and structure for handling risk management. The said procedure and structure are under consideration.

### (3) Comment of The Audit Committee

The Audit Committee's opinion is indifferent from that of the Company's Board of Directors. The Company has attached herewith the opinion to this annual report.

### (4) Head of the Internal Audit Function and Head of the Compliance Unit of the Company

- Name and Surname of the Head of Internal Audit Function and the Head of the Compliance Unit of the company

The Company became a listed company in The Stock Exchange of Thailand since 1993 and therefore must strictly comply with rules and regulations prescribed by the regulatory bodies and other laws relating to the Company's business operation. During the past year, the Company has appointed I.A.P. Internal Audit Company Limited as internal auditor of the Company.

The Company has assigned Ms. Oranuch Pakirasa to be responsible for compliance function of the Company.

- a. Comment of the Audit Committee about the Head of the Internal Audit Function
- b. The Audit Committee considers and views that the Company's internal auditor has proper and adequate educational background, experiences and training to perform internal audit functions.
- c. Nomination, Termination and Rotation of the Head of the Internal Audit Function

The Board of Directors does not authorize the Audit Committee to approve appointment, removal and rotation of internal audit chief. Rather, the Company's management appoints, removes or rotates internal audit chief directly.

# Annual Financial Statement

For The Period From April 1, 2018 To December 31, 2018

## REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS THAILAND IRON WORKS PUBLIC COMPANY LIMITED

### Opinion

We have audited the consolidated financial statements of Thailand Iron Works Public Company Limited and its subsidiaries (the “Group”) and the separate financial statements of Thailand Iron Works Public Company Limited (the “Company”), which comprise the consolidated and separate statements of financial position as at December 31, 2018, and the related consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the period from April 1, 2018 to December 31, 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Thailand Iron Works Public Company Limited and its subsidiaries and of Thailand Iron Works Public Company Limited as at December 31, 2018, and its financial performance and its cash flows for the period from April 1, 2018 to December 31, 2018 in accordance with Thai Financial Reporting Standards (“TFRSs”).

### Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated and separate financial statements of the current period. This matter was addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key Audit Matter	Key Audit Responses
<p><b>Revenue recognition</b></p> <p>The Company has substantially revenues from sales of goods. Revenues from sales had different sales terms and pricing conditions. We have focused on cut-off sales of goods whether they have been recognized in accordance with Thai Financial Reporting Standards.</p> <p>Accounting policies of revenues and detail of revenues from sales of goods were disclosed in the Notes 3.10 and 27 to the financial statements, respectively.</p>	<p>Key audit procedures were included:</p> <ul style="list-style-type: none"> <li>• Understanding the Company's revenue recognition process and related internal control procedures.</li> <li>• Reviewing the design and implementation of the Company's internal control procedure on the revenue recognition.</li> <li>• Substantive testing consist as follows: <ul style="list-style-type: none"> <li>- Performing test of details on a sample of sales transaction during the year and near the end of accounting periods by inspecting delivery documents, delivery terms, volumes and prices.</li> <li>- Reviewing credit notes issued after year-end.</li> <li>- Examining material journal entries that were posted to revenue accounts and reviewing supporting evidence to ensure correctness.</li> </ul> </li> </ul>

### Other Information

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Company.



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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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 and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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 we identify during our audit.

We also provide those charged with governance with a statement that we 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 our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Dr. Kiatniyom Kuntisook  
Certified Public Accountant (Thailand)

**BANGKOK**

Registration No. 4800

February 28, 2019

**DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.**

# STATEMENT OF FINANCIAL POSITION

## THAILAND IRON WORKS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Unit : Baht

		Notes	CONSOLIDATED		SEPARATE	
			FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
			December 31,	March 31,	December 31,	March 31,
			2018	2018	2018	2018
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	4.1	103,051,617	141,484,550	62,100,474	139,479,680	
Temporary investments	5	81,473,342	-	81,473,342	-	
Trade and other current receivables	6.1	41,196,228	104,969,499	78,200,071	104,925,339	
Current portion of long-term loans to employees	10	2,477,837	2,453,444	2,477,837	2,453,444	
Inventories	7	515,056,334	413,998,188	515,056,334	413,998,188	
Other current assets		6,003,424	4,802,018	5,060,251	4,802,018	
Total Current Assets		749,258,782	667,707,699	744,368,309	665,658,669	
NON-CURRENT ASSETS						
Restricted deposit at financial institution	13	45,000,000	45,000,000	45,000,000	45,000,000	
Investment in subsidiaries	8	-	-	1,999,940	1,999,940	
Other long-term investment	9	1,221,823	1,232,713	1,221,823	1,232,713	
Long-term loans to employees	10	3,079,721	3,148,463	3,079,721	3,148,463	
Property, plant and equipment	11	188,577,943	188,794,217	185,277,967	188,769,455	
Deferred tax assets	12	15,653,041	15,653,041	15,653,041	15,653,041	
Total Non-current Assets		253,532,528	253,828,434	252,232,492	255,803,612	
TOTAL ASSETS		1,002,791,310	921,536,133	996,600,801	921,462,281	

# STATEMENT OF FINANCIAL POSITION (CONTINUED)

THAILAND IRON WORKS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Unit : Baht

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		December 31, 2018	March 31, 2018	December 31, 2018	March 31, 2018
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short-term borrowings from a financial institution	13	63,589,077	-	63,589,077	-
Trade and other current payables	14	55,786,403	73,242,228	55,518,082	73,153,018
Current portion of long-term liabilities under finance lease agreement	15	347,347	288,503	298,654	288,503
Short-term borrowing	16	13,063,542	-	-	-
Other current liabilities		1,421,647	774,377	795,679	774,377
Total Current Liabilities		134,208,016	74,305,108	120,201,492	74,215,898
NON-CURRENT LIABILITIES					
Long-term liabilities under finance lease agreements	15	693,707	837,829	612,551	837,829
Employee benefit obligations	17.1	19,842,454	23,346,879	19,842,454	23,346,879
Total Non-current Liabilities		20,536,161	24,184,708	20,455,005	24,184,708
TOTAL LIABILITIES		154,744,177	98,489,816	140,656,497	98,400,606
SHAREHOLDERS' EQUITY					
SHARE CAPITAL					
Authorized share capital	18				
7,305,000 ordinary shares of Baht 10 each		73,050,000		73,050,000	
10,000,000 ordinary shares of Baht 10 each			100,000,000		100,000,000
Issued and paid-up share capital					
6,000,000 ordinary shares of Baht 10 each, fully paid		60,000,000	60,000,000	60,000,000	60,000,000
SHARE PREMIUM ACCOUNT					
Share premium account - Ordinary shares		140,000,000	140,000,000	140,000,000	140,000,000
RETAINED EARNINGS					
Appropriated					
Legal reserve	19	10,000,000	10,000,000	10,000,000	10,000,000
General reserve	20	106,000,000	106,000,000	106,000,000	106,000,000
Unappropriated		532,047,053	507,046,257	539,944,304	507,061,675
TOTAL ATTRIBUTIONS TO OWNERS OF THE PARENT		848,047,053	823,046,257	855,944,304	823,061,675
NON-CONTROLLING INTERESTS		80	60	-	-
TOTAL SHAREHOLDERS' EQUITY		848,047,133	823,046,317	855,944,304	823,061,675
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,002,791,310	921,536,133	996,600,801	921,462,281

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## THAILAND IRON WORKS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Unit : Baht

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		For the period	For the year	For the period	For the year
		from April 1, 2018 to December 31, 2018	ended March 31, 2018	from April 1, 2018 to December 31, 2018	ended March 31, 2018
Revenues from sales and services					
Revenues from sales, net	26.2 and 27	359,737,287	539,439,391	356,693,259	539,439,391
Revenues from services	26.2, 27 and 28	14,620,074	13,771,220	14,614,510	13,771,220
Total revenues from sales and services		374,357,361	553,210,611	371,307,769	553,210,611
Costs of sales and services					
Costs of sales	23, 26.2 and 27	289,663,597	438,122,899	289,663,597	438,122,899
Costs of services	26.2, 27 and 28	14,329,038	11,262,995	14,329,038	11,262,995
Total costs of sales and services		303,992,635	449,385,894	303,992,635	449,385,894
<b>Gross profit</b>		70,364,726	103,824,717	67,315,134	103,824,717
Other income		3,789,207	5,042,096	3,684,714	5,042,096
Selling expenses		8,124,217	9,326,007	7,849,279	9,326,007
Administrative expenses		34,423,564	26,445,520	24,407,497	26,430,102
Management benefit expenses	26.2	7,520,105	10,383,712	7,520,105	10,383,712
Net loss (gain) on exchange rate		-1,050,875	665,184	-1,050,875	665,184
<b>Profit before income tax expense and finance costs</b>		25,136,922	62,046,390	32,273,842	62,061,808
Finance costs		1,598,949	611,294	1,322,379	611,294
<b>Profit before income tax expense</b>		23,537,973	61,435,096	30,951,463	61,450,514
Income tax expense	24	468,343	-	-	-
<b>Net Profit for the year</b>		23,069,630	61,435,096	30,951,463	61,450,514
<b>Other comprehensive income</b>					
Actuarial loss / (gain)		(1,931,166)	532,698	(1,931,166)	532,698
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		25,000,796	60,902,398	32,882,629	60,917,816
<b>PROFIT ATTRIBUTABLE TO</b>					
Owners of the parent		23,069,630	61,435,096	-	-
Non-controlling interests		-	-	-	-
		23,069,630	61,435,096	-	-
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO</b>					
Owners of the parent		25,000,796	60,902,398	-	-
Non-controlling interests		-	-	-	-
		25,000,796	60,902,398	-	-
<b>BASIC PROFIT PER SHARE</b>	<b>BAHT</b>	3.84	10.24	5.16	10.24
<b>WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES</b>	<b>SHARE</b>	6,000,000	6,000,000	6,000,000	6,000,000

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

THAILAND IRON WORKS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Unit : Baht

