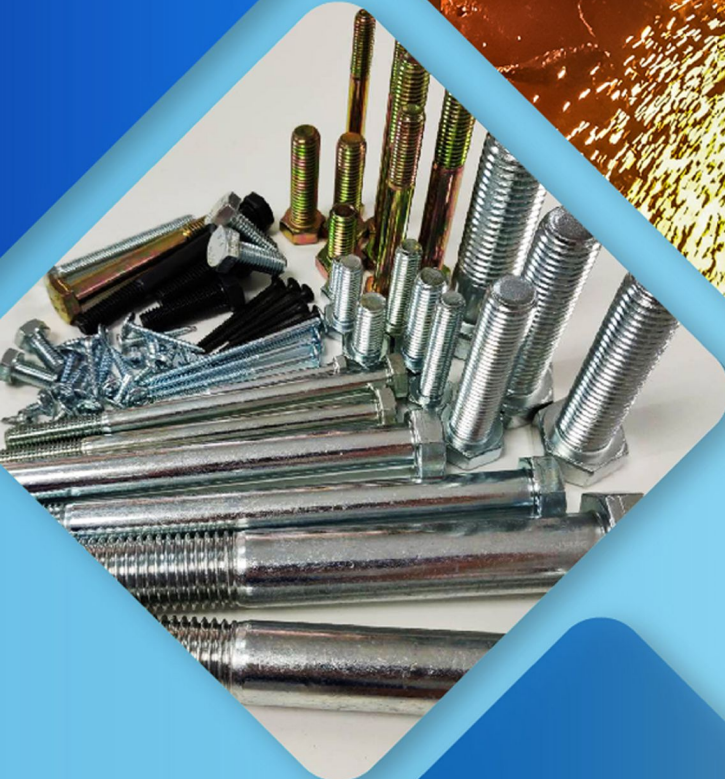
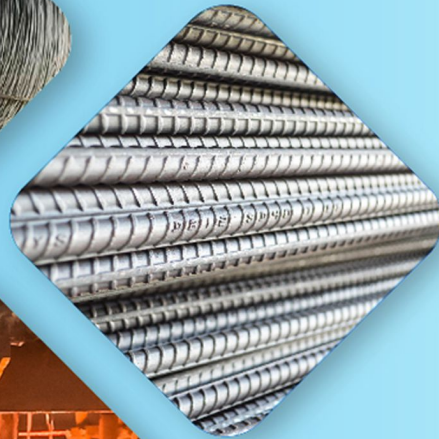


ANNUAL REPORT 2018



TYC=NS

Tycoons worldwide group (Thailand) public co., ltd.

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1. Policy and business operating overview

Background

Tycoons Worldwide Group (Thailand) Public Co., Ltd. (hereinafter called “TYCN”) was established on September 9, 1996. TYCN is 72.91% owned subsidiary of Tycoons Group International Co., Ltd. (hereinafter called “TGI”), which was incorporated in the Cayman Islands and 100% owned by Tycoons Group Enterprise Co., Ltd. (hereinafter called “TGE”). TYCN converted to a public company on July 9, 2003, and became a listed company on December 11, 2003. TYCN’s principal business is to produce and sell wire rod, reinforcing bars (including deformed bars and round bars), annealed wire, screws, bolts and thread rod internationally and in Thailand. TYCN is the only one producer in Thailand who has a world-class midstream to downstream vertically integrated plant. The capacity per year for wire rod, annealed wire, screws and bolts are 360,000 tons, 144,000 tons, 17,108 tons, and 36,000 tons respectively. All of TYCN’s productions are done by its plants in Rayong, Thailand.

1.1 General operating policy

Vertical integration, focus on cost down, catch customer requirements for products indeed, and constantly innovative ideas, raise the bar for ourselves.

1.1.1 Operational visions

1. Follow vertical integration policy to expand into upstream industry be in control of the upstream material, billets.
2. Keep promoting TYCN’s reputation and maintain the leadership in production, sale, and service of wire rods and reinforcing bars in Thailand.
3. Be a sustainable enterprise which takes responsibility for local environment, community and society.

