



THAIRUNG

บริษัท ไทยรุ่งยูเนี่ยนคาร์ จำกัด (มหาชน)
Thai Rung Union Car Public Company Limited

ANNUAL REPORT

รายงานประจำปี 2561



รางวัลนวัตกรรมแห่งชาติ
National Innovation Awards



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Company Background

Thai Rung Union Car Plc has long been established as a maker of auto body parts and a vehicle assembler. Originally founded as a limited partnership under the name Thai Engineering in 1967 by Mr. Vichien Phaoenchoke, its business success eventually led to its becoming a listed company on the Stock Exchange of Thailand in 1994 under the current name, Thai Rung Union Car Public Company Limited.

For 50 years Thai Rung Union Car Plc, a Thai-owned company, has been a fully integrated and highly flexible operator in the automotive industry, quickly meeting customer demands that range from product design and development, through die and jig production and manufacture of metal and plastic auto parts and seats, to contract painting and assembly and the production of modified multi-purpose and special purpose vehicles, all based on the skills and capabilities of its Thai workforce and using advanced technology.

At present, adapting its strategy in line with the continuous improvement of the Thai automotive industry, the Company focuses mainly on OEM parts, contract assembly and painting, and on expanding its market for parts and bodies to various regions around the world, as well as seeking alliances to expand its existing business and develop new ones. Furthermore the Company has boosted its potential, both by continuously developing production processes and by applying innovative technology to the production process in order to increase efficiency, reduce costs and increase future profits, as well as developing human resources to cater to the coming into force of the AEC and any other international trade and investment.

The Company is confident that, thanks to its all-round production capabilities and flexibility in responding quickly to customer requirements, as well as its close relationships with customers at home and abroad, it will benefit from the many opportunities that lie ahead in the automotive industry. We are thus confident that the Company's results will grow sustainably along with the Thai automotive industry.

Vision and mission

Vision

To be at the pinnacle of the Thai auto industry, developing, designing and producing integrated automotive products; with our own brand, to build optimum customer satisfaction through world-class quality and service.

Mission

1. To be a leader in the design, development and production of innovative automotive products: multi-purpose and specialty vehicles, parts, dies, jigs and accessories.
2. To maximise customer satisfaction by providing world-class quality, price, delivery and service.
3. To focus on continuous improvement in product and service quality through the efficient use of flexible, speedy production and management processes and up-to-date engineering technology.
4. To build own brand image and loyalty.
5. To establish and expand marketing and sales networks at home and abroad.
6. To pay close attention to the development and welfare of our human resources, so as to enable them to compete at world level and to be happy and proud to work for the organisation.
7. Continuously to enhance the stability of the organisation by making profits and providing fair remuneration for shareholders, business partners and employees.
8. To ensure that products, production and work processes all take due account of our responsibilities towards environment, community and society through principles of good corporate governance.



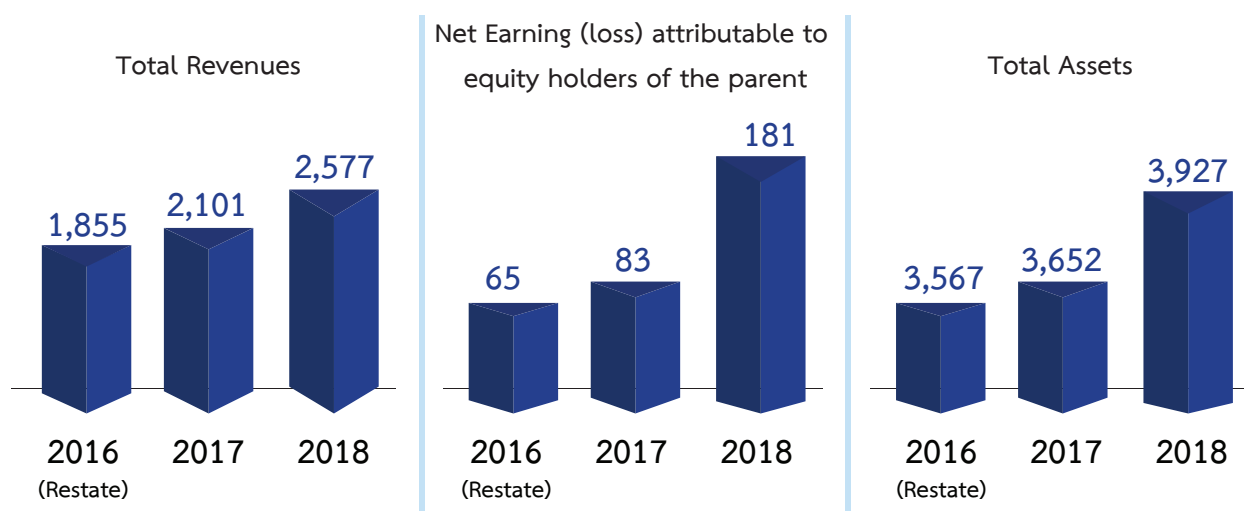
Summary Financial Information

(Unit : Million Baht)

Consolidated, as at 31st December	2018	2017	2016 (Restate)
Operating Performance			
Sales and Service Income	2,529.64	2,055.02	1,782.99
Total Revenues	2,576.79	2,100.88	1,855.00
Total Expenses	2,374.88	2,004.74	1,784.69
Earnings (loss) before financing cost and income tax	201.91	96.14	70.31
Net Earnings (loss) attributable to equity holders of the parent	181.47	83.02	65.19
Financial Position			
Current Assets	1,552.52	1,261.71	1,054.94
Total Assets	3,926.73	3,651.85	3,567.23
Total Liabilities	584.17	403.85	348.80
Shareholders' Equity	3,342.56	3,248.00	3,218.42
Per Share Data (Unit: Baht)			
Earnings (loss) per Share (EPS)	0.31	0.14	0.11
Dividend per Share *	0.25	0.14	0.09
Book Value per Share	5.53	5.36	5.31
Financial Ratios			
Gross margin (%)	18.31%	15.83%	15.27%
Net Earnings margin (%)	7.04%	3.95%	3.51%
Return on Equity (ROE) (%)	5.64%	2.63%	2.07%
Return on Asset (ROA) (%)	5.33%	2.66%	1.96%
Current ratio (Times)	2.97	3.67	3.63
Debt to Equity ratio (Times)	0.18	0.13	0.11

Remark * Payment of the dividend payment is subject to approval by the 2019 Annual General Shareholders' Meeting.

(Million Baht)





Messages from the Chairwoman

In 2018 the Thai automotive industry produced 2.1 million vehicles, 9% more than in 2017. Of these, 1.04 million were sold in the domestic market, a 20% increase on the year before, and 1.14 million were exported, a very similar figure to that of the previous year. As for the outlook for the Thai automotive industry in 2019, the Federation of Thai Industries estimates production at 2.15 million units, of which 1.05 million for the home market thanks to the improvement in the country's general economic situation and the various economic stimulus measures that can be expected after the elections, which will boost the circulation of money in the economy, while exports will fall slightly, to 1.1 million, as world trade slows. In any case in the long term the Thai automotive industry remains outstanding. Thailand is the biggest automotive production base in ASEAN. Players will have to adapt quickly to cater to new trends, including electric vehicles, which are rapidly gaining in popularity.

Turning to the results of the Thai Rung Group in 2018, total consolidated revenues amounted to Bt.2,577 million, representing an increase of 23% on the previous year, and net income attributable to owners of the parent company came to Bt.181 million, up by 119% on the previous year, the main factors in the improvement being increased sales of auto parts and dies and of the TR Transformer vehicle, as well as careful cost control, efficient management and diversification of the customer base beyond the automotive sector, with such products as excavators, construction equipment and agricultural machinery.

As for the Company's focus in 2019, it will push to increase revenue from sales of its TR Transformer II vehicle and minibuses and concentrate on further broadening its customer base beyond the automotive sector

- **expand the market for our OPV (observation post vehicle), the TR Transformer**, which was awarded the “**National Innovative Excellence Award 2017**” by the National Innovation Institute of the Ministry of Science and Technology and was registered as a “Thai innovative product”, with the emphasis on increasing sales to the various government departments. It stands out with its distinctive body design and is also highly adaptable, with the possibility of fitting many kinds of special equipment and easily modified for different uses depending on the customer's requirements, for example disaster relief, EOD (explosive ordnance disposal), K9 (army canine), drone control, TV outside broadcast, emergency field ambulance or communication systems control vehicle;
- **seven-metre long minibus seating 20**, aimed at the switch from passenger vans to minibuses in accordance with government policy and demand from the growing tourist industry, with future prospects for expanding into the export market
- expand business opportunities related to electric vehicles (EVs) the vehicle of the future: production of body parts using lightweight materials such as high tensile steel, aluminium or composites, production of plastic trim parts and auto seats, contract assembly work for electric vehicles, design and production of an electric minibus.

- broaden customer base to take in more non-automotive sectors, with products such as excavator cabins, construction equipment and agricultural machinery.

The Company strives to carry on its activities in accordance with policies of good corporate governance, attaching importance to its responsibilities towards society, community, trading partners, employees and the environment and all stakeholder groups, in accordance with principles of corporate social responsibility, conducting its business in an ethical manner so as to ensure the Company's sustainable success. Shareholders may therefore rest assured that the Company conducts its business transparently, fairly and ethically and on the basis of combating all forms of corruption, as reflected in the various awards and assessments received by the Company:

- Thai Chamber of Commerce Corporate Governance Award
- The Company received confirmation from the council of its membership of Thailand's Private Sector Collective Action Coalition against Corruption.
- The Company's corporate governance was assessed as "excellent" in 2018 by the Thai Institute of Directors (IOD),

On behalf of the Company's Board of Directors, I should like to thank our customers, our shareholders, the various organisations and departments both governmental and private, our business partners and also our executives and employees for their constant support, which is a driving force. All the Directors and I will strive wholeheartedly to lead the Company constantly forward and develop and expand its business in a sustainable manner.



Dr. Pranee Phaoenchoke
Chairwoman

Profiles of Directors of the Company





Dr. Pranee Phaoenchoke

Chairman of the Board of Directors & President

(Authorized Director)

Age 80 years

Number of years in office: 25

Start of term of office: 26 November 1993

▲ Academic qualifications :

- Honorary doctorate in Business Administration, American Coastline University, U.S.A.
- Honorary doctorate in Industrial Engineering, Ramkhamhaeng University
- Honorary Master's Degree in Commerce and Accountancy Thammasart University

▲ IOD'S Courses :

- none -

▲ Working Experience :

Number of posts occupied in listed companies: 1

Present	Chairman of the Board of Directors & President Thai Rung Union Car Plc.
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Number of posts occupied in unlisted companies: 16

- 1960 - Present Director & Chairman - Chaicharoenkij Motors Co., Ltd.
- 1987 - Present Director & Chairman - Thai V.P. Corporation Co., Ltd.
- 1989 - Present Director & Chairman - Thai Rung Tools and Dies Co., Ltd.
- 1991 - Present Director & Chairman - Thai V.P. Auto Service Co., Ltd.
- 1992 - Present Director & Chairman - Thai Ultimate Car Co., Ltd.
- 1992 - Present Director & Chairman - V.P. Auto Enterprise Co., Ltd.
- 1993 - Present Director & Chairman - Sinthoranee Property Co., Ltd.
- 1994 - Present Director & Chairman - Isuzu Chaicharoenkij Motors Co., Ltd.
- 2001 - Present Director & Chairman - Thai Auto Pressparts Co., Ltd.
- 2004 - Present Director & Chairman - Biz Motor Co., Ltd.
- 2004 - Present Director & Chairman - Lexus Auto City Co., Ltd.
- 2006 - Present Director & Chairman - V.P.K. Auto Co., Ltd.
- 2007 - Present Director - Delta Thairung Co., Ltd.
- 2013 - Present Director - Asia Wealth Securities Co., Ltd.
- 2013 - Present Director - Asia Wealth Holding Co., Ltd.
- 2014 - Present Director - Trex Thairung Co., Ltd.

Number of posts occupied in other institutions: none

Number of posts occupied in businesses that compete with or are related to that of the Company: none

▲ Illegal Record :

- none -

▲ Number of shares held TRU by directors

21 March 2019 : 120,089,725 Shares (20.33%)



Mr. Sompong Phaoenchoke

Vice Chairman & Managing Director
Chairman, Risk Management Committee
(Authorized Director)
Age 58 years

Number of years in office: 25
Start of term of office: 26 November 1993

Academic qualifications :

- Master's degree in Industrial Engineering, Keio University, Japan
- National Defence College Class of 2006
- Capital Market Academy No.8
- National Defence College (class of 2010) Course in high level security management and administration

IOD'S Courses :

Director Certification Program 26/2003 : IOD

Working Experience :

Number of posts occupied in listed companies: 2

- Present Director & Managing Director, Chairman Risk Management Committee - Thai Rung Union Car Plc.
- 2013 - Present Independent Director & Audit Committee - The Brooker Group Plc.

Number of posts occupied in unlisted companies: 15

- 2014 - Present Director & Chairman - Kyowa Thairung Co., Ltd.
- 2017 - Present Director & Chairman - Trex Thairung Co., Ltd.
- 1992 - Present Director & Vice Chairman - Thai Ultimate Car Co., Ltd.
- 1989 - Present Director & Managing Director - Thai Rung Tools and Dies Co., Ltd.
- 1991 - Present Director & Managing Director - Thai V.P. Auto Service Co., Ltd.
- 2001 - Present Director & Managing Director - Thai Auto Pressparts Co., Ltd.
- 1986 - Present Director - Chaicharoenkij Motors Co., Ltd.
- 1987 - Present Director - Thai V.P. Corporation Co., Ltd.
- 1992 - Present Director - V.P. Auto Enterprise Co., Ltd.
- 1994 - Present Director - Isuzu Chaicharoenkij Motors Co., Ltd.
- 1996 - Present Director - Sinthoranee Property Co., Ltd.
- 2004 - Present Director - Biz Motor Co., Ltd.
- 2004 - Present Director - Lexus Auto City Co., Ltd.
- 2004 - Present Director - Thai Auto Conversion Co., Ltd.
- 2007 - Present Director - Delta Thairung Co., Ltd.

• Number of posts occupied in other institutions: 5

- Present Director - Thai Automotive Industry Association
- Present Director - Thai Auto-parts Manufacturers Association
- Present Director - Thammasat University Commerce and Accountancy Alumni (T.C.A.A.)
- Present Director - Juristic Person Saranchol Pattaya Condominium
- Present Vice President - Thai Automobile Dealers Association

Number of posts occupied in businesses that compete with or are related to that of the Company: none

Illegal Record :

- none -

Number of shares held TRU by directors

21 March 2019 : 62,232,825 Shares (10.53%)
: Direct held Indirect held by Mrs. Keawkaow Phaoenchoke (wife) Total 2,700,000 Shares (0.46%)
: sum 62,232,825 Shares (10.53%)



Ms. Kaewjai Phaoenchoke

Director & Executive Board

(Authorized Director)

Age 54 years

Number of years in office: 19

Start of term of office: 20 April 2000

▲ Academic qualifications :

- Bachelor Degree in Financial Administration University of New England Australia
- Executive Program “Owner/President Management Program” No.42 Harvard Business School, USA
- Winning with Strategy : YPO (Thailand)
- Secret of Effective Business : YPO (Thailand)
- Cambridge-Thammasat Executive Education Education Program “Leadership” No.1, University of Cambridge, England
- Positive Psychology : YPO (Thailand)
- Strategic Human Resource Management No.3 Thammasat University
- The Boss Executive Educational Program No. 38 Management and Psychology
- National Defence College Class of 2013
- Capital Market Academy No.23
- Top Executive Program in Commerce and Trade : TEPCoT No.11 Commerce Academy University of the Thai Chamber of Commerce

▲ IOD’S Courses :

- Director Certification Program 29/2003 : IOD
- Corporate Governance for Capital Market Intermediaries (CGI) 10/2015

▲ Working Experience :

Number of posts occupied in listed companies: 1

- Present Director & Executive Board - Thai Rung Union Car Plc.

Number of posts occupied in unlisted companies: 16

- 1993 - Present Director & Chief Executive Officer - Thai V.P. Corporation Co., Ltd.
- 1994 - Present Director & Chief Executive Officer - Isuzu Chaicharoenkij Motors Co., Ltd.
- 1996 - Present Director & Chief Executive Officer - V.P. Auto Enterprise Co., Ltd.
- 2004 - Present Director & Chief Executive Officer - Biz Motor Co., Ltd.
- 2004 - Present Director & Chief Executive Officer - Lexus Auto City Co., Ltd.
- 2006 - Present Director & Chief Executive Officer - V.P.K. Auto Co., Ltd.
- 2007 - Present Director & Chief Executive Officer - Biz Resource Co., Ltd
- 1988 - Present Director - Chaicharoenkij Motors Co., Ltd.
- 1991 - Present Director - Thai V.P. Auto Service Co., Ltd.
- 1991 - Present Director - Thai Rung Tools and Dies Co., Ltd.
- 1992 - Present Director - Thai Ultimate Car Co., Ltd.
- 1993 - Present Director - Sinthoranee Property Co., Ltd.
- 2001 - Present Director - Thai Auto Pressparts Co., Ltd.
- 2013 - Present Director - Asia Wealth Securities Co.,Ltd.
- 2013 - Present Director - Asia Wealth Holding Co.Ltd.
- 2014 - Present Director - Trex Thairung Co.,Ltd.

Number of posts occupied in other institutions: 2

- Present Advisory Board - Thai Car Rental Association
- Present Chairman - The Thai Chamber of Commerces Code of conducts

Number of posts occupied in businesses that compete with or are related to that of the Company: none

▲ Illegal Record :

- none -

▲ Number of shares held TRU by directors

21 March 2019 : 98,253,765 Shares (16.63%)



Mr. Wuttichai Phaoenchoke

Director & Executive Board

(Authorized Director)

Age 48 years

Number of years in office: 23

Start of term of office: April 1996

Academic qualifications :

- Master's degree in Automotive Engineering, Coventry University, U.K.

IOD'S Courses :

- none -

Working Experience :

Number of posts occupied in listed companies: 1

- Present Director - Thai Rung Union Car Plc.

Number of posts occupied in unlisted companies: 12

- 1994 - Present Director & Managing Director - Isuzu Chaicharoenkij Motors Co., Ltd.
- 2002 - Present Director & Managing Director - Sinthoranee Property Co., Ltd.
- 2002 - Present Director & Managing Director - Chaicharoenkij Motors Co., Ltd.
- 2004 - Present Director & Managing Director - Biz Motor Co., Ltd.
- 2003 - Present Director & Deputy Managing Director - Thai V.P. Auto Service Co., Ltd.
- 1997 - Present Director - Thai Ultimate Car Co., Ltd.
- 2001 - Present Director - Thai Auto Pressparts Co., Ltd.
- 2002 - Present Director - Thai V.P. Corporation Co., Ltd.
- 2002 - Present Director - Thai Rung Tools and Dies Co., Ltd.
- 2002 - Present Director - V.P. Auto Enterprise Co., Ltd.
- 2007 - Present Director - Biz Resource Co., Ltd
- 2014 - Present Director - Kyowa Thairung Co.,Ltd.

Number of posts occupied in other institutions: none

Number of posts occupied in businesses that compete with or are related to that of the Company: none

Illegal Record :

- none -

Number of shares held TRU by directors

21 March 2019 : 96,528,225 Shares (16.34%)



Mr. Somkiat Nimrawee

Independent Director

Member, Audit & Corporate Governance Committee

Member, Nomination & Remuneration Committee

Member, Risk Management Committee

Age 67 years

Number of years in office: 25

Start of term of office: 26 November 1993

Academic qualifications :

- Bachelor's degree in Finance & Accounting, Thammasart University

IOD'S Courses :

- Director Accreditation Program 10/2004 : IOD

Working Experience :

Number of posts occupied in listed companies: 1

- Present Independent Director Member, Risk Management Committee Member, Audit & Corporate Governance Committee Member, Nomination & Remuneration Committee - Thai Rung Union Car Plc.

Number of posts occupied in unlisted companies: 1

- 2006 - Present Managing Director - Dan Thai Engineering Co., Ltd.

Number of posts occupied in other institutions: none

Number of posts occupied in businesses that compete with or are related to that of the Company: none

Illegal Record :

- none -

Number of shares held TRU by directors

21 March 2019 : 96,000 Shares (0.016%)



Mr. Suvait Theeravachirakul

Chairman, Audit & Corporate Governance Committee

Member, Risk Management Committee

Age 59 years

Number of years in office: 13

Start of term of office: 11 August 2005

Academic qualifications :

- Bachelor's degree in Business Administration, Accounting, Ramkhamhaeng University
- Master's degree in MBA, Wagner College, New York NY, U.S.A.
- Capital Market Academy No.10
- Anti-Corruption Strategic Management course for Senior Executives, Class 5 Sanya Dharmasakti Anti-Corruption Institute

IOD'S Courses :

- Director Certification Program 9/2001 : IOD
- Audit Committee Program 15/2006 : IOD
- Successful Formulation & Execution of Strategy (SFE) 2010 : IOD

Working Experience :

Number of posts occupied in listed companies: 5

- Present Independent Director, Chairman, Audit & Corporate Governance Committee, Member, Risk Management Committee - Thai Rung Union Car Plc.
- 2002 - Present Director and CEO, President & Member, Executive Committee - MBK Plc.
- 2007 - Present Independent Director & Member, Audit Committee - IFS Capital (Thailand) Plc.
- 2009 - Present Vice Chairman of the Executive Committee - Patum Rice Mill and Granary Plc.
- 2000 - Present Member of the Executive Committee - Royal Orchid Hotel (Thailand) Plc.

Number of posts occupied in unlisted companies: 71

- 1994 - Present Director - Vachirachat Co.,Ltd.
- Present Chairman of the Board of Directors and Director , The subsidiaries and associates of MBK Plc. total 70 companies

Number of posts occupied in other institutions: none

Number of posts occupied in businesses that compete with or are related to that of the Company: none

Illegal Record :

- none -

Number of shares held TRU by directors

21 March 2018 : 18,014 Shares (0.003%)



Mr. Damri Tunshevavong

Independent Director

Member, Audit & Corporate Governance Committee

Member, Nomination & Remuneration Committee

Age 65 years

Number of years in office: 7

Start of term of office: 28 February 2012

Academic qualifications :

- Becheor's degree in electrical engineering, Chulalongkorn University
- Advanced Management Program Harvard University, USA.
- Capital Market Academy (class of 2009)

IOD'S Courses :

- Director Certification Program 106/2008 : IOD
- Audit Committee Program 24/2008 : IOD
- Role of the Chairman Program 22/2009 : IOD
- Role of Compensation Committee 10/2010 : IOD

Working Experience :

Number of posts occupied in listed companies: 3

- Present Independent Director, Member, Audit & Corporate Governance Committee Member, Nomination & Remuneration Committee - Thai Rung Union Car Plc.

Number of posts occupied in unlisted companies: none

Number of posts occupied in other institutions: 1

- Present Director - Iron and Steel Institute of Thailand
- Present Director - Banknote Management Committee, Bank of Thailand

Number of posts occupied in businesses that compete with or are related to that of the Company: none

Illegal Record :

- none -

Number of shares held TRU by directors

21 March 2019 : - none -



Mr. Thavorn Chalassthien

Independent Director

Chairman, Nomination & Remuneration Committee

Age 65 years

Number of years in office: 6

Start of term of office: 22 April 2013

Academic qualifications :

- Bachelor of Industrial Technology (Mechanical Technology) Rajamangala University of Technology Krungthep

IOD'S Courses :

- none -

Working Experience :

Number of posts occupied in listed companies: 1

Present Independent Director, Chairman, Nomination & Remuneration Committee, Member, Risk Management Committee - Thai Rung Union Car Plc.

Number of posts occupied in unlisted companies: 1

Present Senior Advisor, Administrative Division - Denso (Thailand) Co.Ltd.

Number of posts occupied in other institutions: 18

Present Vice President - The Federation of Thai Industrie
 Present Honorary Chairman - Auto-Part Industry Club, The Federation of Thai Industrie
 Present Vice President - Thai Automotive Industry Association
 Present Vice President - Thai Auto-parts Manufacturers Association
 Present Vice President - Organizational Performance Management Technology Promotion Association (Thai-Japan)
 Present Chairman - The Strategy and Labour Development Subcommittee, Automotive and Parts Industrial, Ministry of Labour
 Present Qualified member - Thai-Nichi Institute of Technology
 Present Qualified member - Thailand Professional Qualification Institute (Public Organization)
 Present Qualified member - Office of the Vocational Education Commission, Ministry of Education
 Present Executive Director - Thai - German Institute
 Present Director - The Association of QC Headquarters of Thailand
 Present Director - Academic Honorary, Rajamangala University of Technology, Bangkok
 Present Director - Academic Honorary, Rajamangala University of Technology, Thanya Buri
 Present Director - Mould Industrial Development, Ministry of Industry
 Present Director - Department of Skill Development, Ministry of Labour
 Present Director - Pathumwan Institute of Technology
 Present Advisor - Automotive Engineers Thailand
 Present Advisor - Thai -Nichi Institute of Technology

Number of posts occupied in businesses that compete with or are related to that of the Company: none

Illegal Record :

- none -

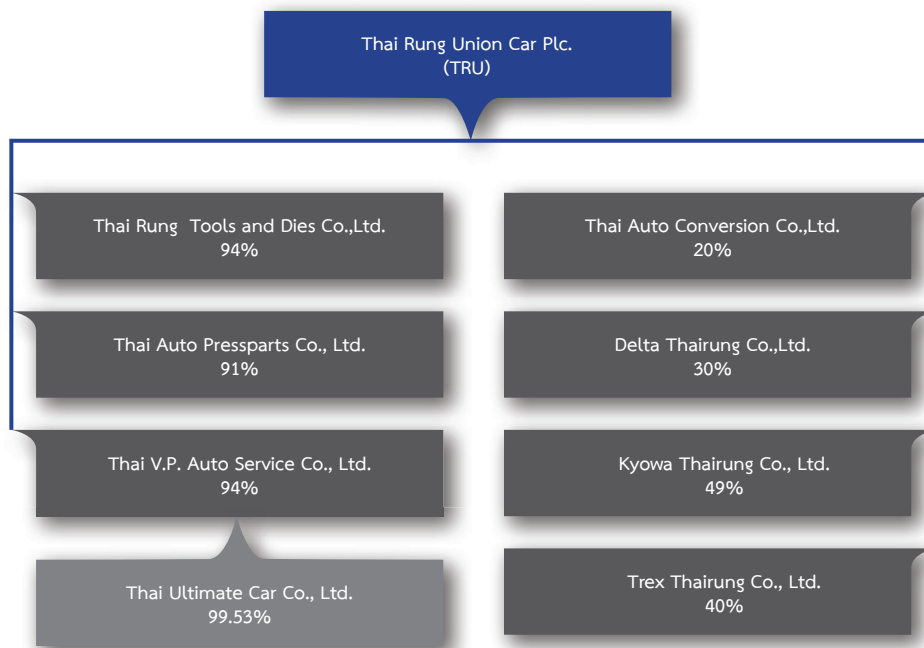
Number of shares held TRU by directors

21 March 2019 : - none -

General Information

Listed Company	Thai Rung Union Car Public Company Limited Companies Register Number 0107536001435										
Registered share capital	Bt. 619,846,931 divided into 619,846,931 ordinary shares of Bt.1 each.										
Paid-up share capital	Bt. 590,846,931										
Business Activities	<ul style="list-style-type: none"> - Product design, research and development - Manufacture of dies and jigs - Manufacture of automotive parts and seats - Contract vehicle painting and assembly, vehicle modification 										
Address	304 Macharoen Road, Nong Khang Phlu, Nong Khaem, Bangkok 10160 Tel: 0-2431-0071-2, 0-2431-0065, 0-2420-0076 Fax: 0-2812-0844, 0-2814-5030, 0-2420-3664										
Website	http://www.thairung.co.th										
Securities Registration	Thailand Securities Depository Company Limited 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400 Tel: 0-2009-9000 Fax: 0-2009-9991										
Auditors	<table> <tr> <td>Mr Atipong Atipongsakul</td><td>CPA No. 3500 or</td></tr> <tr> <td>Mr Vichai Ruchitanont</td><td>CPA No. 4054 or</td></tr> <tr> <td>Mr Sathien Vongsnan</td><td>CPA No. 3495 or</td></tr> <tr> <td>Ms Kulthida Pasurakul</td><td>CPA No. 5946 or</td></tr> <tr> <td>Ms Patcharee Siriwongsin</td><td>CPA No. 9037</td></tr> </table> ANS Audit Co Ltd 100/72, 22 nd Floor, 100/2 Vongvanij Building B, Rama 9 Road, Huaykwang Bangkok 10310 Tel: 0-2645-0109 Fax: 0-2645-0110	Mr Atipong Atipongsakul	CPA No. 3500 or	Mr Vichai Ruchitanont	CPA No. 4054 or	Mr Sathien Vongsnan	CPA No. 3495 or	Ms Kulthida Pasurakul	CPA No. 5946 or	Ms Patcharee Siriwongsin	CPA No. 9037
Mr Atipong Atipongsakul	CPA No. 3500 or										
Mr Vichai Ruchitanont	CPA No. 4054 or										
Mr Sathien Vongsnan	CPA No. 3495 or										
Ms Kulthida Pasurakul	CPA No. 5946 or										
Ms Patcharee Siriwongsin	CPA No. 9037										

**Group Structure of Thai Rung Union Car Public Company Limited
and subsidiaries as at 31 December 2018**



General Information on Subsidiaries and Joint Venture Companies

Subsidiary Companies

● **Thai Rung Tools and Dies Co., Ltd.**

Registered share capital	Bt.27,000,000 issued and fully paid up, divided into 270,000 ordinary shares of Bt.100 each
Business Activities	Manufacture of dies and jigs.
Address	304/1 Macharoen Road, Nong Khang Phlu, Nong Khaem, Bangkok 10160 Tel: 0-2431-0071-2, 0-2431-0065, 0-2420-0076 Fax: 0-2814-5030, 0-2420-3664

● **Thai Auto Pressparts Co., Ltd.**

Registered share capital	Bt.400,000,000 issued and fully paid up, divided into 4,000,000 ordinary shares of Bt.100 each
Business Activities	Manufacture of automotive body parts
Head office	304 Macharoen Road, Nong Khang Phlu, Nong Khaem Bangkok 10160 Tel: 0-2431-0071-2, 0-2431-0065, 0-2420-0076 Fax: 0-2814-5030, 0-2420-3664

Factory

Amata City Rayong

7/122 Moo 4, Chachoengsao-Sattahip Road, Tambol Marpyarnghorn,

Amphoe Pluak Daeng, Rayong 21140

Tel: (038) 956-156, 956-239-42

Fax: (038) 956-169

- **Thai V.P. Auto Service Co., Ltd.**

Registered share capital Bt.25,000,000 issued and fully paid up,
divided into 250,000 ordinary shares of Bt.100 each

Business Activities Sale of spare parts and accessories, after-sales service centre,
installation of LPG and CNG vehicle conversion units.