CONSOLIDATED FINANCIAL STATEMENTS								
	Note	Issued and paid-up share capital	Share premium account-ordinary shares	Retained earnings		Non-controlling interest	Total shareholders' equity	
				Legal reserve	General reserve			
For the year ended March 31, 2018								
Beginning balance as at April 1, 2017		60,000,000	140,000,000	10,000,000	106,000,000	452,143,859	-	768,143,859
Dividend paid	22	-	-	-	-	(6,000,000)	-	(6,000,000)
Total comprehensive income for the year		-	-	-	-	60,902,398	-	60,902,398
Non-controlling interest		-	-	-	-	-	60	60
Ending balance as at March 31, 2018		60,000,000	140,000,000	10,000,000	106,000,000	507,046,257	60	823,046,317
For the period from April 1, 2018 to December 31, 2018								
Beginning balance as at April 1, 2018		60,000,000	140,000,000	10,000,000	106,000,000	507,046,257	60	823,046,317
Total comprehensive income for the year		-	-	-	-	25,000,796	-	25,000,796
Non-controlling interest		-	-	-	-	-	20	20
Ending balance as at December 31, 2018		60,000,000	140,000,000	10,000,000	106,000,000	532,047,053	80	848,047,133

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

### THAILAND IRON WORKS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Unit : Baht

#### SEPARATE FINANCIAL STATEMENTS

	Note	Issued and paid-up share capital	Share premium account-ordinary shares	Retained earnings		Total shareholders' equity
				Legal reserve	General reserve	
For the year ended March 31, 2018						
Beginning balance as at April 1, 2017		60,000,000	140,000,000	10,000,000	106,000,000	768,143,859
Dividend paid	22	-	-	-	-	(6,000,000)
Total comprehensive income for the year		-	-	-	-	60,917,816
Ending balance as at March 31, 2018		60,000,000	140,000,000	10,000,000	106,000,000	823,061,675
For the period from April 1, 2018 to December 31, 2018						
Beginning balance as at April 1, 2018		60,000,000	140,000,000	10,000,000	106,000,000	823,061,675
Total comprehensive income for the year		-	-	-	-	32,882,629
Ending balance as at December 31, 2018		60,000,000	140,000,000	10,000,000	106,000,000	855,944,304



# STATEMENT OF CASH FLOWS

## THAILAND IRON WORKS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Unit : Baht

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		For the period	For the year	For the period	For the year
		from April 1, 2018	ended	from April 1, 2018	ended
		to December 31,	March 31,	to December 31,	March 31,
		2018	2018	2018	2018
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before income tax expense		23,537,973	61,435,096	30,951,463	61,450,514
Adjustments:					
Unrealized loss on exchange rates		235,990	18,260	235,990	18,260
Loss on diminution in value of inventories (reversal)		6,946,796	-16,948,693	6,946,796	-16,948,693
Depreciation		11,688,347	17,050,294	11,332,997	17,050,066
Amortization on debt security classified as held-to-maturity		10,890	-	10,890	-
Doubtful accounts		126,824	64,726	126,824	64,726
Employee benefit expenses		1,155,314	1,738,723	1,155,314	1,738,723
Loss on sales of equipment		67,870	58,950	67,870	58,950
Interest income		-1,712,337	-2,041,398	-1,612,306	-2,041,398
Finance cost		1,598,949	611,294	1,322,379	611,294
Income from operations before changes in					
operating assets and liabilities		43,656,616	61,987,252	50,538,217	62,002,442
(Increase) decrease in operating assets					
Trade and other current receivables		63,636,923	-65,421,030	26,588,920	-65,376,870
Inventories		-108,004,942	-75,185,239	-108,004,942	-75,185,239
Other current assets		-1,201,406	7,156,124	-258,233	7,156,124
Long-term loans to employees		44,349	698,180	44,349	698,180
Other non-current assets		-	35,001	-	35,001
Increase (decrease) in operating liabilities					
Trade and other current payables		-16,559,521	50,025,607	-16,270,288	49,936,397
Other current liabilities		647,270	-1,839,541	21,302	-1,839,541
Cash paid for employee benefit expenses		-2,728,573	-1,316,900	-2,728,573	-1,316,900
Cash paid for operations		-20,509,284	-23,860,546	-50,069,248	-23,890,406
Proceed from interest income		1,721,861	3,424,388	1,621,830	3,424,388
Interest paid		-1,581,916	-611,294	-1,305,347	-611,294
Net cash used in operating activities		-20,369,339	-21,047,452	-49,752,765	-21,077,312

## STATEMENT OF CASH FLOWS (CONTINUED)

THAILAND IRON WORKS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Unit : Baht

	Note	CONSOLIDATE		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		For the period	For the year	For the period	For the year
		from April 1, 2018	ended	from April 1, 2018	ended
		to December 31,	March 31,	to December 31,	March 31,
		2018	2018	2018	2018
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Net decrease (increase) in temporary investment		-81,473,342	123,555,318	-81,473,342	123,555,318
Cash paid for investment in subsidiaries		-	-	-	-1,999,940
Cash paid for other long-term investment		-	-1,232,713	-	-1,232,713
Cash paid for purchases of equipment		-12,761,623	-1,984,863	-9,291,059	-1,959,873
Net cash provided by (used in) investing activities		-94,234,965	120,337,742	-90,764,401	118,362,792
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Net increase in short-term borrowings from					
a financial institution		63,589,077	-	63,589,077	-
Increase in short-term borrowing		13,063,542	-	-	-
Cash paid for liabilities under finance lease agreement		-245,278	-205,444	-215,127	-205,444
Dividend paid		-	-5,994,819	-	-5,994,819
Cash paid for short-term borrowings from					
a financial institution		-	-62,413,295	-	-62,413,295
Cash received from non-controlling interest		20	60	-	-
Net cash provided by (used in) financing activities		76,407,361	-68,613,498	63,373,950	-68,613,558
Effect of exchange rate changes on cash					
and cash equivalents		-235,990	-18,260	-235,990	-18,260
Net increase (decrease) in cash and cash equivalents		-38,432,933	30,658,532	-77,379,206	28,653,662
Cash and cash equivalents at the beginning of the period/year		141,484,550	110,826,018	139,479,680	110,826,018
<b>Cash and cash equivalents at the end of the period/year</b>	4.1	<u>103,051,617</u>	<u>141,484,550</u>	<u>62,100,474</u>	<u>139,479,680</u>

Notes to the financial statements form an integral part of these statements

## NOTES TO THE FINANCIAL STATEMENTS

### THAILAND IRON WORKS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

#### 1. OPERATIONS AND OTHER INFORMATION OF THE COMPANY

Thailand Iron Works Public Company Limited (“the Company”) is a public company limited under the Thai laws and is a listed company in The Stock Exchange of Thailand. The Company operates in Thailand and is principally engaged in the manufacturing and distribution of galvanized iron sheets, and installation services. The registered office of the Company is located at 86 Moo 1, Suksawad Road, Tambol Laemphapa, Ampur Phrasamudjedee, Samutprakarn Province, 10290, Thailand.

As at December 31, 2018 and March 31, 2018, the Company’s major shareholder is Dr. Prasit Kanchanasakchai owning 55.19% and 76.84%, respectively.

The Company’s business is seasonally fluctuated having the high season covering the period from January through June which comes after the harvesting season.

As at December 31, 2018 and March 31, 2018, the Company has shareholding portion in the subsidiaries as follows: (see Note 2.3)

Subsidiaries	Type of business	Country of registration	Registration date	Shareholdings (%) As at December 31, 2018	Shareholdings (%) As at March 31, 2018
<b>Direct subsidiaries</b>					
TIW Industries Co., Ltd.	Steel	Thailand	March 6, 2018	99.99	99.99
Sun Power Corporation Co., Ltd.	Energy	Thailand	February 13, 2018	99.99	99.99
<b>Indirect subsidiaries</b>					
Sun UBE Co., Ltd.	Energy	Thailand	July 12, 2018	99.98	99.98

\* A subsidiary of Sun Power Corporation Co., Ltd.

TIW Industries Company Limited was incorporated as a limited company under Thai laws on March 6, 2018. The registered office is located at 86 Moo 1, Suksawad Road, Tambol Laemphapa, Ampur Phrasamudjedee, Samutprakarn Province, 10290, Thailand and its principal activity is to manufacture and distribution of galvanized iron sheets, and installation services. As at December 31, 2018, the Company operates business of trading for buying finished goods from Thailand Iron Works Public Company Limited and selling to customers (see Note 2.3).

Sun Power Corporation Company Limited was incorporated as a limited company under Thai laws on February 13, 2018. The registered office is located at 123, Unit 1501, Sun Tower A, 15th Fl., Vibhavadi-Rangsit Road, Jomphol, Chatuchak, Bangkok, 10900, Thailand and its principal activity is incorporated related to energy included renewable energy. As at December 31, 2018, the Company has not started operation (see Note 2.3).

Sun UBE Company Limited was incorporated as a limited company under Thai laws on July 12, 2018. The registered office is located at 123, Unit 1501, Sun Tower A, 15th Fl., Vibhavadi-Rangsit Road, Jomphol, Chatuchak, Bangkok, 10900, Thailand and its principal activity is incorporated related to energy included renewable energy. As at December 31, 2018, the Company has not started operation (see Note 2.3).

On July 26, 2018, the Annual General Meeting of Shareholder 2018 approved the change of the Company's fiscal year from ending March 31 to ending December 31 of every year, beginning from the accounting period of April 1, 2018 to December 31, 2018 and the next accounting period of January 1, 2019 to December 31, 2019 which the Company received the approval from the Revenue Department and the Department of Business Development on August 15, 2018 and August 31, 2018, respectively.

## **2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS**

- 2.1 The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.
- 2.2 The Group's financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2017) "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2018 onwards, and the Regulation of The Stock Exchange of Thailand (SET) dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the Notification of the Department of Business Development regarding "The Brief Particulars in the Financial Statement (No. 2) B.E. 2559" dated October 11, 2016.
- 2.3 Basis of preparation of consolidation financial statements
  - 2.3.1 The consolidated financial statements include the financial statements of Thailand Iron Works Public Company Limited ("the Company"), and the subsidiary companies ("the subsidiaries") (see Note 1).
  - 2.3.2 The Company is deemed to have control over an investee or subsidiaries 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.
  - 2.3.3 The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
  - 2.3.4 Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements. The consolidated financial statements for the period from April 1, 2018 to December 31, 2018 were prepared by using the financial statements of its subsidiaries as of the same date.
  - 2.3.5 Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

## 2.4 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the period, the Group has adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2018. 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 Group's financial statements.