1.1.2 Operational Missions

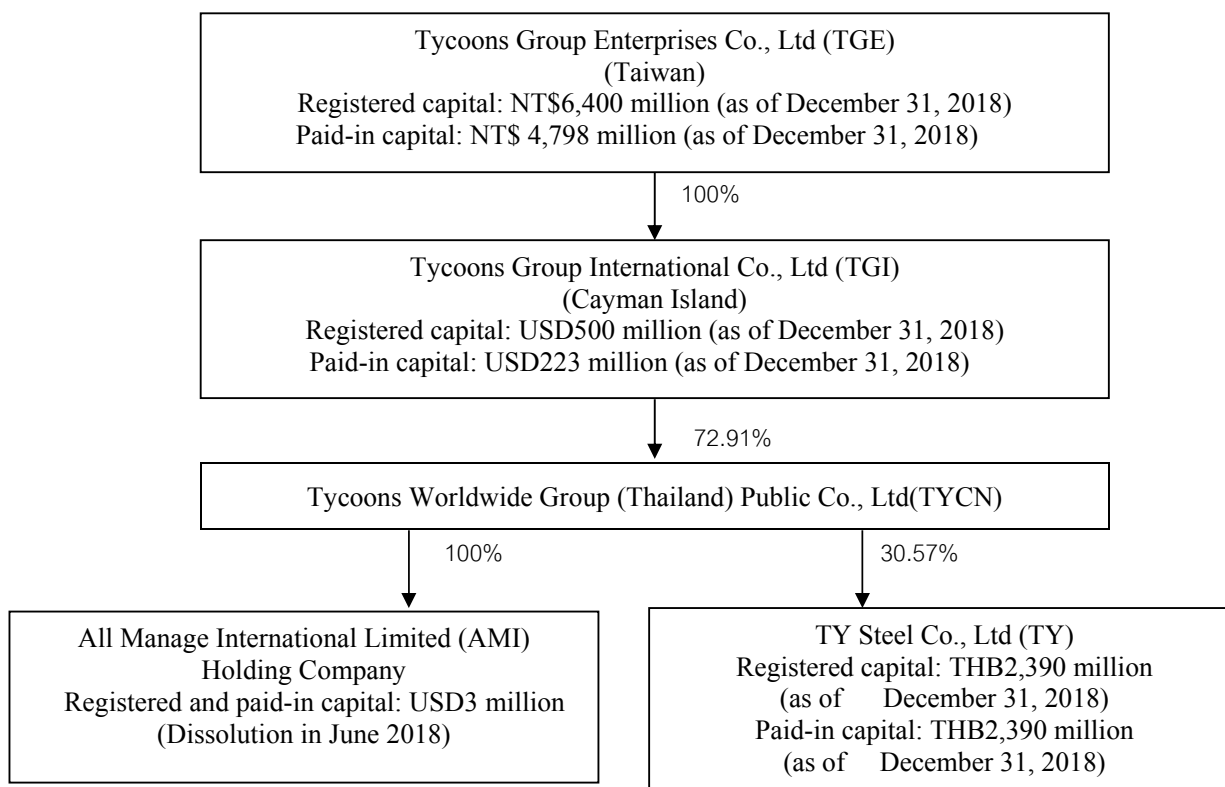
1. Keep raising product quality, improving efficiency, and lowering production cost. Produce and sell price-competitive steel products which meets customers’ demand.
2. Obey environmental policy, well utilize resources, minimize pollutions, and properly dispose waste in accordance with environmental regulations.
3. Care for social responsibility and make both TYCN and the community everlasting.

1.2 Significant change and development

In year 2011, major shareholder Tycoons Group International Co., Ltd has set aside 60,000,000 shares of Tycoons Worldwide Group (Thailand) Public Co., Ltd (about 9.94% of total outstanding common shares of Tycoons Worldwide Group (Thailand) Public Co., Ltd) to issue 30,000,000 units of Taiwan Depository Receipt (TDR) in Taiwan Stock Exchange and has been listed on Sep.29, 2011. Therefore, the shareholding that Tycoons Group International Co., Ltd holds Tycoons Worldwide Group (Thailand) Public Co., Ltd decreased from 79.47% to 70.31% at that moment.