Address 151 Macharoen Rd., Nong Khang Phlu, Nong Khaem, Bangkok 10160

Tel: 0-2420-6708, 0-2420-4823, 0-2812-1445-6

Fax: 0-2420-1601

Website www.trservice.in.th

- **Thai Ultimate Car Co., Ltd.**

Registered share capital Bt.25,000,000 issued and fully paid up,
divided into 25,000 ordinary shares of Bt.1,000 each

Business Activities Providing automotive, consulting and general administrative and organisational services

Address 304/1 Macharoen Road, Nong Khang Phlu,

Nong Khaem, Bangkok 10160

Tel: 0-2431-0071-2, 0-2431-0065, 0-2420-0076

Fax: 0-2812-1992

Joint Venture Companies

- **Thai Auto Conversion Co., Ltd.**

Registered share capital Bt.74,500,000 issued and fully paid up,
divided into 74,500 ordinary shares of Bt.1,000 each

Business Activities Product development and fitting of special accessories
for special purpose vehicles.

Address 159, Moo 16, Thaeparak Road, Tambol Bang Sao Thong, Amphoe Bang Sao
Thong, Samut Prakarn Province 10540

Tel: 0-2313-1371-8

Fax: 0-2313-1380

● **Delta Thairung Co., Ltd.**

Registered share capital Bt.300,000,000 issued and fully paid up,
divided into 3,000,000 ordinary shares of Bt.100 each

Business Activities Manufacture of auto seats and parts and other equipment for vehicles

Address Amata City Rayong
7/150 Moo 4, Tambol Marpyarngphorn, Amphoe Pluak Daeng, Rayong 21140
Tel: (038) 650-398-400
Fax: (038) 650-400

● **Trex Thairung Co., Ltd.**

Registered share capital Bt.550,000,000 issued and fully paid up,
divided into 5,500,000 ordinary shares of Bt.100 each

Business Activities Manufacture of various kinds of trucks body, such as dump-trucks, cargo vans, trailers, concrete mixer trucks and refrigerated trucks, etc. and after-sale service

Head office 10/73 Sukhumvit Soi 13, Khlong Toei Nuea,
Wattana, Bangkok 10110
Tel: 0-2168-7644
Fax: 0-2168-7645

Factory Amata City Rayong
7/462-463 Moo 6, Chachoengsao-Sattahip Road, Tambol Marpyarngphorn,
Amphoe Pluak Daeng, Rayong 21140
Tel: (038) 020-250-3
Fax: (038) 020-254

Website www.trexttr.com

● **Kyowa Thairung Co., Ltd.**

Registered share capital Bt.20,000,000 issued and fully paid up,
divided into 200,000 ordinary shares of Bt.100 each

Business Activities Manufacture of cabins and parts for industrial machinery, excavators, construction equipment, agricultural machinery and tractors, etc.

Address 304 Macharoen Road, Nong Khand Phlu,
Nong Khaem, Bangkok 10160
Tel: 0-2431-0071-2, 0-2431-0065, 0-2420-0076
Fax: 0-2812-0844, 0-2814-5030, 0-2420-3664

- **General Business Overview of the Company, its Subsidiaries and Joint Ventures**

Thai Rung Union Car Public Co Ltd is in the motor vehicle industry. Its main business activities are product design, research and development, manufacture of tools, dies and jigs, manufacture of metal and plastic parts, contract vehicle painting and assembly and modification of vehicles, including multi-purpose vehicles and special purpose vehicles such as TR Transformer, Military Utility Vehicle 4 (MUV4) and rapid response rescue vehicles.

The Company has six subsidiary and joint venture companies, which are engaged in related or supporting businesses and which enable the group to provide a full range of services as well as spreading the business risks. Details are as follows.

- **Thai Rung Union Car Plc.** has three business units as follows;
 - Product design, research and development and contract research, design and modification of various types of vehicles for domestic and overseas customers.
 - Pressed metal and plastic parts and seats for car, truck and motorcycle manufactures, parts for construction tools, industrial and agricultural machinery, or other businesses beyond the auto industry such as electronic components, as well as for use in its own internal production processes.
 - Paint work and contract assembly for automobile customers, the industrial and agricultural machinery sectors, and modification of vehicles for multi-purpose vehicles and special purpose vehicles such as TR Transformer, Military Utility Vehicle 4 (MUV4), rapid response rescue vehicles and Minibus.
- **Thai Rung Tools and Dies Co Ltd (TRT)** makes dies and jigs. It has received BOI promotional privileges for investments.
- **Thai Auto Pressparts Co Ltd (TAP)** started business in June 2002 at its factory at Amata City Rayong, thus considerably expanding the group's parts production capacity. Thai Auto Pressparts, which has been granted BOI promotional privileges for its investments, supplies automotive parts to the customer group formed by auto and motorcycle manufacturers in the Eastern Seaboard and surrounding areas, and also caters to the export market. In 2012 it expanded a new factory.

- **Thai V.P. Auto Service Co Ltd (TVS)** provides after-sales service for Thai Rung's multi-purpose vehicles. In 2012, The Company started paint work to cater to the growth in customer demand.
- **Thai Ultimate Car Co Ltd (TUC)** a subsidiary of TVS which it acquired in 2001. Its current activity consists of providing automotive consulting and general administrative and organisational services.
- **Thai Auto Conversion Co Ltd (TAC)** is a joint venture with the Toyota Motor Group for product development and fitting of accessories for special purpose vehicles.
- **Delta Thairung Co Ltd (DTC)** is a joint venture with Delta Kogyo of Japan, established in 2007 to manufacture auto seats and parts and other equipment for vehicles. Its factory is at Amata City Rayong.
- **Kyowa Thairung Co Ltd (KTR)** is a joint venture with Kyowa Sangyo of Japan, newly established in 2014 to manufacture of cabins and parts for industrial machinery, excavators, construction equipment, agricultural machinery and tractors, etc.
- **Trex Thairung Co Ltd (TTR)** is a joint venture with 3 partners, Nippon Trex and Kyokuto Kaihatsu Kogyo of Japan and Mitsiam International Co. Ltd., newly established in 2014 to manufacture various kinds of trucks body, such as dump-trucks, cargo vans, trailers, concrete mixer trucks and refrigerated trucks, etc. and after-sale service. Its factory is at Amata City Rayong. The factory was officially opened on 21 October 2015.

The Company's group policy is for each subsidiary to strive to operate profitably in its own right and to be self-sufficient in its particular activities within the overall policy of the parent.

3.1 Breakdown of Total Revenues, Thai Rung Union Car Plc and Subsidiaries, 2016-2018

Unit: Million Bt.

Sales and service	Performed by	% of shares held	2018		2017		2016	
			Million Bt	%	Million Bt	%	Million Bt	%
Revenue from the production of vehicle manufacturing equipment	TRU, TAP, TRT	91, 94	1,580.79	61	1,339.95	64	1,112.62	59
Revenue from vehicle assembly and other vehicle-related contract work	TRU		592.15	23	479.46	23	486.28	26
Revenue from sales of vehicles and from service centres	TRU, TVS, TUC	94, 99.53*	353.32	14	234.53	11	181.97	10
Other sales & service income			3.39	0	1.08	0	2.11	0
Total revenue from Sales & service			2,529.65	98	2,055.02	98	1,782.99	95
Other income			47.14	2	45.86	2	85.3	5
Total Revenues			2,576.79	100	2,100.88	100	1,868.29	100

* TRU holds 94% of the shares in TVS, which in turn holds 99.53% of the shares in TUC.

- Industry trends and future competitive situation

The trend in the global vehicle market is increasingly towards vehicles that save on energy and reduce emissions of CO₂ and micro-particulate matter, so the future direction of the automotive industry will be to develop more energy-saving and environmentally friendly vehicles, such as electric, hybrid or other clean-energy vehicles. Perhaps this could even become Thailand's new champion product, both for the domestic market and to increase exports.

As the trend gradually shifts towards clean energy vehicles such as electric vehicles it will have an effect on demand for auto parts too, particularly parts using innovative technology so as to be tougher but at the same time more lightweight, such as those made from high tensile steel, aluminium and composites, while at the same time digital business will play an increasing role in the automotive industry, so if players do not make the necessary adjustments to cater to the changing market they may face fiercer competition.

The Company's strategy for 2019 places stress on boosting revenues from sales of the TR Transformer II and the minibus and on further expanding the customer base beyond the automotive sector.

- **Expand market for TR Transformer inspection vehicle, an innovative Thai product**, which won the “**National Innovation Award 2018**” from the Ministry of Science and Technology's National Innovation Agency, with the emphasis on increasing sales to the various government departments based on its outstanding and differentiating body design features and its adaptability in terms of installing special equipment or modification for special purposes such as disaster relief, bomb disposal (EOD), military working dog (K9) transport, drone control, TV outside broadcast, field ambulance or communication system control vehicle.
- Seven metre long **minibus** seating 20 aimed at the switch from passenger vans to minibuses in accordance with government policy and demand from the growing tourist industry with prospects for expanding the market to include exports in the future.
- Expand business opportunities related to **electric vehicles (EVs)** the vehicle of the future: production of body parts using lightweight materials such as high tensile steel, aluminium or composites, production of plastic trim parts and auto seats, contract assembly work for electric vehicles, design and production of an electric minibus.
- **Further expand the customer base beyond the automotive sector** with such products as excavator cabs, construction equipment and agricultural machinery.

Apart from this, the Company has an improvement plan, involving boosting workforce efficiency, reducing production costs by making increased use of automated production systems, and seeking new business. The Company is always open to talking with investors interested in joint ventures with the Thai Rung Group with a view to expanding the business base in fields related to its present business, including new product R&D, which has high added value, so as to gain market share and generate increased revenue for the Group in the future.

Apart from this the Company is also committed to contributing to taking care of the environment, as shown by its ISO 9001, ISO/TS 16949 and ISO 14001 certification, and to manufacturing in accordance with customers' needs, in a timely manner, keeping its costs within targets and using appropriate technology in the design and production processes, by means of efficient management, and raising the level of knowledge and capability of employees at all levels in order to keep in step with changes in the outside world, while at the same time ensuring a good working environment, safety at work, respect for the environment and social responsibility. In terms of corporate governance, the Company conducts its business at the level of its Board of Directors, its management and employees in line with the corporate governance guidelines of the SET.

The Company attaches importance to applying the principles of risk management as a tool in managing the organisation to world standards. A Risk Management Committee is responsible for overseeing and controlling compliance with risk management policies and rules, monitoring any significant risks that arise and establishing a risk management plan which is continuously aligned with the Company's strategic and business plans, examples being:

- the revision of practical manuals to keep them up to date and thus able to support improvement drives throughout the organisation
- the establishment and review of clear roles, duties and responsibilities of executives and employees
- and continuous performance evaluation aimed at incentivizing employees and boosting efficiency
- all of which are aimed at building confidence in the Company's risk management systems as being adequate and appropriate for the conduct of the organisation's business and the achievement of its objectives.

In 2018 the Company succeeded in increasing the efficiency with which it controlled the risks associated with possible effects of both atmospheric and noise pollution, investing installing systems to protect against paint dust and odour in accordance with international standards. The Company has obtained, and maintains, ISO 14001 quality certification, which involves regular checks by a government-approved company on the various kinds of pollution associated with the production process. The Company also has a system of checks, improvements, repairs and maintenance for its machinery and production systems at regular intervals. Accordingly the Company is confident that the production systems in the paint dip and paint shop facilities are efficient and will not cause environmental problems.

1. Business Risks

1.1 Multi-purpose vehicles

- The Company has competitors in the form of several major brand owners who already produce multi-purpose vehicles, and new entrants attracted into the market by the high value of the station wagon type segment, with this type of vehicle continuing to be popular among consumers.
- The implementation of free trade under AFTA brings import duty down to zero, increasing opportunities for foreign brands to establish themselves in the Thai market, which would increase competition, especially with the implementation of free trade under the AEC in 2016.

In order to spread the risk and mitigate any effect that might arise from the various risk factors in the multi-purpose vehicle business the Company has established guidelines as follows:

- The Company focuses on the area of multi-purpose vehicle research and development, striving for modern features and quality in line with its target customer groups' needs. The Company has also conducted studies on developing a business for various kinds of special purpose vehicles such as TR Transformers, Military Utility Vehicle 4 (MUV4), rapid emergency vehicles in order to expand its

market and its target customer groups, taking advantage of its flexibility in terms of adapting its production processes.

- The Company opened two showrooms of its own, on Phetkasem Road and Vibhavadi Road, held events and road shows in various provinces and accelerated the appointment of new dealers in the North, North-east, East and South of Thailand to present its products and increase sales opportunities. It also established an advertising plan involving several different channels both online and more conventional. This year the emphasis will be on online public relations. Apart from this emphasis was also given to sales to government departments.
- The Company put additional measures in place throughout the organisation to reduce costs and save on expenses, both in the factory and in sales and support areas, so as to streamline costs so as to be able to compete and survive the economic crisis.

1.2 Auto Parts and Contract Assembly

The implementation of free trade under AFTA brings import duty down to zero and thus increases manufacturers' options in terms of importing parts instead of having them made in Thailand. Thai auto parts makers are faced with tougher competition on price and quality, from both domestic and foreign producers.

In order to spread the risk and mitigate any effect that might arise from the various risk factors in the parts making and contract assembly business the Company has established guidelines as follows:

- The Company continues to foster its relationships with its long-standing major customers, whilst at the same time seeking new customers from other sectors such as premium level motorcycles, which is a niche market with high added value, parts for construction tools, industrial and agricultural machinery, or other businesses beyond the auto industry such as electronic components, and also to broaden the customer base to other countries such as China, India and Australia so as to spread the risks in terms of sources of work. It also arranges programmes of marketing activities aimed at enhancing customer relations in general throughout the year, as well as establishing new target customer groups every year.
- We provide a one stop service for plastic parts, painting, contract assembly and modification work from research and design through to finished parts.
- The Company is always on the look-out for possible foreign business alliances with a view to increasing its know-how in the areas of production technology and more efficient machinery so as to prepare for the future, and to joint investment and expanding into additional related businesses, its policy being to seek work with high added value.

1.3 Dies and Jigs

The volume of die and jig making work varies somewhat uncertainly from year to year depending on the various brands' plans for new model launches. In order to reduce future uncertainty, the Company has accelerated its

search for business from overseas, from automakers moving their production bases to Thailand, and from new customers such as makers of construction, industrial or agricultural machinery and big trucks.

In order to spread the risk and mitigate any effect that might arise from the various risk factors in the die and jig making business the Company has established guidelines as follows:

- The Company has carried out investments to improve the efficiency of the production process so as to meet the many and varied customer requirements and at the same time to improve chances of winning the big size of die that have the high value added and less competitor.
- The Company has a project to increase automation of the production process so as to lessen the impact of shortages of skilled labour, and has also arranged training courses aimed at enhancing personnel capability.
- To build dies and jigs on a tier-two basis for tier-one suppliers overseas, e.g. Europe, America, who need to outsource work to countries with lower production costs.
- To provide a one stop service for research, design, modification, right through to dies, jigs and other production equipment.
- Boost level of die and jig design and production for turn-key projects through alliance with foreign partner so as to be able to enter more overseas tenders
- Build up a network of business allies in Thailand so as to cater to the volume of new projects coming on stream, increase production capacity and be able to take on turn-key projects overseas

Nevertheless in order to spread the risks in all three business units, the Company also strives to diversify its business, both to reduce the risk of business concentration and to broaden the revenue base. Examples are:

- New product launch: seven metre long minibus seating 20 aimed at the switch from passenger vans to minibuses in accordance with government policy and demand from the growing tourist industry, in addition to which there are prospects for expanding the market to include exports in the future.
- The Company is a leader in the design and development of flat deck cargo boxes for pick-up trucks, which it sells to a number of truck makers for distribution in the domestic market and overseas. Expanding the business of product design and development to various automakers at home and abroad. Apart from this, the Company under process to develop flat deck cargo boxes for small and medium truck.
- The Company increased its investment in other sectors by setting up two new joint venture companies, to expand its business into various kinds of trucks, such as dump-trucks, cargo vans, trailers, concrete mixer trucks and refrigerated trucks, and to diversify into industrial machinery, excavators, construction equipment, agricultural machinery and tractors, etc.

2. Financial Risks

2.1 Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable, loans, and other receivables. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans, and other receivables as stated in the Statement of financial position.

2.2 Interest rate risk

The Group's exposures to interest rate risk relate primarily to their cash at banks, current investments and short-term loans. However, since most of the Group's financial assets and liabilities have been repaid within one year, the interest rate risk is expected to be minimal.

2.3 Foreign currency risk

The Group is exposed to foreign currency risk relating to sales which are denominated in foreign currencies. However, the foreign currency risk is expected to be minimal because the low volume of sales.

3. Legal risk

This concerns the risk of being sued for damages by consumers under product liability legislation as result of unsafe or poor quality products made by the Company

The Company takes this risk seriously and has accordingly announced a policy on product safety, establishing a working committee and assigning it the duty and responsibility of ensuring compliance with the law, arranging training for management and employees on the law and making compliance mandatory for all employees.

For the law as it relates to automotive industrial factories a special unit will be responsible for ensuring strict compliance with the law.

4. Safety, environmental and community risks

The Company attaches importance to its human resources and stakeholders, striving to manage its business in such a way as to reduce all kinds of risks that affect people's quality of life, as well as fulfilling its responsibilities towards society and building good relations with its neighbouring community, through the following measures:

- Annual review of safety and environmental policies and quarterly activity meetings to inform supervisors of monitoring results
- Stress on employee awareness of and attention to safety and environmental issues, all employees being obliged to follow the CCCF (Completely Check, Completely Find Out) procedure and the ISO14001 environmental management standard, as well as other activities such as "White Factory" "Drive Safely", "Don't Drink and Drive" and "Give up Alcohol for Lent".
- Annual scholarship awards to children of employees who achieve a certain standard. The Company also supports society by donating money, supporting various departments and the local community, for example donating medical equipment to hospitals, granting scholarships to pupils of various schools, arranging volunteer programmes in support of underprivileged communities in various parts of the country, volunteer traffic activities, anti-drugs campaigns, cooperation with government departments, etc.

Securities and shareholders information

• Number of registered and paid-up capital

The company has a registered capital of 619,846,931 baht, divided into 619,846,931 ordinary shares with a par value of 1 baht per share and has paid-up capital 590,846,931 baht.

• Shareholders

Major Shareholders as at 21 March 2019, last date on which the share register was closed.

No.	Name	Shares	% of total shares
1.	Dr Pranee Phaoenchoke	120,089,725	20.33%
2.	Ms Kaewjai Phaoenchoke	98,253,765	16.63%
3.	Mr Wuttichai Phaoenchoke	96,528,225	16.34%
4.	Mr Sompong Phaoenchoke*	64,932,825	10.99%
5.	CITI (NOMINEES) LIMITED-S.A PBG CLIENTS SG	27,926,310	4.73%
6.	Mr Pattanasorn Phaoenchoke	20,875,640	3.53%
7.	Mr Wongwaris Phaoenchoke	19,121,720	3.23%
8.	Mr Korrawut Phaoenchoke	14,200,000	2.40%
9.	EFG BANK AG, HONG KONG BRANCH	14,200,000	2.40%
10.	Ms Uraiwan Sae Lee	12,396,000	2.10%
TOTAL		488,504,210	82.68%

Note * Mr Sompong Phaoenchoke holds 62,232,825 shares, his wife Mrs Kaewkao Phaoenchoke holds 2,700,000 shares.

• Issue of other securities

- \options to buy ordinary shares (stock options) to Directors and employees of the Company and its subsidiaries (TRU-ESOP 2015), to foster a sense of ownership amongst Directors and employees, to provide remuneration and to act as an incentive, a way of looking after the Company's human resources, and an aid to retaining capable and efficient employees and maximising their long term contribution to the Company. Details at 31 December 2018 are as follows:

Number of stock options: 29,000,000 (of which 25,500,000 allocated)

Number of ordinary shares in cover: 29,000,000

Term of project: 5 years (30 June. 2015-31 May. 2020)

Conversion rate 1 option warrant to 1.00894 ordinary shares

Exercise price: Bt.4.956 per share

Number of option warrants yet to be exercised: 29,000,000

- **Dividend Policy of Company and Subsidiaries**

- (a) **Payment of dividends by the Company to Shareholders**

TRU's dividend policy is to pay a dividend each year of approximately 40% of its consolidated net earnings of the previous year, subject to TRU and its affiliates' cash flow and investment plans, and other future considerations as to necessity and appropriateness.

Record of dividend payments to shareholders

Unit: Baht

Year	2014	2015	2016	2017	2018*
EPS	0.26	0.21	0.11	0.14	0.31
Dividend per share	0.15	0.15	0.09	0.14	0.25
Dividend payout ratio (%)	58.15	70.55	81.57	99.64	81.40

- (b) **Payment of dividends by Subsidiaries to the Company**

Subsidiary companies Thai Rung Tools and Dies Co. Ltd., Thai V.P. Auto Service Co. Ltd., Thai Auto Pressparts Co. Ltd., and Thai Ultimate Car Co. Ltd. consider their policy year by year in light of their investment requirements and other circumstances as appropriate.

Management Structure

- **Board of Directors**

As at 31 December 2018 all eight positions on the Board of Directors were occupied as follows.

	Name	Position
1	Dr. Pranee Phaoenchoke	Chairman of the Board and President
2	Mr. Sompong Phaoenchoke	Vice Chairman and Managing Director
3	Ms. Kaewjai Phaoenchoke	Director and Executive Director
4	Mr. Wuttichai Phaoenchoke	Director and Executive Director
5	Mr. Suvait Theeravachirakul	Independent Director, Chairman of the Audit and Corporate Governance Committee, Member of the Risk Management Committee
6	Mr. Somkiat Nimrawee	Independent Director, Member of the Audit and Corporate Governance Committee, Member of the Nomination and Remuneration Committee, Member of the Risk Management Committee
7	Mr. Damri Tunshevavong	Independent Director, Member of the Audit and Corporate Governance Committee, Member of the Nomination and Remuneration Committee,

8	Mr. Thavorn Chalassthien	Independent Director, Chairman of the Nomination and Remuneration Committee, Member of the Risk Management Committee
	Mr. Sakchai Komgris	Company Secretary and Secretary to the Board of Directors

Quorum for Board Meetings

1. A quorum for a meeting of the Board of Directors is constituted by not less than half the total number of Board of Directors.
2. Resolutions are passed by a simple majority of votes by Directors present, each Director having one vote.
3. At each Annual General Meeting of the Company at least one third of the Directors, or if the number of Directors is not divisible by three then the nearest number to one third, must retire, the longest serving Directors retiring first. Directors retiring by rotation may be re-appointed for a further term of office.

Powers and Duties of the Board of Directors

1. To carry out its duties in accordance with the Company's laws, objectives and regulations, including resolutions of shareholders' meetings, in accordance with the law, with integrity, ethically, prudently and with due regard to the Company's best interests.
2. To arrange for a shareholders' meeting to be held at least once a year, to report to shareholders on the Company's performance and to seek shareholders' approval for matters which exceed the authority or duties of the board of directors.
3. To hold a meeting of the Board of Directors at least once every three months.
4. To take all necessary steps to ensure that financial and other information provided to shareholders is at all times correct, complete and transparent.
5. To ensure that the Company has efficient internal control and audit systems in place.
6. To consider and make decisions on important matters such as policies, business plans, administrative powers, large investment projects, related party transactions, acquisitions or disposals of assets of the listed company as covered by the regulations of the Stock Exchange of Thailand, and any other matters stipulated by law.
7. To ensure that the Company's business dealings are carried out in an ethical manner.
8. The Board of Directors may delegate its powers and duties to one or more Directors or to other individual(s) as it sees fit, authorizing such person or persons to act on its behalf with whatever powers and duties it may choose to assign.
9. The Board of Directors has the power to appoint and to change authorised signatories empowered legally to bind the Company on its behalf.
10. To consider the payment of interim dividends to shareholders.

11. To establish the Company's policies and working guidelines and to monitor administrative departments' efficient and effective implementation of such policies with a view to maximizing growth and economic value for shareholders.
12. To give advice to the Managing Director on administration and on decisions likely to have important consequences for the Company.
13. To avoid conflicts of interest amongst Company stakeholders.

The scope of the powers and duties mentioned shall **not extend** to:

1. Matters subject by law to a resolution of a shareholders' meeting, such as capital decrease or increase or amendments to the Company's Memorandum or Articles of Association.
2. The authorisation of any related party transaction or acquisition or disposal of listed Company's assets, which require approval by a meeting of shareholders in accordance with the regulations of the Stock Exchange of Thailand.
3. The authorisation of any transaction in which a Director is an interested party or has a conflict of interest, which requires approval by a meeting of shareholders.

Role and duties of the Chairman

1. To call Board Meetings and establish the agenda together with the Managing Director
2. To chair Board Meetings and ensure that they are conducted in accordance with the agenda, the Company's Articles of Associations and the law, giving all directors enough time and encouraging them to take part in the debates and express their views freely while exercising due discretion as regards any interest parties.
3. To exercise the casting vote in the event of a tied vote
4. To chair shareholders' meetings, ensuring that they are conducted in accordance with the agenda, the Company's Articles of Association and the law, that shareholders are given appropriate and equal time and opportunity to express their views, and that questions are answered appropriately and transparently.

Directors' signing powers

Directors' signatory powers to bind the Company as recorded in the Company's registry. At present such powers are as follows:

Any one of the following Directors, acting alone, may bind the Company with his or her signature and the Company seal:

Dr. Pranee Phaoenchoke

Mr. Sompong Phaoenchoke

Ms. Kaewjai Phaoenchoke

Mr. Wuttichai Phaoenchoke

• Board Committees

The Board of Directors has established four Committees: the Audit and Corporate Governance Committee, the Executive Committee, the Risk Management Committee and the Nomination and Remuneration Committee. For a list of names of Directors, their powers and duties and other information on each Committee are as follows:

1) Audit and Corporate Governance Committee

As at 31 December 2018 the Company's Audit and Corporate Governance Committee was composed of three independent directors as follows:

Name	Position
1. Mr. Suvait Theeravachirakul ^{/1}	Chairman of the Audit and Corporate Governance Committee
2. Mr. Somkiat Nimravee	Member of the Audit and Corporate Governance Committee
3. Mr. Damri Tunshevavong	Member of the Audit and Corporate Governance Committee
Mr. Siripong Phosuk	Secretary to the Audit and Corporate Governance Committee

Note^{/1} Mr. Suvait Theeravachirakul has knowledge and experience of auditing the financial statements of the company.

Members of the Audit and Corporate Governance Committee serve for a term of two years. A quorum for a meeting of the Committee is constituted by not less than half the total number of Committee Members. Resolutions are carried by the affirmative votes of not less than half the total number of Members present.

Powers and duties of the Audit and Corporate Governance Committee

1. To ensure that the Company's financial reporting is accurate and adequate.
2. To ensure that the Company's internal control and audit systems are appropriate, efficient and to assess the independence of the internal audit department and to give its approval to the appointment or dismissal of the head of the department.
3. To ensure that the Company acts in accordance with the rules of the SEC and the SET and all laws applying to its business.
4. To consider, select, review and propose independent persons for appointment as the Company's auditors and to propose their remuneration, as well as attending meetings with the auditors without the presence of management at least once a year.
5. To consider related party transactions and transactions likely to give rise to conflicts of interest so as to ensure that they are carried out in accordance with the law and the rules of the SET and are fitting and proper and of the greatest possible benefit to the Company.
6. To draw up a report of the Audit and Corporate Governance Committee for publication in the Company's Annual Report, said report to be signed by the Chairman of the Committee.

7. To propose and review the Company's and group companies' policies on principles of corporate governance and corporate social responsibility to the Board of Directors of the Company for adoption as the basis of its corporate governance.
8. To ensure that the Company acts in accordance with the Company's principles of corporate governance and SEC and SET rules.
9. To keep the Company's corporate governance and CSR policies under constant review.
10. To promote the dissemination of the Company's corporate governance, CSR and sustainable development culture throughout all levels of the organization so as to ensure that it is universally understood and implemented.
11. To evaluate the Company's performance against the principles of corporate governance and CSR it has established.
12. To hold quarterly meetings to monitor the Company's results in the area of corporate governance and make recommendations for improvements.
13. To perform such other tasks as may be assigned by the Company's Board of Directors and accepted by the Committee.

2) Executive Committee

As at 31 December 2018 the Company's Executive Committee consisted of four Directors, as follows:

Name	Position
1. Dr. Pranee Phaoenchoke	President
2. Mr. Sompong Phaoenchoke	Managing Director
3. Ms. Kaewjai Phaoenchoke	Member of Executive Committee
4. Mr. Wuttichai Phaoenchoke	Member of Executive Committee
Mr. Sakchai Komgris	Secretary to the Executive Committee

Directors on the Executive Committee serve for a term of three years. A quorum for a meeting of the Executive Committees is constituted by not less than half the total number of Directors. Resolutions are carried by the affirmative votes of not less than half the total number of Directors present.

Powers and Duties of the Executive Committee

1. To control and take care of the general conduct of the Company's business and perform duties assigned to it by the Company's Board of Directors in order to achieve the Company's objectives.
2. To direct and monitor the successful implementation of policies and working plans assigned by the Company's Board of Directors to the various administrative departments.
3. To examine, consider and authorise important and urgent business within the scope of its powers and duties and monetary limitation determined by the Company's Board of Directors but in any case not exceeding Bt.400m.

4. To establish financial policies and supervise and monitor the administration of all financial work, including all business conducted with financial institutions, with a view to optimising efficiency.
5. To consider and authorise transactions within the Company's scope of business.
6. To perform such other duties as may be assigned by the Company's Board of Directors.

The scope of the powers and duties mentioned shall **not extend** to the authorisation of any transaction in which the executive board or an individual is an interested party or involving a conflict of interest on the part of the executive board or an individual, nor any related party transaction nor the acquisition or disposal of listed Company's assets, in accordance with the regulations of the Stock Exchange of Thailand

3) Risk Management Committee

As at 31 December 2018 the Company's Risk Management Committee was composed of six members, as follows:

Name	Position
1. Mr. Sompong Phaoenchoke	Chairman of the Risk Management Committee
2. Mr. Somkiat Nimrawee	Member of the Risk Management Committee
3. Mr. Suvait Theeravachirakul	Member of the Risk Management Committee
4. Mr. Thavorn Chalassthien	Member of the Risk Management Committee
5. Mr. Sakchai Komgris	Member of the Risk Management Committee
6. Mr. Phakkawat Suwanmajo	Member of and Secretary to the Risk Management Committee

Members of the Risk Management Committee serve terms of two years. A quorum for a meeting of the Risk Management Committee is constituted by not less than half the total number of Members. Resolutions are carried by the affirmative votes of not less than half the total number of Members present.

Powers and duties of the Risk Management Committee

1. To establish a policy and framework for managing the Company's overall risk situation, covering the various risks that might affect the Company's results and reputation.
2. To establish strategies which are in accordance with the Company's overall risk management policy and which enable risks to be gauged, monitored, taken care of and kept at appropriate levels, including the setting up of advance warning systems.
3. To review the adequacy and effectiveness of risk management policies and systems and monitor adherence to those policies on an ongoing basis so as to enhance the prudence, security and efficiency of the Company's overall risk management.

4. The Risk Management Committee has the power to establish and define the roles of sub-committees and working committees for managing the various kinds of risk as it sees fit, and all such committees shall report directly to the Risk Management Committee.
5. The Committee is empowered to call for documents and information and to require individuals to provide facts for consideration so as to be able to achieve its objectives.
6. To communicate with the Audit Committee in order to ensure that risk management systems are in line with internal controls and in accordance with policies and strategies that have been established.
7. To report to the Board on risks and risk management.