## 2.5 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

### 2.5.1 Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2019

#### New Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards.

#### **Thai Financial Reporting Standards ("TFRS")**

TFRS 1	First-time Adoption of International Financial Reporting Standards
TFRS 15	Revenue from Contracts with Customers

#### **Thai Financial Reporting Standard Interpretation ("TFRIC")**

TFRIC 22	Foreign Currency Transactions and Advance Consideration
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There is the key change to the core principle of TFRS 15, which introduces a 5-step approach to revenue recognition, as follows:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under TFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied. TFRS 15 will supersede the Standards and Interpretations relating to revenue upon its effective date.

### Thai Financial Reporting Standards (TFRSs) Revised 2018

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards (TFRSs) Revised 2018 which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards. 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 reference to other TFRSs except following TFRSs, which there are revision or additional paragraph and accounting guidance.

Thai Accounting Standard No.28 (Revised 2018) “Investment in Associates and Joint Ventures” clarifies about the election of measurement an investment in an associate or a joint venture at fair value through profit or loss, and clarifies the consideration about the impairment of an investment in an associate or a joint venture. This accounting standard requires retrospective method for such amendment.

Thai Accounting Standard No.40 (Revised 2018) “Investment Property” clarifies about transfers of investment property to, or from, other accounts when, and only when, there is a change in use. This accounting standard requires prospective method for such amendment.

Thai Financial Reporting Standard No.2 (Revised 2018) “Share-based Payment” adds the requirements, which require prospective method for the amendment as follows:

- 1) The requirement about treatment of vesting and non-vesting for a cash-settled share-based payment transaction
- 2) The requirement about share-based payment transactions with a net settlement feature for withholding tax obligations
- 3) The requirement about accounting for a modification of a share-based payment transaction that changes its classification from cash-settled to equity-settled

Thai Financial Reporting Standard No.4 (Revised 2018) “Insurance Contracts” determines the option for insurance industry to temporarily exempt from applying Thai Financial Reporting Standard No.9 “Financial Instruments” (“TFRS 9”). An entity can elect to exempt from TFRS 9 for annual periods beginning before January 1, 2022 or before TFRS 17 is effective.

2.5.2 Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2020

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard Group of Financial Instruments which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards, as follows:

**Thai Accounting Standards (“TAS”)**

TAS 32                      Financial Instruments: Presentation

**Thai Financial Reporting Standards (“TFRS”)**

TFRS 7                      Financial Instruments: Disclosures

TFRS 9                      Financial Instruments

**Thai Financial Reporting Standard Interpretations (“TFRIC”)**

TFRIC 16                   Hedges of a Net Investment in a Foreign Operation

TFRIC 19                   Extinguishing Financial Liabilities with Equity Instruments

These TFRSs make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost; taking into account the type of instrument, the characteristics of the contractual cash flows and the Company’s business model, the calculation of impairment using the expected credit loss method, and the concept of hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. These TFRSs will supersede the Standards and Interpretations relating to the financial instruments upon its effective date.

The Group’s management will adopt such TFRSs in the preparation of the Group’s financial statements when it becomes effective. The Group’s management is in the process to assess the impact of these TFRSs on the financial statements of the Group in the period of initial application.

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



### 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are summarized below:

#### 3.1 Cash and cash equivalents

Cash and cash equivalents include cash on hand, all types of deposits at banks and at financial institutions and temporary investments with original maturities of three months or less, excluding deposits at banks and at financial institutions used as collateral, if any.

#### 3.2 Temporary investments

Temporary investments consist of time deposits at banks with original maturities later than 3 months but not later than 1 year from the date of acquisition which are stated at cost.

#### 3.3 Allowance for doubtful accounts

An allowance for doubtful accounts, if any, is provided at the estimated collection losses on receivables, based on the Company's collection experience together with a review of the current financial position of existing receivables.

#### 3.4 Inventories

Inventories are stated at cost by the first-in, first-out method or net realizable value whichever is the lower.

Net realizable value is the estimate of the selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

The Company provides allowance for obsolete and slow-moving of certain kinds of inventories that are not expected to be used in the future based on unmoved balances exceeding 1 year from the produced month.

#### 3.5 Investments in subsidiaries

Investments in subsidiaries in the separate financial statements are stated at cost less allowance for impairment (if any).

#### 3.6 Other long-term investment

Other long-term investment consists of investment in held-to-maturity debt security which is recorded at amortized cost. The premium/discount on debt security is amortized/accreted by the effective rate method with the amortized/accreted amount presented as an adjustment to the interest income.

The investment in debt security is classified as held-to-maturity debt securities when the Company has the positive intention and ability to hold them to maturity.

### 3.7 Property, plant and equipment

Land is stated at cost.

Plant and equipment are stated at cost less accumulated depreciation and provision for impairment of assets.

Depreciation of plant and equipment is calculated by the straight-line method based on the estimated useful lives of the assets as follows:

Buildings	30 years
Machinery and equipment	5 - 25 years
Furniture and office equipment	5 years
Vehicles	5 years

#### Impairment

The carrying amounts of the assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amounts of asset is estimated.

The Company recognizes impairment loss when the recoverable amount of an asset is lower than its carrying amount. The recoverable amount is the higher of the asset's fair value less cost to sell or its value in use. The Company determines the value in use by estimating the present value of future cash flows generated by the asset, discounted using a pre-tax discount rate which reflects current market assessments of the time value of money and the risk specific to the asset.

The Company recognizes an impairment loss as expense in the statement of profit or loss.

#### Reversal of an impairment loss

The Company will reverse impairment loss of asset, if any, which had been recognized in the prior periods, if there is an indicator for impairment may no longer exist or may have decreased which the recoverable amount must be estimated.

### 3.8 Provision

Provisions are recognized when the Company has 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.

### 3.9 Employee benefits

#### Post-employment benefits and other long-term employment benefits

The Company reserves the provision for post-employment benefits according to the Labour Law, as well as benefits provided by the Company in addition to what has been mandate by law, by estimating the amount of future benefits that employees have earned in return for their services in the current and previous periods. In addition, the Company reserves the provision for other long-term employment benefits for employees who work for the Company for a long period. Such calculations are performed by an independent qualified actuary using the Projected Unit Credit Method.

The actuarial gains (losses) for post-employment benefits are recognized in other comprehensive income and transferred in full amount to the retained earnings in the period in which they arise and the actuarial gains (losses) for other long-term employment benefits are recognized in profit or loss in the period in which they arise.

#### Provident fund

Contributions to employees' provident fund are recorded as expense in the statement of profit or loss and other comprehensive income when incurred.

### 3.10 Revenue recognition

Revenue from sales is recognized when goods are delivered to the customers and transfer of risks has been completed.

Revenue from installation service is recognized based on the percentage of completion method by survey of work performed which any expected losses from the installation service is recognized in the statement of profit or loss and other comprehensive income immediately. Progress billing issued exceeding the revenue is recognized as collection per contracts in excess of earned revenues in the statement of financial position.

### 3.11 Lease

#### Operating lease

Lease in which substantially all the risks and rewards of ownership of assets remain with the lessor is accounted for as operating lease. Rentals applicable to such operating leases are charged to the statement of profit or loss and other comprehensive income on the straight-line method over the lease term.

#### Finance lease

Lease in which substantially all the risks and rewards of ownership, other than legal title, are transferred to the Company is accounted for as finance lease. The Company capitalizes the equipment at the lower of fair value of the equipment at the contractual date or estimated present value of the underlying lease payments. Depreciation of the leased assets is calculated by the straight-line method over their estimated useful lives of assets. Interest or financial charge is calculated by the effective interest rate method over the term of contracts. Interest or financial charges and depreciation are recognized as expenses in the statement of income.

In case of sale and lease back which cause a finance lease, benefit from sale which are higher than carrying value of assets are recognized as deferred transaction and will be amortized over the lease term.

### 3.12 Foreign currency transactions

Transactions denominated in foreign currencies incurred during the year are converted into Baht at the rates of exchange prevailing at the transaction dates. All balances of monetary assets and liabilities in foreign currencies outstanding at the end of the year are converted into Baht at the reference exchange rates established by the Bank of Thailand at that date. All foreign exchange gains or losses are recognized in the statement of profit or loss and other comprehensive income.

### 3.13 Financial instrument

The Company entered into forward foreign exchange contracts to manage foreign exchange rate risk. Further details of financial instrument are disclosed in Note 31.

The Company enters into the forward exchange contracts to reduce its exposure to foreign exchange rate risk. The forward exchange contracts are initially recognized at fair value at the date derivative contracts are entered into and are subsequently remeasured to their fair value at date of the statement of financial position. The resultant gain or loss is immediately recognized in statement of profit or loss and other comprehensive income.

### 3.14 Income taxes

#### Income tax expense

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

#### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax liability is calculated using tax rates that have been enacted or substantively enacted at the statement of financial position date.

#### Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit (tax base). Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date. Deferred tax asset shall be reduced to the extent that utilized taxable profits decreased. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available to allow total or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted at the statement of financial position date.

### 3.15 Basic earnings per share

Basic earnings per share are calculated by dividing profit or loss for the period/ year by the weighted average number of ordinary shares outstanding during the year. In case of a capital increase, the number of ordinary shares is weighted according to time of subscription received for the increase in issued and paid-up capital.

### 3.16 Fair value measurement for disclosure purpose

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS 13, including the level in the fair value hierarchy.

When measuring the fair value of an asset or a liability, the Company uses market observable data as the first priority. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques for fair value measurement as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability

### 3.17 Use of management's judgements and key sources of estimation uncertainty

#### 3.17.1 Management's judgments in applying accounting policies

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the Company's management to exercise various judgements in applying accounting policies that can significantly affect the recognition and disclosures in the financial statements. Significant judgements in applying accounting policies are as follows:

- Allowance for diminution in value of inventories

Details of the allowance for diminution in value of inventories are set out in Notes 3.4 and 7.

- Deferred tax assets

Details of the deferred tax assets are set out in Notes 3.14 and 12.

- Employee benefit obligations

Past service cost related to the plan amendment is recognized as an expense in the income statement when the plan amendment is effective.

Details of the employee benefit obligations are set out in Notes 3.9 and 17.

### 3.17.2 Key sources of estimation uncertainty

The Company has estimates with the assumptions concerning the future. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

- Fair value measurements and valuation processes

Details of the fair value measurements and valuation processes are set out in Notes 3.16, 30.6 and 31.