In order to expand into upstream industry of steelmaking, TY steel Co., Ltd (hereinafter called “TY”) has been set up in September of 2011 with paid-up capital of 2.39 billion baht as of Dec. 31, 2017, which is 69.43% owned by TGI and 30.57% owned by TYCN. TY’s steelmaking EAF plant started operation in September of 2014, and then in order for TY to well utilize its EAF and to broaden its product demand, TY started to build a new rolling mill in 2016 for producing deformed bars with capacity of 600,000 tons per year. The construction of the new rolling mill has been completed in the end of 2017, and TY officially started producing and selling deformed bars in Jan. 2018 with its certificate granted by TISI.

1.3 Structure of the group



TGE was approved to be incorporated by the Ministry of Economic Affairs under the company law of the Republic of China on November 20, 1980. Its total registered capital as of December 31, 2018 was NT\$ 6,400 million, paid-in capital was about NT\$ 4,798 million. Currently, TGE’s main business is to produce annealed wire using wire rod, raw material imported from TYCN. TGE also directly sells wire rods and annealed wire to customers in the Taiwan market. TGE currently has the production facility in Taiwan for production of annealed wire, bolt and the only heat treatment facility in Taiwan for the screws. TGE also took the view that there was further potential for upward integration in its industry. Thus, after consideration, TGE established TYCN in Thailand as its production base for upward integrated products (wire rods as well as annealed wires and screw). TGE chose Thailand as a production base because Thailand is extremely competitive in terms of logistics and manufacturing cost. TGE’s investment in TYCN is done through the TGI to take advantage of advantageous tax treatment. TGE’s primary market is limited to Taiwan to avoid so-called cannibalization within its group of companies. In accordance with

company policy, management and operation of TGE and TYCN are clearly separated, and the two management teams are independent each other, in order that each company is acting in its own best interests.

TY Steel Co., Ltd. (hereinafter called “TY”) was established on September 14, 2011. TY is 69.43% owned by TGI and 30.57% owned by TYCN separately which was incorporated in Thailand. TY had a registered capital of 2,390,000,000 baht and paid up capital of 2,390,000,000 baht. TY’s principal business is to produce and sell both billets and deformed bars.

1.4 Relationship with the business group of major shareholder

Currently, TYCN’s largest customer for sales of merchandise, including wire rod and annealed wire, is Tycoons Group Enterprise (TGE), TYCN’s indirect majority shareholder via Tycoons Group International Co., Ltd.(TGI), (TGE holds a stake of up to 100% in TGI and TYCN is a 72.91% owned subsidiary of TGI). TYCN’s sales to TGE accounted for 16.66% of TYCN’s total sales in 2018, mainly due to the fact that TGE is TYCN’s agent who is in charge of business development and marketing in Taiwan, which allows TYCN to rapidly react to the demand and prices in Taiwan market. Therefore, the business relationship between TGE and TYCN will be able to stay mutually beneficial.

In accordance with company policy, management and operation of TGE and TYCN are clearly separated, and the two management teams are independent each other, in order that each company is acting in its own best interests.

2. Nature of the business

Revenue structure

Product	2018		2017		2016	
	MB	%	MB	%	MB	%
Domestic Sales						
1. Wire rod (including reinforcing bar)	4,669.63	45.09	3,161.08	42.06	2,273.13	36.65
2. Annealed wire	82.15	0.79	96.56	1.29	102.34	1.65
3. Screw	7.71	0.07	8.44	0.11	5.02	0.08
4. Bolt	-	0.00	0.26	0.00	0.06	0.00
5. Reinforcing bar	1,001.81	9.67				
6. Others	132.25	1.28	132.35	1.76	67.12	1.08
Total domestic Sales	5,893.55	56.91	3,398.69	45.22	2,447.67	39.46
International Sales						
1. Wire rod (including reinforcing bar)	1,124.41	10.86	953.17	12.68	745.84	12.03
2. Annealed wire	1,118.70	10.80	1,117.69	14.87	1,258.44	20.29
3. Screw	625.92	6.04	790.06	10.51	509.81	8.22
4. Bolt	1,593.53	15.39	1,257.03	16.72	1,240.51	20.00
5 Others	-	-	-	-	-	-
Total International Sales	4,462.55	43.09	4,117.95	54.78	3,754.60	60.54
Total Sale	10,356.10	100	7,516.64	100	6,202.27	100

Based on the figures above, international sales generally accounted for a greater proportion of TYCN's total sales than domestic sales over period from 2016 through 2017, while domestic sales accounted for greater proportion in 2018. Nonetheless, the relative proportions of wire rods sold in the domestic and foreign markets have remained largely constant over the same period. Wire rod comprised the largest proportion of sales in 2018, accounting for about 55.95%.