4) Nomination and Remuneration Committee

As at 31 December 2018 the Company's Nomination and Remuneration Committee was composed of three independent directors as follows:

Name	Position
Mr. Thavorn Chalassathien	Chairman of the Nomination and Remuneration Committee
Mr. Damri Tanshevavong	Member of the Nomination and Remuneration Committee
Mr. Somkiat Nimrawee	Member of the Nomination and Remuneration Committee
Mr. Sakchai Komgris	Secretary to the Nomination and Remuneration Committee

Members of the Nomination and Remuneration Committee serve terms of two years. A quorum for a meeting of the Remuneration Management Committee is constituted by not less than half the total number of Members.

Resolutions are carried by the affirmative votes of not less than half the total number of Members present.

Powers and duties of the Nomination and Remuneration Committee

1. To select persons with characteristics appropriate to the position of Company Director using transparent criteria and considering any names put forward by shareholders for nomination to the Board of Directors.
2. To select persons with characteristics appropriate to the position of Chairman of the Executive Committee and Managing Director in the event of their being a vacancy, for nomination to the Board of Directors for their consideration, and to prepare a succession plan for senior executive positions.
3. To set policies, methodology and criteria for establishing Directors' remuneration fairly and in consonance with the Company's results and with each individual's performance.
4. To consider, review and present proposals for establishing Directors' remuneration.
5. To present reports and proposals of the Nomination and Remuneration Committee to meetings of the Company's Board of Directors for their consideration.
6. To perform such other duties as the Company's Board of Directors may from time to time assign to it.

Number of Board Meetings held and individual Directors' attendance record

The following table shows a summary of the number of meetings held in 2018 – Board meetings, meetings of Board Committees and Meetings of Shareholders - and individual Directors' attendance record.

Meetings attended / Meetings held

Name	Company Board of Directors	Executive Committee	Audit & Corporate Governance Committee	Nomination & Remuneration Committee	Risk Management Committee	Attendance at Shareholders' Meetings
1. Dr. Pranee Phaoenchoke	5/6	1/1	-	-	-	1/1
2. Mr. Sompong Phaoenchoke	6/6	1/1	-	-	4/4	1/1
3. Ms. Kaewjai Phaoenchoke	5/6	1/1	-	-	-	1/1
4. Mr. Wuttichai Phaoenchoke	5/6	1/1	-	-	-	1/1
5. Mr. Suvait Theeravachirakul	6/6	-	4/4	-	4/4	1/1
6. Mr. Somkiat Nimrawee	6/6	-	4/4	3/3	4/4	1/1
7. Mr. Damri Tunshevavong	6/6	-	3/3	3/3	-	1/1
8. Mr. Thavorn Chalassthien	6/6	-	-	2/2	4/4	1/1
9. Mr. Pricha Attavipach	2/2	-	1/1	1/1	-	0/1
10. Mr. Sakchai Komgris (Secretary)	6/6	1/1	-	3/3	4/4	1/1
11. Mr. Phakkawat Suwanmajo (Secretary)	-	-	-	-	4/4	-
12. Mr. Siripong Phosook (Secretary)	-	-	4/4	-	-	-

• Company Administrators

As at 31 December 2018 The Company's Administrators as per the SEC definition were as follows:

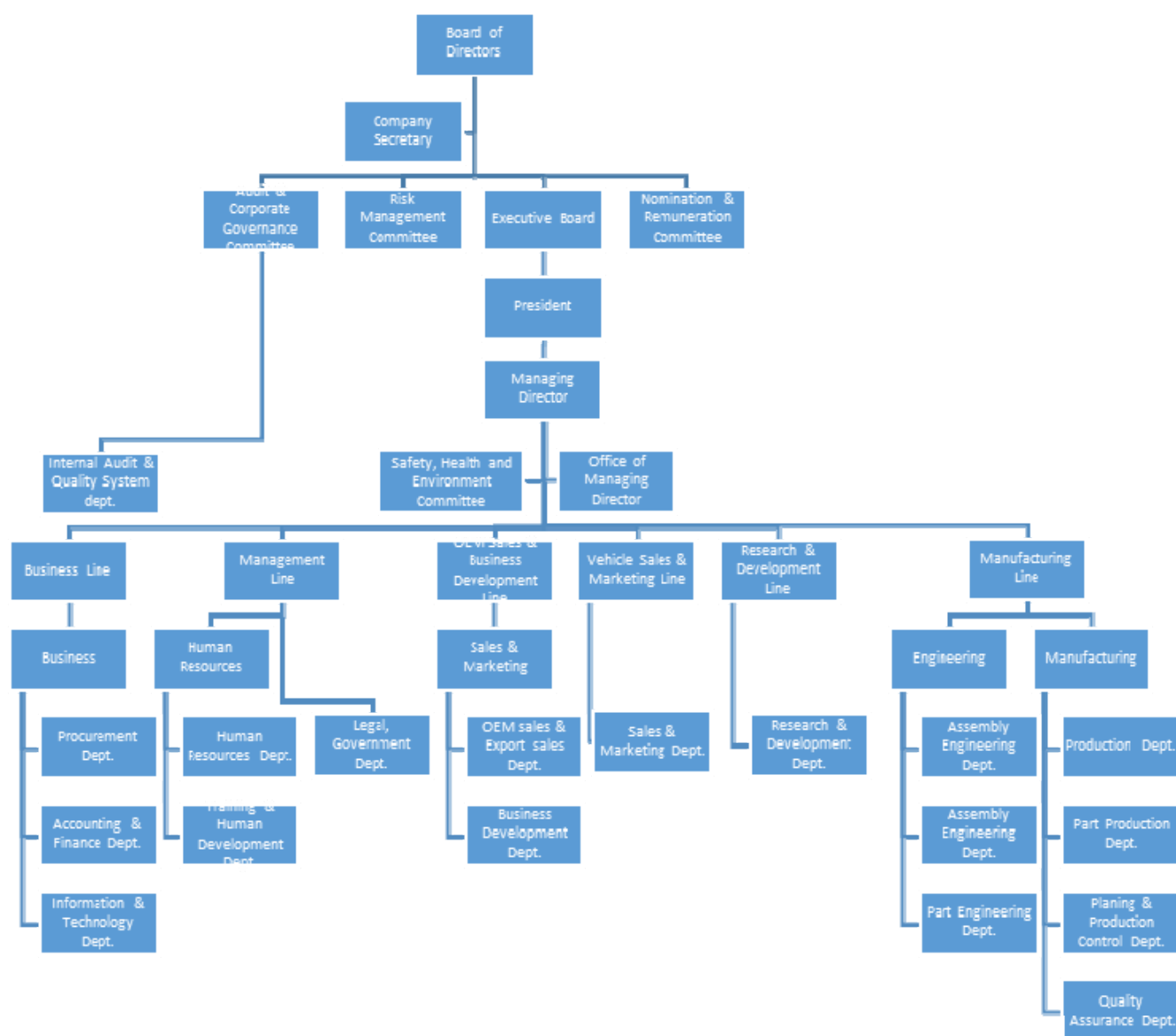
	Name	Position
1	Dr. Pranee Phaoenchoke	President
2	Mr. Sompong Phaoenchoke	Managing Director
3	Mr. Wuttichai Phaoenchoke	Assistant Managing Director, Research & Development
4	Mr Sakchai Komgris	Assistant Managing Director, Administration, Legal office director and Company Secretary
5	Mr. Lim Wee Ern	Assistant Managing Director, Export sales department
6	Mr. Phakkawat Suwanmajo	Deputy General Manager, Business line (Top management of Accounting & Finance Dept.)

Managing Director's Powers and Duties

1. To control and oversee the pursuance of the Company's business in general and to perform duties assigned by the Company's Board of Directors or Executive Committee, ensuring that objectives are met.
2. To follow up and monitor the implementation of policies and working plans, ensuring that the administrative departments concerned duly perform the various tasks assigned them by the Company's Board of Directors or Executive Committee, with the desired results.
3. To consider and, if appropriate, approve important and urgent transactions within the scope of his powers and duties and such monetary limits as the Company's Board of Directors may establish, up to a maximum of Bt.200 million.
4. To control and oversee financial administration, including dealings with financial institutions, ensuring that it is in accordance with financial policies and as efficient as possible in accordance with assignments from the Company's Board of Directors or Executive Committee.
5. To consider and, if appropriate, approve business transactions within the Company's authorised areas of business.
6. To perform such other duties as may be assigned by the Company's Board of Directors or Executive Committee.

The scope of the powers and duties mentioned shall **not extend** to the authorisation of any transaction in which the Managing Director or an individual with a possible conflict of interest is an interested party or where there is a conflict of interest regarding the benefits of a related party transaction, or the acquisition or disposal of the listed Company's assets, in accordance with the regulations of the Stock Exchange of Thailand.

Organisation Chart of Thai Rung Union Car Plc.



• Company Secretary and Chief Financial Officer (CFO)

The Board of Directors has appointed Mr Sakchai Komgris as Company Secretary, with responsibility for giving advice and reviewing the management and safekeeping of important documents in accordance with company law and with sections 89/15-89/17 of the SEC Act.

The Company appointed Mr Phakkawat Suwanmajo as CFO in 2015, with direct responsibility for controlling the accounting function and ensuring that it is in accordance with accounting standards and related criteria. From 2004 to 2014 Mr Phakkawat Suwanmajo held the position of Manager, Internal Audit, and the Audit and Corporate Governance Committee considered that his experience in this position was directly useful for the conduct of the business and sufficiently appropriate to the duties and responsibilities of CFO.

Note: the résumés of the Company Secretary and the CFO can be found in appendix 1 to Form 56-1

• **Directors' and Senior Managers' Remuneration**

The Company has established an appropriate and fair remuneration policy for Directors and Senior Managers. The Nomination and Remuneration Committee has the duty of reviewing and considering the appropriateness of remuneration to the scope of duties and responsibilities of each director and the Company's financial situation, its comparability with remuneration in other companies in the same sector with comparable sized revenues, the economic situation, growth in the Company's revenues and profits and the current number of Company directors.

Monetary remuneration

(a) Board of Directors

Total remuneration received by all nine Directors from the Company in their capacity as Directors by way of Directors' stipends and meeting fees in 2018 a total of Bt. 4,560,000. Details are as follows:

Director's Name	2018 (Baht)	2017 (Baht)
1. Dr. Pranee Phaoenchoke	655,000	520,000
2. Mr. Sompong Phaoenchoke	585,000	455,000
3. Ms. Kaewjai Phaoenchoke	545,000	420,000
4. Mr. Wuttichai Phaoenchoke	535,000	415,000
5. Mr. Suvait Theeravachirakul	535,000	395,000
6. Mr. Somkiat Nimrawee	515,000	375,000
7. Mr. Damri Tunshevavong	515,000	395,000
8. Mr. Thavorn Chalassthien	515,000	395,000
9. Mr. Pricha Attavipach ^{/1}	160,000	655,000
Total	4,560,000	4,025,000

Note :1. Mr. Pricha Attavipach was retired by rotation in April 2018

(b) Administrators (excluding Directors)

	2018		2017	
	Number of persons	Total Amount (Baht)	Number of persons	Total Amount (Baht)
Salaries*	5	13,581,360	5	13,486,560
Annual remuneration*	5	2,537,151	5	1,468,690
Living Allowances	5	615,768	5	610,968
Company Secretary's position allowance	1	84,000	1	84,000
Total		16,818,279		15,650,218

Notes The monthly and annual remuneration of the President and the Managing Director have been considered by the Nomination and Remuneration Committee and approved by the Company's Board of Directors.

Non-monetary remuneration

(a) Directors

- Offer for sale of options to buy ordinary shares (stock options) to Directors and employees of the Company and its subsidiaries (TRU-ESOP 2015)

The AGM of 28 April 2015 approved the offer for sale of 29,000,000 options to buy ordinary shares (stock options) to Directors and employees of the Company and its subsidiaries (TRU-ESOP 2015), to foster a sense of ownership amongst Directors and employees, to provide remuneration and to act as an incentive, a way of looking after the Company's human resources, and an aid to retaining capable and efficient employees and maximising their long term contribution to the Company.

Allocation criteria and methods were as follows. The Nomination and Remuneration Committee gave initial consideration to the matter and made a proposal to the Board of Directors for the allocation of ESOP warrants to individual directors, for onward submission to the meeting of shareholders for approval. Each stock option is exchangeable against 1.00894 common shares of the Company and has an exercise price of Bt4.956. The project runs for five years. Eight Directors of the Company were allocated stock options representing 70% of the whole ESOP.

(b) Executives

- Company car
- Offer for sale of options to buy ordinary shares (stock options) to Directors and employees of the Company and its subsidiaries (TRU-ESOP 2015)

The AGM of 28 April 2015 approved the offer for sale of 29,000,000 options to buy ordinary shares (stock options) to Directors and employees of the Company and its subsidiaries (TRU-ESOP 2015), to foster a sense of ownership amongst Directors and employees, to provide remuneration and to act as an incentive, a way of looking after the Company's human resources, and an aid to retaining capable and efficient employees and maximising their long term contribution to the Company.

Allocation criteria and methods were as follows. The Nomination and Remuneration Committee gave initial consideration to the matter and made a proposal to the Board of Directors for the allocation of ESOP warrants to individual executives, for onward submission to the meeting of shareholders for approval. Each stock option is exchangeable against 1.00894 common shares of the Company and has an exercise price of Bt4.956. The project runs for five years. As at 31 December 2018, 16 executives of the Company were allocated stock options representing 17.93% of the whole ESOP.

- **Personnel**

At 31 December 2018 The Company had a total of 931 employees, 120 more than at the end of the previous year, divided as follows between factory and office personnel:

(persons)

	31 December 2018	31 December 2017
Factory employees	785	661
Office employees	146	150
Totals	931	811

Total employee remuneration for 2018, broken down by type of remuneration, was as follows:

(THB millions)

Type of remuneration	2018	2017
Salaries	206.64	192.70
Bonuses	28.47	17.00
Cost of living allowances	5.77	5.63
Other (social security supplements, compensation for hospital expenses and employee welfare)	14.50	12.47
Totals	255.38	227.80

Note: Not including Director's remuneration as per section 8.4.1 (c)

Significant changes in number of personnel in the past three years

-None-

Significant labour disputes in the past three years

-None-

Employee development policy

The Company firmly believes that its employees are its most valuable resource. It therefore places great emphasis on attracting and retaining knowledgeable and capable personnel with integrity, and has a policy of continuous personnel development, defining and carrying out employee competency assessments at all levels, which in turn serve as the basis for annual employee training and development plans, to equip them with the knowledge and capability to seize opportunities of advancement within the Company. The Company also has a performance evaluation system with clear measurements of results, and structured future career paths at every level, in line with the structure of remuneration, which seeks to be fair while at the same time ensuring that key positions are occupied by the best qualified people. For key positions the Company has a succession plan, to provide assurance as to continuity and encouragement for employees with the knowledge and capability to take opportunities of advancement in the Company.

Apart from this, the Company also has a policy of promoting employee engagement by seeking to make the organisation a happy workplace where employees at every level take part in creating an atmosphere in which they all feel at home, happy and engaged, ready to work wholeheartedly for the organisation and to grow together with the Company.

1. Company's Corporate Governance Policy

The Company is committed to conducting its affairs efficiently, in accordance with principles of good corporate governance, managing its business responsibly, transparently, fairly and verifiably so as to build trust among shareholders, investors and all other stakeholder groups, thus enhancing the growth and stability of the business.

The Board of Directors has therefore established a policy and guidelines on good corporate governance and a Code of Conduct to assist Directors, executives and employees in their work. The Audit and Corporate Governance Committee oversees compliance with these policies and guidelines and evaluates the performance of the Board of Directors, executives and employees in adhering to them, as well as keeping the guidelines under constant review to ensure that they are appropriate to the Company's business and in accordance with principles of good corporate governance, making proposals to the Board of Directors for such additions or amendments as it may consider necessary or desirable.

2. Board Committee

The Board of Directors has established four Committees: the Audit and Corporate Governance Committee, the Executive Committee, the Risk Management Committee and the Nomination and Remuneration Committee, to assist in studying details and screening depending on the requirements of the situation and to share the Board's burden of duties and help it to give clearer consideration to the various matters coming before it in accordance with principles of good corporate governance. For a list of names of Directors, their powers and duties and other information on each Committee, please refer to the details on the structure of the Board of Directors and the heading List of Names of Directors in Form 56-1 and the Company's Annual Report.

3. Criteria for Appointment of Board of Directors and Administrators

• Independent Directors

The selection process for Independent Directors can be seen in the heading concerning criteria for selection of Directors and Administrators. Independent Directors must have qualities in accordance with the Company's definition of Independent Director which in turn is in accordance with that of the SEC, as follows.

Characteristics and definition of *independent director* of Thai Rung Union Car Plc

1. Does not hold more than 1% of the total number of voting shares in the parent Company, or of any of its subsidiaries or joint venture companies or in any entity likely to give rise to a conflict of interest, shares held by related persons to be included in the calculation in accordance with directive 258 of the Securities Act.
2. Does not take part in administering the work, is not a contractor or an employee or consultant in receipt of a regular salary and is not in a position to exert control over the Company, its subsidiaries, joint

ventures or fellow-subsiaries or on any entity likely to give rise to a conflict of interest (at present, and in the two years prior to his appointment.)

3. Does not have business dealings with the Company:

3.1 Is not an auditor of the Company.

3.2 Does not provide other professional services to the Company such as legal or financial consultancy or appraisal worth more than Bt.2m per year.

3.3 Does not have habitual related party transactions by way of rent or lease, whether as lessor or lessee, of real estate, or concerning assets/services or the receipt or provision of financial assistance with a value exceeding Bt.20m or 3% of NTA, whichever is the lower, including transactions carried out in the one year prior to the carrying out of any given transaction.

He must not have business relations as defined in 3.1 to 3.3 above at present, nor in the two years prior to his appointment except where there is necessary and proper reason and in any case not continuously or constantly. An Independent Director or Audit Committee Member may have relations that go beyond those stipulated while performing his office, but only after obtaining the unanimous prior approval of the Company's Board of Directors and subject to the relationship being disclosed per Form 56-1, in the Annual Report and in the letter of invitation to the Shareholders' Meeting in the event that the Shareholders' Meeting is to be asked to renew the term of office of the Independent Director or Audit Committee Member concerned.

4. Is not related by blood or marriage to (i.e. is not the father, mother, spouse, sibling or child of or the spouse of a child of an Administrator, major shareholder or other person in a position of authority or candidate as Administrator or person in a position of authority of the Company or any of its subsidiaries.
5. Has not been appointed to represent a Director or major shareholder or other shareholder that is a related party to a major shareholder.
6. Does not have any other characteristic limiting his independence.
7. An Independent Director having the characteristics set out in points 1 to 6 above may be given powers by the Board of Directors to decide on matters involving the Company, its subsidiaries, its joint ventures or fellow-subsiaries or entities likely to have a conflict of interest on a collective decision basis
8. The term of office of independent Directors shall not exceed nine (9) years counting from the date of the Ordinary General Meeting of Shareholders held in April 2018. The Board may propose to the General Meeting of Shareholders that it appoint such Directors to a further term of office, but in such case they shall lose their status as independent directors.

- **Business dealings or professional services between Independent Directors and the Company**

During the year 2018 no Independent Director had any business relations with or provided professional services to the Company, its subsidiaries or joint ventures or juristic persons with possible conflicts of interest for a value exceeding that stipulated in the SEC's recent announcement regarding application for and granting of authorisation to offer new shares for sale.

- **Nomination of Directors and Administrators**

The Nomination and Remuneration Committee is responsible for proposing suitably qualified candidates from a variety of professional backgrounds for the position of Director. Such candidates must have knowledge, capabilities and experience, and both hard and soft skills that contribute to administering the Company's business efficiently, as well as leadership qualities, breadth and depth of vision and a proven track record of integrity and transparency, and be able to devote sufficient time to the Company. Account is also taken of any knowledge or skill that might be lacking on the Board so as to ensure that it can formulate its strategies and policies and operate effectively in accordance with them, and of whether such skills are in line with the Company's business strategy. Use will also be made of the "Director Pool" database from the membership directory of the Thai Institute of Directors (IOD).

In fairness to shareholders Independent Directors must have qualities in accordance with the Company's definition of Independent Director which in turn is in accordance with that of the SEC (details of the Company's definition of Independent Director can be seen under the heading concerning "Criteria for Appointment of Independent Directors")

In order to ensure that each Director is able to devote sufficient time to his or her duties, the Company's Board of Directors has established that no Director should occupy a position as director with more than four (4) other listed companies. This does not include subsidiaries, group companies or joint ventures in the control or management of which the Company needs to be involved. Finally the individual must not possess any of the qualities or characteristics prohibited by the Listed Companies Act.

- **Rights of minority shareholders regarding the appointment of directors**

The Company has extended the opportunity to shareholders to put forward suitable names to be considered for nomination as Directors of the Company in advance, in accordance with criteria laid down by the Company and published through the SET and the Company's website, for the Nomination and Remuneration Committee to first consider the qualities of those put forward as possible Directors or Independent Directors of the Company, prior to submitting selected names to the Company's Board of Directors, which in turn proposes appointments to the General Meeting of Shareholders.

- **Appointment of directors**

The appointment of each director must be approved by simple majority of votes of those shareholders present or duly represented at the meeting and in possession of voting rights, as follows:

1. Each share confers the right to one vote.

2. Each shareholder who votes must use all his votes as per (1) above for a single individual or for a number of individuals together, but may not allocate votes individually.
3. The individuals receiving the highest number of votes will be selected in descending order for appointment as Directors of the Company depending on the number of Directors to be appointed on each occasion. In the event that two candidates receive the same number of votes and that appointing them both would lead to exceeding the required number of Directors, the Chairman of the meeting shall exercise a casting vote.

4. Corporate governance of subsidiaries and joint ventures

- 1) Corporate governance mechanism for subsidiaries and joint ventures

The Company has a policy for investing in and managing its subsidiaries and joint ventures, investing in businesses that support and benefit the Company's business, underpin its stability and generate future income. The Company's Board of Directors assigns individuals to represent the Company as directors, managers or controllers in these companies, at least in proportion to its shareholding to ensure that subsidiaries and joint ventures work in accordance with policies and are efficient and transparent.

- 2) Shareholders' agreements on the management of subsidiaries and joint ventures

Depending on the shareholding proportions and the agreements, the Company may control the subsidiary and fully consolidate it, or simply take the share of profit or loss that corresponds to the percentage shareholding.

5. Control of internal information

The Company is acutely aware of the importance of safeguarding the confidentiality of internal information and therefore has strict policies guarding against the use by Directors and employees of internal information for their personal benefit. Important internal information is revealed only to individuals directly concerned, such as auditors or legal counsel. The Company releases information to shareholders only as and when appropriate.

The Company is acutely aware of the importance of safeguarding the confidentiality of internal information and therefore has strict policies guarding against the use by Directors and employees of internal information for their personal benefit, as per the following two Company announcements:

- Announcement 8 / 2 0 1 7 on "Policy on disclosure of important internal information" which establishes criteria concerning:
 - 1) the meaning of "important internal information"
 - 2) persons empowered to disclose important internal information
 - 3) means of disclosing important internal information

- Announcement 9 / 2 0 1 7 on “Control of use of internal information likely to influence the Company’s share price (insider trading)” in accordance with the Board resolution that “Directors, executives and employees (together with their spouses and minor children) who are involved in preparing the financial statements or other important internal information or have knowledge of such information as might influence the Company’s share price are prohibited from buying or selling securities issued by the Company during the fourteen (14) days prior to publication of the Company’s financial statements or other internal information to the SET and the twenty-four (24) hours after such publication of the financial statements or disclosure to the SET” The Company will inform Directors, executives and employees five business days in advance of the aforementioned close periods.

The Company has also informed them of their obligation to report their shareholdings in the Company and those of their spouses and of any children who are still minors, including the reporting of any changes in their shareholdings to the SEC and the SET in accordance with article 59, subject to penalties for non-compliance as per article 275 of the Securities and Stock Exchange Act 1992, and has assigned the Share Register and Investor Relations Department to inform them in advance of the periods during which they should refrain from trading in securities each quarter. The Company has set out the basic principles of control of internal information in the form of an article in the Company’s code of business ethics, to ensure that all employees adhere to them.

The Company has established that Directors and executives who are obliged by law to report their shareholdings must send copies of these reports to the Company Secretary within three business days each time there is a change in their shareholding, and has further determined that changes in shareholdings of Directors and executives be reported every quarter to the Board of Directors.

The Board of Directors has resolved that Directors and Administrators who are obliged by law to report their shareholdings must submit these reports to the Company’s secretary within three days, each time, and further determined that shareholdings of Directors and Administrators be reported every quarter to the Board of Directors. Additionally, the Company’s Board of Directors requires Directors and senior executives to submit a Form for Reporting Interests of Directors and Executives, reporting to the company any interests of their own or of related persons that relate to their administration or management of the business of the Company or its subsidiaries, pursuant to Section 89/14 of the Securities and Exchange Act of 2008 and SEC Announcement Thor Jor 2/2009. The report must be submitted whenever there is a change in circumstances and in any case annually as at 1 July, the information to be sent each time to the Company Secretary with copies of the report to the Chairman and to the Chairman of the Audit and Corporate Governance Committee to provide assurance that Directors and senior executives are performing their duties with due care and integrity (fiduciary duties) and taking decisions without being interested parties, whether directly or indirectly and discharging their duties in the best interests of the Company and its shareholder

6. Auditors' Remuneration

a) Audit fees

Audit fees paid to ANS Audit Co Ltd by the Company and its subsidiaries in 2018 were as follows, with comparative figures for 20187.

Baht

Company	2018	2017
Thai Rung Union Car Plc.	1,300,000	1,300,000
Thai V.P. Auto Service Co Ltd	252,000	252,000
Thai Rung Tools and Dies Co Ltd	295,000	295,000
Thai Auto Pressparts Co Ltd	474,000	474,000
Thai Ultimate Car Co Ltd	238,000	238,000
Total	2,559,000	2,559,000

b) Non-audit fees

Non-audit fees paid to ANS Audit Co Ltd by the Company and its subsidiaries in 2018 were as follows, with comparative figures for 2017.

Baht

Item	Payer	2018	2017
Other service charges *	Company	165,250	143,770
Other service charges *	Subsidiaries	139,633	184,989
Special service fees in accordance with BOI instructions	Thai Rung Union Car Plc.	60,000	-
	Thai Auto Pressparts Co Ltd	55,000	55,000
	Thai Rung Tools and Dies Co Ltd	50,000	50,000
Total		469,883	433,759

Notes Other service charges such as travelling, accommodation, telephone and photocopying expenses, cost of binding for Financial Statements, files, etc., invoiced as incurred.

7. Adaptation of the Corporate Governance Code for Listed Companies 2017

The Board of Directors has instructed that a process be put in place for reviewing the adaptation of the Corporate Governance Code for Listed Companies 2017 to the business context at least once a year. If there are any headings that it has not been possible to put into practice or that have not yet produced the desired results, the Audit and Corporate Governance Committee is assigned to draw up a development plan and follow up on the matter.

8. Application of principles of good corporate governance in various other areas

The Company is committed to applying the principles of corporate governance on an ongoing basis to the running of the Company's business. Thanks to this the Company was assessed as 'Excellent' for many previous successive years joint SEC-TIA (Thai Investors Association) 'AGM check-list' and 'Excellent' in 2018 by the Thai Institute of Directors' 'Corporate Governance Report of Thai Listed Companies.' The Company's policy is to continue improving the standard of corporate governance.

In 2018 the Company's Board of Directors decided to review the corporate governance policy, and drew up a new, written Guide to Corporate Governance and Code of Conduct which was distributed to the Company's directors, executives and employees with instructions that it be strictly complied with. From now on the Board of Directors will conduct an annual review of the corporate governance policy.

In 2014 the Company announced its intention of joining Thailand's Private Sector Collective Action Coalition against Corruption. In 2017 its membership was confirmed and it won the Thai Chamber of Commerce Business Ethics Standard Test Award, confirming the Company's transparency in conducting its business ethically, with integrity, and on the basis of opposing and combating corruption in any form.

1. Shareholders' Rights

The policy laid down by the Board of Directors is to support, promote, facilitate and equitably safeguard all shareholders' basic rights, including the right to receive adequate and timely information from the Company in appropriate form to help them with their decisions, the right to attend shareholders' meetings and to vote on proposed resolutions on important policy changes, the appointment and removal of Directors, the appointment of auditors and the establishment of their remuneration, appropriation of the Company's profits, equitable treatment in case of share buybacks, authorisation of significant transactions affecting the direction of the Company's business operations, amendments to the Company's Memorandum or Articles of Association, capital increases and decreases and the authorisation of special transactions, the right to propose agenda items in advance, to propose individuals for appointment as Directors and freely to express their opinions in shareholders' meetings, each shareholder having the same number of votes as the number of shares held, there being no shares conferring special rights and no shareholders with rights over and above the basic rights referred to above. The Company has a policy of accommodating shareholders and attending to their convenience, as per the following examples.

- 1.1 The Company's Board of Directors has determined that an Annual General Meeting of Shareholders be held each year within four months of the close of business of the previous accounting year, and that the Company inform not less than 14 days in advance of each shareholder's meeting, the Company issues a call notice in both Thai and English stating the time, date, place and agenda of the meeting and providing relevant information together with the Directors' opinion on each agenda item so as to give

shareholders sufficient opportunity to study the information in advance of the meeting. The call notice is also posted on the Company's website at least 30 days in advance, so any additions to the agenda can be made well in advance, avoiding last-minute changes.

- 1.2 The Company gives shareholders the opportunity of querying information relating to agenda items or of submitting questions to the Company not less than 14 days in advance of the meeting by e-mail (omd_ir@thairung.co.th) or fax (02-812-0844), to promote shareholders' opportunities to express their opinions to the Company.
- 1.3 The Company endeavours to make it as convenient as possible for shareholders to exercise their rights at shareholders' meetings, arranging meetings on business days at the Company's head office in Bangkok which is conveniently located and well connected. It has adopted the barcode system to speed up the processes of registering attendants and counting votes and prepares revenue stamps for shareholders' use in granting proxies for their greater convenience.
- 1.4 The Company hands out voting cards for each agenda item and uses a barcode system to count the votes. Before the meeting starts, all rules and procedures governing the meeting are announced and clearly explained, including the method used to count shareholders' votes on each agenda item. For proposed appointments of Directors there is a card for each individual candidate, allowing shareholders to vote on each individual separately. Information on individuals to be proposed for appointment as Directors is disclosed in the letter of invitation to the shareholders' meeting, the information comprising name, photograph, age, academic record and Directors' training courses, work experience and shareholding in the Company, for shareholders to study before reaching a decision. All the cards are collected and retained as verifiable evidence and the vote counting is overseen by an external legal consultant or volunteer shareholders acting as scrutineer.
- 1.5 Throughout the meeting shareholders are welcome to express their opinions and to ask questions, all of which are answered. Complete and accurate minutes are taken of each meeting, which is also recorded on video and published on the Company's website so that shareholders unable to attend the meeting can view it subsequently.
- 1.6 The Company's Board of Directors attaches great importance to shareholders' meetings, and all Directors endeavour to attend all such meetings, particularly the Chairman of the Board of Directors and the Chairmen of the various committees, so as to facilitate questions and answers on matters relating to each.
- 1.7 After each meeting the Company reports the resolutions passed, together with clear details of the voting on each agenda item, to the SET and on its website on the following business day and sends a full report of the meeting to the SET within 14 business days, also publishing this report on its website for shareholders to examine.