## 4. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

- 4.1 Cash and cash equivalents as at December 31, 2018 and March 31, 2018 consist of the following:

	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31, 2018 Baht	As at March 31, 2018 Baht	As at December 31, 2018 Baht	As at March 31, 2018 Baht
Cash on hand	206,286	230,404	100,036	108,474
Deposits at banks				
Current accounts	5,710,082	6,238,942	441,152	5,158,972
Savings accounts	96,112,859	53,395,584	60,536,896	52,592,614
Time deposit accounts with maturities less than three months	1,022,390	81,619,620	1,022,390	81,619,620
	<u>103,051,617</u>	<u>141,484,550</u>	<u>62,100,474</u>	<u>139,479,680</u>

As at December 31, 2018, fixed deposits in the consolidated and the separate financial statements of Baht 0.02 million were pledged for using of bank security box (As at March 31, 2018 the consolidated and the separate financial statements: Baht 0.02 million).

- 4.2 Cash paid for purchases of equipment for the period from April 1, 2018 to December 31, 2018 and for the year ended March 31, 2018, consist of the following:

	Consolidated Financial Statements		Separate Financial Statements	
	For the period from April 1, 2018 to December 31, 2018 Baht	For the year ended March 31, 2018 Baht	For the period from April 1, 2018 to December 31, 2018 Baht	For the year ended March 31, 2018 Baht
Equipment payables brought forward				
(recorded as a part of trade and other payables)	1,417,275	-	1,417,275	-
Add Purchases of equipment	11,539,943	4,733,914	7,909,379	4,708,924
Less Cash paid for purchases of equipment	(12,761,623)	(1,984,863)	(9,291,059)	(1,959,873)
Liabilities under finance lease agreements	(160,000)	(1,331,776)	-	(1,331,776)
Equipment payables carried forward				
(recorded as a part of trade and other payables)	<u>35,595</u>	<u>1,417,275</u>	<u>35,595</u>	<u>1,417,275</u>

4.3 Non-cash transactions for the period from April 1, 2018 to December 31, 2018 and for the year ended March 31, 2018 are as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	For the period from April 1, 2018 to December 31, 2018 Baht	For the year ended March 31, 2018 Baht	For the period from April 1, 2018 to December 31, 2018 Baht	For the year ended March 31, 2018 Baht
Payables from liabilities under finance lease agreements as at April 1,	1,126,332	-	1,126,332	-
<u>Add</u> Liabilities under finance lease agreements payable during the year	160,000	1,331,776	-	1,331,776
<u>Less</u> Payments the liabilities under finance lease agreements payable during the year	(245,278)	(205,444)	(215,127)	(205,444)
Payables from liabilities under finance lease agreements as at December 31,	<u>1,041,054</u>	<u>1,126,332</u>	<u>911,205</u>	<u>1,126,332</u>

4.4 Reconciliation of liabilities arising from financing activities for the period from April 1, 2018 to December 31, 2018 are as follows:

	Consolidated Financial Statements				Balance as at December 31, 2018
	Balance as at April 1, 2018	Cash flows from financing activities	Non-cash Changes	Others Changes	
Short-term borrowings from a financial institution	-	63,589,077	-	-	63,589,077
Short-term borrowing	-	13,063,542	-	-	13,063,542
Liabilities under finance lease agreements	1,126,332	(245,278)	160,000	-	1,041,054
	Separate Financial Statements				Balance as at December 31, 2018
	Balance as at April 1, 2018	Cash flows from financing activities	Non-cash Changes	Others Changes	
Short-term borrowings from a financial institution	-	63,589,077	-	-	63,589,077
Liabilities under finance lease agreements	1,126,332	(215,127)	-	-	911,205

4.5 As at December 31, 2018, the Company and subsidiaries has unused credit facilities including letters of guarantee in the consolidated and the separate financial statements in the amount of Baht 23.31 million (As at March 31, 2018 the consolidated and separate financial statements: Baht 125.84 million).



## 5. TEMPORARY INVESTMENT

Temporary investment as at December 31, 2018 and March 31, 2018, consist of the following:

	Consolidated Financial Statements				Separate Financial Statements			
	As at		As at		As at		As at	
	December 31, 2018		March 31, 2018		December 31, 2018		March 31, 2018	
	Interest rate %	Amount Baht	Interest rate %	Amount Baht	Interest rate %	Amount Baht	Interest rate %	Amount Baht
	per annum		per annum		per annum		per annum	
Fixed deposits at bank with maturity term later than 3 months but not later than 12 months	1.625	81,473,342	-	-	1.625	81,473,342	-	-
		<u>81,473,342</u>		<u>-</u>		<u>81,473,342</u>		<u>-</u>

## 6. TRADE AND OTHER CURRENT RECEIVABLES

6.1 Trade and other current receivables as at December 31, 2018 and March 31, 2018 consist of the following:

	Consolidated Financial Statements		Separate Financial Statements	
	As at	As at	As at	As at
	December 31,	March 31,	December 31,	March 31,
	2018	2018	2018	2018
	Baht	Baht	Baht	Baht
Trade receivables (see Note 6.2)	38,844,859	96,892,975	75,873,702	96,892,975
Less Allowance for doubtful accounts	(126,824)	(64,726)	(126,824)	(64,726)
	<u>38,718,035</u>	<u>96,828,249</u>	<u>75,746,878</u>	<u>96,828,249</u>
Unbilled revenues from services (see Note 28)	66,300	72,000	41,300	72,000
Advance payments	332,988	7,668,450	1,986,203	7,668,450
Prepaid expenses	1,986,203	248,141	332,988	203,981
Accrued income	92,702	102,226	92,702	102,226
Other receivables	-	50,433	-	50,433
	<u>41,196,228</u>	<u>104,969,499</u>	<u>78,200,071</u>	<u>104,925,339</u>

6.2 Aging analysis for trade receivables as at December 31, 2018 and March 31, 2018 are as follows:

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As at	As at	As at	As at
	December 31,	March 31,	December 31,	March 31,
	2018	2018	2018	2018
	Baht	Baht	Baht	Baht
Within credit terms	20,187,470	66,971,750	75,060,766	66,971,750
Overdue:				
Less than 1 month	15,295,880	29,527,965	685,740	29,527,965
Over 1 month and less than 3 months	3,234,313	263,809	-	263,809
Over 3 month and less than 6 months	-	-	-	-
Over 6 month and less than 12 months	745	129,451	745	129,451
Over than 12 months	126,451	-	126,451	-
Trade receivables (see Note 6.1)	<u>38,844,859</u>	<u>96,892,975</u>	<u>75,873,702</u>	<u>96,892,975</u>

## 7. INVENTORIES

Inventories as at December 31, 2018 and March 31, 2018 consist of the following:

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As at	As at	As at	As at
	December 31,	March 31,	December 31,	March 31,
	2018	2018	2018	2018
	Baht	Baht	Baht	Baht
Finished goods	273,088,886	116,267,573	273,088,886	116,267,573
Work in process	104,278,985	187,968,103	104,278,985	187,968,103
Materials and supplies	156,910,649	122,037,902	156,910,649	122,037,902
Total	<u>534,278,520</u>	<u>426,273,578</u>	<u>534,278,520</u>	<u>426,273,578</u>
<u>Less</u> Allowance for diminution in value				
of inventories	<u>(19,222,186)</u>	<u>(12,275,390)</u>	<u>(19,222,186)</u>	<u>(12,275,390)</u>
Inventories	<u>515,056,334</u>	<u>413,998,188</u>	<u>515,056,334</u>	<u>413,998,188</u>

For the period from April 1, 2018 to December 31, 2018, the costs of inventories recorded as expenses in the consolidated and the separate financial statements are Baht 276.41 million (For the year ended March 31, 2018 the consolidated and separate financial statements: Baht 446.62 million).

For the period from April 1, 2018 to December 31, 2018, the costs of inventories recorded as expenses in the consolidated and separate statements of profit or loss and other comprehensive income included loss on diminution in value of inventories of Baht 6.95 million (For the year ended March 31, 2018 the consolidated and the separate financial statements (reversal): Baht (16.95) million).

## 8. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries as at December 31, 2018 and March 31, 2018 consist of:

Companies	Type of business	Country of registration	Shareholding (%)	Paid-up share capital (Baht)	Separate financial statements	
					Cost method (Baht)	
					As at December 31, 2018	As at March 31, 2018
Direct subsidiaries						
TIW Industries Co., Ltd.	Steel	Thailand	99.99	99,970	999,970	999,970
Sun Power Corporation Co., Ltd.	Energy	Thailand	99.99	99,970	999,970	999,970
Total					1,999,940	1,999,940

## 9. OTHER LONG-TERM INVESTMENT

As at December 31, 2018 and March 31, 2018, other long-term investment is an investment in debt security classified as held-to-maturity, which are stated at the amortized cost, which consists of the following:

	Consolidated Financial Statements				Separate Financial Statements			
	As at December 31, 2018		As at March 31, 2018		As at December 31, 2018		As at March 31, 2018	
	Interest rate % p.a.	Amount Baht	Interest rate % p.a.	Amount Baht	Interest rate % p.a.	Amount Baht	Interest rate % p.a.	Amount Baht
Government bond	2.55	<u>1,221,823</u>	2.55	<u>1,232,713</u>	2.55	<u>1,221,823</u>	2.55	<u>1,232,713</u>
		<u>1,221,823</u>		<u>1,232,713</u>		<u>1,221,823</u>		<u>1,232,713</u>

Such other long-term investment is pledged as collateral to service agreement (see Note 29.2).

## 10. LONG-TERM LOANS TO EMPLOYEES

Long-term loans to employees as at December 31, 2018 and March 31, 2018 consist of the following:

	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31, 2018	As at March 31, 2018	As at December 31, 2018	As at March 31, 2018
	Baht	Baht	Baht	Baht
Long-term loans to employees	5,557,558	5,601,907	5,557,558	5,601,907
<u>Less</u> Current portion	<u>(2,477,837)</u>	<u>(2,453,444)</u>	<u>(2,477,837)</u>	<u>(2,453,444)</u>
Long-term portion	<u>3,079,721</u>	<u>3,148,463</u>	<u>3,079,721</u>	<u>3,148,463</u>

Such long-term loans to employees have interest rates at 5.25% per annum.