The primary markets for screw in 2018 were the Poland, Russia, America, Romania, and Indonesia. The primary markets for annealing wire in 2018 were Taiwan, Malaysia, and Thailand. The primary markets for bolt were Germany, England, America, Italy, and Spain.

2.1 Products

2.1.1 Wire Rods

2.1.1.1 Wire Rods in Coil:

Wire rods in coil, with outer diameter 1250mm and inner diameter 850mm are made of billets through the process of hot rolling to bars (diameter from 5.5mm to 16mm), coiling and strapping.

2.1.1.2 Bars in Coil:

Bars in coil, also named as BIC, with outer diameter 1400mm and inner diameter 1100mm, are made of billets through the process of hot rolling to bars (diameter from 17mm to 42mm), coiling and strapping.

2.1.2 Reinforcing bars

2.1.2.1 Deformed Bars

Deformed Bars are the product with transverse ribs, longitudinal ribs or gaps on its surfaces, which reinforce the pull strength between deformed bars and concrete. Specifications of Deformed bar product are DB10, DB12, DB16, DB20 and DB25 under Thai SD40 & SD50. Straight deformed bars, with diameter from 10mm to 12mm, are made of billets through hot rolling and flying shears.

2.1.2.2 Round Bars

Round bars are made of bars with smooth surface through coiling and strapping (Specifications are RB6-RB25).

2.1.3 Annealed Wires

Annealed wires are either finished or semi-finished products which are made of wire rods through complete or partial processes of intermediate drawing, spheroidizing, pickling and coating, and skin-pass. Annealed wires are classified into:

- A. Small size annealed wires with diameter no more than 5.5mm
- B. Big size annealed wires with diameter from 5.5mm to 29mm.

2.1.4 Fasteners

A. Screws

Screws are made of small size annealed wires through head forming, thread rolling, heat treatment, and surface treatment. Screws can be used together with rivets to fasten multiple parts.

B. Bolts

Bolts are made of big size annealed wires through head forming, thread rolling, heat treatment, and surface treatment. Bolts can be used together with nuts and washers to fasten multiple parts.

C. Thread rods

Thread rods are made of wire rods through cutting, thread rolling, and surface treatment. Thread rods can be used together with nuts and washers to fasten multiple parts.

2.1.5 Product and standardization certification**License granted by TISI**

The company produces low-carbon wire rods in accordance with TISI no.348-2540, while produces high-carbon wire rods in accordance with TISI no.349-2548.

The company produces reinforcing bars deformed bars in coil was granted a certification of new standards TIS 24-2559 by TISI. The granted certification of standards by TISI for its deformed bar product category of SD40 and SD50. Specifications of Deformed bar product are DB10, DB12, DB16, DB20, and DB25, with diameter from 10mm to 25mm.

On January 10, 2018, TY was granted a certification of new standards TIS 24-2559 by TISI for its straight deformed bar product category of SD40 and SD50. Specifications of straight deformed bar product are DB10, DB12, DB16, DB20, DB22, DB25, DB28, DB32, DB36 and DB40, with diameter from 10mm To 40mm which will be sold by TYCN as an agent.

The company produces reinforcing bars round bars in coil was granted a certification of new standards TIS 20-2559 by TISI. The granted certification of standards by TISI for its round bar product category of SR24. Specifications of round bar product are RB6, RB8, RB9, RB12, and RB25, with diameter from 6mm to 25mm. The TY produces reinforcing bars straight round bars product category of SR24. Specifications is RB9, with diameter 9mm.

International Industrial standardization granted:

The company produces screws in accordance with EN 14566 standards, the products specifications are M2.9 - M6.3 granted certification of standards by European inspection and certification company S.A. and EN 14592 standards the products specifications with diameter from 3.0 mm. - 6.0 mm. granted certification of standards by Engineering test institute, public enterprise.

International standardization granted:

On October 1, 2001, TYCN was approved with the two ISO: ISO 9001 and ISO 14001 for its excellence in manufacturing process and environmental protection, respectively. On July 13, 2009, TYCN was approved the certification of Laboratory Accreditation of ISO/IEC 17025.