2. Equitable Treatment of Shareholders

The policy of the Company's Board of Directors is to treat all shareholders equally and fairly so as to safeguard their basic rights.

2.1 Details of treatment of shareholders

2.1.1 The Company accommodates shareholders who are unable to attend in person by allowing them to appoint another person as proxy or to appoint one of the Company's independent directors to act as proxy by sending the proxy form to the Company in advance of the meeting. The Company's Board of Directors accommodates shareholders who are unable to attend meetings in person, enabling them to vote by proxy. The Company also makes available the name of at least one independent Director whom shareholders have the option of appointing as their proxy, and provides as part of the letter of invitation to the meeting, information on each one, comprising name, age, address, positions held, academic record, work experience, shareholding in the Company and whether the Director is an interested party with regard to any particular agenda items. The Company makes available a form of proxy which enables shareholders to give instructions on how votes are to be cast on each item; however shareholders are free to use any form that complies with the criteria published by the Department of Business Development of the Ministry of Commerce.

2.1.2 The Company has established criteria and procedures for extending the opportunity to minority shareholders to put forward names of suitable individuals to be considered for nomination as Directors of the Company and to propose agenda items for ordinary general meetings of shareholders in advance, in the period from October to December each year, in accordance with the criteria laid down by the Company and published through the SET Community Portal (SCP) and the Company's website.

2.2 Prevention of Conflicts of Interest

2.2.1 The Company's Board of Directors requires the top four Directors and senior executives counting from the Chairman to submit a Form for Reporting Interests of Directors and Executives, reporting to the company any interests of their own or of related persons that relate to their administration or management of the business of the Company or its subsidiaries, pursuant to Section 89/14 of the Securities and Exchange Act of 2008 and Announcement Thor Jor 2/2009. The report must be submitted whenever there is a change in circumstances, and in any case annually as at 1 July, the information to be sent each time to the Company Secretary with copies of the report to the Chairman of the Board and to the Chairman of the Audit and Corporate Governance Committee to provide assurance that Directors and senior executives are performing their duties with due care and integrity (fiduciary duties), taking decisions without being interested parties, whether directly or indirectly, and discharging their duties in the best interests of the Company and its shareholders.

2.2.2 As regards any future Related Party Transactions the Company will act in accordance with all relevant laws, and with all relevant orders, proclamations and regulations of the Stock Exchange of Thailand, including regulations regarding the disclosure of information on Related Party Transactions and on the acquisition or disposal of significant assets by the Company as follows:

- In the event that, the size of the transaction having been calculated in accordance with Stock Exchange of Thailand criteria, it transpires that the transaction requires approval by the Board of Directors, the transaction must be submitted to the Board of Directors for consideration. In the event that the Audit Committee disagrees, the proposal can nevertheless be placed before the Board and an appropriate record made in the minutes.
- In the event that, the size of the transaction having been calculated in accordance with Stock Exchange of Thailand criteria, it transpires that the transaction requires approval by a meeting of shareholders, then the transaction must first be submitted to the Audit and Corporate Governance Committee for consideration and, if approved, onward submission to the Board of Directors, which in turn will, if approved, propose it to a meeting of shareholders.

2.2.3 In meetings of the Board of Directors or of shareholders, any Director, senior executive or shareholder who is an interested party in any agenda item must disclose to the meeting information on his or her own interest and that of related persons, and will not be entitled to vote on that particular agenda item, so that the meeting can consider transactions that might involve conflicts of interest and reach decisions in the overall best interests of the Company.

3. Stakeholders

The Board of Directors attaches importance to dealing with all its stakeholders, such as shareholders, employees, customers, suppliers, creditors, competitors, joint venture partners, the community, society and the environment, with sincerity, honesty and impartiality. The Board of Directors has produced and issued to all Directors, executives and employees a written Code of Conduct to which they must adhere in performing their duties in accordance with the Company's mission, as follows.

3.1 Policy and guidelines for dealings with stakeholders

- **Shareholders:** the Company attaches great importance to its shareholders, and carries on its business with sincerity, integrity and fairness, treating all shareholders equitably, for the greater benefit of all concerned.
- **Employees:** the Company firmly believes that its employees constitute the organisation's most valuable resource, and is therefore determined to recruit and look after good people with know-how, capability and integrity, and also focuses on developing individuals' potential to help employees advance, while providing them with appropriate and fair remuneration and various welfare benefits aimed at promoting a cooperative work atmosphere in which initiative and creativity can thrive to

the benefit of the organisation. Apart from this it also attaches importance to treating its employees and contractors fairly and to their health and safety and appropriate working environment.

- **Customers:** The Company is devoted to and responsible to its customers, supplying them with quality standard goods and respecting their confidentiality, earning and building on their trust, which is an important factor in the success of the Company's business, treating them courteously and with humility and constantly seeking ways to meet their expectations, boosting efficiency and thus customer satisfaction.
- **Trading partners/creditors:** the Company deals equitably and fairly with its suppliers and creditors on the basis of mutually beneficial arrangements in the Company's best interests. It has systems in place for selecting suppliers and contractors providing assurance that its dealings with suppliers will be in accordance with agreements or commercial conditions and that its financial borrowings, repayments and guarantee transactions are all in accordance with terms and conditions agreed with creditors.
- **Commercial competitors:** the Company operates within a framework of fair competition, does not seek to obtain confidential information of competitors by unfair or inappropriate means or to harm competitors' reputations by making baseless accusations.
- **Joint venture partners:** the Company respects the rights of its joint venture partners, deals with them fairly in all respects and cooperates fully with a view to ensuring that the joint venture achieves its objectives.
- **Community, society and environment:** the Company's policy is to conduct its business in accordance with principles of corporate social responsibility (CSR), aiming to build good relations based on mutual acceptance and trust, taking account of its possible effects on all stakeholder groups, attaching importance to activities in support of society and conscientiously taking care of the community in which it operates, while at the same time cultivating an attitude and corporate culture such that its employees play an active part in implementing its corporate social responsibility policy.

3.2 The Company has established a policy on the use of Company resources and assets and intellectual property (the Corporate Assets Policy), which seeks to promote the correct use by executives and employees of goods and services subject to copyright, patent or trade mark and urges them to avoid supporting or condoning any product or action that infringes intellectual property law. It further exhorts them to pay attention to the efficient use of resources such as raw materials and energy such as electricity, water, gas and compressed air used in the production processes so as to reduce both costs and the environmental impact, and to make efficient use of the Company's assets so as to enhance competitiveness and service to customers. To this end it has established guidelines in the "Guide to Corporate Governance and Code of Business Ethics", urges employees to give importance to the environment and work together to help take care of it, starting with the environment within the

Company, through campaigns to save electricity and water, reduce the quantity of paper used by means of re-use and increased use of electronic communication and constantly monitors compliance with the policy in the productivity enhancement working systems meeting.

- 3.3 The Company attaches importance to care of the environment and energy saving and has established an Energy Management working group to oversee implementation of the Company's energy saving policy. The Energy Management working group reports quarterly on progress to the productivity enhancement working systems meeting.

In 2018 the Company carried out the following major energy-saving projects:

1. Installation of 994.50 kW solar roof panels, which will save some Bt.3.7 million a year
2. Changeover from fluorescent to LED light bulbs involving a total of 716 bulbs which will save about 25,602 kWh of electricity per year representing approximately Bt.100,000 a year
3. Project to install inverter drive for cooling tower pump and air compressor, which will save about 54,000 kWh of electricity a year or Bt.210,000 a year in money terms.

- 3.4 The Company strives to combat corruption and to raise employees' awareness and ensure that they all perform their duties transparently and with integrity. The Company has established a policy and guidelines on measures to protect against corruption in the form of giving or accepting gifts or any other benefits as an inducement to do anything dishonest, unlawful or against the Company's interests. The Company issued an announcement and held a meeting in which it required all directors, executives and employees to comply strictly with the policy.

- 3.5 The Company has made arrangements for channels of communication to enable it to receive opinions and suggestions from all stakeholder groups, with a view to improving and developing its products, services and organisation, making it stable and able to compete successfully in the long term. Stakeholders can report any cases of corruption, unlawful actions or acts in breach of the Company's codes or policies or other matters direct to the Audit and Corporate Governance Committee or Company secretary as follows:

- 1) Audit and Corporate Governance Committee

E-mail Address: auditcommittee@thairung.co.th

Post: Chairman of the Audit and Corporate Governance Committee,
Thai Rung Union Car Plc,
304 Ma Charoen Road, Khwaeng Nongkhangphloo,
Khet Nong Khaem, Bangkok 10160

- 2) Company Secretary (Assistant Managing Director, Khun Sakchai Komgris)

E-mail Address: sakchai@thairung.co.th

Tel. 02-420-0076 ext. 104, 251, 333

Post: Company Secretary,
Thai Rung Union Car Plc

304 Ma Charoen Road, Khwaeng Nongkhangphloo,
Khet Nong Khaem, Bangkok 10160

3) The Company's website: www.thairung.co.th "Contact the Company"

Details of methods and channels for reporting can be found in section 2 "Whistleblower Policy: fair treatment and protection of employees or stakeholders who report cases of corruption or unlawful actions" of the Company's Code of Conduct. In 2018 there were no reports of corruption or unlawful actions.

- 3.6 The Company has a policy and mechanisms to protect the anonymity of informants and complainants, who indeed do not even have to reveal their names to the Company if they do not wish to do so, and the Company keeps the information confidential. Informants can thus feel confident that there will be no repercussions from their actions. The Company charges the Audit and Corporate Governance Committee with investigating the information or complaint and reporting direct to the Board for appropriate action to be decided on.

Details of the procedure when such reports or complaints are received and measures for protecting whistleblowers can be found in section 2 "Whistleblower Policy: fair treatment and protection of employees or stakeholders who report cases of corruption or unlawful actions" of the Company's Code of Conduct.

- 3.7 The Company attaches importance to playing a useful role as regards the community, society and religion, for example through financial or material donations in support of various charitable organisations, granting scholarships every year to children of the Company's employees and pupils of schools located near the Company, supporting the Buddhist religious clubs in the Company, arranging important religious activities in the Company on an ongoing basis throughout the year.

- 3.8 The Company pays close attention to the health and safety of all its employees concerning its policies on safety and health at work and the work environment, for all employees to cooperate in strict observance.

- 3.9 The Company attaches great importance to its employees, who constitute one of its most important resources. It has a policy of looking after its employees consistently, and has arranged to provide various appropriate welfare benefits such as buses to transport workers to and from the factory, a canteen, uniforms, accident insurance, annual health checks, a clinic and a library. as well as short- and long-term remuneration, and to enable them to save and provide for their retirement the Company has established a provident fund and arranges both reserve funds and contributions, with benefits paid to employees.

- 3.10 The Company has made arrangements for channels of communication to enable it to receive opinions and suggestions from its employees. One example is the employee suggestion scheme, in which each employee has a target of 12 suggestions per year, and suggestions go straight from the suggestion box to the Managing Director.

4. Disclosure and Transparency

The Company's policy is to conduct its business in a transparent and verifiable manner and to disclose complete, accurate and timely financial and non-financial information on the business, its results and future prospects in both English and Thai to all interested parties through easily accessible and reliable channels

- 4.1 The Company has set up a 'Share Register and Investor Relations Department' within the Office of the Managing Director. The duties of this department are to disclose correct, complete, transparent information, whether financial or of a general nature, and it is also responsible for communicating with outside parties such as shareholders, institutional and other investors, analysts and relevant government departments in a fair and equitable manner. Investors can request further information about the Company by contacting:

Share Register & Investor Relations Department, Office of the Managing Director

Tel: 0-2420-0076 ext. 321 or 359,

Fax: 0-2812-0844

e-mail: naiyana@thairung.co.th or omd_ir@thairung.co.th

or by visiting the Company's website: <http://www.thairung.co.th>

- 4.2 The Company discloses information in accordance with the criteria established using the Stock Exchange of Thailand's SET Community Portal (SCP) system, by way of Form 56-1 for the disclosure of annual information, as well as submitting its Annual Report and disclosing important information in both Thai and English on the SET Community Portal (SCP) and on the Company's website.
- 4.3 The Board of Directors discloses the roles and duties of the Board and of the various Board Committees and the number of times the Board and each committee met during the year and individual attendance records, including shareholder's meetings, in Form 56-1 for annual information and in the Company's Annual Report. (For details please refer to Management Structure and Number of Board Meetings held and individual Directors' attendance record)
- 4.4 In accordance with Section 89/14 of the Securities and Exchange Act and SEC Announcement Thor Jor 2/2009 which came into force on 1 July 2009, the Company requires its Directors and top four executives of the Company starting with the President to report to the Company any interests of their own or of related persons that relate to their administration or management of the business of the Company or its subsidiaries in every times that have changed information and at least once a year, on 1 July of every year, so that the Company shall have the necessary information for proceeding in accordance with rules regarding related party transactions where conflicts of interest might arise to the detriment of the Company and its subsidiaries.

5. Responsibilities of the Board of Directors

The Company's Board of Directors is well aware of the important role it plays in controlling and monitoring business for the greatest possible good of the Company, its answerability to shareholders for the consequences of its actions in carrying out its duties and the importance of its operating independently of management.

5.1 Structure and Organisation of the Board of Directors

5.1.1 The Board is composed of a number of Directors appropriate to the size of its business, but in any case not fewer than five, of whom at least one third, and in any case not fewer than three, must be independent Directors. Directors are appointed and removed by the General Meeting of Shareholders. The term of office is three years, and there is no limit on the number of terms of office a Director may serve. At present, the Board of Directors of the Company consists of eight persons consist of five independent directors or 50% of total Board member

5.1.2 Directors' Characteristics: Directors must be knowledgeable, capable and ready to perform their duties, and must have the following characteristics:

- 1) must not be subject to any of the prohibitions deriving from the Public Limited Companies Act or regulations of the Securities and Exchange Commission
- 2) must have knowledge, expertise and working experience appropriate to the Company
- 3) must be able to devote sufficient time to the Company, especially for important decisions
- 4) must be of undoubted integrity and possess such other qualities as the Company may deem appropriate

5.1.3 Holding of position as director in other listed companies

In order to ensure that each Director is able to devote sufficient time to his or her duties, the Company's Board of Directors has established that no Director should occupy a position as director with more than four (4) other listed companies. This does not include subsidiaries, group companies or joint ventures in the control or management of which the Company needs to be involved.

5.1.4 Characteristics of independent Directors: independent Directors must conform to the Company's definition of independent Director which is as established by the SEC. (details as per heading re Independent Directors). Every independent director must be appropriately qualified in a branch of professional activity that is relevant to the conduct of the Company's business and in line with its business strategy.

5.1.5 Term of office of independent Directors

The Company's Board of Directors has established that the term of office of independent Directors shall not exceed nine (9) years counting from the date of the Ordinary General Meeting of Shareholders held in April 2018. The Board may propose to the General Meeting of Shareholders that it appoint such Directors to a further term of office, but in such case they shall lose their status as independent directors.

- 5.1.6 Diversity of Directors (Board skill Matrix): the Board of Directors has established a policy of diversity for the Directors of the Company. Directors must come from a variety of professional backgrounds with different qualifications needed for the effective governance of the Company. They must have knowledge, capabilities and experience, and both hard and soft skills that contribute to administering the Company's business efficiently. In selecting new directors consideration will be given to such necessary skills as may be lacking in the Board of Directors and are in line with the Company's business strategy, and use will also be made of the "Director Pool" database from the membership directory of the Thai Institute of Directors (IOD).
- 5.1.7 The President cannot be the same person as the Managing Director. The Board of Directors has clearly defined the President and Managing Director's powers and duties so that no single person has unlimited power. (For details please see re Company Administrators) This arrangement makes for better checks and balances and control.
- 5.1.8 The Board of Directors has appointed a Company Secretary to perform the duties of setting up and maintaining a register of Directors, arranging letters calling Board meetings, minutes of Board meetings, letters of invitation to and minutes of shareholders' meetings and to keep records of Directors' and executives' interests and perform such other duties as may be established by securities legislation. The Company Secretary must be a person whom the Board find suitable, with the necessary legal knowledge and competence and the ability to conduct corporate secretarial matters in accordance with the law, Articles of Association and other relevant regulations and to take responsibility for taking care of corporate governance matters.

5.2 Role, Duties and Responsibilities of the Board of Directors

- 5.2.1 The Board of Directors' powers, duties and responsibilities involve deliberating on, approving and acting on various matters. Details can be found in Form 56-1 and in the section headed "Management Structure" of the Annual Report.
- 5.2.2 The Board of Directors plays a part in establishing the Company's vision, mission and business strategies and reviewing them at least once every year, as well as monitoring and overseeing constant compliance with the strategies laid down on a quarterly basis and also in ensuring independently that management proceeds in accordance with work plans efficiently and effectively for the overall benefit of the Company and its shareholders. In addition the Board establishes internal control systems and an effective internal audit, and constantly monitors them through meetings of the Audit and Corporate Governance Committee and Board meetings.
- 5.2.3 The Board of Directors has established written corporate governance policies and a Code of Ethics, and it reviews these policies and monitors compliance with them constantly.

5.2.4 The Board of Directors has established guidelines for the careful consideration of transactions involving possible conflicts of interest for the Company and its shareholders, whereby anyone having an interest in any agenda item must disclose such interest to the meeting, and foregoes the right to take part in deciding on that item.

5.2.5 The Company's Board of Directors attaches considerable importance to risk control and management systems, and has accordingly established a Risk Management Committee to establish duties and policies and a framework for managing the Company's overall risk situation, covering the various risks that might affect the Company's results and reputation, as well as establishing an internal audit department to ensure that basic working practices and important financial transactions are conducted in accordance with established guidelines and in an efficient manner. In order to make sure that the internal audit department can perform properly and independently, the Board has instructed it to report direct to the Audit and Corporate Governance Committee.

5.3 Board Committees

5.3.1 The Board of Directors has established four Committees: the Audit and Corporate Governance Committee, the Executive Committee, the Risk Management Committee and the Nomination and Remuneration Committee. For a list of names of Directors, their powers and duties and other information on each Committee, please refer to the details on the structure of the Board of Directors and the heading List of Names of Directors in Form 56-1 and the Company's Annual Report.

5.3.2 The Chairman of The Board cannot be the chairman or a member of a Board Committee, and a majority of the members of each Committee must be Independent Directors. The chairmen of the Audit and Corporate Governance Committee and the Nomination and Remuneration Committee must also be Independent Directors in the interests of transparency and to ensure that they can perform their duties independently.

5.4 Board Meetings

5.4.1 The Company's Board of Directors establishes a schedule of Board meetings in advance for each year. Meetings take place at least once a quarter, with additional special meetings being held as and when necessary, so that in any case there are at least six meetings in total during the year. The Company informs all Directors in advance of the schedule of meetings referred to above so as to enable them to plan their time and make themselves available for the meetings. Directors attach great importance to Board meetings and endeavour always to attend. In 2018 the Board met six times. The overall attendance rate for the year was 97%. Letters of invitation are sent at least seven days in advance clearly setting out the agenda and the Office of the Managing Director sends the Board papers for Directors to study not less than five days before each meeting. Each Director is free to suggest topics for the agenda, and to request additional information from the Managing Director or the Company Secretary.

5.4.2 At meetings of the Company's Board of Directors, the Chairman of the Board ensures that sufficient time is made available for Directors to discuss important problems thoroughly together, and the Managing Director always invites senior executives to attend Board meetings in order to provide additional detailed information to the extent that it is directly relevant to problems. One of the items on the agenda at all regular quarterly meetings of the Board is the following up of outstanding issues. Directors can express their opinions openly and freely. A written record is made of each meeting and, once the minutes have been approved by the Board, they are kept available for Directors and other concerned parties to examine.

5.4.3 The company arranges meetings of non-executive directors without the presence of management at least once a year to enable them to have free discussion on various problems or matters of interest such as the direction of management, corporate strategic plans for stable growth and succession plans. In 2018 one such meeting was held, in November.

5.5 Board self-assessment

The Board of Directors has resolved that there should be an annual assessment of the overall performance of the Board and the Board committees, and has assigned the Nomination and Remuneration Committee to perform the annual assessment of the CEO's performance. The assessment is of the Board's overall performance, using the form provided by the Listed Companies Supervision Development Centre of the Stock Exchange of Thailand. The Company has designated the Office of the Managing Director to coordinate and summarise the assessment statistically, comparing it with that of the previous year, and the Company Secretary to report the findings to the Board of Directors, after which the Board confers and seeks ways to improve its performance and efficiency. The result of the evaluation in 2018 as follows:

5.5.1 The assessment of the Board's overall performance,

Avg. 3.88 out of a maximum of 4 points, or 97% (up by 5% from previous year), considered "very good", which is divided into six sections as follows:

Item	2018	2017
1. Structure and characteristics of the board	Avg. score 3.92	Avg. score 3.94
2. Roles and responsibilities of the board	Avg. score 3.86	Avg. score 3.83
3. Board meetings	Avg. score 3.89	Avg. score 3.88
4. The board's performance of duties	Avg. score 3.88	Avg. score 3.89
5. Relationship with management	Avg. score 3.97	Avg. score 3.94
6. Self-development of directors and development of executives	Avg. score 3.81	Avg. score 3.74

5.5.2 Committee self-assessment

Avg. score 3.83 out of a maximum of 4, or 95.75% (close to the previous year), considered "very good", which is divided into six sections as follows:

Item	2018	2017
1. Appropriateness of structure and characteristics of the committee for efficient operation	Avg. score 3.96	Avg. score 3.96
2. Efficiency of committee meetings	Avg. score 3.79	Avg. score 3.75
3. Role and duties of the Audit and Corporate Governance Committee	Avg. score 3.97	Avg. score 3.94
4. Role and duties of the Nomination & Remuneration Committee	Avg. score 3.78	Avg. score 3.67
5. Role and duties of the Risk Management Committee	Avg. score 3.65	Avg. score 3.55
6. Role and duties of the Executive Committee	Avg. score 3.56	Avg. score 3.56

5.5.3 Assessment of CEO

Avg. 3.88 points out of 4, or 97% (down by 1% from previous year), considered “very good”, which is divided into ten sections as follows:

Item	2018	2017
1. Leadership	Avg. score 3.89	Avg. score 4.00
2. Strategy formulation	Avg. score 3.67	Avg. score 3.83
3. Strategy execution	Avg. score 3.78	Avg. score 3.78
4. Financial planning/Performance	Avg. score 3.94	Avg. score 3.94
5. Relationships with the Board	Avg. score 3.89	Avg. score 3.89
6. External Relations	Avg. score 4.00	Avg. score 4.00
7. Human Resources Management/Relations	Avg. score 3.93	Avg. score 4.00
8. Succession plan	Avg. score 3.67	Avg. score 3.67
9. Product/Service Knowledge	Avg. score 4.00	Avg. score 4.00
10. Personal Qualities	Avg. score 4.00	Avg. score 4.00

5.6 Directors’ Remuneration

The Company has established a Nomination and Remuneration Committee, which is chaired by an Independent Director and is charged with setting policies, methodology and criteria for establishing the remuneration of Directors, the Chairman and the Managing Director fairly, transparently, in consonance with the Company’s results and each individual’s performance, in line with industry norms, and sufficient to reward Directors having the desired characteristics. Directors’ remuneration is subject to approval by a meeting of shareholders of the Company and to disclosure in the Company’s Annual Report and in Form 56-1 as required by the SEC. (For details please refer to Directors’ and Administrators’ Remuneration.)

5.7 Development of Directors and executives

5.7.1 The policy of the Company's Board of Directors is to facilitate and support training and study for Directors by way of regular attendance of various courses run by the Institute of Directors (IOD). At present 62.5% of Directors have attended these courses. Details are as follows.

Name	Course
1. Mr. Sompong Phaoenchoke	Director Certification Programme 26/2003
2. Ms. Kaewjai Phaoenchoke	Director Certification Programme 29/2003
	Corporate Governance for Capital Market Intermediaries 10/2015
3. Mr. Somkiat Nimrawee	Director Accreditation Programme 10/2004
4. Mr. Suvait Theeravachirakul	Director Certification Programme 9/2001
	Audit Committee Programme 15/2006
	Successful Formulation & Execution of Strategy (SFE) 2010
5. Mr Damri Tunshevavong	Director Certification Programme 106/2008
	Audit Committee Programme 24/2008
	Role of the Chairman Programme 22/2009
	Role of Compensation Committee 10/2010

5.7.2 The Company arranges induction programmes for new Directors. The Managing Director introduces the nature of the Company's business and its basic orientation and the role, duties and responsibilities of the Directors, the reporting of Directors' shareholdings to the Company and the SET and the annual declaration of Directors' interest to the Company, Director' remuneration, meetings of the various Board Committees for the year and the setting of the AGM, and encourages Directors to go on training courses, at the Company's expense, to improve their knowledge and understanding in performing their duties in line with principles of good corporate governance.

5.7.3 With regard to the preparation of a plan for developing and testing the work of the Managing Director and top level Administrators, now under process by management team after finished they will propose to the Nomination and Remuneration Committee for consider this matter on due course.

Corporate Social Responsibilities

1. Economic Operation

Thai Rung Union Car Plc posted consolidated revenues of Bt.2,577 million for 2018, up by 23%, and net income attributable to owners of the parent company of Bt.181 million, up by 119% on 2017, the main factors in the improvement being increased sales in all businesses — auto parts, dies and the TR Transformer vehicle — as well as careful cost control and efficient management.

2. Environmental Operation

Thai Rung Union Car Plc continuously takes care of the environment and the community, and has expanded the coverage of its activities as follows:

Environmental management evaluation in accordance with ISO 14001:2004 standard

In order to ensure that the quality and standard of the Company's environmental management is continuously maintained, with due attention being paid to corporate social responsibility and the environment, Thai Rung Union Car Plc subjects itself to annual environmental management evaluations in accordance with the ISO 14001:2004 standard. In 2017 it was assessed three times, twice by its own Internal Audit department and once by an external firm, BIS Group (Thailand) Ltd, the results showing that the Company's environmental management conformed to the ISO 14001:2004 standard.

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1. Management of hazardous waste

In the paint-spraying process, rotating water curtains are used to capture hazardous waste in the form of paint particles and waste water with paint sediment, which is sent to the waste removal company to be treated correctly in accordance with relevant standards and laws.

2. Control of atmospheric pollution

The Company attaches importance to combating air pollution that may result from its production process and services and affect people living near the Company, and has taken steps to improve its paint dipping and spraying systems so as to reduce pollution and to build confidence on the part of its business partners in the limited environmental impact of those systems.

The Company uses technology to mitigate air pollution from the EDP paint dipping process, having developed a system (activated carbon filter) to mitigate odour, while for the paint spraying area the water curtain technology is used to combine the airborne particles with the water before releasing the treated air through a vent, with the liquid waste (paint or paint mixed with water) being sent for treatment.

3. Control of water pollution

Waste water arises from the production process, both waste water mixed with chemicals and contaminated water from the Company's paint dipping and spraying processes, The Company has put in place systems for mitigating waste water in accordance with the standards set by the Department of Industrial Works, using chemical degreasing and detackifying agents. Waste water mitigation is controlled by the Company's factory engineering department, and the quality of the water is examined by an outside service provider after mitigation and before release into the atmosphere, to ensure that it is in accordance with the law. The Company also retains this data for use in improving its systems for mitigating pollution and increasing the neighbouring community's confidence in the environmental effects of the factory.

3. Society Operation

- Corporate Social Responsibility Policy
- Health and Safety
- Corporate Social Responsibility Activities

Corporate Social Responsibility Policy

Thai Rung Union Car Plc's policy is to conduct its business in accordance with principles of corporate social responsibility (CSR), aiming to build good relations based on mutual acceptance and trust, taking account of its possible effects on all stakeholder groups, attaching importance to activities in support of society and conscientiously taking care of the community in which it operates to the best of its ability, while at the same time cultivating an attitude and corporate culture such that its employees play an active part in implementing its corporate social responsibility policy. In this regard the Company has established the following guidelines;

1. Conduct business ethically and transparently so as to build the confidence of all parties concerned, aiming to develop and expand the Company, while at the same time developing the quality of life of its employees and of the community and wider society in which it operates, and taking care of benefits to stakeholders in accordance with the vision and mission established by the Company.
2. Promote and impart knowledge of corporate social responsibility to employees at all levels of the Company, with a view to involving them so that responsibility towards society is taken by the entire organisation.
3. Act responsibly and determinedly in caring for the environment, including local customs and traditions where the organisation is established.
4. Carry out regular creative activities both independently and jointly with government and community aimed at bringing about a society, community and environment that provides a better quality of life for the communities in which the Company operates.
5. Ensure communication and disclosure of the Company's CSR information such that stakeholders understand the conduct of the Company's business and review CSR policy at appropriate intervals.
6. Prevent accidents and control waste disposal, keeping it below acceptable standards.
7. Respond rapidly and efficiently to any incident affecting the environment and the community resulting from the Company's activities, cooperating fully with government officials and departments concerned.
8. The Company strives to conduct its business equitably and ethically, conscientiously conforming to the law and respecting social rules and conventions while remaining politically neutral.

Environmental education and training for employees

The Company attaches great importance to the environment and conducts awareness raising campaigns among employees with regard to their stake in working together to take care of the environment both directly and indirectly. The Company arranged a total of 30 hours of theoretical training for senior managers responsible for energy.

Health and Safety

The Company is committed to conducting its business on the basis of good HSE, limiting, reducing and avoiding pollution in the production process that can affect the environment and the community, and the Company is always ready to listen to any complaints or suggestions from the community so that it can take steps to become more environmentally friendly and make the community more pleasant to live in. The Company also attaches great importance to the health and safety of all its employees, as valuable resources of the organisation and the basic factor enabling it to achieve its objectives. In terms of health, safety and the environment it therefore works to international standards and strictly in accordance with the personnel policy and HSE guidelines laid down in the corporate governance manual and code of business ethics.

The Company worked on the prevention and control of accidents in the workplace, meaning both the areas used for the production process and those occupied by the Company in general. In 2018 the Company had 1,977,552 hours (478 days) of uninterrupted accident-free work. To raise employees' awareness of the value and importance of safety in the workplace, for themselves, others around them and the organisation, the Company organised a number of activities promoting safety:

1. Health and Safety Training

- Training for new employees on safety in the workplace and training for all employees concerned, to review the safety at work rules, safety rules for specific types of work and safety rules as laid down by law, to ensure that all employees know the rules and abide by them.
- In 2018 the Company held two courses on safety which were attended by 477 employees for a total of 36 hours of training:
 - Basic fire training: 65 people received eight hours of training
 - Training course on cranes (signallers, operators and riggers): 31 people received a total of 12 hours' training
 - Knowledge review course on health and safety and the environment at work in eight modules: 351 people received 16 hours of training.
- Safety officers examined and assessed risks to persons and property, including environmental impacts and established measures to prevent and mitigate any possible impact of the work before authorising outside contractors to work at the Company's premises.

2. Readiness for emergencies

Regular training sessions are held and monthly fire drills and fire alarm tests carried out, as are annual evacuation drills including first aid and evacuation of injured persons.