## 11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at December 31, 2018 and March 31, 2018 consist of the following:

As at December 31, 2018

	Consolidated Financial Statements				
	Balance as at March 31, 2018 Baht	Additions Baht	Disposals Baht	Transfer in / (Transfer out) Baht	Balance as at December 31, 2018 Baht
<b>Cost:</b>					
Land	65,203,193	-	-	-	65,203,193
Buildings	137,191,724	-	-	2,429,335	139,621,059
Machinery and equipment	328,671,449	1,029,330	(506,704)	-	329,194,075
Furniture and office equipment	10,584,360	3,353,630	-	-	13,937,990
Vehicles	1,389,938	-	-	-	1,389,938
	<u>543,040,664</u>	<u>4,382,960</u>	<u>(506,704)</u>	<u>2,429,335</u>	<u>549,346,255</u>
<b>Accumulated depreciation:</b>					
Buildings	(112,353,661)	(3,352,052)	-	-	(115,705,713)
Machinery and equipment	(226,673,956)	(7,417,076)	506,703	-	(233,584,329)
Furniture and office equipment	(8,666,579)	(919,219)	-	-	(9,585,798)
Vehicles	(1,389,934)	-	-	-	(1,389,934)
	<u>(349,084,130)</u>	<u>(11,688,347)</u>	<u>506,703</u>	<u>-</u>	<u>(360,265,774)</u>
	193,956,534				189,080,481
<u>Add</u> Construction in progress	2,874,380	7,156,983	(67,869)	(2,429,335)	7,534,159
<u>Less</u> Allowance for impairment of machinery and equipment	<u>(8,036,697)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,036,697)</u>
Property, plant and equipment	<u>188,794,217</u>				<u>188,577,943</u>

**As at March 31, 2018**

<b>Consolidated Financial Statements</b>					
	<b>Balance as at March 31, 2017 Baht</b>	<b>Additions Baht</b>	<b>Disposals Baht</b>	<b>Transfer in / (Transfer out) Baht</b>	<b>Balance as at March 31, 2018 Baht</b>
<b>Cost:</b>					
Land	65,203,193	-	-	-	65,203,193
Buildings	137,191,724	-	-	-	137,191,724
Machinery and equipment	325,467,404	2,355,988	-	848,057	328,671,449
Furniture and office equipment	10,528,870	55,490	-	-	10,584,360
Vehicles	1,389,938	-	-	-	1,389,938
	<u>539,781,129</u>	<u>2,411,478</u>	<u>-</u>	<u>848,057</u>	<u>543,040,664</u>
<b>Accumulated depreciation:</b>					
Buildings	(107,955,806)	(4,397,855)	-	-	(112,353,661)
Machinery and equipment	(215,057,524)	(11,616,432)	-	-	(226,673,956)
Furniture and office equipment	(7,630,572)	(1,036,007)	-	-	(8,666,579)
Vehicles	(1,389,934)	-	-	-	(1,389,934)
	<u>(332,033,836)</u>	<u>(17,050,294)</u>	<u>-</u>	<u>-</u>	<u>(349,084,130)</u>
	207,747,293				193,956,534
<u>Add</u> Construction in progress	1,458,951	2,322,436	(58,950)	(848,057)	2,874,380
<u>Less</u> Allowance for impairment of machinery and equipment	<u>(8,036,697)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,036,697)</u>
Property, plant and equipment	<u>201,169,547</u>				<u>188,794,217</u>
<b>Depreciation</b>					
For the period from April 1, 2018 to December 31, 2018				<b>Baht</b>	<u>11,688,347</u>
For the year ended March 31, 2018				<b>Baht</b>	<u>17,050,294</u>

As at December 31, 2018, cost value of equipment which are fully depreciated but still in use in the consolidated financial statements are Baht 50.84 million (As at March 31, 2018: Baht 48.32 million).

As at December 31, 2018, the Group had vehicle and equipment acquired under a finance lease agreement with net book value of approximately Baht 1.04 million presented as a part of property, plant and equipment in the consolidated financial statements. (As at March 31, 2018: Baht 1.13 million)

**As at December 31, 2018**

	Separate Financial Statements				Balance as at December 31, 2018 Baht
	Balance as at March 31, 2018 Baht	Additions Baht	Disposals Baht	Transfer in/ (Transfer out) Baht	
<b>Cost:</b>					
Land	65,203,193	-	-	-	65,203,193
Buildings	137,191,724	-	-	2,429,335	139,621,059
Machinery and equipment	328,671,449	687,396	(506,704)	-	328,852,141
Furniture and office equipment	10,559,370	65,000	-	-	10,624,370
Vehicles	1,389,938	-	-	-	1,389,938
	<u>543,015,674</u>	<u>752,396</u>	<u>(506,704)</u>	<u>2,429,335</u>	<u>545,690,701</u>
<b>Accumulated depreciation:</b>					
Buildings	(112,353,661)	(3,352,053)	-	-	(115,705,714)
Machinery and equipment	(226,673,956)	(7,394,019)	506,703	-	(233,561,272)
Furniture and office equipment	(8,666,351)	(586,925)	-	-	(9,253,276)
Vehicles	(1,389,934)	-	-	-	(1,389,934)
	<u>(349,083,902)</u>	<u>(11,332,997)</u>	<u>506,703</u>	<u>-</u>	<u>(359,910,196)</u>
	193,931,772				185,780,505
<u>Add</u> Construction in progress	2,874,380	7,156,983	(67,869)	(2,429,335)	7,534,159
<u>Less</u> Allowance for impairment of machinery and equipment	<u>(8,036,697)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,036,697)</u>
Property, plant and equipment	<u>188,769,455</u>				<u>185,277,967</u>

**As at March 31, 2018**

	Separate Financial Statements				Balance as at March 31, 2018 Baht
	Balance as at March 31, 2017 Baht	Additions Baht	Disposals Baht	Transfer in/ (Transfer out) Baht	
<b>Cost:</b>					
Land	65,203,193	-	-	-	65,203,193
Buildings	137,191,724	-	-	-	137,191,724
Machinery and equipment	325,467,404	2,355,988	-	848,057	328,671,449
Furniture and office equipment	10,528,870	30,500	-	-	10,559,370
Vehicles	1,389,938	-	-	-	1,389,938
	<u>539,781,129</u>	<u>2,386,488</u>	<u>-</u>	<u>848,057</u>	<u>543,015,674</u>
<b>Accumulated depreciation:</b>					
Buildings	(107,955,806)	(4,397,855)	-	-	(112,353,661)
Machinery and equipment	(215,057,524)	(11,616,432)	-	-	(226,673,956)
Furniture and office equipment	(7,630,572)	(1,035,779)	-	-	(8,666,351)
Vehicles	(1,389,934)	-	-	-	(1,389,934)
	<u>(332,033,836)</u>	<u>(17,050,066)</u>	<u>-</u>	<u>-</u>	<u>(349,083,902)</u>
	207,747,293				193,931,772
<u>Add</u> Construction in progress	1,458,951	2,322,436	(58,950)	(848,057)	2,874,380
<u>Less</u> Allowance for impairment of machinery and equipment	<u>(8,036,697)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,036,697)</u>
Property, plant and equipment	<u>201,169,547</u>				<u>188,769,455</u>
Depreciation					
For the period from April 1, 2018 to December 31, 2018				<b>Baht</b>	<u>11,332,997</u>
For the year ended March 31, 2018				<b>Baht</b>	<u>17,050,066</u>

As at December 31, 2018, costs value of equipment which are fully depreciated but still in use in separate financial statements are Baht 50.84 million (As at March 31, 2018: Baht 48.32 million).

As at December 31, 2018 and as at March 31, 2018, the Company had vehicle acquired under a finance lease agreement with net book value of approximately Baht 0.91 million and Baht million, respectively presented as a part of property, plant and equipment in the separate financial statements.

## 12. DEFERRED TAX ASSETS

The movements of deferred tax assets during the years are as follows:

### As at December 31, 2018

	Consolidated Financial Statements		
	Balance as at March 31, 2018 Baht	Recognized in Profit or Loss (Income) Expense Baht	Recognized in Other Comprehensive Income Baht
<b>Deferred tax assets</b>			
Allowance for diminution in value of inventories	3,821,122	-	-
Accumulated depreciation	3,645,304	-	-
Allowance for impairment of machinery and equipment	1,607,339	-	-
Employee benefit obligations	5,873,298	-	-
Accrued expenses	705,978	-	-
<b>Total</b>	<b>15,653,041</b>	<b>-</b>	<b>-</b>

### As at March 31, 2018

	Consolidated Financial Statements		
	Balance as at March 31, 2017 Baht	Recognized in Profit or Loss (Income) Expense Baht	Recognized in Other Comprehensive Income Baht
<b>Deferred tax assets</b>			
Allowance for diminution in value of inventories	3,821,122	-	-
Accumulated depreciation	3,645,304	-	-
Allowance for impairment of machinery and equipment	1,607,339	-	-
Employee benefit obligations	5,873,298	-	-
Accrued expenses	705,978	-	-
<b>Total</b>	<b>15,653,041</b>	<b>-</b>	<b>-</b>

The Company and subsidiaries used a tax rate of 20% for the corporate income tax and deferred tax calculation for the period from April 1, 2018 to December 31, 2018 and the year ended March 31, 2018.



**As at December 31, 2018**

	Separate Financial Statements		
	Balance	Recognized in	Recognized in Other
	as at	Profit or Loss	Comprehensive
	March 31, 2018	(Income) Expense	Income
	Baht	Baht	Baht
<b>Deferred tax assets</b>			
Allowance for diminution in value of inventories	3,821,122	-	-
Accumulated depreciation	3,645,304	-	-
Allowance for impairment of machinery and equipment	1,607,339	-	-
Employee benefit obligations	5,873,298	-	-
Accrued expenses	705,978	-	-
<b>Total</b>	<b>15,653,041</b>	<b>-</b>	<b>-</b>

**As at March 31, 2018**

	Separate Financial Statements		
	Balance	Recognized in	Recognized in Other
	as at	Profit or Loss	Comprehensive
	March 31, 2017	(Income) Expense	Income
	Baht	Baht	Baht
<b>Deferred tax assets</b>			
Allowance for diminution in value of inventories	3,821,122	-	-
Accumulated depreciation	3,645,304	-	-
Allowance for impairment of machinery and equipment	1,607,339	-	-
Employee benefit obligations	5,873,298	-	-
Accrued expenses	705,978	-	-
<b>Total</b>	<b>15,653,041</b>	<b>-</b>	<b>-</b>

The Company used a tax rate of 20% for the corporate income tax and deferred tax calculation for the period from April 1, 2018 to December 31, 2018 and the year ended March 31, 2018.