Board of investment privilege:

TYCN was granted the promotional privileges from the Board of Investment (BOI) under a promotion certificate issued on October 11, 1996 to manufacture steel wire rod, annealed wire (<6mm) and screw under category 2.15 manufacture of steel wire, round bar or steel billet and category 4.7 manufacture of metal wire or wire products and a promotion certificate issued on April 9, 2003 to manufacture annealed wire (>6mm) and bolt under category 4.7 manufacture of metal wire or wire products.

2.2 Marketing and competitive**2.2.1 Marketing****2.2.1.1. Domestic market****1. Marketing strategies****A. Wire rod and annealed wire:**

TYCN is the only one steel manufacturer with “billet surface grinding” procedure which is able to remove flaws on billets so that the flawless billets can be used for producing CHQ (Cold Heading Quality) wire rods and annealed wires. These products get TYCN into the high-end segment in which there are no domestic competitors. In the segment of ordinary products, TYCN is also the leading manufacturer who produces a variety of high-quality products and makes on-time delivery.

B. Reinforcing bar:

Besides straight deformed bar, TYCN also produces compact rebar in coil, which allows customers to flexibly determine cutting length and minimize production loss. In 2018, as TY's production line of deformed bar starts operation, TYCN and TY are able to produce full range of building steels, and rapidly gain the market share with its own brand “TY”.

C. Technical service:

TYCN provides knowledgeable technical team to support technical work such as utilization of TYCN's product with highest efficiency. TYCN is also able to adjust chemical composition according to customers' requirement.

2. Target customers**Wire rod:**

TYCN's wire rod is targeted at customers who produce PC (high tensile) wire and steel strand, Motor shaft, Bead wire (tire), wire mesh, fasteners, steel nails, automotive parts and etc. downstream related products of manufacturer.

Annealed wire:

TYCN's annealed wire is targeted at customers who produce screws, bolts, nuts, nails, rivets, auto parts, mechanical parts, and appliance parts.

Reinforcing bar:

TYCN's reinforcing bar is targeted at construction companies and steel wholesalers.

2.2.1.2 Overseas market**1. Marketing strategies****Wire rod and annealed wire:**

TYCN's major target market is Taiwan. TGE is not only our major customer, but it is also TYCN's distributor in Taiwan who sells TYCN's wire rod and annealed wire throughout Taiwan.

Reinforcing bar:

TYCN will expand into ASEAN countries such as Myanmar, Laos, and Cambodia through traders and wholesalers.

Fastener:

Fastener products are targeted at European and American market. Fasteners are specifically focused on the regular-specification segment, which allows TYCN to quickly resell them in case of order cancellation. On the other hand, TGE would produce fasteners with special specification for TYCN and then either directly deliver to customers or sell back to TYCN in case TYCN could not produce the products with special specification. TYCN's products have trademarks in so many different countries that the brand "TY" has been highly recognized.

2. Target customers**A. Wire rod and annealed wire:**

TGE is the biggest customer by exported wire rod and annealed wire.
In other countries, the product is sold to steel manufacturers.

B. Fastener:

Major customers are overseas distributors, trading companies, and hypermarkets.

3. Distributor

TGE is the distributor in charge of Taiwan market, while TYCN is in charge of other overseas market. TYCN promotes its products by advertising on magazines and journals, and participating in international exhibitions.

4. Market positioning**A. Wire rod and annealed wire:**

The exported wire rods and annealed wires are classified as high-quality and high-value products such as CHQ and low alloy products which are major materials used for fasteners and auto parts.

B. Fastener:

TYCN is a professional fastener manufacturer providing a variety of fasteners and satisfying customers' need of one-stop purchase.

5.Customer satisfaction

The company evaluates customer satisfaction on each product in the beginning of each year. In terms of the valuation of customer satisfaction in 2018, the company set the score of no less than 80 for service quality, product quality, and delivery process. Overall, every product passed the evaluation.

2.2.2 Market and competition**Dumping and Capacity cut of China**

Due to China's economic slowdown, steel oversupply and subsidies to steel exports, Chinese steel products have been dumped all around the world, which not only made TYCN's product price less competitive than imported materials, but also forced domestic customers to purchase more imported products. Overseas market also suffered from Chinese low-price dumping, which made exports a difficult situation. Fortunately, a series of specific plan for steel capacity cut in China has become effective since the beginning of 2016. This plan will cut capacity of between 100 million and 150 million tons within three to five years, and meanwhile proceed with steel producers' restructures and M&As. According to NBS of China, by the end of 2016, 65 million tons has been cut ahead of schedule; while in 2017 and 2018, 55 and 30 million tons has been cut, which means the plan has been achieved ahead of schedule.