3. Employees' Health and Safety

- The Company has established a programme of annual medical examinations for employees, to keep a watch on the health of employees exposed to risks in the workplace and to use the information for reducing these risks
- The Company carried out activities aimed at promoting safety at work for employees at all levels and seeking to involve them, such as holding a "safety week" and surveying and improving personal protective equipment.

Corporate Social Responsibility Activities

The Company attaches great importance to conducting its business for the public benefit with responsibility to society and aims to act in accordance with CSR principles both inside the Company, i.e. vis-à-vis its employees, and to outside parties. Apart from this, the Group also established a foundation, the Vichien and Pranee Phaoenchoke Foundation, on 7 July 2016, with the basic objective of promoting and supporting various charitable organisations and developing society in various ways such as providing assistance with education and helping underprivileged people.

The Thai Rung Union Car group of companies, the Phaoenchoke group and the Vichien-Pranee Phaoenchoke Foundation together initiated activities for society with the involvement of its stakeholders - the Company, its group companies, business partners and local government entities and, last but not least, the Company's employees, whom it particularly sought to involve in activities for the benefit of society. The activities can be broken down as follows.

- 1) Care of Community and Society
- 2) Support for youth education
- 3) Financial and other donations to public charity organisations
- 4) Activities to promote charitable deeds

In 2017 The Thai Rung Union Car group of companies, the Phaoenchoke group and the Vichien-Pranee Phaoenchoke Foundation together donated a total of Bt. 2.5 million in support of various projects for hospitals, educational institutions, sports, temples, charities and communities. The Thai Rung Union Car group of companies and its employees contributed Bt.0.11 million and the Phaoenchoke Group and the Vichien-Pranee Phaoenchoke Foundation contributed Bt.2.41 million. Important activities were as follows:

1) Care of Community and Society

The Company focused particularly on the community living around the factory, including encouraging local public bodies to be vigorous and show their potential in looking after and providing service to the population of Nong Khae and Bang Khae, which is where the Thai Rung Group's businesses are established. Community Relations

Because Thai Rung Union Car Plc's parts making and vehicle assembly factory is adjacent to a residential area, to monitor and control any pollution that might arise from the paint dipping and spraying production process and affect nearby residents, the Company set up a community relations working team to maintain constant contact with the community, acting as a channel of communication and receiving any complaints so that they can be urgently addressed.



2)Support for young people’s studiesby granting the scholarships

As well as paying attention to the promotion of healthcare services for the local community,the Company also gives priority to promoting education which is another important factor affecting the population’s standard of living.The Company accordingly sets aside a budget for scholarships to enable young people to study and as an incentive for them to study diligently and with perseverance.

2.1Thai Rung Table Tennis Club

Thai Rung Union Car Plcaims to meet sports players’ need for opportunities to compete, and helps to provide them with opportunities and facilities for practice and the possibility of travelling countrywide to build up points and keep alive the dream that they will achieve success in table tennis. Many of these young table tennis players lack opportunities, of due to the cost of equipment and the cost of travelling upcountry to compete, given the lack of funds and their parents’ inability to help due to their difficult situation. All the children are first class players who, if given the opportunities to compete, will certainly achieve success Therefore the Company donated a total of Bt.280,000 throughout the year to finance equipment and training and other expenses incurred in competing.



3)Financial and other donations to public charity organisations

3.1 Activities in support of orphans

Thai Rung Union Car Plc, represented by its welfare committee and human resources department, donated Bt.18,000 together with various items of sports equipmentto SOS Children’s Villages Thailandunder the Royal Patronage of HRH the Queen.



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4) Activities to promote charitable deeds

Thai Rung encourages all its employees to lead their lives in accordance with its philosophy of “Think right, do right, talk right”, promoting the following good deeds:

4.1 Thai Rung volunteer development camp project

As well as promoting activities and good deeds within the Company Thai Rung also supported employees' work on behalf of the public, by supporting a group of employees who volunteered to carry out charitable activities under the Thai Rung volunteer development camp, which carried out the following activities in 2018: painting the exterior of the building, repairing the gate, the water system and the playground and carrying out repairs and improvements to tables and chairs in the canteen for Ban Nong Khae Sai School, Tambon Lam Piek, Amphoe Khon Buri, Nakorn Rachasima Province, as well as arranging various recreational activities and hosting a lunch for pupils.



4.2 Blood donation

The Company has organised blood donation every quarter since 1998. Up to now there have been a total of 3,806 donations. As well as helping society, this activity also fosters awareness among employees of the importance of giving and sacrifice for the benefit of society.



4. Fair treatment of workforce

Thai Rung Union Car Plhas policies reflecting the importance it attaches to its human resources, which play a major role in the organisation's stable growth and development. These policies include promoting its employees' quality of life by providing various forms of welfare benefits to all employees equally, ensuring fair working conditions in accordance with labour law and giving equal opportunities to all for advancement based on performance without regard to sex or other discriminatory factors. The Company has accordingly established a policy of responsibility towards the workforce to serve as a guide for the successful conduct of the Company's business, to be adopted and adhered to by all departments and units concerned, as follows:

1. Build mutual sincerity between the Company and its employees such that people understand and accept one another's duties and consult one another in the event of problems, exchanging information in a spirit of mutual trust in order to resolve the problems satisfactorily.
2. The Company treats its employees equitably and fairly, as if they were a family, and gives its employees opportunities to express their opinions through the suggestions system and seeks to boost morale and provide encouragement by awarding prizes and scholarships for employees' children every year.
3. The Company encourages its employees to increase their skills and knowledge, and sends them to receive training both inside and outside the Company, including sending them to see motor shows, etc. abroad. In 2018 the Company arranged 46 training courses, 24 in-house and 22 external; a total of 1,265 persons received 9,368 hours of training, an average of 10.32 hours per person per year.

Course Name	2017		2018	
	Number of participants	Hours	Number of participants	Hours
Orientation Course	135	1,608	209	4,568
General Development Course	90	417	181	1,086
Course on safety	11	192	680	2,040
Environmental training	28	91	47	282
Managerial Competency Development Course	378	213	13	312
Functional Competency Development Course	430	227	135	1080
Total	1,072	8,414	1,265	9,368

4.The Company has implemented a clear system of internal communication so that employees receive news that is clear and correct.

5.The Company commissioned a survey of the factory to gather information on employees' problems for subsequent study and solution. In the interests of employees' ease of mind and contentment, if they have any problems or doubts or need to consult on any matter, they can do so immediately, and if they need the consultation to be private, they can make an appointment.

Recruitment and hiring

The Company has an equitable and ethical recruitment and hiring policy based on applicants' capabilities and the requirements of the business; it does not employ minors; it has systematic recruiting and selection procedures for testing applicants' knowledge, capabilities and skills appropriate to the position sought; it conducts interviews transparently with a view to hiring individuals that really have the appropriate capabilities for the position.

Remuneration

The Company has a fair and ethical policy regarding remuneration, linked to employees' knowledge and capabilities on an equitable basis via a performance evaluation process and to positions occupied using appropriate indicators. It also adjusts remuneration in accordance with the economic situation and with an eye on competitors' practices so as to be able to attract and retain capable applicants.

Welfare benefits

The Company arranges welfare benefits for its employees and their families and arranges for them to elect a site welfare committee so that they are involved in the management of welfare matters, to serve as a communications centre for welfare and labour relations issues between the employees and the Company and to provide help in matters of welfare.

Labour relations activities to foster harmonious relations among employees in the various different departments and between employees and the Company. In 2017 the company have major activities as follows;

• New Year's Day Activity

To welcome the New Year, provide encouragement to employees and foster good relations, senior executives had the opportunity of meeting employees of all levels up close. Apart from this the Company also held an even to present awards to employees with perfect attendance records in the past year, to show employees that the Company genuinely attaches importance to and appreciates its employees' diligence and dedication. To welcome the New Year, provide encouragement to employees and foster good relations, senior executives had the opportunity of meeting employees of all levels up close.



• Thai Rung Day

Mr Vichien Phaoenchoke, founder of Thai Rung, died on 18 March 2002, so 18 March has been designated Thai Rung Day, and every year we organise activities in memory of our founder, including merit making ceremonies, offering food to monks and inviting all employees to lunch. These activities help foster a feeling of devotion to the organisation among employees and hold up the good example of our founder as a model for their fair and ethical conduct.



- **Scholarships for diligent and well-behaved children of Thai Rung employees**

To show its employees that its concern for their welfare extends to that of their families, the Company has established a scheme whereby any employee can apply for a scholarship for his or her child providing the child meets the criteria, as an incentive to employees who are parents to encourage them to work together with the Company. In 2018 the Company awarded 75 scholarships for a total amount of Bt. 271,000 to children of employees with good grades and good conduct. Since 2005 the Company has granted 1,944 scholarships to children of employees, totalling Bt.5,706,000.

The Company also presented 55 long-service gold awards to a total value of Bt.555,000 to employees with 10, 15, 20, 25 and 30 years of service, as encouragement to employees.



- **Songkran Activity**

In support of fine Thai customs, the Company held a traditional ceremony whereby employees sprinkle water on seniors' hands and receive their blessing. In a gesture of their concern for employees, the senior executives also treated all employees to ice cream throughout the very hot month of April.



- **Sending employees safely home at Songkran and New Year**

Every year the Company closes down for several days over the New Year and Songkran holiday periods, in order to give those employees whose hometowns are upcountry the chance to spend more time with their families. This reflects the importance that the Company attaches to the family as an institution, and also helps to generate good feelings on the part of employees towards the Company.



- **Arranging regular quarterly parties to celebrate employees' birthdays**

In the interests of good relations between employees and senior executives, every quarter the Company holds a party for employees with birthdays in that quarter, at which senior executives have a chance to meet them and announce any important matters, create the entertainment activities, as well as presenting birthday gifts (raffle style) to the employees. This event fosters warm feelings of companionship.



- **Sports Day / New Year's party**

Sports Day, like the New Year's party in 2017, was an occasion for employees to meet together, converse and relax away from work for once; at the same time the annual Sports Day promotes physical exercise, fosters companionship through common endeavour and provides competition in various sports, a cheer leaders' contest and a tombola for employees.



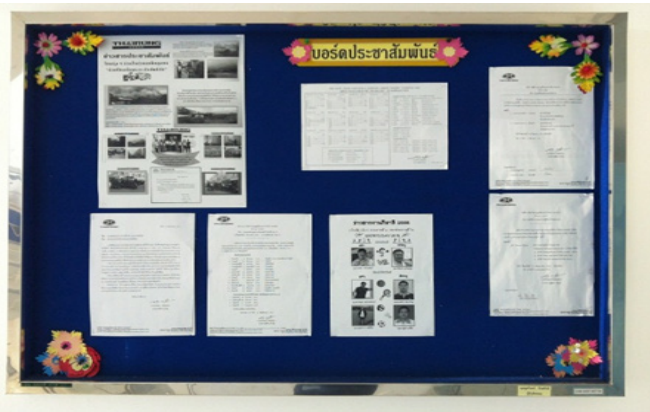
- **Annual health check**

The Company attaches great importance to its employees' health and arranges for all employees to have a free health check every year at a leading hospital with a team of doctors and nurses and the latest equipment.



- **Efficient internal communication system**

For example, morning talks, the employee relations notice board and by email for communicating useful information for work, the quality of life and news of the Company for circulation to all levels.



- **Visits to employees who are sick or have given birth**

The Company has a welfare representative and an employee representative take a basket of provisions to sick employees to wish them a speedy recovery or in the case of employees who have given birth, a basket of baby provisions to congratulate them.



- **Assistance with cremation expenses**

All employees are entitled to special financial assistance if necessary in the event of father, mother, child, husband or wifedying to alleviate their distress, and the Company sends flowers as a mark of condolence.



- **Lactation area**

The Company is well aware of the benefits of mother's milk for babies and in reducing household spending, so as a matter of policy it makes available a corner where mothers can express or pump milk to take home for their babies to drink.



Related Party Transactions

(1) Related Party Transaction with entities having a possible conflict of interest

Transactions during the past year with parties having possible conflicts of interest

(Baht millions)

Related company	Main type of Business	Thai Rung Group Counterparty	Related Party Transactions 2018	Balance sheet item
Isuzu Chaicharoenkij Motor Co Ltd.	Isuzu dealer Sale of spare parts After-sales service	TRU, TVS, TUC	Sales and services income 19.03	Trade debtors 2.98
			Purchase of chassis with engine 11.12	Other debtors 0.18
			Repair vehicle, spare parts and services 2.77	Trade creditors 0.12
			Utility charges 0.59	Other creditors 0.36
			Purchase of assets 0.41	
V.P. Auto Enterprise Co. Ltd.	Ford dealer Sale of spare parts After-sales service	TVS, TUC	Repair vehicle, spare parts and services 7.05	Trade debtors 0.03
			Services income 0.06	Trade creditors 0.88
			Purchase of assets 0.03	
Thai V.P. Corporation Co. Ltd.	Vehicle rental	TRU, TAP, TVS, TUC	Vehicle rental 5.74	Trade debtors 0.05
			Repair vehicle, spare parts and services 0.87	Other debtors 1.16
			Purchase of assets 0.75	Other creditors 0.84
			Sales and services income 1.78	
			Income from rental of land and showroom 2.01	
			Interests income 2.42	
Thai V.P. Corporation Co. Ltd.	Vehicle rental	TRU	Short-term loans as at 31/12/2017 90.00	Short-term loan 90.00
			Increase during the year -	
			As at 31/12/2018 90.00	
Phothiphoom Co. Ltd.	Property	TUC	Land rental 0.30	-
Biz Resource Co. Ltd.	Executive driver services	TUC	Income from rental of land and showroom 0.48	Other debtors 0.09
			Services income 0.32	
Sinthoranee Property Co. Ltd.	Property	TRU	Land rental 0.16	-
Lexus Auto City Co. Ltd.	Lexus dealer	TRU, TUC, TRT	Income from rental of land and showroom 3.35	Other debtors 1.43
			Repair vehicle, spare parts and services 0.02	

Note

Thai Rung Tools and Dies Co. Ltd. TRT

Thai V.P. Auto Service Co. Ltd. TVS

Thai Auto Pressparts Co. Ltd. TAP

Thai Ultimate Car Co. Ltd. TUC

Nature of relationships

1. TRT, TVS and TAP are subsidiaries of TRU, in which the Phaoenchoke group hold directorships and are the major shareholders.
2. TUC is a subsidiary of TVS, which holds 99.53% of the shares, the Phaoenchoke group holding the remaining 0.47%.
3. The above listed companies having possible conflicts of interest are related companies in which members of the Phaoenchoke group are both directors and major shareholders as follows

Related company	Shares held by				Directorship held in Related Companies			
	Phaoenchoke Group	Thairung Auto Group	Thairung Partners Group	Thai V.P. Corporation	Dr. Pranee	Mr. Sompong	Ms. Kaewjai	Mr. Wuttichai
Isuzu Chaicharoenkij Motor Co Ltd.	0.0007%	99.9993%	-	-	C	D	D	D,MD
V.P. Auto Enterprise Co. Ltd.	0.0007%	99.9993%	-	-	C	D	D,MD	D
Thai V.P. Corporation Co. Ltd.	0.0001%	-	99.9999%	-	C	D	D,MD	D
Phothiphoom Co. Ltd.	100%	-	-	-	C	D	D	D,MD
Biz Resource Co. Ltd.	2%	-	-	98%	C	D	D,MD	D
Sinthoranee Property Co. Ltd.	100%	-	-	-	C	D	D	D,MD
Lexus Auto City Co. Ltd.	0.0004%	99.9996%	-	-	C	D	D,MD	D
Thairung Auto Group Co. Ltd.	0.0003%	-	99.9997%	-	C	D	D	D
Thairung Partner Group Co. Ltd.	100%	-	-	-	C	D	D	D

Note

1. "Phaoenchoke Group" consist of Dr.Pranee Phaoenchoke, Mr.Sompong Phaoenchoke, Ms.Kaewjai Phaoenchoke and Mr.Wuttichai Phaoenchoke.
2. C = Chairman of the Board D = Director MD = Managing Director or CEO

(2) Necessity and Propriety of Related Party Transactions

1. Buying and selling accessories and spare parts and providing and receiving vehicle repair services are all normal business transactions of the Company, performed at cost plus a profit margin.
2. The leasing of land and office and showroom space together with utilities is at prices stipulated in mutual contracts, which are in line with actual or estimated market prices.
3. Vehicles rented from a related company are for use in the business. Rates and terms are similar to those applied to unrelated parties.
4. Financial assistance to related parties, since it provides TRU and/or its subsidiaries with a better return on its funds than the deposit or market rate (interest rate based on cost of fund +1%), thus improving the efficiency

of its cash management, while at the same time secured by the personal guarantees of directors of the borrowing companies, whose financial standings is solid. To be reviewed annually.

The above Related Party Transactions were considered with regard to their necessity, appropriateness and overall benefit to the Company and its shareholders. Most of them were normal business transactions or were in support of such normal business transactions, and they were conducted on normal commercial terms, without giving rise to any profit diversion, and were conducted at arm's-length prices and on similar terms to those applied to non-related parties. The non-executive Directors' opinion does not differ in any respect from the relevant resolutions of the Board of Directors.

(3) Policy and approach with regard to future Related Party Transactions

As regards any future Related Party Transactions the Company will act in accordance with all relevant laws, and with all relevant orders, proclamations and regulations of the Stock Exchange of Thailand, including regulations regarding the disclosure of information on Related Party Transactions and on the acquisition or disposal of significant assets by the Company or its subsidiaries. The Company's Board of Directors has established guidelines for the consideration of related party transactions and of acquisitions and disposals of Company assets as follows.

- In the event that, the size of the transaction having been calculated in accordance with Stock Exchange of Thailand criteria it transpires that the transaction requires approval by the Company's Board of Directors, then the transaction must be submitted to the Board of Directors for their consideration. In the event that the Audit Committee disagrees, the proposal can nevertheless be placed before the Board and an appropriate record made in the minutes.
- In the event that, the size of the transaction having been calculated in accordance with Stock Exchange of Thailand criteria, it transpires that the transaction requires approval by a meeting of shareholders, then the transaction must first be submitted to the Audit Committee for consideration and, if approved, onward submission to the Board of Directors who in turn will, if approved, propose it to a meeting of shareholders.

Opinion of the Board of Directors on the internal control system

The Audit and Corporate Governance Committee examined the Company's internal control system covering the five main objectives of the Committee of Sponsoring Organizations of the Treadway Commission Enterprise Risk Management (COSO-ERM) system. The Board of Directors and the Audit and Corporate Governance Committee are both of the opinion that the Company's internal control system is sufficient and appropriate. It can be summarised as follows:

Organisational control and environmental measures

The company has clear business objectives with ongoing assessment of results, and has adapted its organisational structure to bring it into line with the growing volumes of business so as to support management and enable it to work efficiently.

Additionally, the company has established a policy and working plan focused on product quality and price and fair service to customers. It has written procedures that serve as guidelines aimed at producing ordered work according to standards, and there are mechanisms for inspecting and monitoring working practices in the fields of finance and purchasing, administration generally, production and marketing in order to provide assurance that working practices are in accordance with established policies and that there are no practices likely to damage the company's reputation or interests.

Risk management

The company attaches importance to managing risks that can affect its business, and has a risk committee to oversee and assess risk factors and possible sources of risk as well as analysing the consequences of such risks and alerting administrators or operatives and together establishing measures and guidelines to protect against such risks, monitoring compliance with such measures so as to keep risks at acceptable levels.

Management control activities

The company has established the scope and powers and duties and monetary limits in writing for each level of the administrative departments. There is clear division and separation of duties, approvals, recording of transactions and safeguarding of assets.

Business dealings with major shareholders, directors, administrators or related parties are duly authorised, being considered by independent directors who are not interested parties, and monitored for compliance with terms and conditions. Investments in subsidiaries or joint ventures are monitored and overseen on an ongoing basis.

With regard to the operation of the various departments, audits by the internal audit department have found that operations in general are in accordance with the rules and working systems established, with no instances of illegal or irregular conduct being detected.

Information and communication measure

For each regular board meeting the company prepares documentary information of various kinds to support the agenda items so as to enable the directors to have sufficient information on which to base their decisions. Resolutions are summarised and adequately recorded in minutes which are available for inspection at all times.

Recording of accounting entries is in accordance with generally accepted principles and supporting documentation is gathered together in categories and properly stored for the legally established periods. There is also a procedure for fully following up on improvements recommended by the company's duly authorised auditors in their reports.

Monitoring system

The company arranges regular quarterly board meetings, with special ad hoc meetings of senior executives on an ongoing basis to consider and follow up on management's work to ensure that it is in line with objectives or, if it is not, to establish corrective guidelines.

Opinion of the Audit and Corporate Governance Committee and the Auditors on the Company's internal control system

The Audit and Corporate Governance Committee assesses the adequacy of the internal control system using the assessment form developed by the SEC and presents its findings to the Board Directors every year.

The auditors have no significant observations to make on the Company's internal control system.

Head of Internal Audit and Head of Compliance

The Audit and Corporate Governance Committee is the body with the power to appoint, remove and transfer the person occupying the post of Head of the Company's internal audit function, and is responsible for ensuring that this person receives training which is appropriate and adequate for performing the aforementioned duties.

Details regarding the Head of Internal Audit and the Head of Compliance are to be found in appendix 3 to the 2019 Annual Report.

In 2018, The Audit and Corporate Governance Committee carried out its duties as assigned by the Company's Board of Directors and in accordance with the Committee's Regulations, notably examination of the Company's financial statements, its corporate governance, its risk assessment and management systems and internal control and audit systems and anti-corruption measures, as well as proposing the appointment of auditors for 2018.

The Committee met four times during 2018, all its members being present on each occasion. The main activities can be summarised as follows:

1. Examination of financial reporting systems

Having examined the Company's consolidated quarterly and annual financial statements for 2017, which were drawn up in accordance with financial reporting standards, focusing on the most important items as well as non-recurring items, and having received assurances from the auditors, the head of the accounting department and senior management that they had been prepared in accordance with the provisions of the law and with financial reporting standards and regarding the adequacy of information disclosed in the notes thereto, the Audit and Corporate Governance Committee approved said financial statements.

Apart from this, the Committee also met with the Company's auditors, without the presence of company officers, twice times per year, to confer independently on major points relating to the preparation of the financial statements and the disclosure of information in accordance with financial reporting standards and so as to be of benefit to users of the financial statements, and on any questionable conduct. In 2018 the auditors made no material observations and detected no questionable conduct that might be expected to have a material effect on the preparation, reliability, transparency or auditability of the Company's financial statements or the consolidated financial statements of the group.

2. Examination of the Company's corporate governance

The Committee was able to confirm that the Company's management and employees conducted its business in strict compliance with ethical principles and principles of good corporate governance, and the Board of Directors consistently promoted employee awareness of the importance ethical practices at every level.

Additionally, it confirmed that the Company complied strictly with the regulations of the SEC and the SET and with applicable legislation, particularly as regards related party transactions or transactions likely to involve a conflict of interest, Directors' related party transactions and timely and accurate reporting to the SET.

3. Examination of the Company's risk assessment and management systems

The Committee examined the Company's risk assessment and management systems, considering both internal and external risk factors, probability, impact and measures for controlling risks at acceptable levels.

A major risk factor in 2018 was the high staff turnover rate, but this mainly applied to employees in the production departments, varying in line with the volume of work available at any given time, so it did not affect management or disrupt the business. Management carried out an advance risk assessment and managed risk by establishing protective measures to cope with situations that might arise, for example by establishing a plan to improve the production process and ensure it is up to standard and controlling the employee rotation rate to keep it within an established range. The Risk Management Committee now receives a regular quarterly report on risk management results.

4. Examination of the Company's internal control and internal audit systems

The Committee examined the Internal Audit Department's quarterly evaluation reports on the Company's internal control systems, which it found to be appropriate to the Company's business, without detecting any significant omissions or defects likely to affect the Company's financial statements.

As regards internal audit, the Committee examined the activities of the internal audit department by reference to the approved annual working plan and found that it had attained its objectives and key performance indicators, and also examined the appropriateness of the organisational structure and adequacy of manpower of the internal control and audit functions, finding them in accordance with internal auditing standards, and confirming that the internal audit department attaches appropriate importance to developing its human and physical resources to international professional internal auditing standards.

The Company has also established that there should be an annual evaluation and review of the adequacy of the internal control system by the Audit and Corporate Governance Committee, which has delegated the internal audit department to gather and summarise the information on the evaluation and report to the Board of Directors for it to debate and seek ways to improve the internal control system and make it more efficient.

5. Examination of the Company's anti-corruption procedures

The Committee examined the quarterly inspection reports on corruption and the measures and guidelines in place to prevent corruption in the various working systems so as to ensure that they were in accordance with risk assessment standards and the latest investigative systems and constantly appropriate to the Company's business situation at any given time. In 2018 the Company had no reports of corruption.

Apart from this, on 9 March 2017 the Company received confirmation from the Thai Institute of Directors of its membership of Thailand's Private Sector Collective Action Coalition Against Corruption. The certificate is valid for three years from the date of the resolution granting it.

6. Proposed appointment of auditors for 2018 and establishment of auditors' remuneration

The Committee proposed to the Board of Directors that ANS Audit Co., Ltd. be appointed as the Company's auditors. The Audit and Corporate Governance Committee considered their work and independence, and the appropriateness of their remuneration, and found it appropriate that

Mr Atipong Atipongsakul CPA No. 3500 or

Mr Vichai Ruchitanont CPA No. 4054 or

Mr Sathien Vongsnan CPA No. 3495 or

Ms Kulthida Pasurakul CPA No. 5946 or

Ms Patcharee Siriwongsin CPA No. 9037

all from ANS Audit Co., Ltd. be appointed and their remuneration established at Bt.1.36 million for the year. (2017: Bt.1.30 million).

In conclusion the Audit and Corporate Governance Committee carried out its duties as assigned by the Company's Board of Directors and in accordance with its charter, and is of the opinion that the Company reports its financial and business information accurately, in a transparent and reliable manner, conducts its business in accordance with principles of good corporate governance, has risk assessment and management systems and adequate and appropriate internal control systems in place.



Suvait Theeravachirakul

Chairman of the Audit and Corporate Governance Committee

Report of the Nomination and Remuneration Committee

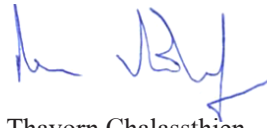
The Nomination and Remuneration Committee, composed of three non-executive independent Directors, is charged with selecting individuals with appropriate qualities for occupying the position of Company Director in a proper and transparent manner, including from among any names proposed by shareholders, for onward submission to the Company's Board of Directors and in turn to the shareholders for their approval, and with selecting persons with characteristics appropriate to the position of President and Managing Director in the event of there being a vacancy, for nomination to the Board of Directors for their consideration, and to prepare a succession plan for senior executive positions. It is also responsible for setting policies, methodology and criteria for establishing, and for considering and reviewing the establishment of remuneration of Directors, the President and the Managing Director fairly, transparently and in consonance with the Company's results and each individual's performance. It reports independently to the Board of Directors so as to ensure that remuneration is established in a way that is appropriate and fair to all interested parties while safeguarding shareholders' interests, in accordance with the Company's principles of good corporate governance.

In 2018 the Nomination and Remuneration Committee met to consider the following matters

1. Establishment of remuneration for the year 2017 for individual Company Directors based on the performance of the Company and the duties and responsibilities and performance of each individual Director within an overall monetary limit to be approved by the shareholders.
2. Directors' remuneration for 2018 for proposal to the Company's Board of Directors and subsequently to the General Meeting of Shareholders for their approval, the Nomination and Remuneration Committee considering that the proposed remuneration was in line with the scope of duties and responsibilities of the Directors and with remuneration paid in comparable industries.
3. The appointment of a new Director to replace a Director resigning from his position for submission to the Board of Directors and in turn to the general meeting of shareholders.
4. Establishment of remuneration for the year 2018 and monthly remuneration for 2019 for the President and the Managing Director

5. Annual assessment of CEO using the standard evaluation form of the SET's Corporate Governance Centre, for which the Committee asked the Office of the Managing Director to collect and compile the assessment and report to the Nomination and Remuneration Committee for further discussion of the results and identification of possible point for improvements in efficiency. The result of the assessment for 2017 was an average of 3.91 points out of 4, or 97.75%, which corresponds to the level "very good".

In summary, the Nomination and Remuneration Committee fully discharged its duties as assigned by the Company's Board of Directors. Shareholders may thus rest assured that the nomination of Directors and the establishment of their remuneration were carried out in a proper, appropriate and transparent manner and in accordance with the Company's principles of good corporate governance.



Thavorn Chalassthien

Chairman of the Nomination and Remuneration Committee

Report of the Risk Management Committee

The Company attaches great importance to risk management in the interests of the smooth conduct of its business, and has accordingly appointed a Risk Management Committee composed of six members - the Managing Director, independent directors, and other senior executives of the Company with experience, knowledge and understanding of business and risk management to perform duties in accordance with the regulations established for the Risk Management Committee. In 2018 the Risk Management Committee met four times to consider important matters, which can be summarised as follows:

1. To establish and review the risk management plan, including the assessment of business risks, and to establish protective measures to mitigate risk and monitor results in a manner appropriate to the smooth ongoing conduct of the business.
2. To check to see that risk management in the various areas contributes to the attainment of the organisation's strategic objectives, and to analyse the effects of risks that materialise so that executives and other employees involved can use this information to establish measures for alerting to and protecting against such risks and so keep them at an acceptable level under the internal controls and the various existing measures and working procedures.
3. To make sure that safety practices and the zero accident policy are enforced by having supervisors control and employees conduct themselves in accordance with working procedures, strictly conform to rules on wearing personal protective equipment when working, and examine the condition of machinery and tools before operating or working with them; to train employees to be more aware so as to reduce risk of all kinds, with the consequent effects on all employees' quality of life.
4. To support the development of risk management as it relates to the risk of corruption at all levels of the organisation so that major risks are kept at an acceptable level.
5. To have each working unit put in place consistent risk assessment and control procedures so as to instil confidence that the organisation is working in accordance with a system and working procedures so as to be able to protect against or mitigate risks that may materialise.
6. To communicate constantly with the Audit and Corporate Governance Committee in order to ensure that risk management systems are in line with the internal controls that have been established.

Based on the activities outlined above, the Risk Management Committee is confident that the Company's risk management works continuously, efficiently and in line with the guidelines for good corporate governance and that it has adequate internal control systems appropriate to the correct all-round conduct of its business.



Sompong Phaoenchoke

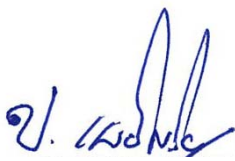
Chairman of the Risk Management Committee

The Company's Board of Directors is responsible for the consolidated financial statements of Thai Rung Union Car Public Co. Ltd. and its subsidiaries and for the financial information which appears in the Annual Report. The financial statements were prepared in accordance with generally accepted accounting standards, applying appropriate and consistent accounting policies and with careful, prudent consideration and best possible estimates, making adequate disclosure of information by way of notes to the financial statements.

The Board of Directors has put in place and maintains effective internal control systems which provide reasonable assurance that the recording of transactions in the Company's books is correct and complete, as well as adequately protecting the Company's assets and ensuring that any weak points can be detected and any misconduct or significant abnormal occurrence thus prevented.

The Company's Board of Directors has appointed an Audit and Corporate Governance Committee consisting of non-executive directors, which is responsible for monitoring the quality of financial reports and internal control systems. The Audit and Corporate Governance Committee's opinion on these matters appears in the Report of the Audit and Corporate Governance Committee.