### 13. SHORT-TERM BORROWINGS FROM A FINANCIAL INSTITUTION

Short-term borrowings from a financial institution in the consolidated and separate financial statements as at December 31, 2018 of Baht 63.59 million represents trust receipts at carrying interest rates at 2.40% per annum. Such short-term borrowings are guaranteed by deposit at financial institution (As at March 31, 2018: Nil).

#### 14. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables as at December 31, 2018 and March 31, 2018 consist of the following:

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	AS at	As at	AS at	As at
	December 31,	March 31,	December 31,	March 31,
	2018	2018	2018	2018
	Baht	Baht	Baht	Baht
Trade payables	44,491,034	65,102,680	44,388,001	65,020,420
Other payable	4,379,664	3,352,655	4,214,376	3,345,705
Derivative liability (see Note 31)	235,990	-	235,990	-
Dividend payable	647,614	647,614	647,614	647,614
Accrued expenses	6,032,101	4,139,279	6,032,101	4,139,279
	<u>55,786,403</u>	<u>73,242,228</u>	<u>55,518,082</u>	<u>73,153,018</u>

#### 15. LIABILITIES UNDER FINANCE LEASE AGREEMENT

Liabilities under finance lease agreement as at December 31, 2018 and March 31, 2018 consisted of the following:

Payment periods		Consolidated Financial Statements			
		The minimum amount to be paid in the future		Present value of the minimum amount to be paid in the future	
		As at	As at	As at	As at
		December 31,	March 31,	December 31,	March 31,
		2018	2018	2018	2018
		Baht	Baht	Baht	Baht
Within 1 year		386,040	334,680	347,347	288,503
1 - 5 years		<u>727,070</u>	<u>892,480</u>	<u>693,707</u>	<u>837,829</u>
		1,113,110	1,227,160	1,041,054	1,126,332
<u>Less</u>	Deferred interest under finance lease agreement	<u>(72,056)</u>	<u>(100,828)</u>	<u>-</u>	<u>-</u>
		<u>1,041,054</u>	<u>1,126,332</u>	<u>1,041,054</u>	<u>1,126,332</u>

Payment periods	Separate Financial Statements			
	The minimum amount to be paid in the future		Present value of the minimum amount to be paid in the future	
	As at	As at	As at	As at
	December 31,	March 31,	December 31,	March 31,
	2018	2018	2018	2018
	Baht	Baht	Baht	Baht
Within 1 year	334,680	334,680	298,654	288,503
1 - 5 years	641,470	892,480	612,551	837,829
	976,150	1,227,160	911,205	1,126,332
<u>Less</u> Deferred interest under finance lease agreement	(64,945)	(100,828)	-	-
	<u>911,205</u>	<u>1,126,332</u>	<u>911,205</u>	<u>1,126,332</u>

## 16. SHORT-TERM BORROWING

As at December 31, 2018, Sun Power Corporation Co., Ltd. has short-term borrowing from third-party represent promissory note, bearing interest at 5.00% per annum which is unsecured loan and due on demand in the consolidated financial statements of Baht 13.06 million (As at March 31, 2018: Nil).

## 17. EMPLOYEE BENEFIT OBLIGATIONS

### 17.1 Employee benefit obligations

Employee benefit obligations as at December 31, 2018 and March 31, 2018 consist of the followings:

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As at	As at	As at	As at
	December 31,	March 31,	December 31,	March 31,
	2018	2018	2018	2018
	Baht	Baht	Baht	Baht
Post-employment benefit obligations (see Note 17.2)	13,336,854	14,721,144	13,336,854	14,721,144
Other long-term employment benefit obligations (see Note 17.3)	6,505,600	8,625,735	6,505,600	8,625,735
	<u>19,842,454</u>	<u>23,346,879</u>	<u>19,842,454</u>	<u>23,346,879</u>

The significant principal actuarial assumptions used to calculate the employee benefit obligations as at December 31, 2018 and March 31, 2018 are as follows:

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As at	As at	As at	As at
	December 31,	March 31,	December 31,	March 31,
	2018	2018	2018	2018
	Baht	Baht	Baht	Baht
Discount rate	2.51% p.a.	2.53% p.a.	2.51% p.a.	2.53% p.a.
Expected rate of salary increase	3.80% p.a.	5.00% p.a.	3.80% p.a.	5.00% p.a.
Voluntary resignation rate (Depended on employee's age)	4.00% - 26.00% p.a.	4.00% - 29.00% p.a.	4.00% - 26.00% p.a.	4.00% - 29.00% p.a.
Retirement age	60 years	60 years	60 years	60 years
Price of gold ornament per 15.16 grams	Baht 19,600	Baht 18,700	Baht 19,600	Baht 18,700

The sensitivity analysis of the above actuarial assumptions impacted on increase (decrease) in present value of the employee benefit obligations as at December 31, 2018 and March 31, 2018 are as follows:

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As at	As at	As at	As at
	December 31,	March 31,	December 31,	March 31,
	2018	2018	2018	2018
	Baht	Baht	Baht	Baht
Discount rate				
Discount rate, decrease of 1 percent	1,505,321	1,909,252	1,505,321	1,909,252
Discount rate, increase of 1 percent	(1,328,540)	(1,681,201)	(1,328,540)	(1,681,201)
Salary rate				
Salary rate, decrease of 1 percent	(1,046,439)	(1,354,430)	(1,046,439)	(1,354,430)
Salary rate, increase of 1 percent	1,165,564	1,507,109	1,165,564	1,507,109

## 17.2 Post-employment benefit obligations

Post-employment benefit obligations as at December 31, 2018 and March 31, 2018 consist of the following:

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As at	As at	As at	As at
	December 31,	March 31,	December 31,	March 31,
	2018	2018	2018	2018
	Baht	Baht	Baht	Baht
Beginning balance	14,721,144	14,338,164	14,721,144	14,338,164
Addition during the year	2,375,242	831,378	2,375,242	831,378
Paid during the year	(2,033,040)	(959,400)	(2,033,040)	(959,400)
Actuarial (gain) loss	(1,726,492)	511,002	(1,726,492)	511,002
Ending balance (see Note 17.1)	<u>13,336,854</u>	<u>14,721,144</u>	<u>13,336,854</u>	<u>14,721,144</u>

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act, which is in the process of being announced in the Royal Gazette. The new Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of 20 years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered an amendment to post-employment benefits plan. The Company will reflect the effect of such change by recognizing past service cost as an expense in the income statement of the period in which the law is effective.

### 17.3 Other long-term employment benefit obligations

Other long-term employment benefit obligations as at December 31, 2018 and March 31, 2018 consist of the following:

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As at	As at	As at	As at
	December 31,	March 31,	December 31,	March 31,
	2018	2018	2018	2018
	Baht	Baht	Baht	Baht
Beginning balance	8,625,735	8,054,194	8,625,735	8,054,194
Addition (deduct) during the year	(1,219,928)	907,345	(1,219,928)	907,345
Paid during the year	(695,533)	(357,500)	(695,533)	(357,500)
Actuarial (gain) loss	(204,674)	21,696	(204,674)	21,696
Ending balance (see Note 17.1)	<u>6,505,600</u>	<u>8,625,735</u>	<u>6,505,600</u>	<u>8,625,735</u>

### 17.4 Provident Fund

The Company established a contributory Provident Fund and registered according to the Provident Fund Act, B.E. 2530 (1987) and Provident Fund Act (No.2), B.E. 2542 (1999). The contributions from the employees are deducted from their monthly salaries, and the Company matches the individuals' contributions at the rate of 5 to 6.5 of basic salary.

For the period from April 1, 2018 to December 31, 2018 and for the year ended March 31, 2018, the Company's contributions recorded as expense in the statements of profit or loss and other comprehensive income are as follows:

	For the period from April 1, 2018 to December 31, 2018	For the year ended March 31, 2018
Consolidated financial statements	1,490,350	1,490,350
Separate financial statements	1,954,901	1,954,901

## **18. SHARE CAPITAL**

On July 26, 2018, the Annual General Meeting of shareholders 2018 passed the resolutions to decrease of the Company's authorized share capital in the amount of Baht 40 million from the existing authorized share capital of Baht 100 million to Baht 60 million by canceling 4 million unsold ordinary shares, at par value of Baht 10 per share. Also, with the resolved to approve the amendment of the Memorandum of Association in accordance with the decrease of the authorized share capital of the Company and increase the Company's authorized share capital in the amount of Baht 13.05 million from the existing authorized share capital of Baht 60 million to Baht 73.05 million by issuing 1,305,000 ordinary shares, at the par value of Baht 10 per share, at the offering price of Baht 400 with the total of Baht 522 million to specific investors (Private Placement). Also, with the resolved to approve the amendment of the Memorandum of Association in accordance with the increase of the authorized share capital of the Company.

The Company already registered decrease and increase of share capital on August 9, 2018 and August 10, 2018, respectively.

## **19. LEGAL RESERVE**

According to the Public Limited Companies Act B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its annual net income after deduction of the deficit brought forward (if any) until the legal reserve reaches 10% of the authorized share capital of the Company. Such reserve fund is not available for distribution of dividend.

## **20. GENERAL RESERVE**

The Company had appropriated annual profit as general reserve, with no specific purpose.

## **21. CAPITAL MANAGEMENT**

The Company's objective in managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company does not apply any particular financial ratio to monitor its capital whilst manages its capital to be sufficient for its working capital by, for instance, issuing new shares or adjusting the amount of dividend paid to shareholders, according to the prevailing situations.

## **22. DIVIDEND PAID**

On July 27, 2017, the ordinary shareholders' meeting approved the dividend payment at the rate of Baht 1.00 per share in respect of the earnings for the year ended March 31, 2017 in the total amount of Baht 6.00 million. The payment of dividend was made on August 25, 2017.

## **23. COSTS OF SALES**

Costs of sales in the consolidated and separate financial statements for the period from April 1, 2018 to December 31, 2018, include certain expenses incurred during the temporary shutdown of production lines of Baht 6.30 million (For the year ended March 31, 2018 the consolidated and separate financial statements: Baht 8.45 million).