Although China has cut 150 million tons of capacity with 3 years of effort, reform of supply side has not been completed. In 2019, China will focus on the prevention of recovery of resolved capacity as well as new capacity. According to WSA's forecast in Oct., 2018, global demand of steel will reach 1.68 billion tons in 2019, a 1.4% growth from 2018.

Rise in trade protectionism

In response to China's huge increase in steel exports, trade protectionism has risen around the world and many governments have taken protective actions such as imposing anti-dumping tariff, imposing import quota, and introducing surveillance system for import and export. TYCN's fastener products, therefore, got to hold a significant share in European market. However, China's protests and counteractions has finally made the EU to halt anti-dumping tariffs on fastener products from China, further making China a major competitor again in European market, which will negatively affect TYCN's sales. Fortunately, TYCN will not be easily replaced by China's low-cost manufacturers in a sense that TYCN has cultivated European market for years and it has also been known for its high-quality products and on-time delivery. Besides, European fastener producers will be highly likely to file new anti-dumping against Chinese fastener imports if Chinese producers sell them at low prices again.

Moreover, as Thailand's GDP grew to a certain level, Thailand has been excluded from the EU's GSP (Generalized Scheme of Preferences, form A) which allows developing countries such as Vietnam and Indonesia to pay less duty on their exports to the EU. That might make downstream producers less competitive in exports to the EU, while TYCN might hardly get affected by that.

Thai government imposed provisional anti-dumping tariffs from 15.59% to 33.55% on imports of Chinese low-carbon wire rods in September of 2015, and then in March of 2016, the final results of its anti-dumping investigation announced the anti-dumping tariffs from 12.81% to 31.15% for five years, which is conducive to the stability of the prices of domestic wire rods. However, some importers avoided the tariff by changing imported goods names. According to Thai government's announcement in 2017, Thailand will put more effort into customs investigation to avoid large amount of imported low-carbon wire rods, in order to prevent domestic producers from suffering from Chinese low-price products, further making a healthy development in domestic steel industry. Moreover, Thai government announced its reviewed results of anti-dumping in August of 2017, which broadens the range of anti-dumping by adding more regulations on alloy ratio. As for wire rods in overseas market, TGE is TYCN's agent in Taiwan which is the main overseas market in which TYCN has a firm customer base, and the market will stay stable.

Upgrades in infrastructures and industries

In mid 2016, Thai government announced "Thailand 4.0", an economic development plan, which is the blueprint of industry upgrades across 20 years from 2017 to 2036. The plan includes the development of six key area and ten popular industries, and at least 3,000 billion baht in rail way and high way system. The goal of this plan is to make Thailand more attractive to investors, to develop Eastern Economic Corridor(EEC), and to strengthen the country's competitiveness by reducing the transport cost. In order to speed up EEC, the flagship project, Thai government has invoked the powerful Section 44 to enable authorities to bypass some laws and regulations that may put the project on hold. EEC Projects that has been launched in 2018 include high speed rails linking 3 international airport, Laem Chabang port phase 3, U-tapao airport, Map Ta Phut's port expansion and development of highways and double-track rails in the three EEC provinces. Other projects are eastern airport city, aircraft repair and maintenance hub at U-tapao and the Bangkok-Rayong high-speed rail network. Domestic steel demand will benefit from the launch of those infrastructures in 2019. Therefore, the outlook of Thailand's steel market is expected to bloom in the future.

TY Steel Company Limited, TYCN's associated company, started its EAF operation in September of 2014, and then in 2016, in order for TY to well utilize its EAF and to broaden its product demand, TY started to build a new rolling mill for producing deformed bars with capacity of 600,000 tons per year. The rolling mill is going to be the first direct rolling mill in Southeast Asia. it has started producing and selling deformed bars in January of 2018 with a TISI license. Combined with TYCN's rolling mill of wire rods, TYCN group will be able to provide a whole range of steel products and meet the demand of infrastructures in Thailand and Southeast Asia.