The Board considers that the Company's internal control systems are at an appropriate level and provide sufficient assurance in terms of the reliability of the financial statements of the Company and its subsidiaries as at 31 December 2018.



Dr. Pranee Phaoenchoke
Chairman of the Board



Mr. Sompong Phaoenchoke
Managing Director

Management's Discussion and Analysis

In 2018, the Thai automotive industry produced 2.17 million units, up by 9% on the previous year. Of this total, 1.14 million units were exported, close to the previous year, and domestic sales at 1.14 million units, were up by 20% on the previous year as a result of growth in the domestic economy, increased investment by both public and private sectors, improved agricultural prices and an increase in the number of new models launched by the various automakers.

Thai Rung Union Car Plc posted consolidated revenues of Bt.2,577 million for 2018, up by 23%, and net income attributable to owners of the parent company of Bt.182 million, up by 119% on 2017, due to an increase in revenues from OEM parts, die and jig making and sales of vehicles. The return on assets (ROA) was 5.33%, or 2.67% up from the previous year, and return on equity (ROE) was 5.64%, up from the previous year's 3.01% due to higher net income resulting in turn from increased revenues, which currently come basically from die making, OEM parts making and sale of vehicles, together accounting for approximately 75% of total consolidated revenues.

The Company has a strategy of expanding its customer business base to take in other sectors such as industrial, construction and agricultural machinery and premium grade motorcycles, a high added value niche market which looks set to grow in the future, in order to reduce the risks associated with its dependence on a single industry. The Company is also expanding into the trucks market, which shows continuing high demand, and the coming into force of the AEC will lead to increased transport requirements in the region, with trucks and trailers playing a greater role in industry.

Financial results

Profit and Loss Statement for the Year 2018

Profit and Loss Statement for the Year 2018					
THB millions		2018	2017	Change	
Item					
1.1	Operating revenues	2,530	2,055	475	23%
	Other income	45	43	2	5%
	Total revenues	2,575	2,098	477	23%
1.2	Cost of sales & services	2,066	1,730	337	19%
1.3	Selling & administrative expenses	308	275	33	12%
	Share in profit/(loss) of associates (joint ventures)	2	3	(1)	(25%)
	Profit before tax	202	96	106	110%
	Income tax income (expense)	(13)	(7)	(7)	(96%)
1.5	Profit/(loss) for the year	189	89	100	112%

Attribution of profit/(loss)				
To owners of the parent company	182	83	99	119%
To non-controlling interests	7	6	1	13%

1. Overview of Results for the Year

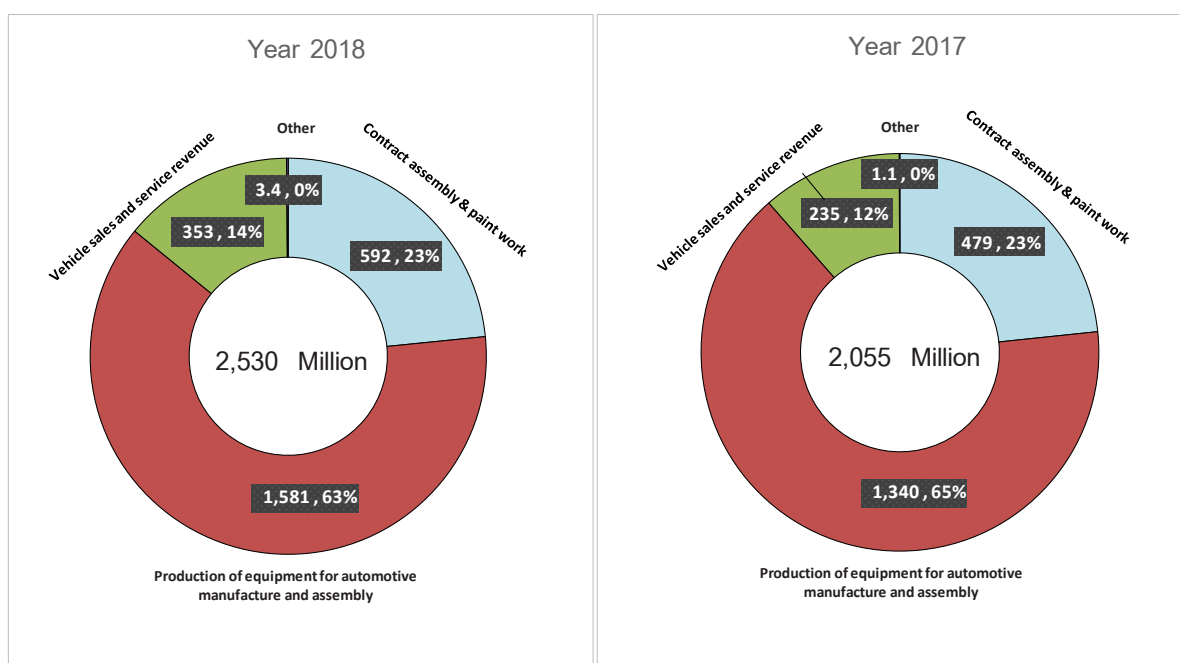
The Company's business is production and distribution in the automotive industry. Its consolidated results for 2018, compared with those of 2017, were as follows:

1.1 Revenues

Total consolidated revenues for 2018, not including share in profit/(loss) of associates, amounted to Bt.2,575 million, representing an increase of Bt.477 million or 23% on the previous year due to increased customer orders for products and services and consisting of Bt.2,530 million in sales and service revenue and Bt.45 million in Other Income. The breakdown of sales and service revenue by business unit was as follows:

Breakdown of revenues by type of business (operating revenues)

2018/2017 = +475, +23%



- Revenue from the production of vehicle manufacturing equipment (die and jig making, plus the production and sale of parts, both OEM and spare) amounted to Bt.1,581 million, representing 63% of total sales and service revenue, showing an increase of Bt.241million or 18% on the previous year, due to increased orders for auto parts and for die and jig making from both new and existing customers.
- Revenue from vehicle assembly and other vehicle-related contract work was Bt.592 million, representing 23% of total sales and service revenue. This was Bt.113 million or 24% more than in the previous year, mainly thanks to increased orders from customers in the agricultural machinery industry.
- Revenue from sales of vehicles and from service centres was Bt.353 million, representing 14% of total sales and service revenue and Bt.119 million or 51% up on the previous year thanks to sales of special project vehicles to government departments.
- Other Income, at Bt.3.4 million, was up by Bt.2 million or 213% on the previous year.

1.2 Cost of sales and service

Consolidated cost of sales and service for 2018 was Bt.2,066 million. As a proportion of sales and service revenue for the year it was 82%, two percentage points lower than the 84% of 2017, due partly to the shift in the product mix, with different products having different margins, and partly to certain items of property, plant and equipment having been fully depreciated but still being in use, as well as to the Company's efforts to increase efficiency and control production costs.

1.3 Selling and administrative expenses

Consolidated selling and administrative expenses for 2018 amounted to Bt.308 million, Bt.33 million or 12% up on the previous year due to sales promotion expenses and the cost of gifts to customers. Selling and administrative expenses amounted to 12% of revenues in 2018 compared with 13% in 2017, the two percentage point reduction reflecting the Company's continuing success in controlling these expenses.

Technological research and development and innovation (R&D&I) costs

In 2018 the Company spent a total of Bt.22.90 million on technological R&D&I, comprising salaries and personnel expenses, consultants' fees, the cost of assets used in the processes, the cost of raw materials, testing expenses and the cost of developing various prototypes including those for the Transformer and the minibus project.

1.4 Share of profit/(loss) from investments in associates

Share of profit from investments in joint venture companies in 2018 was Bt.2 million, compared with Bt.3 million in 2017, a decrease of Bt.1 million or 25%.

1.5 Net income

The Company posted net income of Bt.189 million for 2018, of which Bt.182 million attributable to owners of the parent company, an increase of Bt.99 million or 119% relative to the previous year when profit attributable to owners of the parent company was Bt.83 million, the improvement coming mainly from increased customer orders for products and services.

2. Analysis of Consolidated Balance Sheet at 31 December 2018 compared with 31 December 2017

THB millions

Assets	Consolidated Balance Sheet			
	31-Dec-2018	31-Dec-2017	Change	%
Current assets	1,553	1,262	291	23%
Investments in associates	525	538	(13)	(2%)
Investment property, net	162	162	(0)	(0%)
Property, plant & equipment, net	1,597	1,631	(34)	(2%)
Other non-current assets, net	90	59	31	53%
Total Assets	3,927	3,652	275	8%

THB millions

Liabilities	Consolidated Balance Sheet			
	31-Dec-2018	31-Dec-2017	Change	%
Current liabilities	523	344	179	52%
Non-current liabilities	61	60	1	1%
Total Liabilities	584	404	180	45%
Equity				
Attributable to owners of the parent company	3,268	3,168	101	3%
Non-controlling interests	74	80	(6)	(8%)
Total Equity	3,343	3,248	95	3%
Total Liabilities and Equity	3,927	3,652	275	8%

2.1 Assets

Total consolidated assets at 31 December 2018 and 31 December 2017 stood at Bt.3,927 million and Bt.3,652 million respectively, representing an increase of Bt.275 million, the main items being as follows:

1. Current assets at 31 December 2018 stood at Bt.1,553 million, up by Bt.291 million or 23% as a result of:

- Cash and cash equivalents at 31 December 2018 stood at Bt.391 million, Bt.169 million more than at year-end 2017 as a result of Bt.189 million in cash from operating activities and an investment of Bt.20 million in a collective investment fund.
- Short-term investments at 31 December 2018 stood at Bt.290 million, Bt.20 million more than at year-end 2017 as a result of an investment in a collective investment fund.
- Net trade and other receivables, loans and other current assets at 31 December 2018 stood at Bt.544 million, Bt.87 million more than the 2017 year-end figure, partly due to an increase in sales for which payment was not yet due. (Due in February 2019).
- The value of work completed but not yet invoiced at 31 December 2018 stood at Bt.57 million, Bt.26 million down from year-end 2017, reflecting the Company's success in collecting payment for die and jig making in accordance with the terms of the contracts.
- Inventories at 31 December 2018 stood at Bt.271 million, representing an increase of Bt.41 million on year-end 2017.

2. Investments in associates (joint ventures) at 31 December 2018 stood at Bt.525 million, representing a decrease of Bt.13 million, as a result of Bt.15 million in dividends received from two joint venture companies and a Bt.2 million share in profits of a joint venture company.

3. Property, plant & equipment at 31 December 2018 stood at Bt.1,597 million, Bt.34 million down due to the net effect of Bt.23 million of capital expenditure on rooftop solar panels and setting up a free zone facility,

Bt.51 million on plant machinery and equipment, office equipment and vehicles, and Bt.104 million of scheduled depreciation for the year and disposals of Bt.4 million.

4. Other non-current assets at 31 December 2018 stood at Bt.90 million, Bt.31 million up on year-end 2017 due to investment to cater to increasing customer orders.

2.2 Liabilities

Total consolidated liabilities at 31 December 2018 and 31 December 2017 stood at Bt.584 million and Bt.404 million respectively, an increase of Bt.180 million or 45%. Bt.114 million of this increase relates to the increased level of trade payables (due in February 2019) resulting from greater volumes of raw material purchases to cater to increased customer orders, Bt.49 million relates to income recognised on a percentage completed basis in excess of contractual payments due on subcontracted die making work, Bt.3 million relates to advance payments received for die making work, Bt.8 million is income tax due and lastly Bt.6 million relates to accrued expenses.

2.3 Equity

Consolidated equity at 31 December 2018 and 31 December 2017 stood at Bt.3,343 million and Bt.3,248 million respectively, representing a net increase of Bt.95 million as a result of Bt.182 million of profit after making provision for share-based payments, a Bt.2 million share in profits of associates, payment of a dividend of Bt.83 million and Bt.6 million in profit attributable to non-controlling interests.

3. Liquidity

The Company's consolidated cash situation for the year ended 31 December 2018 showed a net increase of Bt.169 million, with a net period-end cash position of Bt.391 million. Details per business activity are shown in the following table.

Thai Rung Union Car Plc

Consolidated statement of cash flows for the year ended 31 December 2018

	Million
Cash & cash equivalents at start of period	222
Net cash from operating activities (mainly from increased activities)	327
Net cash from investing activities	(62)
<u>mainly from</u>	
o Short-term investments	(20)
o Acquisition of plant & equipment	(75)
o Dividends received from associates (JVs)	15
o Disposal of fixed assets	10
o Interest received	8
Net cash used in financing activities (payment of dividend)	(96)
Cash & cash equivalents at end of period	391

Apart from this the company and its subsidiaries have a liquidity ratio of 2.97, while the cash liquidity ratio is 0.76 and the cash cycle approximately 17 days (average receivables collection time + average product selling time – average time to settle payables) and the interest coverage ratio increased to 24,274 from 3,579 the year before due to certain leasing contracts reaching maturity. The cash flow and the liquidity ratios provide confidence that the Company has ample liquidity with which to operate.

Outlook for the Thai automotive industry

The Automotive Industry Club of the Federation of Thai Industries estimates vehicle production in 2019 at 2.15 million, of which 1.05 million for the domestic market and 1.1 million units for export.

In any case, the Company continues to concentrate on income from OEM parts making and contract assembly work, while developing its business in the field of parts for industrial and agricultural machinery as well as expanding the market for its vehicles both at home and abroad and searching for business partners so as to be able to seize the new business opportunities which are likely to increase in the next two to three years and thus strengthen the Group and its results in the near future.

Accordingly, the Company is confident that its reputation and all-round capabilities in the automotive industry together with its continuous development will provide it with steadily increasing opportunities in line with the development of the Thai auto industry over the next two to three years.

Independent Auditor's Report

To the Shareholders and the Board of Directors of Thai Rung Union Car Public Company Limited

Qualified Opinion

I have audited the consolidated and separate financial statements of Thai Rung Union Car Public Company Limited and its subsidiaries, and of Thai Rung Union Car Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2018, the consolidated and separate statements of profit or loss and other comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the matter possibly affecting the financial statements as mentioned in the paragraph "Basis for Qualified Opinion", the accompanying consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position of the Thai Rung Union Car Public Company Limited and its subsidiaries, and of Thai Rung Union Car Public Company Limited, respectively, as at December 31, 2018, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Qualified Opinion

The Company's financial statements as at December 31, 2018 and for the year ended, included investments in four associate companies, accounted for according to the equity method in consolidated financial statements, amounting to Baht 524.83 million and Baht 179.65 million in separated financial statements. Share of profits from these companies amounted to Baht 2.11 million in consolidated financial statements and loss from devalue of investment in associated company amounted to Baht 155.05 million in separated financial statements. (Discussed in Note to the Financial Statements No. 9)

For the year ended December 31, 2018, the Company recorded investments and share of profits from associate companies based on financial statements prepared by the management of an associate company which its financial statements was not audited by the company's auditor because the accounting period of the associate company ended March 31, and the financial statements of the remaining three associate companies were audited by other auditors, all of whom expressed an unqualified opinion. However, I was unable to access the audit working paper of the other auditors and, as such, could not

satisfy myself by means of other audit procedures for these transactions. Therefore, I am unable to identify whether there is any necessary adjustment.

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am 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 my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters, except with respect to the matter as mentioned in Basis for Qualified Opinion section.

Valuation of inventories

Risk

As mentioned in Note to Financial Statements No. 8, as at December 31, 2018, the Subsidiary has inventories in the net amount of Baht 14.43 million. These inventory amounts are typical for businesses that are required to maintain high volumes of spare parts and accessories, portions of these spare parts are required to be reserved for certain periods in accordance with the law. The Group may be at risk for the net realizable value of such inventories.

Auditor's Response

1. I gained an understanding of the Subsidiary's preparation of, and computation methods for, allowances for the devaluation of inventories.
2. I verified the computation method and the reasonableness of the assumptions for such allowances in each inventory category.
3. Testing the calculation for the net realizable value and then determining the appropriateness of the provision for inventory devaluation.
4. I also considered damaged inventories during my observation of the year-end stock take.

Other

The accompanying consolidated and separate statements of Thai Rung Union Car Public Company Limited and its subsidiaries, and of Thai Rung Union Car Public Company Limited, respectively as at December 31, 2017 which have been presented herewith for comparative purposes were audited by another auditor of our firm, whose report dated February 26, 2018, expressed a qualified opinion related to investments in associated companies.

Other information

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

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

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

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

However, as discussed in Basic for Qualified Opinion section, the investment in the four associate companies are recorded based on financial statements prepared by the Management of an associate company that was not audited by its auditor because the associate company has an accounting period ended March 31, and the financial statements of the rest three associate companies were audited by other auditors who expressed an unqualified opinion. However I was unable to access the working paper of other auditors and I could not satisfy myself by mean of other audit procedures for these transactions. Accordingly, I am unable to conclude whether or not the other information is material misstated in respect to this matter.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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



Sathien Vongsnan

Certified Public Accountant

Registration Number 3495

ANS Audit Company Limited

Bangkok, February 27, 2019

Unit: Baht

		Consolidated financial statements		Separate financial statements	
	Notes	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Assets					
Current Assets					
Cash and cash equivalents	5	391,130,978	221,805,080	244,605,586	107,844,752
Current investments		290,446,857	270,000,900	230,446,857	190,000,900
Trade and other current receivables-net	4, 6	453,830,202	367,178,202	254,773,244	205,096,889
Unbilled receivable	7	56,584,422	82,937,872	17,545,677	10,939,654
Short-term loans to related parties	4	90,000,000	90,000,000	295,000,000	222,000,000
Inventories-net	8	270,525,142	229,783,748	200,914,477	171,681,402
Total current assets		1,552,517,601	1,261,705,802	1,243,285,841	907,563,597
Non-Current Assets					
Investments in associated companies-net	9	524,834,333	538,279,903	179,645,508	334,700,000
Investments in subsidiaries	10	-	-	412,880,000	412,880,000
Other investment-net	11	-	-	-	-
Investment property-net	12	161,996,156	162,012,756	-	-
Property, plant and equipment-net	13	1,596,536,623	1,630,513,616	1,021,356,754	1,010,785,093
Intangible assets-net		3,326,734	2,781,248	2,209,196	1,488,608
Deferred tax assets-net	14	16,396,914	14,955,861	11,725,236	10,756,444
Other non-current assets-net	15	71,123,111	41,602,241	46,270,797	14,084,540
Total non-current assets		2,374,213,871	2,390,145,625	1,674,087,491	1,784,694,685
Total Assets		3,926,731,472	3,651,851,427	2,917,373,332	2,692,258,282

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

THAI RUNG UNION CAR PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

		Unit: Baht			
		Consolidated financial statements		Separate financial statements	
	Notes	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Liabilities and Shareholders' Equity					
Current Liabilities					
Trade and other current payables	4, 17 ,34	458,516,628	334,936,482	264,128,516	193,196,149
Accrued project costs	4, 34	56,330,379	7,677,016	117,749,977	13,176,155
Current portion of liabilities under finance leases	18	55,492	387,187	51,121	316,994
Current income tax payable		8,429,724	737,335	8,429,724	728,352
Total current liabilities		523,332,223	343,738,020	390,359,338	207,417,650
Non-Current Liabilities					
Long-term liabilities under finance leases-net	18	43,561	99,066	43,561	94,695
Non-current provisions for employee benefits	19	60,794,420	60,012,338	40,391,665	40,612,187
Total non-current liabilities		60,837,981	60,111,404	40,435,226	40,706,882
Total Liabilities		584,170,204	403,849,424	430,794,564	248,124,532
Shareholders' Equity					
Share capital					
Authorized					
619,846,931 ordinary shares, Baht 1 par value		619,846,931	619,846,931	619,846,931	619,846,931
Issued and paid up					
590,846,931 ordinary shares, Baht 1 par value		590,846,931	590,846,931	590,846,931	590,846,931
Premium on shares					
Premium on ordinary shares		713,782,739	713,782,739	713,782,739	713,782,739
Reserve for share-based payments	31	17,413,896	15,456,716	17,413,896	15,456,716
Retained earnings					
Appropriated					
Legal reserve	20	61,984,692	61,984,692	61,984,692	61,984,692
Unappropriated		1,884,221,243	1,785,473,752	1,102,550,510	1,062,062,672
Other components of shareholders' equity		-	-	-	-
Total shareholders' equity of the Company		3,268,249,501	3,167,544,830	2,486,578,768	2,444,133,750
Non-controlling interests	10	74,311,767	80,457,173	-	-
Total Shareholders' Equity		3,342,561,268	3,248,002,003	2,486,578,768	2,444,133,750
Total Liabilities and Shareholders' Equity		3,926,731,472	3,651,851,427	2,917,373,332	2,692,258,282

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

THAI RUNG UNION CAR PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018

		Unit: Baht			
		Consolidated financial statements		Separate financial statements	
	Notes	2018	2017	2018	2017
Revenues					
Sales of goods		2,121,229,202	1,763,258,715	1,237,711,690	984,399,407
Rendering of services	34	139,159,297	144,426,636	108,266,524	117,515,030
Revenue from contract work	34	269,255,626	147,338,403	192,191,676	15,394,136
Total revenues		2,529,644,125	2,055,023,754	1,538,169,890	1,117,308,573
Cost					
Cost of sales	19, 22, 23	(1,771,906,200)	(1,495,877,591)	(1,006,258,808)	(829,434,043)
Cost of rendering of services	34	(95,314,318)	(96,783,539)	(76,472,743)	(85,278,352)
Cost from contract work	34	(199,232,228)	(137,115,972)	(160,966,692)	(13,416,650)
Total cost		(2,066,452,746)	(1,729,777,102)	(1,243,698,243)	(928,129,045)
Gross profit		463,191,379	325,246,652	294,471,647	189,179,528
Dividend income	9, 10	-	-	169,530,863	152,250,312
Other income	21	45,039,063	43,044,313	43,998,949	43,467,354
Selling expenses	19, 22, 23	(89,533,481)	(78,026,332)	(59,420,876)	(62,235,178)
Administrative expenses	19, 22, 23	(218,898,499)	(196,941,899)	(158,781,208)	(147,050,694)
Loss from devalue of investment in associated company	9	-	-	(155,054,492)	-
Finance cost		(13,997)	(47,224)	(12,144)	(38,502)
Share of profit from investments in associated companies	9	2,105,292	2,819,179	-	-
Profit before income tax		201,889,757	96,094,689	134,732,739	175,572,820
Income tax	24	(13,360,744)	(6,800,037)	(11,526,773)	(4,922,267)
Profit for the year		188,529,013	89,294,652	123,205,966	170,650,553
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		188,529,013	89,294,652	123,205,966	170,650,553
Profit and total comprehensive income attributable to					
Equity holders of the Company		181,465,619	83,019,837	123,205,966	170,650,553
Non-controlling interests	10	7,063,394	6,274,815		
		188,529,013	89,294,652		
Earnings per share					
Earnings per share					
Profit attributable to equity holders of the Company (Baht)		0.31	0.14	0.20	0.29
Weighted average number of ordinary shares (Shares)		590,846,931	590,846,931	590,846,931	590,846,931

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

THAI RUNG UNION CAR PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY (CONTINUE)
FOR THE YEAR ENDED DECEMBER 31, 2018

Unit: Baht									
Separate financial statements									
	Notes	Paid-up share capital	Premium on ordinary shares	Reserve for share-based payment	Retained earnings		Other components of shareholders' equity	Total shareholder's equity	
					Legal reserve	Unappropriated			
Balance as at December 31, 2017		590,846,931	713,782,739	15,456,716	61,984,692	1,062,062,672	-	2,444,133,750	
Changes in equity for the year :									
Reserve for share-based payment	31	-	-	1,957,180	-	-	-	1,957,180	
Dividend paid	26	-	-	-	-	(82,718,128)	-	(82,718,128)	
Total comprehensive income for the year		-	-	-	-	123,205,966	-	123,205,966	
Balance as at December 31, 2018		590,846,931	713,782,739	17,413,896	61,984,692	1,102,550,510	-	2,486,578,768	
Balance as at December 31, 2016		590,846,931	713,782,739	12,316,526	61,984,692	944,588,058	-	2,323,518,946	
Changes in equity for the year :									
Reserve for share-based payment	31	-	-	3,140,190	-	-	-	3,140,190	
Dividend paid	26	-	-	-	-	(53,175,939)	-	(53,175,939)	
Total comprehensive income for the year		-	-	-	-	170,650,553	-	170,650,553	
Balance as at December 31, 2017		590,846,931	713,782,739	15,456,716	61,984,692	1,062,062,672	-	2,444,133,750	

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

THAI RUNG UNION CAR PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Net profit before income tax expenses	201,889,757	96,094,689	134,732,739	175,572,820
Adjustments to reconcile net profit before tax to				
Net cash provided (used in) operating activities:				
(Reversal) allowance for diminution in value of inventories	5,469,216	(1,518,872)	4,807,716	989,960
Share of profit from investments in associates	(2,105,292)	(2,819,179)	-	-
Provision for liabilities	12,820,755	-	-	-
Reversal allowance for devaluation of fixed assets	-	(519,341)	-	(519,341)
Depreciation and amortization	105,222,901	130,135,125	51,249,911	61,751,013
Write off current assets	2,719,285	-	-	-
Employee benefit expense	5,103,509	5,109,299	3,124,888	3,155,949
Reserve for share-based payment	1,957,180	3,140,190	1,957,180	3,140,190
Loss from devalue of investment in associated company	-	-	155,054,492	-
Gain on sales of fixed assets	(6,381,235)	(8,084,585)	(5,825,556)	(7,871,961)
Dividend income	-	-	(169,530,863)	(152,250,312)
Interest income	(9,214,868)	(7,290,642)	(9,252,170)	(7,046,634)
Interest expense	13,997	47,224	12,144	38,502
Profit from operating activities before				
changes in operating assets and liabilities	317,495,205	214,293,908	166,330,481	76,960,186
Operating assets (increase) decrease				
Trade and other current receivables	(80,668,059)	(33,584,428)	(48,940,472)	12,183,680
Inventories	(46,210,610)	(14,031,335)	(34,040,791)	(20,466,183)
Unbilled receivables	26,300,518	(49,047,563)	(6,606,023)	(6,407,101)
Other non-current assets	(36,470,581)	5,162,741	(35,928,691)	1,329,112
Operating liabilities increase (decrease)				
Trade and other current payables	159,412,755	43,691,865	175,535,016	(1,025,200)
Cash flows from operating activities	339,859,228	166,485,188	216,349,520	62,574,494
Cash paid for interest expense	(13,997)	(47,224)	(12,144)	(38,502)
Cash received from income tax refund	4,230,426	5,230,909	3,742,434	2,711,939
Cash paid for employee benefit	(4,321,427)	(2,705,720)	(3,345,410)	(1,413,370)
Cash paid for corporate income tax	(12,337,483)	(10,344,871)	(4,794,194)	(4,918,497)
Net cash flows from operating activities	327,416,747	158,618,282	211,940,206	58,916,064

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

THAI RUNG UNION CAR PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Increase in short-term loans to related parties	-	(10,000,000)	(125,000,000)	(105,000,000)
Proceeds from short-term loans to related parties	-	-	52,000,000	36,000,000
Proceeds from sales of fixed assets	10,005,311	8,417,188	7,158,335	8,077,574
Increase in current investments	(20,445,957)	(130,046,354)	(40,445,958)	(80,008,850)
Interest received	8,511,933	7,417,379	8,516,288	6,929,678
Dividend from subsidiaries and associated companies	15,550,863	37,542,312	169,530,863	152,250,312
Acquisition of fixed assets and intangible assets	(75,398,871)	(39,733,926)	(63,874,938)	(36,205,789)
Net cash flows from (used in) investing activities	(61,776,721)	(126,403,401)	7,884,590	(17,957,075)
Cash flows from financing activities				
Finance lease liabilities payment	(387,200)	(692,086)	(317,008)	(540,429)
Dividend paid	(82,718,128)	(53,175,939)	(82,746,954)	(53,161,525)
Dividend paid by subsidiaries to non-controlling interests	(13,208,800)	(9,680,800)	-	-
Net cash flows used in financing activities	(96,314,128)	(63,548,825)	(83,063,962)	(53,701,954)
Net increase (decrease) in cash and cash equivalents	169,325,898	(31,333,944)	136,760,834	(12,742,965)
Cash and cash equivalents at beginning of year	221,805,080	253,139,024	107,844,752	120,587,717
Cash and cash equivalents at end of year	391,130,978	221,805,080	244,605,586	107,844,752

Supplemental cash flow information

Non-cash transactions

Payable for purchasing of fixed assets	-	9,033,750	-	9,033,750
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The accompanying notes are an integral part of the financial statements.

THAI RUNG UNION CAR PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

1. GENERAL INFORMATION

Thai Rung Union Car Public Company Limited (“The Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in car assembly and modification, and the manufacture and distribution of parts and molds. Its registered address is located at 304, Marcharoen Road, Khwaeng Nongkangploo, Khet Nongkaem, Bangkok.

The Company has the following subsidiaries:

1. Thai V.P. Auto Service Company Limited is a limited company incorporated and domiciled in Thailand. The company is principally engaged in the sale of cars, car accessories and spare parts including repair services. Its registered office is located at 151, Marcharoen Road, Kwaeng Nongkangploo, Khet Nongkaem, Bangkok with a branch office located at 32, Soi Intramara 26, Suthisarnvinijchai Road, Kwaeng Din Daeng, Khet Din Daeng, Bangkok and 9/28 Moo 8 Soi Pechakaseam 77, Pechakaseam Road, Kwaeng Nongkangploo, Khet Nongkaem, Bangkok.

2. Thai Rung Tools and Dies Company Limited is a limited company incorporated and domiciled in Thailand. The company is principally engaged in the manufacture of molds and jigs, including electrical systems services. Its registered address is located at 304/1, Marcharoen Road, Khwaeng Nongkangploo, Khet Nongkaem, Bangkok.

3. Thai Auto Pressparts Company Limited is a limited company incorporated and domiciled in Thailand. The company is principally engaged in the manufacture of vehicle body parts and molds. Its registered address is 304, Marcharoen Road, Khwaeng Nongkangploo, Khet Nongkaem, Bangkok. Its branch is located at 7/122 Amata City Industrial Park, Rayong Province, Moo 4 Chachoengsao-Sattaheep Road, Tumbon Mabyangporn, Amphur Puakdang, Rayong Province.

4. Thai Ultimate Car Company Limited is a limited company incorporated and domiciled in Thailand. The company is principally engaged in the sale of cars, car accessories and spare parts, including decorative and repair services. The company’s major shareholder is Thai V.P. Auto Service Company Limited. Its registered address is located at 304/1, Marcharoen Road, Khwaeng Nongkangploo, Khet Nongkaem, Bangkok.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated October 11, 2016, issued under the Accounting Act B.E. 2543.

The accompanying financial statements have been prepared in Thai language and expressed in Thai Baht. Such financial statements have been prepared for domestic reporting purposes. For the convenience of the readers not conversant with the

Thai language, an English version of the financial statements has been provided by translating from the Thai version of the financial statements.

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

The preparation of the financial statements in conformity with Thai Financial Reporting Standards (“TFRS”) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, and in the period of the revision and future periods, if the revision affects both current and future periods.