## 24. INCOME TAX EXPENSE

Income taxes for the period from April 1, 2018 to December 31, 2018 and for the year ended March 31, 2018, consist of the following:

	Consolidated Financial Statements		Separate Financial Statements	
	For the period April 1, 2018 to December 31, 2018 Baht	For the year ended March 31, 2018 Baht	For the period April 1, 2018 to December 31, 2018 Baht	For the year ended March 31, 2018 Baht
Current income tax expense	468,343	-	-	-
Deferred tax expense	-	-	-	-
Income tax expense	<u>468,343</u>	<u>-</u>	<u>-</u>	<u>-</u>

Reconciliation of effective tax rates for the period from April 1, 2018 to December 31, 2018 and for the year ended March 31, 2018 are as follows:

	Consolidated Financial Statements			
	For the period April 1, 2018 to December 31, 2018		For the year ended March 31, 2018	
	Baht	Percentage	Baht	Percentage
Accounting profit from operating before income tax expense	<u>23,537,973</u>		<u>61,435,096</u>	
Income tax calculated at statutory tax rate	4,707,595	20.0	12,287,019	20.0
Tax effect of income or expense that are not taxable income or expense	299,538	1.3	1,052,585	1.7
Unused tax loss	-	-	-	-
Used tax loss	<u>(4,538,790)</u>	<u>(19.3)</u>	<u>(13,339,604)</u>	<u>(21.7)</u>
Income tax expense	468,343	2.0	-	-
Income tax expense relating to origination and reversal of temporary differences:	<u>-</u>		<u>-</u>	
Income tax per income tax return form	<u>468,343</u>		<u>-</u>	

	Separate Financial Statements			
	For the period April 1, 2018 to December 31, 2018		For the year ended March 31, 2018	
	Baht	Percentage	Baht	Percentage
Accounting profit from operating before income tax expense	<u>30,951,463</u>		<u>61,450,514</u>	
Income tax calculated at statutory tax rate	6,190,293	20.0	12,290,103	20.0
Tax effect of income or expense that are not taxable income or expense	299,538	1.0	1,052,585	1.7
Unused tax loss	-	-	-	-
Used tax loss	<u>(6,489,831)</u>	<u>(21.0)</u>	<u>(13,342,688)</u>	<u>(21.7)</u>
Income tax expense	-	-	-	-
Income tax expense relating to origination and reversal of temporary differences:	<u>-</u>		<u>-</u>	
Income tax per income tax return form	<u>-</u>		<u>-</u>	



## 25. EXPENSES BY NATURE

Expenses by nature for the period from April 1, 2018 to December 31, 2018 and for the year ended March 31, 2018 comprise the following significant items:

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	For the period	For the year	For the period	For the year
	from April 1, 2018	ended	from April 1, 2018	ended
	to December 31,	March 31,	to December 31,	March 31,
	2018	2018	2018	2018
	Baht	Baht	Baht	Baht
Changes in finished goods and work in process				
(increase) decrease	(73,132,195)	(96,440,263)	(73,132,195)	(96,440,263)
Raw material and consumables used	316,464,997	565,129,052	316,464,997	565,129,052
Loss on diminution in value of inventories (reversal)	6,946,795	(16,948,693)	6,946,795	(16,948,693)
Depreciation	11,688,347	17,050,294	11,332,997	17,050,066
Staff expenses	51,659,676	66,269,569	39,325,400	55,885,857
Consultant and professional fees	7,786,298	1,334,700	5,320,820	1,334,700
Utility expenses	4,853,444	6,566,309	4,690,421	6,559,329
Rental expenses	2,877,596	2,625,079	1,907,082	2,625,079
Repair and maintenance expenses	2,119,406	4,307,442	2,119,406	4,307,442

## 26. TRANSACTIONS WITH RELATED PARTIES

The Company's business includes transactions with its related parties. The relationship may be by shareholding or the companies may have the same group of shareholders or directors. Therefore, the financial statements reflect the effects of these transactions on the basis determined by the Company and the related parties. The prices of these transactions are based on the prices indicated in the agreement or contract which are in the normal course of business. The Company does not have purchase transactions for similar goods with other suppliers.

26.1 Balances with the related parties as at December 31, 2018 and March 31, 2018 are mainly as follows:

Transactions / Company names	Relationship	Consolidated		Separate	
		Financial Statements		Financial Statements	
		As at	As at	As at	As at
		December 31,	March 31,	December 31,	March 31,
		2018	2018	2018	2018
		Baht	Baht	Baht	Baht
Trade receivable (Part of trade receivables)					
Thai Const & Building Manufacturing					
Public Co., Ltd.	Related Company	-	30,655	-	30,655
C.M. Manufacturing Co., Ltd.	Related Company	-	1,171,509	-	1,171,509
TIW Industries Co., Ltd.	Subsidiary	-	-	72,185,105	82,260
		-	1,202,164	72,185,105	1,284,424
Trade payable (Part of trade payable)					
TIW Industries Co., Ltd.	Subsidiary	-	-	1,255	-

26.2 Transactions with related parties for the period from April 1, 2018 to December 31, 2018 and for the year ended March 31, 2018 are mainly as follows:

Transactions / Company names	Relationship	Consolidated		Separate	
		Financial Statements		Financial Statements	
		For the period	For the year	For the period	For the year
		from April 1, 2018	ended	from April 1, 2018	ended
		to December 31,	March 31,	to December 31,	March 31,
2018	2018	2018	2018		
Baht	Baht	Baht	Baht		
Revenues from sales					
TIW Industries Co., Ltd.	Subsidiary	-	-	295,704,389	-
Thai Const & Building Manufacturing Public Co., Ltd.	Related Company	805,609	-	388,486	-
C.M. Manufacturing Co., Ltd	Related Company	1,584,533	-	-	-
Thai Barge Container Services Co., Ltd.	Related Company	207,618	-	-	-
		<u>2,597,760</u>	<u>-</u>	<u>296,092,875</u>	<u>-</u>
Revenues from services					
TIW Industries Co., Ltd.	Subsidiary	-	-	6,018,210	-
Thai Const & Building Manufacturing Public Co., Ltd.	Related Company	-	79,783	-	79,783
C.M. Manufacturing Co., Ltd	Related Company	880,000	1,187,850	480,000	1,187,850
		<u>880,000</u>	<u>1,267,633</u>	<u>6,498,210</u>	<u>1,267,633</u>
Other income (Part of other income)					
TIW Industries Co., Ltd.	Subsidiary	-	-	23,325	-
Purchases of goods (Part of costs of sales and costs of services)					
Thai Const & Building Manufacturing Public Co., Ltd.	Related Company	-	54,854	-	54,854
C.M Manufacturing Co., Ltd.	Related Company	5,255,383	-	5,255,383	-
		<u>5,255,383</u>	<u>54,854</u>	<u>5,255,383</u>	<u>54,854</u>
Other expenses (Part of other expenses)					
Thai Const & Building Manufacturing Public Co., Ltd.	Related Company	195,810	-	195,810	-
C.M Manufacturing Co., Ltd.	Related Company	51,395	-	51,395	-
		<u>247,205</u>	<u>-</u>	<u>247,205</u>	<u>-</u>
Management benefit expenses	Management	7,520,105	10,383,712	7,520,105	10,383,712
Dividend paid (Part of dividend paid)					
Dr.Prasit Kanchanasakdichai	Shareholder	-	4,615,368	-	4,615,368

Sales are determined based on cost plus margin. Service revenues and other service fee income are determined based on rate as stipulated in the agreements which are in the normal course of business.

## 27. SEGMENT INFORMATION

The Company's business segment information for the period from April 1, 2018 to December 31, 2018 and for the year ended March 31, 2018 is as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	For the period from April 1, 2018 to December 31, 2018 Baht	For the year ended March 31, 2018 Baht	For the period from April 1, 2018 to December 31, 2018 Baht	For the year ended March 31, 2018 Baht
<u>Revenues from sales and services</u>				
Revenues from sales of galvanized iron sheets	359,737,287	539,439,391	356,693,259	539,439,391
Revenues from installation services	14,620,074	13,771,220	14,614,510	13,771,220
Total revenues from sales and services	374,357,361	553,210,611	371,307,769	553,210,611
<u>Cost of sales and services</u>				
Cost of sales of galvanized iron sheets	289,663,597	438,122,899	289,663,597	438,122,899
Cost of installation services	14,329,038	11,262,995	14,329,038	11,262,995
Total cost of sales and services	303,992,635	449,385,894	303,992,635	449,385,894
Gross profit	70,364,726	103,824,717	67,315,134	103,824,717
<u>Operating assets as at December 31, 2018 and March 31, 2018</u>				
For manufacturing of galvanized iron sheets	187,122,933	188,740,587	183,822,957	188,715,825
For installation services	1,455,010	53,630	1,455,010	53,630

## 28. SUPPLEMENTAL DISCLOSURE FOR INSTALLATION SERVICE CONTRACTS

Supplemental disclosure for installation service contracts for the period from April 1, 2018 to December 31, 2018 and for the year ended March 31, 2018 is as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	For the period from April 1, 2018 to December 31, 2018 Baht	For the year ended March 31, 2018 Baht	For the period from April 1, 2018 to December 31, 2018 Baht	For the year ended March 31, 2018 Baht
Contract revenue recognized for the year	14,620,074	13,771,220	14,614,510	13,771,220
Contract costs recognized for the year	(14,329,038)	(11,262,995)	(14,329,038)	(11,262,995)
Recognized profit for the year	291,036	2,508,225	285,472	2,508,225
Contract costs related to future activity recognized as work in progress - beginning balance	-	-	-	-
Contract costs incurred during the year	14,329,038	11,262,995	14,329,038	11,262,995
Contract costs incurred and recognized as expenses during the year	(14,329,038)	(11,262,995)	(14,329,038)	(11,262,995)
Contract costs related to future activity recognized as work in progress - ending balance	-	-	-	-
Unbilled completed work - beginning balance	72,000	6,631,000	72,000	6,631,000
Contract revenue recognized for the year	14,620,074	13,771,220	14,614,510	13,771,220
Progress billings	(14,625,774)	(20,330,220)	(14,645,210)	(20,330,220)
Unbilled completed work - ending balance (see Note 6.1)	66,300	72,000	41,300	72,000

## 29. LETTERS OF GUARANTEE AND COMMITMENTS

- 29.1 As at December 31, 2018, the Company and subsidiaries have letters of guarantee issued by a bank in the consolidated and the separate financial statements amount of Baht 0.30 million, which is in the normal course of business (As at March 31, 2018 the consolidated and separate financial statements: Baht 0.30 million).
- 29.2 As at December 31, 2018, the Company's government bond amounting to Baht 1.20 million in the consolidated and the separate financial statements are pledged to Metropolitan Electricity Authority as collateral to service agreement, which is in the normal course of business (As at March 31, 2018 the consolidated and separate financial statements: Baht 1.20 million) (see Note 9).
- 29.3 As at December 31, 2018 and March 31, 2018, the Company and subsidiaries have commitments to pay cars rental according to long-term leases as follows:

Periods	Rental to be paid			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As at	As at	As at	As at
	December 31,	March 31,	December 31,	March 31,
	2018	2018	2018	2018
	Baht	Baht	Baht	Baht
Not later than 1 year	2,426,869	2,529,900	2,426,869	2,529,900
Later than 1 year but not later than 5 years	1,384,294	2,005,796	1,384,294	2,005,796

For the period from April 1, 2018 to December 31, 2018, the other long-term operating lease agreements recorded as expense in the statements of profit or loss and other comprehensive income in the consolidated and the separate financial statements are Baht 1.91 million (For the year ended March 31, 2018 the consolidated and separate financial statements: Baht 2.63 million).

- 29.4 As at December 31, 2018, the Company and subsidiaries have commitments on purchases of raw materials in the consolidated and the separate financial statements in the amount of Baht 57.57 million, which is in the normal course of business (As at March 31, 2018 the consolidated and separate financial statements: Baht 112.70 million).

### **30. DISCLOSURE OF INFORMATION OF FINANCIAL INSTRUMENTS**

#### **30.1 Accounting policies**

Accounting policies have been disclosed in Note 3.

#### **30.2 Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss for the Company. The Company believes that there is no credit risk with respect to concentrations as the Company has a number of customers and most of sales are cash sales.

As at December 31, 2018, the Company and subsidiaries have concentration of credit risk whereby 62.29% of its trade receivables from 3 major customers (As at March 31, 2018: 71%, 3 major customers).

In case of recognized financial assets in the statement of financial position, the carrying amount of the assets net of a portion of allowance for doubtful debts, if any, represents the Company maximum exposure to credit risk.

#### **30.3 Foreign exchange risk**

Foreign exchange risk arises from the change in foreign currency exchange rates to have an adverse effect on the Company in the current year and in future years. The Company reduce such risk by entering into forward exchange contracts (see Note 31).

#### **30.4 Interest rate risk**

Interest rate risk arises from the potential change in interest rates having an adverse effect on the Company's operations in the current year and in future years. The Company expects that there is no effect from changes in interest rates to the Company's operations as borrowings are short-term borrowings.

#### **30.5 Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments. The Company expects that there is no effect from liquidity risk as the Company's financial assets exceed its financial liabilities.

#### **30.6 Fair value**

The fair value disclosures, considerable judgement is necessarily required in estimation of fair value. Accordingly, the estimated fair value presented here in is not necessarily indicative of the amount that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value. The following methods and assumptions were used by the Company in estimating fair values of financial instruments.

### Financial instruments not measured at fair value

Fair value of financial instruments which are not measured at fair value and their fair value hierarchy level classification is summarized as follows:

<b>Consolidated Financial Statements As at December 31, 2018</b>		
	<b>Carrying Amount Baht</b>	<b>Fair Value Baht</b>
<u>Financial assets</u>		
Cash and cash equivalents	103,051,617	103,051,617
Temporary investments	81,473,342	81,473,342
Trade and other current receivables	38,718,035	38,718,035
Restricted deposit at financial institution	45,000,000	45,000,000
Long-term loan to employee	5,557,558	5,557,558
Other long-term investment	1,221,823	1,221,823
<u>Financial liabilities</u>		
Short-term borrowings from a financial institution	63,589,077	63,589,077
Trade and other current payables	49,518,312	49,518,312
Short-term borrowing	13,063,542	13,063,542
Liabilities under finance lease agreement	1,041,054	1,041,054

<b>Consolidated Financial Statements As at March 31, 2018</b>		
	<b>Carrying Amount Baht</b>	<b>Fair Value Baht</b>
<u>Financial assets</u>		
Cash and cash equivalents	141,484,550	141,484,550
Trade and other current receivables	96,828,249	96,828,249
Restricted deposit at financial institution	45,000,000	45,000,000
Long-term loan to employee	5,601,907	5,601,907
Other long-term investment	1,232,713	1,232,713
<u>Financial liabilities</u>		
Trade and other current payables	69,102,949	69,102,949
Liabilities under finance lease agreement	1,126,332	1,126,332

**Separate  
Financial Statements  
As at December 31, 2018**

	<b>Carrying Amount Baht</b>	<b>Fair Value Baht</b>
<u>Financial assets</u>		
Cash and cash equivalents	62,100,474	62,100,474
Temporary investments	81,473,342	81,473,342
Trade and other current receivables	75,746,878	75,746,878
Restricted deposit at financial institution	45,000,000	45,000,000
Long-term loan to employee	5,557,558	5,557,558
Investment in subsidiaries	1,999,940	1,999,940
Other long-term investment	1,221,823	1,221,823
<u>Financial liabilities</u>		
Short-term borrowings from a financial institution	63,589,077	63,589,077
Trade and other current payables	49,249,991	49,249,991
Liabilities under finance lease agreement	911,205	911,205

**Separate  
Financial Statements  
As at March 31, 2018**

	<b>Carrying Amount Baht</b>	<b>Fair Value Baht</b>
<u>Financial assets</u>		
Cash and cash equivalents	139,479,680	139,479,680
Trade and other current receivables	96,828,249	96,828,249
Restricted deposit at financial institution	45,000,000	45,000,000
Long-term loan to employee	5,601,907	5,601,907
Investment in subsidiaries	1,999,940	1,999,940
Other long-term investment	1,232,713	1,232,713
<u>Financial liabilities</u>		
Trade and other current payables	69,013,739	69,013,739
Liabilities under finance lease agreement	1,126,332	1,126,332

Cash and cash equivalents, temporary investments, trade and other current receivables, restricted deposit at financial institution, investment in subsidiaries, long-term loan to employee, other long-term investment, trade and other current payables and liabilities under finance lease agreement; the carrying value approximate their fair value.

### 31. FORWARD EXCHANGE CONTRACTS

The Company entered into the forward exchange contracts to reduce foreign exchange risk. As at December 31, 2018, the outstanding forward exchange contracts are summarized as follows: (As at March 31, 2018: Nil)

As at December 31, 2018

Contract amount	Maturity date	Separate Financial Statements		Fair value hierarchy	Valuation technique and key input of fair valuation
		Amount to pay per contract	Fair value liabilities as at December 31, 2018 Baht		
USD 429,520	May and June 2019	14,119,070	(235,990)	Level 2	Provision for discount cash flow*

\* Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

### 32. CONTINGENT LIABILITY

On August 31, 2017, the Company has been sued by a local company to the Court on the basis of breach of the construction contract with respect to deodorization system, claiming of Baht 1.67 million which the Company already recorded as fixed asset and liability of Baht 1.35 million. Subsequently, on March 27, 2018, the Civil Court ruled in favor of the plaintiff and judged to the Company to pay damages for such loss included interest, amounting to Baht 1.67 million. As at March 31, 2018, the Company recorded an accrued interest payable of Baht 0.25 million in the consolidated and the separate financial statements.

Subsequently, on December 28, 2018, the Appeal Court ruled in favor of the plaintiff and judged to the Company to pay damages for such loss included interest. However, the Company and the Company's legal counsel consider it appropriate for petition the Supreme Court.

### 33. OTHERS

On July 26, 2018, the Annual General Meeting of shareholders 2018 passed the resolutions as follows:

- 33.1 Approve to change the Company's fiscal year from starting from April 1 and ending at March 31 of every year to January 1 and ending at December 31 of every year. Therefore, the fiscal year 2018 will be started from April 1, 2018 and ending at December 31, 2018.



- 33.2 Approve the Company's restructuring with respect to transfer the existing business to TIW Industries Company Limited, a subsidiary holding 99.99 percent, including rights, obligations, accounts receivable and payable, and any liabilities, as well as staff in relation to the existing business to the subsidiary. The Company's restructuring shall be completed within December 31, 2018 and approve to indirect acquisition of 20 percent of the issued shares in Ubon Bio Ethanol Public Company Limited ("UBE") by way of acquisition of 99.99 percent of shares in Group K Corporation Company Limited. ("Group K") and Capital K Limited ("Capital K"), whereby Group K is a holding company that holds 99.99 percent of shares in STK Capital Company Limited ("STK") which is a holding company that holds 20.00 percent of issued shares in UBE. The Company shall acquire 99.99 percent of shares in Group K at the price of Baht 522 million. In order to be in line with such investment plan, the Shareholders' meeting had approved the authorized share capital increase by way of issuance of 1,305,000 ordinary shares and offering via the private placement basis ("Private Placement") at the offering price of Baht 400 per share, totaling of Baht 522 million (see Note 18). The Board of Directors has assigned the management team to negotiate for the best interest of shareholders.

However, the management team negotiated and found that the conditions of investors approved from the Shareholders' meeting were complicated and not agreeable and the offering period of Private Placement was over October 31, 2018 according to the Company must offer to sell such shares within the period of not later than three months from the date of approval by the Shareholders' meeting. In addition, the industry trend and performance of Group K were unexpected due to the uncontrollable factors. The management team has proposed the cancellation of the Private Placement and the acquisition of Group K and has proposed to postpone transferring the existing business to the Company's subsidiary until it will make benefit to the Company and its shareholders with the process under applicable law. The Board of Directors' meeting No. 11/2018 dated November 13, 2018 has considered and approved the details as proposed by the management team. However, if the management team could negotiate and find the conditions with the best interest for the Company and its shareholders, the Company will further proceed by law.

#### **34. EVENT AFTER THE REPORTING PERIOD**

The Board of Directors' Meeting of the Company No. 1/2019 held on February 28, 2019 is deemed appropriate to dispose the investment in Sun Power Corporation Company Limited (the subsidiary) and to authorize Chief Executive Officer, to study and find a buyer, and to have the power to operate any act necessary and in connection with the share disposition if the purchase price is equal as the value that the Company has invested. If the purchase price is lower than that, the Board of Directors' Meeting is deemed appropriate to consider this matter again

#### **35. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements have been approved for issuing by an authorized director of the Company on February 28, 2019.





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