Basis of consolidation

- a.) The consolidated financial statements include the financial statements of Thai Rung Union Car Public Company Limited and the following subsidiary companies (together referred to as the “Group”)

Company’s name	Nature of business	Incorporation	% of shareholding/ Voting rights hold	
			2018	2017
<u>Subsidiaries directly held by the Company</u>				
Thai V.P. Auto Service Co., Ltd.	Sales of accessories, spare parts and car service centers	Thailand	94	94
Thai Rung Tools and Dies Co., Ltd.	Mold making service	Thailand	94	94
Thai Auto Pressparts Co., Ltd.	Manufacture of vehicle’s body parts	Thailand	91	91
<u>Subsidiaries held by Thai V.P. Auto Service Co., Ltd.</u>				
Thai Ultimate Car Co., Ltd.	Sales of cars, spare parts and accessories	Thailand	99.53	99.53

- b.) The Company is deemed to have control over an investee or subsidiary if it has rights to, 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.

- c.) Subsidiaries are fully consolidated as from the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d.) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e.) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- f.) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

The Company produces separate financial statements available for the public use. Investments in subsidiaries and associates in separate financial statements are accounted for at cost.

New Thai Financial Reporting Standards

a. Financial reporting standards that became effective in the current year

During the year 2018, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) and new accounting treatment guidance which are 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 and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

b. Financial reporting standards that will become effective for fiscal years beginning on or after January 1, 2019

During the year 2018, the Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) including new accounting treatment guidance, which are effective for fiscal years beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

c. Financial reporting standards related to the set of financial instruments that will become effective for fiscal years beginning on or after January 1, 2020

During the year 2018, the Federation of Accounting Professions issued the set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments with an original maturity of three months or less and not subject to withdrawal restrictions. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

Trade and other current accounts receivable

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

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

Inventories

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

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity and is calculated using standard cost adjusted to approximate average cost.

Finished goods and work in process are valued at the lower of standard cost (which approximates actual cost by weight average method) and net realisable value. Standard cost includes all production costs and attributable factory overheads.

Raw materials and parts are valued at the lower of standard cost (which approximates actual cost by weight average method) and net realisable value and are charged to production costs and cost of services whenever consumed.

Spare parts of car service centers are valued at the lower of cost (moving average method) and net realisable value.

Cars purchased for sales are valued at the lower of cost (specific identification method) and net realisable value.

Allowance for diminution in value of inventories is recorded by considering old, slow-moving and obsolete inventories.

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

Investments

Investments in subsidiaries and associates

Investments in subsidiaries and associates in the separate financial statements of the Company are accounted for using the cost method net of allowance for loss on diminution in value (if any). Investments in associates in the consolidated financial statements are accounted for using the equity method.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount. The impairment loss is charged to profit or loss.

Investment properties

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and less allowance for impairment loss (if any).

Depreciation

Depreciation is computed by the straight-line method based on the useful lives of assets of 30 years or, if shorter, over the remaining period of the lease.

Depreciation is included in determining operating result and no depreciation is provided on land and property in progress.

Repairs and maintenance are charged in profit or loss during the financial years in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Reclassification to property, plant and equipment

When the use of a property changes such that it is reclassified as property, plant and equipment, its cost and accumulated depreciation at the date of reclassification becomes its cost for subsequent accounting.

Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses of assets (if any).

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

located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Leased assets

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

Subsequent costs

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

Depreciation

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

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

	Depreciation method	Useful life (years)
Land improvement	Straight-line method	20
Factory and building improvement	Straight-line method	5 - 20
Office buildings and building improvement	Straight-line method	30
Die and Jigs	Declining balance method (Double declining balance)	5
Machinery, factory equipment and tools	Straight-line method	5 - 20
Office equipment	Straight-line method	5
Motor vehicles	Straight-line method	5

No depreciation is provided on land or assets under construction.

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

Land leasehold rights

Land leasehold rights are stated at cost less accumulated amortization. Amortization of land leasehold rights is calculated by reference to their costs on a straight-line basis over the periods of lease agreements.

Amortization is included in determining income.

Intangible assets

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intend to and have sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Other intangible assets

Intangible assets that are acquired are stated at cost less accumulated amortization and losses on decline in value.

Amortization

Amortization is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

	Amortization method	Useful life (years)
Software	Straight-line method	5
Patents and Trademarks	Straight-line method	5

Impairment

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

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

Trade and other current accounts payable

Trade and other current accounts payable are stated at cost.

Employee benefits

Short-term benefits

The Group recognizes salaries, wages, bonus and social security contribution as expenses on an accrual basis.

Post-employment benefits - defined contribution plan

The Group has established a provident fund that is a defined contribution plan. The assets of which are held in a separate trust fund. The provident fund is funded by the contribution from employees and the Group. Contributions to the provident fund are charged in profit or loss in the period to which they relate.

Post-employment benefits - defined benefit plan

The employee benefits liabilities in relation to the severance payment under the labor law and is recognised as a charge to results of operations over the employee's service period. It is calculated by the estimation of the amount of future benefit to be earned by the employee in return for the service provided to the Group through the service period up to the retirement age and the amount is discounted to determine the present value. The reference discount rate is the yield rate of government bonds as at the reporting date. The calculation is based on the actuarial technique using the Projected Unit Credit Method.

When the employee benefits are improved, the portion of the increased benefit relating to past service rendered by employee is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested.

When the actuarial assumptions are changed, the Group recognize actuarial gains or losses in other comprehensive income in the period in which they arise.

Lease agreements

Finance Leases

The leases of assets, which the substantial all the risk and reward associated with the ownership of the assets have been transferred to the lessee, title may or may not eventually be transferred to the lessee under the finance lease arrangements, are classified as finance leases. The lessee is to record the finance lease as an asset and obligation at an amount to the fair value of the leased asset or the present value of the minimum lease payment whichever is lower. The interest expense is charged to profit or loss over the lease period. The leased asset is depreciated over the useful life.

Operating Leases

The leases of assets, which the substantial all the risk and reward associated with the ownership of the assets have not been transferred to the lessee, are classified as operating leases. The payments made under operating leases are charged to the profit or loss on a straight - line method over the period of the lease agreements.

Provisions

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

Revenues and expenses recognition

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

Sale of goods

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

Other service revenue

Other service revenue is recognised when services have been rendered.

Revenue from contract work

Revenue and costs from contract work is recognized as revenue on the basis of percentage of completion. The stage of completion is assessed by using the best estimate from management based on work performed. The gross amount due from customers for the contracts pertaining to the excess costs incurred plus recognized profits (less recognized losses) over progress billings are presented as “Unbilled receivables” under current assets in the statements of financial position. The gross amount due to customers for long-term contracts pertaining to the excess of progress billings over costs incurred plus recognized profits (less recognized losses) are presented as “Advances from customer” under trade and other current payable in the statements of financial position.

Contracts under which calculated costs of construction exceed incurred costs of construction are presented as “Accrued construction costs” under current liabilities in the statement of financial position.

Rental income

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

Dividend income

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

Interest and other income

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

Expense

Expense is recognized in profit or loss on accrual basis.

Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred taxes are recognised in profit or loss except to the extent that they relate to items recognised directly in shareholders' equity in other comprehensive income (loss).

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences:

- differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

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

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

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

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

Earnings per share

The Company and its subsidiaries present basic for its ordinary earnings per shares and diluted earnings per share. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company and its subsidiaries by the weighted average number of ordinary shares outstanding during the year.

For the year ended December 31, 2018 and 2017, there are no diluting effect from converting warrants because exercise price exceeds the fair value of common shares which not result in dilution EPS.

Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

Related party transactions

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

They also include associated companies and individuals which directly or indirectly own a voting interest in the Group and the Company that gives them significant influence over the Group and the Company, key management personnel, directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Fair value measurement

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

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

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

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

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

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

Significant accounting judgments and estimates

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

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts for receivables and loans

In determining an allowance for doubtful accounts for receivables and loans, the management needs to exercise judgment and make estimates based upon, among other things, past collection history, current financial status of the debts, aging profile of outstanding debts and the prevailing economic condition.

Allowance for diminution in value of inventory

Allowances for diminution in the value of inventory accounts are intended to adjust the value of inventory for probable credit losses. The management uses judgment to estimate losses, based on an analysis of inventory aging, taking into account the current situation with respect to sales of inventory items, on a specific basis. However, the use of different estimates and assumptions could affect the amounts of allowance for diminution in value of inventory in the future.

Impairment of assets

The management performed an impairment review in respect of assets, which consisted of investments and other assets whenever events or changes in circumstances indicate that the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use (calculated from the estimated future discounted cash flows) is less than the carrying amount.

The preparation of the estimated future discounted cash flows requires the management to make forecasts of future revenues and expenses, and appropriate discount rates and other assumptions.

Investment properties, property plant and equipment and Depreciation

In determining depreciation of investment properties, plant and equipment, the management is required to make estimates of the useful lives and residual values of the assets and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review investment properties and property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Revenue from contract work

The Group recognises revenue and costs from contract work on the basis of percentage of completion. Management assesses the stage of completion by using the best estimate based on work performed. Management is required to make judgments and estimates based on past experience and information obtained from the engineer.

Deferred tax assets

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

Post-employment benefits under defined benefit plans and other long-term employee benefits

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

Provisions

In determining provision, the management needs to exercise judgement and make estimates based upon consideration of probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both), liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

4. RELATED PARTY TRANSACTIONS

Related parties are those parties linked to the Group and the Company as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market value exists, at contractually agreed prices

Relationships with related parties that control the Company or are being controlled by the Company or have transactions with the Group were as follows

4.1 Significant transactions for the years ended December 31, 2018 and 2017 with related parties and directors were as follows:

Name of entity	Incorporation/nationality Country of	Natures of relationships
Subsidiaries		
Thai V.P. Auto Service Co., Ltd.	Thailand	Being a group company
Thai Rung Tools and Dies Co., Ltd.	Thailand	Being a group company
Thai Auto Pressparts Co., Ltd.	Thailand	Being a group company
Thai Ultimate Car Co., Ltd.	Thailand	Being a group subsidiaries company
Associated companies		
Kyowa Thairung Co., Ltd.	Thailand	Being a group company
Delta-Thairung Co., Ltd.	Thailand	Being a group company
Thai Auto Conversion Co., Ltd.	Thailand	Being a group company
Trex Thairung Co., Ltd.	Thailand	Being a group company
Related party companies		
Thai V.P. Corporation Company Limited	Thailand	Common directors and shareholders
Biz Resource Company Limited	Thailand	Common directors and shareholders
Isuzu Chaicharoenkij Motors Company Limited	Thailand	Common directors and shareholders
Lexus Auto City Company Limited	Thailand	Common directors and shareholders
V.P. Auto Enterprise Company Limited	Thailand	Common directors and shareholders
V.P.K. Auto Company Limited	Thailand	Common directors and shareholders
V.P. Capital Asset Co., Ltd	Thailand	Common directors and shareholders

Unit: Million Baht

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2018	2017	2018	2017	
<u>Transactions with subsidiaries</u>					
Purchases of goods and services	-	-	191	64	Cost plus margin
Purchases of fixed assets	-	-	2	1	As agreed
Electricity expenses	-	-	9	16	Cost and cost plus gross profit margin not more than 5%
Transportation expenses	-	-	5	6	Cost plus margin
Land and Building rental expenses	-	-	1	2	Contract price
Management fees	-	-	1	1	Contract price
Repair and after sales services	-	-	3	2	Cost plus margin
Sales of goods	-	-	263	151	Cost plus margin
Land and office rental income	-	-	1	1	Contract price
Management service income	-	-	7	7	Contract price
Utilities, transportation income	-	-	4	3	Cost plus margin
Dividend income	-	-	154	115	As declared
Interest income	-	-	2	1	1.05% p.a.
Other income	-	-	2	5	As agreed
<u>Transactions with associates</u>					
Rental expenses	2	-	2	-	Contract price
Sales of goods	119	108	119	107	Cost plus margin
Management service income	4	4	4	4	Contract price
Dividend income	-	-	16	37	As declared
Service income – contract work	1	8	-	-	As agreed
<u>Transactions with related companies</u>					
Purchases of goods and services	19	8	11	-	Cost plus margin
Purchases of fixed assets	1	1	-	1	As agreed
Repair and after sales services	3	5	2	3	Cost plus margin
Car rental expense	6	6	1	1	Contract price
Electricity expense	1	1	-	-	Cost and cost plus gross profit margin not more than 5%
Sales of goods	2	4	-	-	Cost plus margin
Sales of raw material and supplies	1	1	-	-	Cost plus margin
Land and office rental income	6	5	-	-	Contract price
Service income	18	15	-	-	As agreed
Interest income	2	2	2	2	2.69% p.a.

4.2 Key management personnel compensation

Key management personnel compensation for the years ended December 31, 2018 and 2017 consisted of:

	Unit: Baht			
	Consolidated financial		Separate financial	
	statements		statements	
	2018	2017	2018	2017
Short-term benefits	42,494,433	44,176,296	23,933,290	24,772,745
Post-employment benefits	350,525	195,231	108,787	104,103
Total key management personnel compensation	42,844,958	44,371,527	24,042,077	24,876,848

4.3 As at December 31, 2018 and 2017, the balances of the accounts between the Company and related companies are as follows:

	Unit : Baht			
	Consolidated financial		Separate financial	
	statements		statements	
	2018	2017	2018	2017
<u>Trade accounts receivable - related parties</u>				
<u>Subsidiaries</u>				
Thai Rung Tools and Dies Co., Ltd.	-	-	102,033	76,778
Thai V.P. Auto Service Co., Ltd.	-	-	643,658	559,563
Thai Ultimate Car Co., Ltd.	-	-	10,731,055	10,236,672
	-	-	11,476,746	10,873,013
<u>Associated companies</u>				
Kyowa Thairung Co., Ltd.	39,772,696	25,849,773	39,772,696	25,849,773
Delta-Thairung Co., Ltd.	355,087	197,012	256,103	143,411
Thai Auto Conversion Co., Ltd.	434,453	943,169	434,453	943,169
	40,562,236	26,989,954	40,463,252	26,936,353
<u>Related companies</u>				
Isuzu Chaicharoenkij Motor Co., Ltd.	2,976,101	1,816,026	-	-
Thai V.P. Corporation Co., Ltd.	54,107	313,627	-	-
V.P. Auto Enterprise Co., Ltd.	33,754	5,002	-	-
	3,063,962	2,134,655	-	-
Total trade accounts receivable - related parties	43,626,198	29,124,609	51,939,998	37,809,366

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<u>Accrued income- related party</u>				
<u>Associated company</u>				
Isuzu Chaicharoenkij Motor Co., Ltd.	1,483,103	2,791,986	-	-
Total accrued income-related party	1,483,103	2,791,986	-	-
<u>Other current receivable - related parties</u>				
<u>Subsidiaries</u>				
Thai Rung Tools and Dies Co., Ltd.	-	-	453,485	380,427
Thai V.P. Auto Service Co., Ltd.	-	-	137,410	32,489
Thai Ultimate Car Co., Ltd.	-	-	-	9,309
	-	-	590,895	422,225
<u>Associated companies</u>				
Delta-Thairung Co., Ltd.	197,950	98,975	197,950	98,975
Kyowa Thairung Co., Ltd.	158,117	176,078	158,117	176,078
Trex Thairung Co., Ltd.	140,790	138,240	140,790	138,240
	496,857	413,293	496,857	413,293
<u>Related companies</u>				
Thai V.P. Corporation Co., Ltd.	1,162,256	1,316,792	902,956	902,956
Isuzu Chaicharoenkij Motor Co., Ltd.	180,000	-	180,000	-
Lexus Auto City Co., Ltd.	1,427,085	874,665	-	-
Biz Resource Co., Ltd.	90,455	245,212	-	-
	2,859,796	2,436,669	1,082,956	902,956
Total other current receivable - related parties	3,356,653	2,849,962	2,170,708	1,738,474
<u>Short-term loans to related parties</u>				
<u>Subsidiaries</u>				
Thai V.P. Auto Service Co., Ltd.	-	-	56,000,000	17,000,000
Thai Rung Tools and Dies Co., Ltd.	-	-	149,000,000	115,000,000
	-	-	205,000,000	132,000,000

Unit : Baht

Related company

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Thai V.P. Corporation Co., Ltd.	90,000,000	90,000,000	90,000,000	90,000,000
Total Short-term loans to related parties	90,000,000	90,000,000	295,000,000	222,000,000

Trade accounts payable - related parties
Subsidiaries

Thai V.P. Auto Service Co., Ltd	-	-	3,897	511,453
Thai Ultimate Car Co., Ltd.	-	-	369,150	-
Thai Rung Tools and Dies Co., Ltd.	-	-	2,460,928	2,457,394
Thai Auto Pressparts Co., Ltd.	-	-	8,620,406	8,721,720
	-	-	11,454,381	11,690,567

Associated company

Delta Thairung Co., Ltd.	10,196	42,438	-	-
	10,196	42,438	-	-

Related companies

Isuzu Chaicharoenkij Motor Co., Ltd.	119,931	61,902	1,881	-
V.P. Auto Enterprise Co., Ltd.	875,510	1,067,863	-	-
	995,441	1,129,765	1,881	-
Total trade accounts payable - related parties	1,005,637	1,172,203	11,456,262	11,690,567

Other current payable - related parties
Subsidiaries

Thai Rung Tools and Dies Co., Ltd.	-	-	103,500	103,500
Thai Ultimate Car Co., Ltd.	-	-	721,100	1,332,570
Thai V.P. Auto Service Co., Ltd.	-	-	619,617	228,056
	-	-	1,444,217	1,664,126

Associated company

Kyowa Thairung Co., Ltd.	-	81,783	-	81,783
	-	81,783	-	81,783

Unit : Baht

	Consolidated financial		Separate financial	
	statements		statements	
	2018	2017	2018	2017
<u>Related companies</u>				
Isuzu Chaicharoenkij Motor Co., Ltd.	364,578	231,874	344,822	139,089
Thai V.P. Corporation Co., Ltd.	841,615	709,413	59,599	59,599
V.P. Capital Asset Co., Ltd	3,852	3,282	3,852	3,282
V.P.K. Auto Co., Ltd.	5,350	5,350	-	-
	<u>1,215,395</u>	<u>949,919</u>	<u>408,273</u>	<u>201,970</u>
Total other current payable - related parties	<u>1,215,395</u>	<u>1,031,702</u>	<u>1,852,490</u>	<u>1,947,879</u>

Accrued project costs to related parties

Subsidiaries

Thai Auto Pressparts Co., Ltd.	-	-	283,300	-
Thai Rung Tools and Dies Co., Ltd.	-	-	98,759,187	12,569,155
Total accrued project cost to related parties	-	-	<u>99,042,487</u>	<u>12,569,155</u>

4.4. During the year 2018, movements of short-term loans to related parties were as follows:

Unit: Million Baht

	January	During the year		December	Interest rate
	1, 2018	Increase	Decrease	31, 2018	
<u>Short-term loans to related parties</u>					
<u>Consolidated financial statements</u>					
<u>Related company</u>					
Thai V.P. Corporation Co., Ltd.	90	-	-	90	2.69% p.a., at call.
<u>Separate financial statement</u>					
<u>Subsidiary companies</u>					
Thai Rung Tools and Dies Co., Ltd.	115	78	(44)	149	1.05% p.a., due within January, February and March 2019
Thai V.P. Auto Service Co., Ltd.	17	47	(8)	56	1.05% p.a. due within January and March 2019
<u>Related company</u>					
Thai V.P. Corporation Co., Ltd.	90	-	-	90	2.69% p.a., at call.

As at December 31, 2018 and 2017, the Group extended short-term loan to related party as promissory notes of Baht 90 million both years. These loans are guaranteed by the directors of borrower company. The Company and such related companies have relationships by common shareholders and directors.

4.5 Guarantee obligations with related parties

As at December 31, 2017, the Company has guarantee obligations for credit facilities of Baht 135 million granted by local banks to Thai Rung Tools and Dies Co., Ltd. (a subsidiary). The Company will not charge a guarantee fee, if the subsidiary does not utilize this credit facilities.

4.6 Credit facilities with banks shared with related parties

As at December 31, 2018 and 2017, the Company and its subsidiaries and an associated has credit facilities with a local bank that shared within the amount of Baht 800 million.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2018 and 2017 consisted of:

	Unit: Baht			
	Consolidated financial		Separate financial	
	statements		statements	
	2018	2017	2018	2017
Cash on hand	218,257	224,256	80,000	80,000
Current accounts	2,252,422	2,248,892	692,268	687,187
Savings accounts	258,660,299	219,331,932	143,833,318	107,077,565
Current investments	130,000,000	-	100,000,000	-
Total	391,130,978	221,805,080	244,605,586	107,844,752

6. TRADE AND OTHER CURRENT RECEIVABLES-NET

Trade and other current receivables as at December 31, 2018 and 2017 consisted of:

	Unit: Baht			
	Consolidated financial		Separate financial	
	statements		statements	
	2018	2017	2018	2017
Trade accounts receivable–unrelated parties	384,043,905	309,996,046	188,716,958	155,940,286
Trade accounts receivable–related parties	43,626,198	29,124,609	51,939,998	37,809,366
Accrued income–unrelated parties	2,563,356	2,841,394	-	-

Unit: Baht

	Consolidated financial		Separate financial	
	statements		statements	
	2018	2017	2018	2017
Accrued income-related party	1,483,103	2,791,986	-	-
<u>Less: Allowance for doubtful accounts</u>	<u>(691,870)</u>	<u>(1,174,588)</u>	<u>-</u>	<u>-</u>
Total trade accounts receivable-net	431,024,692	343,579,447	240,656,956	193,749,652
Other current receivables				
Pledged bank deposits within one year	-	4,650,000	-	-
Other current receivable-related parties	3,356,653	2,849,962	2,170,708	1,738,474
Input tax refundable	7,813,336	5,797,599	3,729,465	2,227,602
Undue input tax	1,814,851	701,412	1,368,765	327,389
Prepayment	6,338,866	6,079,592	4,578,668	4,754,028
Others	3,481,804	3,520,190	2,268,682	2,299,744
Total other current receivables	22,805,510	23,598,755	14,116,288	11,347,237
Total trade and other current receivables-net	453,830,202	367,178,202	254,773,244	205,096,889

The balances of trade accounts receivable as at December 31, 2018 and 2017, aged on the basis of due dates, are summarised below.

Unit: Baht

	Consolidated financial		Separate financial	
	statements		statements	
	2018	2017	2018	2017
Trade accounts receivable - unrelated parties				
<u>Age of receivables</u>				
Not yet due	319,565,028	264,773,696	172,223,968	147,262,058
Past due				
Up to 3 months	60,372,998	42,266,913	16,412,293	8,660,228
3 - 6 months	359,247	86,978	35,247	18,000
6 - 12 months	3,180,702	-	45,450	-
Over 12 months	889,930	2,868,459	-	-
Total	384,043,905	309,996,046	188,716,958	155,940,286
<u>Less: Allowance for doubtful accounts</u>	<u>(691,870)</u>	<u>(1,174,588)</u>	<u>-</u>	<u>-</u>
Total trade accounts receivable - unrelated parties net	383,352,035	308,821,458	188,716,958	155,940,286

Unit: Baht

	Consolidated financial		Separate financial	
	statements		statements	
	2018	2017	2018	2017
Trade accounts receivable - related parties				
<u>Age of receivables</u>				
Trade accounts receivable - subsidiaries				
Not yet due	-	-	9,873,131	10,873,013
Past due				
Up to 3 months	-	-	1,313,060	-
6 – 12 months	-	-	290,555	-
Total trade accounts receivable - subsidiaries	-	-	11,476,746	10,873,013
Trade accounts receivable – associates				
Not yet due	29,728,817	25,014,199	29,631,710	24,960,599
Past due				
Up to 3 months	10,833,419	1,975,755	10,831,542	1,975,754
Total trade accounts receivable - associates	40,562,236	26,989,954	40,463,252	26,936,353
Trade accounts receivable - related companies				
Not yet due	3,063,962	2,110,349	-	-
Past due				
Up to 3 months	-	4,817	-	-
3 - 6 months	-	19,489	-	-
Total trade accounts receivable - related companies	3,063,962	2,134,655	-	-
Total trade accounts receivable - related companies	43,626,198	29,124,609	51,939,998	37,809,366

7. UNBILLED WORKS IN PROGRESS

Unbilled works in progress as at December 31, 2018 and 2017 consisted of:

	Unit: Baht			
	Consolidated financial		Separate financial	
	statements		statements	
	2018	2017	2018	2017
Unbilled works in progress				
Gross amounts due from customer				
for contract work	56,584,422	82,937,872	17,545,677	10,939,654
Less Allowance for doubtful accounts	-	-	-	-
Total unbilled works in progress	56,584,422	82,937,872	17,545,677	10,939,654

Additional information for the contracts regarding the unbilled works in progress as at December 31, 2018 and 2017 were as follows:-

	Unit: Baht			
	Consolidated financial statements		Separate financial	
			statements	
	2018	2017	2018	2017
Cost of contracts plus realizable				
profit at present	531,511,368	315,763,795	386,517,146	206,451,188
Advance received from customers	6,927,082	1,922,539	6,729,780	1,253,056

8. INVENTORIES - NET

Inventories as at December 31, 2018 and 2017 consisted of:

Unit: Baht						
Consolidated financial statements						
	Cost		Stock obsolescence		Inventory-net	
	2018	2017	2018	2017	2018	2017
Finished goods	84,022,479	118,653,070	(11,708,821)	(10,746,760)	72,313,658	107,906,310
Work in process	98,370,501	43,910,257	(974,152)	(860,466)	97,396,349	43,049,791
Raw materials	113,650,326	89,058,926	(15,400,155)	(11,006,686)	98,250,171	78,052,240
Goods in transit	2,564,964	775,407	-	-	2,564,964	775,407
Total	<u>298,608,270</u>	<u>252,397,660</u>	<u>(28,083,128)</u>	<u>(22,613,912)</u>	<u>270,525,142</u>	<u>229,783,748</u>

Unit: Baht						
Separate financial statements						
	Cost		Stock obsolescence		Inventory-net	
	2018	2017	2018	2017	2018	2017
Finished goods	48,889,961	83,123,460	(1,630,561)	(1,330,000)	47,259,400	81,793,460
Work in process	84,828,773	30,699,397	(413,686)	(300,000)	84,415,087	30,399,397
Raw materials	79,908,495	67,553,138	(13,233,469)	(8,840,000)	66,675,026	58,713,138
Goods in transit	2,564,964	775,407	-	-	2,564,964	775,407
Total	<u>216,192,193</u>	<u>182,151,402</u>	<u>(15,277,716)</u>	<u>(10,470,000)</u>	<u>200,914,477</u>	<u>171,681,402</u>

9. INVESTMENTS IN ASSOCIATED COMPANIES - NET

Company's name	Type of business	Unit: Baht					
		Percentage of share holding / Voting rights held		Paid up capital		Consolidated financial statements	
		2018	2017	2018	2017	Equity method	Cost method
Thai Auto Conversion Co., Ltd.	Manufacture of vehicle parts	20	20	74,500,000	74,500,000	173,373,466	146,979,942
Delta Thairung Co., Ltd.	Manufacture of seat and vehicle parts	30	30	300,000,000	300,000,000	274,915,453	266,449,919
Kyowa Thairung Co., Ltd.	Manufacture of large size machinery and parts	49	49	20,000,000	20,000,000	11,599,906	10,802,716
Trex Thairung Co., Ltd.	Assembly of all motor vehicles	40	40	550,000,000	550,000,000	64,945,508	114,047,326
Less Allowance for devalue of investment				-	-	-	(155,054,492)
Total investments in associated-net				944,500,000	944,500,000	524,834,333	538,279,903
							179,645,508
							334,700,000

Shares of profit (loss) from investments in the four associate companies, included in the consolidated statements of profit or loss for the year ended December 31, 2018 and 2017, in the amount of Baht 2.11 million and Baht 2.81 million, respectively, were calculated based on financial statements prepared by the management of an associated company which its financial statements was not audited by its auditor because the accounting period of the associate company ended March 31, and the financial statements of the remaining three associate companies were audited by other auditors, all of whom expressed an unqualified opinion.

During the year, the Company has recognized its share of net profit (loss) from investments in associated companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

Company	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	Share of profit (loss) from investments in		Dividend received during the year	
	2018	2017	2018	2017
Thai Auto Conversion Co., Ltd.	32,944,387	25,267,920	6,550,863	7,542,312
Delta Thairung Co., Ltd.	17,465,534	22,871,714	9,000,000	30,000,000
Kyowa Thairung Co., Ltd.	797,190	2,355,837	-	-
Trex Thairung Co., Ltd.	(49,101,819)	(47,676,292)	-	-
Total	<u>2,105,292</u>	<u>2,819,179</u>	<u>15,550,863</u>	<u>37,542,312</u>

Financial information of the associated companies is summarised below.

	Unit: Baht				
	Thai Auto Conversion Co., Ltd.	Delta Thairung Co., Ltd.	Trex Thairung Co., Ltd.	Kyowa Thairung Co., Ltd.	Total
As at December 31, 2018					
Current assets	1,130,677,116	1,251,024,237	126,174,286	69,450,211	2,577,325,850
Non-current assets	35,188,355	273,982,876	522,475,285	10,273,891	841,920,407
Current liabilities	275,670,607	600,516,928	451,103,158	56,050,826	1,383,341,519
Non-current liabilities	23,327,532	8,105,341	35,182,643	-	66,615,516
For the year ended December 31, 2018					
Revenues	1,849,010,806	3,100,915,097	100,204,834	137,878,543	5,188,009,280
Profit (loss) for the year	164,721,934	58,218,446	(122,754,547)	1,626,918	101,812,751
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	164,721,934	58,218,446	(122,754,547)	1,626,918	101,812,751

A reconciliation of financial statement above, the carrying amount of the equity of associated companies recognized in the consolidated financial statements is as follow:

	Unit: Baht				
	Thai Auto Conversion Co., Ltd.	Delta Thairung Co., Ltd.	Trex Thairung Co., Ltd.	Kyowa Thairung Co., Ltd.	Total
Net assets of associated companies	866,867,332	916,384,844	162,363,770	23,673,276	1,969,289,222
Percentage of equity holders of associated companies	20	30	40	49	
Net book value of investment in associated companies	173,373,466	274,915,453	64,945,508	11,599,906	524,834,333

10. INVESTMENTS IN SUBSIDIARIES

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Type of business	Unit: Baht					
		% of share holding /		Separate financial statements			
		Voting rights held		Paid up capital		Investment as cost	
		2018	2017	2018	2017	2018	2017
Thai V.P. Auto Service Co., Ltd.	Sales of accessories, spare parts and car service centers	94	94	25,000,000	25,000,000	23,500,000	37,600,000
Thai Rung Tools and Dies Co., Ltd.	Mold making service	94	94	27,000,000	27,000,000	25,380,000	15,228,000
Thai Auto Pressparts Co., Ltd.	Manufacture of vehicle's body parts	91	91	400,000,000	400,000,000	364,000,000	61,880,000
Total investments in subsidiaries				452,000,000	452,000,000	412,880,000	114,708,000
Subsidiaries held by Thai V.P. Auto Service Co., Ltd.							
Thai Ultimate Car Co., Ltd.	Sales of cars, spare parts and accessories	93.56	93.56	25,000,000	25,000,000	24,882,000	39,811,200

Subsidiaries companies have non-controlling interests are as follows:

Company's name	Incorporation	% of share holding Vote rights held to Non-controlling interests	Unit: Baht	
			Comprehensive income attributable to Non-controlling interests	Accumulated Non-controlling interests
Thai V.P. Auto Service Co., Ltd.	Thailand	6	223,659	4,505,394
Thai Rung Tools and Dies Co., Ltd.	Thailand	6	1,352,292	6,347,786
Thai Auto Pressparts Co., Ltd.	Thailand	9	5,318,285	50,667,025
<u>Subsidiaries directly held by Thai V.P. Auto Service Co., Ltd.</u>				
Thai Ultimate Car Co., Ltd.	Thailand	6.44	169,158	12,791,562
Total			<u>7,063,394</u>	<u>74,311,767</u>

Detail of financial statement of subsidiaries before eliminated as follows:

	Unit: Baht				
	Thai V.P. Auto Service Co., Ltd.	Thai Rung Tools and Dies Co., Ltd.	Thai Auto Pressparts Co., Ltd.	Thai Ultimate Car Co., Ltd.	Total
As at December 31, 2018					
Current assets	117,556,681	173,117,235	390,084,394	36,331,136	717,089,446
Non-current assets	63,423,348	131,941,280	365,500,706	227,171,722	788,037,056
Current liabilities	63,217,365	194,718,519	183,545,729	99,071,376	540,552,989
Non-current liabilities	3,185,037	6,373,642	8,502,295	2,341,781	20,402,755
Non-controlling interests	4,504,962	6,347,786	50,667,457	12,791,562	74,311,767
For the year ended December 31, 2018					
Revenue	105,274,557	230,252,090	897,531,667	297,793,566	1,530,851,880
Profit for the year of attributable to					
Non-controlling interests	223,659	1,352,292	5,318,285	169,158	7,063,394
Profit and other comprehensive income attributable to Non- controlling interests	-	-	-	-	-
Dividend paid to Non-controlling Interests	2,400,000	1,620,000	9,000,000	188,800	13,208,800

	Unit: Baht				
	Thai V.P. Auto	Thai Rung	Thai Auto	Thai Ultimate	Total
	Service Co., Ltd.	Tools and Dies Co., Ltd.	Pressparts Co., Ltd.	Car Co., Ltd.	
Cash flows from (used in)					
Operating activities	5,625,808	(396,778)	111,834,081	(3,824,209)	113,238,902
Investing activities	(3,799,149)	(2,400,652)	15,428,831	(425,304)	8,803,726
Financing activities	(1,032,424)	6,963,131	(100,000,900)	4,000,000	(90,070,193)
Net Increase(decrease)in cash	794,235	4,165,701	27,262,012	(249,513)	31,972,435

Subsidiaries paid dividend for the years 2018 and 2017 as follows:

Subsidiaries	Unit: Baht	
	Dividend paid	
	2018	2017
Thai V.P. Auto Service Co., Ltd.	40,000,000	40,000,000
Thai Rung Tools and Dies Co., Ltd.	27,000,000	16,200,000
Thai Auto Pressparts Co., Ltd	100,000,000	68,000,000
Thai Ultimate Car Co., Ltd	40,000,000	40,000,000

11. OTHER LONG-TERM INVESTMENT – NET

Other long-term investment as at December 31, 2018 and 2017 consisted of:

	Unit: Baht	
	2018	2017
Investment in LP Land and Housing Development Co., Ltd.	24,000	24,000
Less: Allowance for impairment	(24,000)	(24,000)
Other long-term investment – net	-	-

12. INVESTMENT PROPERTIES - NET

Investment properties as at December 31, 2018 and 2017 consisted of:

	Unit: Baht			
	Consolidated financial statements			
	Land	Building	Building improvement	Total
Cost				
As at December 31, 2017	161,755,500	515,000	82,000	162,352,500
Increase	-	-	-	-
As at December 31, 2018	161,755,500	515,000	82,000	162,352,500
Accumulated depreciation				
As at December 31, 2017	-	(293,264)	(46,480)	(339,744)
Depreciation for the year	-	(14,304)	(2,296)	(16,600)
As at December 31, 2018	-	(307,568)	(48,776)	(356,344)
Net book value				
As at December 31, 2017	161,755,500	221,736	35,520	162,012,756
As at December 31, 2018	161,755,500	207,432	33,224	161,996,156

Investment properties comprise a number of commercial land plots and buildings that are leased. Each of the leases contains an initial non-cancellable period of 1-15 years. Subsequent renewals are negotiated with the lessee.

The Company considered appraising fair value of a land which under the account "Investment Property" by an independent appraiser, Agency for Real Estate Affairs Co., Ltd. According to valuation report dated May 19, 2016, an independent appraiser assesses its land by Market Approach which had the market value of Baht 256.87 million.

As at December 31, 2018, management determined that the fair value of such assets bear insignificant changes as compared to the assessment conducted in the year 2016.

13. PROPERTY, PLANT AND EQUIPMENT - NET

Property, plant and equipment as at December 31, 2018 and 2017 consisted of:

Unit: Baht

	Consolidated financial statements						Total
	Land and improvement	Buildings and building improvement	Machinery, factory Equipment and tools	Office equipment	Motor vehicles	Work in Progress	
Cost							
December 31, 2017	856,752,079	816,837,780	1,985,378,271	90,891,179	162,118,116	27,092,393	3,939,069,818
Acquisitions	-	480,000	19,088,673	8,636,269	5,683,366	39,675,851	73,564,159
Transfer in (transfer out)	-	-	41,774,490	37,500	-	(41,811,990)	-
Disposals / Write-off	-	-	(83,687,673)	(460,191)	(13,157,874)	(1,920,585)	(99,226,323)
December 31, 2018	856,752,079	817,317,780	1,962,553,761	99,104,757	154,643,608	23,035,669	3,913,407,654
Accumulated depreciation							
December 31, 2017	(9,930,819)	(504,923,229)	(1,563,084,875)	(82,574,904)	(148,042,375)	-	(2,308,556,202)
Depreciation for the year	(404,519)	(26,392,393)	(63,997,853)	(4,300,368)	(8,821,941)	-	(103,917,074)
Disposals / Write-off	-	-	83,314,270	466,017	11,821,958	-	95,602,245
December 31, 2018	(10,335,338)	(531,315,622)	(1,543,768,458)	(86,409,255)	(145,042,358)	-	(2,316,871,031)
Net book value							
December 31, 2017	846,821,260	311,914,551	422,293,396	8,316,275	14,075,741	27,092,393	1,630,513,616
December 31, 2018	846,416,741	286,002,158	418,785,303	12,695,502	9,601,250	23,035,669	1,596,536,623

Depreciation for the years 2018 and 2017 included in manufacturing costs amount to Baht 80 million and Baht 100 million, respectively. The remaining amount is including in administrative expenses.

Unit: Baht

Separate financial statements

	Land and improvement	Buildings and building Improvement	Machinery, factory equipment and tools	Office Equipment	Motor Vehicles	Work in progress	Total
Cost							
December 31, 2017	724,819,552	476,468,801	998,700,381	46,425,034	114,261,661	25,569,513	2,386,244,942
Acquisitions	-	480,000	14,383,073	5,358,979	5,683,366	36,527,220	62,432,638
Transfer in (transfer out)	-	-	40,773,627	37,500	-	(40,811,127)	-
Disposals/Write-off	-	-	(80,292,043)	-	(6,028,577)	(535,151)	(86,855,771)
December 31, 2018	724,819,552	476,948,801	973,565,038	51,821,513	113,916,450	20,750,455	2,361,821,809
Accumulated depreciation							
December 31, 2017	(9,930,819)	(292,939,501)	(929,578,590)	(40,753,068)	(102,257,871)	-	(1,375,459,849)
Depreciation for the year	(404,519)	(13,329,430)	(25,474,201)	(2,923,503)	(8,396,545)	-	(50,528,198)
Disposal/Write-off	-	-	80,274,643	-	5,248,349	-	85,522,992
December 31, 2018	(10,335,338)	(306,268,931)	(874,778,148)	(43,676,571)	(105,406,067)	-	(1,340,465,055)
Net book value							
December 31, 2017	714,888,733	183,529,300	69,121,791	5,671,966	12,003,790	25,569,513	1,010,785,093
December 31, 2018	714,484,214	170,679,870	98,786,890	8,144,942	8,510,383	20,750,455	1,021,356,754

Depreciation for the years 2018 and 2017 included in manufacturing costs amount to Baht 30 million and Baht 38 million, respectively. The remaining amount is including in administrative expenses.

As at December 31, 2018 and 2017, certain plant and equipment items have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 1,579 million and Baht 1,567 million in consolidated financial statement and Baht 1,056 million and Baht 1,026 million, respectively, in separate financial statements.

14. DEFERRED TAX ASSETS - NET

Deferred tax assets as at December 31, 2018 and 2017 consisted of:

	Unit: Baht			
	Consolidated financial		Separate financial	
	Statements		Statements	
	2018	2017	2018	2017
Deferred tax assets	21,544,747	19,856,311	14,621,455	13,312,581
Deferred tax liabilities	(5,147,833)	(4,900,450)	(2,896,219)	(2,556,137)
Deferred tax assets-net	<u>16,396,914</u>	<u>14,955,861</u>	<u>11,725,236</u>	<u>10,756,444</u>

Movements in deferred tax assets and deferred tax liabilities during the year were as follows:

	Unit: Baht					
	Consolidated financial			Separate financial		
	Statements			Statements		
	December	Profit	December	December	Profit	December
	31, 2017	(loss)	31, 2018	31, 2017	(loss)	31, 2018
<u>Deferred tax assets</u>						
Allowance for decline in value of inventory	4,522,782	1,093,844	5,616,626	2,094,000	961,543	3,055,543
Allowance for impairment of investment	4,800	-	4,800	4,800	-	4,800
Allowance for bad debt	234,917	(96,543)	138,374	-	-	-
Provision for employee benefit liabilities	12,002,468	156,416	12,158,884	8,122,438	(44,105)	8,078,333
Provision for liabilities	-	143,283	143,283	-	-	-
Reserve for share-based payments	3,091,344	391,436	3,482,780	3,091,343	391,436	3,482,779
Total	<u>19,856,311</u>	<u>1,688,436</u>	<u>21,544,747</u>	<u>13,312,581</u>	<u>1,308,874</u>	<u>14,621,455</u>
<u>Deferred tax liabilities</u>						
Depreciation	(4,463,141)	(481,556)	(4,944,697)	(2,556,137)	(340,082)	(2,896,219)
Finance leases	(437,309)	234,173	(203,136)	-	-	-
Total	<u>(4,900,450)</u>	<u>(247,383)</u>	<u>(5,147,833)</u>	<u>(2,556,137)</u>	<u>(340,082)</u>	<u>(2,896,219)</u>

Unit : Baht

	Consolidated			Separate		
	financial statements			financial statements		
	December 31, 2016	Profit (loss)	December 31, 2017	December 31, 2016	Profit (loss)	December 31, 2017
<u>Deferred tax assets</u>						
Allowance for decline in value of inventory	4,826,557	(303,775)	4,522,782	1,896,008	197,992	2,094,000
Allowance for impairment of investment	4,800	-	4,800	4,800	-	4,800
Allowance for decline in value of fixed assets	103,868	(103,868)	-	103,868	(103,868)	-
Allowance for bad debt	234,917	-	234,917	-	-	-
Provision for employee benefit liabilities	11,521,752	480,716	12,002,468	7,773,922	348,516	8,122,438
Reserve for share-based payments	2,463,306	628,038	3,091,344	2,463,305	628,038	3,091,343
Total	19,155,200	701,111	19,856,311	12,241,903	1,070,678	13,312,581
<u>Deferred tax liabilities</u>						
Depreciation	(3,973,417)	(489,724)	(4,463,141)	(2,210,041)	(346,096)	(2,556,137)
Finance leases	(437,309)	-	(437,309)	-	-	-
Total	(4,410,726)	(489,724)	(4,900,450)	(2,210,041)	(346,096)	(2,556,137)

The Company has allowance for devalue of investment in associated company. Due to the uncertainty of their utilization, therefore, Management has decided not to recognize the allowance for devalue of investments as deferred tax. Unrecognized is total Baht 155 million.

Group have tax losses carried forward. Due to the uncertainty of their utilization, Management has, therefore, decided not to recognize the tax loss as deferred tax. Unrecognized tax losses as follows:

	Unit : Baht	
	Consolidated financial statements	
	2018	2017
Unused tax losses		
Expire within 1 year	22,657,165	33,974,750
Expire in 2-5 years	13,734,216	51,025,152

15. OTHER NON-CURRENT ASSETS - NET

Other non-current assets as at December 31, 2018 and 2017 consisted of:

	Unit: Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Withholding tax deducted at source	25,504,229	27,223,638	-	3,742,434
Deferred cost of dies – net	33,892,764	3,536,480	40,524,057	3,572,070
Guarantee deposit	851,824	1,027,599	833,389	637,455
Other non-current assets	10,874,294	9,814,524	4,913,351	6,132,581
Total	<u>71,123,111</u>	<u>41,602,241</u>	<u>46,270,797</u>	<u>14,084,540</u>

16. BANK FACILITIES

As at December 31, 2018, the Group has bank overdraft facilities and other short-term loan facilities amounting to Baht 158 million and Baht 1,534 million, respectively, in consolidated financial statements and Baht 68 million and Baht 1,226 million, respectively, in separate financial statements. Such facilities are clean without any guarantee.

As at December 31, 2017, the Group has bank overdraft facilities and other short-term loan facilities amounting to Baht 158 million and Baht 1,849 million, respectively, in consolidated financial statements and Baht 68 million and Baht 1,376 million, respectively, in separate financial statements. Such facilities are clean without any guarantee.

17. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables as at December 31, 2018 and 2017 consisted of:

	Unit: Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Trade accounts payable–unrelated parties	356,613,399	257,578,750	193,307,960	130,556,401
Trade accounts payable–related parties	1,005,637	1,172,203	11,456,262	11,690,567
Total trade accounts payable	<u>357,619,036</u>	<u>258,750,953</u>	<u>204,764,222</u>	<u>142,246,968</u>
Other current payables–unrelated parties	25,406,765	17,352,403	15,866,307	10,686,901
Other current payables–related parties	1,215,395	1,031,702	1,852,490	1,947,879
Fixed assets payable–unrelated parties	-	9,033,750	-	9,033,750
Accrued expenses	32,734,583	27,235,612	27,750,776	20,424,027
Accounts payable–Revenue Department	1,137,276	375,578	-	-
Advances from customers	11,917,509	9,201,206	6,753,540	3,165,056

Unit: Baht

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Undue output tax	1,116,918	940,477	646,890	269,285
Inventory deposit	4,967,703	3,654,321	1,869,159	1,890,159
Provision for liabilities	12,820,755	-	-	-
Others	9,580,688	7,360,480	4,625,132	3,532,124
Total other current payables	100,897,592	76,185,529	59,364,294	50,949,181
Total trade and other current payables	458,516,628	334,936,482	264,128,516	193,196,149

18. FINANCE LEASE LIABILITIES

Finance lease liabilities as at December 31, 2018 and 2017 consisted of:

	Unit : Baht					
	Consolidated financial statements					
	2018			2017		
	Future minimum lease payments	Interest	Present value of minimum lease payment	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	59,479	(3,987)	55,492	401,196	(14,009)	387,187
After one year but within five years	44,793	(1,232)	43,561	104,271	(5,205)	99,066
Total	104,272	(5,219)	99,053	505,467	(19,214)	486,253

	Unit : Baht					
	Separate financial statements					
	2018			2017		
	Future minimum lease payments	Interest	Present value of minimum lease payment	Future minimum lease payments	Interest	Present value of minimum lease payment
Within one year	55,060	(3,939)	51,121	329,151	(12,157)	316,994
After one year but within five years	44,793	(1,232)	43,561	99,853	(5,158)	94,695
Total	99,853	(5,171)	94,682	429,004	(17,315)	411,689

19. NON – CURRENT PROVISIONS FOR EMPLOYEE BENEFITS

Movement of the present value of non-current provision for employee benefits for the years ended December 31, 2018 and 2017 were as follows:

	Unit: Baht			
	Consolidated financial		Separate financial	
	statements		statement	
	2018	2017	2018	2017
Non-current provision for employee benefit as at				
January 1,	60,012,338	57,608,759	40,612,187	38,869,608
Current service cost	3,950,432	3,997,979	2,352,979	2,401,764
Interest cost	1,153,077	1,111,320	771,909	754,185
Included in other comprehensive income:				
Actuarial (gains) losses arising from				
Financial assumptions changes	-	-	-	-
Experience adjustments	-	-	-	-
Benefit paid during the year	(4,321,427)	(2,705,720)	(3,345,410)	(1,413,370)
Non-current provision for employee benefit as at				
December 31,	60,794,420	60,012,338	40,391,665	40,612,187

Employee benefit expenses in profit or loss for the year ended December 31, 2018 and 2017, consisted of:

	Unit: Baht			
	Consolidated financial		Separate financial	
	statements		statement	
	2018	2017	2018	2017
Cost	3,510,887	3,451,760	1,906,889	1,891,431
Selling expenses	341,861	351,518	175,637	167,534
Administrative expenses	1,250,761	1,306,021	1,042,362	1,096,984
Total employee benefit expenses	5,103,509	5,109,299	3,124,888	3,155,949

The actuarial assumption of discount rate is estimated from weighted average of yield rate of government bonds as at the end of reporting date that reflects the estimated timing of benefit payments.

The actuarial assumption of mortality rate for reasonable estimation of probability of retirement in the future is estimated from mortality table.

On December 13, 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates

additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty 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 a post-employment benefits plan amendment and the Group is in the process of evaluating the impact to the financial statements when the law is effective.

20. LEGAL RESERVE

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate no less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount that is no less than 10% of the entity’s-registered authorised capital. The legal reserve is not available for dividend distribution.

21. OTHER INCOME

Other income for the years ended December 31, 2018 and 2017 consisted of:

	Unit: Baht			
	Consolidated financial		Separate financial	
	statements		statements	
	2018	2017	2018	2017
Scrap sales	5,682,115	4,531,839	5,851,617	4,624,506
Interest income	9,214,868	7,290,642	9,252,170	7,046,634
Utilities, transportation service and sales of supplies	8,652,078	9,171,875	17,821,996	17,263,380
Rental fee	6,000,980	5,579,620	1,575,760	1,584,000
Others	15,489,022	16,470,337	9,497,406	12,948,834
Total	45,039,063	43,044,313	43,998,949	43,467,354

22. PROVIDENT FUND

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The funds are monthly contributed to by Employees contribute the fund on a monthly basis at the rates of 3-5 percent of their salaries, The Group also contributes to the fund on a monthly basis at the rates of 0-100 percent of the employees’ contribution. The fund is managed by SCB Asset Management Co., Ltd.. The funds will be paid to the employees upon termination in accordance with the rules of the funds. During the years 2018 and 2017, the Group contributed Baht 9 million both years, respectively to the funds.

23. EXPENSE BY NATURE

Significant expenses by nature are as follows:

	Unit: Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Salary and wages and other				
employee benefits	436,022,211	387,150,230	273,244,474	247,047,827
Depreciation and amortization	105,222,901	130,135,125	51,249,911	61,751,013
Raw materials and consumables used	1,528,537,287	1,244,607,186	827,834,445	632,857,927
Changes in inventories of finished				
goods and work in process	(19,829,653)	(25,475,541)	(19,895,877)	(31,129,153)

24. INCOME TAX EXPENSES

Income tax expenses for the years ended December 31, 2018 and 2017 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>Current tax expense</i>				
Current year	14,801,797	7,011,424	12,495,565	5,646,849
<i>Deferred tax expense</i>				
Movements in temporary differences	(1,441,053)	(211,387)	(968,792)	(724,582)
Total	13,360,744	6,800,037	11,526,773	4,922,267

Reconciliation of effective tax rate

	Consolidated financial statements			
	2018		2017	
	Rate	Unit: Baht	Rate	Unit: Baht
	(%)		(%)	
Profit before total income tax expense		201,889,757		96,094,689
Income tax using the corporate tax rate	20	40,377,951	20	19,218,938
Effect from promoted activities		(21,705,725)		(12,246,392)
Current period loss which no deferred tax				
assets was recognized		(5,450,863)		787,639

Consolidated financial statements

	2018		2017	
	Rate (%)	Unit: Baht	Rate (%)	Unit: Baht
Tax effect from equity method		(421,058)		(563,836)
Expenses not deductible for tax purposes		30,986,012		887,388
Expenses are excluded		(491,921)		(562,668)
Effect from eliminate transactions		(29,933,652)		(721,032)
Total	6.62	13,360,744	7.08	6,800,037

Separate financial statement

	2018		2017	
	Rate (%)	Unit: Baht	Rate (%)	Unit: Baht
Profit before total income tax expense		134,732,739		175,572,820
Income tax using the corporate tax rate	20	26,946,548	20	35,114,564
Income not subject to tax		(33,906,173)		(30,450,062)
Expenses not deductible for tax purposes		31,246,812		794,217
Expenses are excluded		(414,076)		(536,452)
Effect from promotion activities		(12,346,338)		-
Total	8.56	11,526,773	2.80	4,922,267

Income tax expenses

The current tax expense in the statement of comprehensive income is less than the amount determined by applying the corporate tax rate to the accounting profit for the year principally because a significant portion of the Group profit was derived from promoted activities for which concessionary tax rates apply.

The Group have been granted the promotional privileges discussed in Note 25, including exemption from corporate income tax on net income from promoted activities.

25. PROMOTIONAL PRIVILEGES

The Company and two subsidiaries were granted investment promotional privileges by the Board of Investment (BOI). Major privileges are summarised below:

The Company

The Company was granted investment promotional privileges by the Board of Investment (BOI) on September 15, 2017. The privileges include exemption from corporate income tax totaling of tax not over 50 percent of value of investment for improve performance of production for a period of 3 years from the revenue commencement date of the promoted operations. The Company's operating revenues are shown according to promoted and non-promoted operations as below:

	Unit: Baht		
	Separate financial statements		
	Under corporate		
	income tax exemption	Non-promoted business	Total
<u>For the year ended December 31, 2018</u>			
Sales of goods	413,446,138	824,265,552	1,237,711,690
Rendering of services	8,245,600	100,020,924	108,266,524
Revenue from contract work	-	192,191,676	192,191,676
Grand total	421,691,738	1,116,478,152	1,538,169,890

Thai Auto Pressparts Co., Ltd.

Subsidiary has received promotional privileges from the Board of Investment pursuant to Promotion Certificate No. 1610 (2)/2554 dated March 22, 2011 for body parts and mold which effective. Subject to certain imposed condition, the privileges include.

- Exemption for corporate income tax of net profit derived from its investment for a period of 8 years from the date of first revenue derived from promoted activity, not exceeding of capital investment excluding the cost of land and working capital at its start-up date, the date of first revenue derived started from April 2, 2012.
- Reduction for 50% of corporate income tax on profit derived from the promoted activity for a period of 5 years after the tax-exemption period ends.

Revenue of sale of goods and rendering of services for the years ended December 31, 2018 and 2017 which are derived from BOI promoted activities, are in the amount of Baht 763.74 million and Baht 704.72 million, respectively.

Thai Rung Tools and Dies Co., Ltd.

Subsidiary has received promotional privileges from the Board of Investment pursuant to Promotion Certificate No. 1867(2)/2555, dated July 6, 2012 for the manufacture and maintenance of molds and jigs. The privileges include exemption from corporate income tax for a period of 8 years from the revenue commencement date of the promoted operations. In case of If the Company has losses from operations during the tax exemption period, such losses can be deducted from taxable profit derived from the promoted activity for a period of 5 years after the tax-exemption period end and also include other promotional privileges which was imposed in the promotion certificate. The Company had promotional privileges since May 8, 2012.

Its services revenue for the years ended December 31, 2018 and 2017 which is derived from BOI promoted activities, totals Baht 0.55 million and Baht 12.73 million, respectively.

26. DIVIDENDS PAID

The Annual General Meeting of the Shareholders of the Company hold on April 26, 2018, approved to pay a dividend in the amount of Baht 0.14 per share, totaling Baht 82.72 million. The Company has paid such dividend in May 2018.

The Annual General Meeting of the Shareholders of the Company hold on April 25, 2017, approved to pay a dividend for the year 2016 in the amount of Baht 0.09 per share, totaling Baht 53.18 million. The Company has paid such dividend in May 2017.

27. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise corporate assets, other income, selling expenses, administrative expenses and finance costs.

The Group's business operations involve three principal segments: (1) car assembly and other related car services (2) manufacture of equipment for production of car accessories (comprising the manufacture of molds and jigs and manufacture and sales of car accessories and spare parts) and (3) sales of cars, and a car service centre business. These operations are mainly carried on in Thailand. Below is the consolidated financial information for the years ended December 31, 2018 and 2017 of the Group segment.

Unit : Million Baht

	Car assembly and other related car services		Manufacture of equipment for production of car accessories		Sales of cars and car service centre		Other		Elimination of inter- segment revenues		Consolidation	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue from external customers	593	479	1,581	1,340	353	235	3	1	-	-	2,530	2,055
Intersegment revenues	82	42	193	74	191	113	17	28	(483)	(257)	-	-
Total revenues	675	521	1,774	1,414	544	348	20	29	(483)	(257)	2,530	2,055
Segment income	154	108	256	189	58	25	2	(2)	(7)	5	463	325
Unallocated income and expenses:												
Other income											45	43
Selling expenses											(89)	(78)
Administrative expenses											(219)	(197)
Share of profit from investments in associated companies											2	3
Corporate income tax											(13)	(7)
Comprehensive income											189	89
Investment property-net	-	-	-	-	162	162	-	-	-	-	162	162
Property, plant and equipment -net	509	533	829	871	262	235	-	-	(3)	(8)	1,597	1,631
Unallocated assets											2,168	1,859
Total assets											3,927	3,652

The Group's transfer prices between business segments are described in Note 4.

28. FINANCIAL INSTRUMENTS

28.1 Financial risk management

The Group's financial instruments, as defined under draft Thai Accounting Standard No. 32 "Financial Instruments: Disclosure", principally comprise cash and cash equivalents, trade accounts receivable, other current receivables, loans, investments, trade accounts payable and other current payables. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable, loans, and other current receivables. The Group manages the risk by adopting appropriate credit control policies and procedures. Therefore the Group does not expect to incur material financial losses. In addition, the Group does not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans, and other current receivables as stated in the Statement of financial position.

Interest rate risk

The Group's exposures to interest rate risk relate primarily to their cash at banks, current investments and short-term loans. However, since most of the Group's financial assets and liabilities have been repaid within one year, the interest rate risk is expected to be minimal.

Foreign currency risk

The Group is exposed to foreign currency risk relating to sales which are denominated in foreign currencies. However, the foreign currency risk is expected to be minimal because the low volume of sales.

28.2 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature, current investment and loan to carry interest rates close to the market rates. Their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market value of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

29. COMMITMENTS

29.1 Construction commitments

As at December 31, 2017, the Company has a remaining construction commitment to pay a contractor in amount of Baht 20.07 million.

29.2 Bank guarantees

As at December 31, 2018 and 2017, the Group has outstanding bank guarantees issued by banks as follows:

	Consolidated financial statement		Separate financial statement
	Unit: million Dollars	Unit: million Baht	Unit: million Baht
As at December 31, 2018			
Import duty	-	5	5
Retention	-	22.56	-
Electricity use, among others	-	8.48	6
As at December 31, 2017			
Import duty	-	5	5
Retention	0.26	10.58	0.20
Electricity use, among others	-	9.48	3.10

30. CONTINGENT LIABILITIES

As at December 31, 2018, the Group has contingent liabilities as follows:

The Company was sued in a wrongful termination of contract claim in the amount of Baht 230 million with interest calculated at the rate 7.5% per annum and a prosecution claim accruing at the rate of Baht 0.3 million per day. The Civil Court and the Appeals Court dismissed the case. The Company countersued in eviction and a wrongful act. At present, the Company awaits the judgment hearing of the Supreme Court.

31. RESERVE FOR SHARE-BASED PAYMENT

The Company issued and sold ESOP warrants allocated to Directors/Executives or employees. Details of the warrant are as follows:

Type of Warrant	:	Warrant to purchase the Company's ordinary shares specifying the holder's name and being non-transferable except as inheritance
Issuance and Offering Date	:	May 25 - 27, 2015
Issuing Units	:	29,000,000 units
Term of Warrant	:	5 Years from the date of warrant issuance
Exercise Price	:	Baht 5 per share
Exercise Ratio	:	1 warrant unit for 1 ordinary shares (Subject to change according to right adjustment)
Exercise Period	:	The holder can exercise the warrant every 1 year from the issuing date and the exercise shall not exceed 30% of the total allocated warrants per year. The unexercised warrants can be accumulated for exercise within the following year.
Exercise Date	:	The last working day of every month throughout the warrant term, for the first exercise date on June 30, 2015 and last exercise date on May 31, 2020.

On May 8, 2018, the Company has changed exercise price of TRU-ESOP 2015 warrants from Baht 5 per share to Baht 4.956 per share (Baht 1 par value) and changed exercise ratio from 1 warrant unit for 1 ordinary shares to 1 warrant unit for 1.00894 ordinary shares.

As at December 31, 2018, there is no warrant exercise. During the year 2018, market price was less than the exercise price. Hence the exercise of traded share option has no dilutive effect.

32. CAPITAL MANAGEMENT

The primary objectives of the Company's capital management are to ensure that it has an appropriate financing structure and to preserve the ability to continue its business as a going concern.

According to the Statements of Financial Position as at December 31, 2018 and 2017, the Group's debt-to-equity ratios were 0.17:1 and 0.12:1, respectively, and the Company's were 0.17:1 and 0.10:1, respectively.

33. EVENT AFTER THE REPORTING PERIOD

According to the Board of Director meeting of Thai Rung Union Car Public Company Limited held on February 27, 2019, the meeting passed a resolution to request the approval from the General Shareholder Meeting to pay dividend to the shareholders.

34. RECLASSIFICATION

Certain amounts in the financial statements for the year ended December 31, 2017, have been reclassified to conform to the current year's classification but with no effect to previously reported net loss or shareholders' equity. The reclassifications are as follows:

Account	Unit: Baht		
	Consolidated financial statements		
	As previously reported	Reclassified amount	As reclassified
<u>Statement of financial position</u>			
Trade and other current payables	342,613,498	(7,677,016)	334,936,482
Accrued project costs	-	7,677,016	7,677,016
<u>Statement of profit or loss and other comprehensive income</u>			
Rendering of services	291,765,039	(147,338,403)	144,426,636
Revenue from contract work	-	147,338,403	147,338,403
Cost of rendering of services	(233,899,511)	137,115,972	(96,783,539)
Cost from contract work	-	(137,115,972)	(137,115,972)

Unit: Baht

Account	Separated financial statements		
	As previously reported	Reclassified amount	As reclassified
<u>Statement of financial position</u>			
Trade and other current payables	206,372,304	(13,176,155)	193,196,149
Accrued project costs	-	13,176,155	13,176,155
<u>Statement of profit or loss and other comprehensive income</u>			
Rendering of services	132,909,166	(15,394,136)	117,515,030
Revenue from contract work	-	15,394,136	15,394,136
Cost of rendering of services	(98,695,002)	13,416,650	(85,278,352)
Cost from contract work	-	(13,416,650)	(13,416,650)

35. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issuance by the Company's Board of Directors on February 27, 2019.