Due to TY's production model of "steel-making and steel-rolling under the same roof", billets can be directly passed to rolling procedure right after the billets are produced. The production model enables TY to reduce reheating cost and transport cost. TY is the only one producer with "steel-making and steel-rolling under the same roof" in Thailand, which makes TY more cost-effective than other Thai producers with old model. The production of deformed bars will increase the utilization rate of billet capacity and reduce the unit production cost. The increase in utilization of billet capacity will lead to an increase in consumption of steel scrap, which means TY will have more bargain power in the domestic market of limited steel scrap supply. Besides, TYCN provides unique small package that customers can easily take and use, which makes TYCN much more competitive. Moreover, Thai government announced a new TISI standard for building deformed bars on Dec. 20, 2016, which does not allow additions of alloy to building reinforcing bars and wire rods. The new standard will prevent the imports of Chinese reinforcing bars with alloy and low-price billets.

Bans on Thai steel plant expansion

Steel plant expansion and construction of steel bar plants will be banned for the next five years in Thailand to reduce the domestic surplus, according to an industry Ministry draft regulation the cabinet approved on Jan 29, 2019. The government calls on steelmakers to improve their technology, upgrade steel quality to meet high standards and solve SOx and NOx emission levels to prevent outdated technology from polluting surrounding communities. TY is expected to benefit from the bans due to the fact that the billet/deformed bar prices will get stable. Meanwhile, as TY upgrades its technology, there will be an improvement in its profitability.

2.3 Procurement of products/services

1. Production

TYCN is located at 99 Moo 1, Nikompattana, Amphur Nikompattana, Rayong. The company could achieve maximum production capacity of 500,000 tons/year if it were to produce only a single type of wire rod (that used for bar in coils), since it is less time consuming to make than other types of wire rods. Actual capacity will be lower, at approximately 360,000 tons/year, if the company produces a combination of mixed product range with different grades. And the company also could achieve maximum production capacity of 240,000 tons/year if it were to produce only a single process of annealed wire. Actual capacity will be lower, at approximately 144,000 tons/years, if it were produce over a single process of annealed wire.

Production capacity, quantity and utilization rate in the year 2016- 2018

	2018	2017	2016
Full production capacity (Unit: Ton/year)			
- Wire rod	360,000	360,000	360,000
- Annealed wire	144,000	144,000	144,000
- Screw	28,514	28,514	36,000
- Bolt	36,000	36,000	36,000
Real Production (Unit: Ton/year)			
- Wire rod	286,357.56	249,731.95	190,624.54
- Annealed wire	108,784.58	113,293.68	127,433.41
- Screw	11,573.40	9,984.21	7,754.71
- Bolt	41,963.78	35,638.77	38,746.35
% Utilization rate			
- Wire rod	79.54	69.37	52.95
- Annealed wire	75.54	78.68	88.50
- Screw	40.59	35.02	21.54
- Bolt	116.57	99.00	107.63

2. Raw material**Billet and wire rod**

TYCN purchases raw materials mainly from TY. In 2018, 60% of raw materials were from TY, while 40% were from China. With advanced manufacturing process, TY is capable to produce not only regular low carbon billets but also low alloy billets of high quality, which meets TYCN's high standard and enables TYCN to produce industrial steel products and reinforcing bars in accordance with new TISI's standard announced in December of 2016.

Steel scrap

The main raw material for TY's steelmaking is steel scraps. In 2018, 90% of the steel scraps were from domestic market. Thailand is a large automotive producer in the world. The steel scraps that TY purchases are majorly from automotive industry which comes with high purity and high quality of scraps. As a result, TY produces billets with high quality and consistency.

3. Risk factors

3.1 Sales risks

3.1.1 Global economic situation

Steel consumption is closely related to economic growth because economic growth influences industries that consume steel such as construction, automobile, and durable goods. The global economy has recently been in recession, and demand for steel has been weak. The stagnation of demand is likely to make a negative impact on TYCN's revenue and profit. According to the forecast from IMF, global GDP growth rate will be 3.7% in 2019, which same with 2018. However, that is not high enough, and there are lots of uncertainties around the world such as geopolitical conflicts, Brexit, Trump's new policies, protectionism, tightening of the monetary policies of both the U.S. and Europe.

On March 8, 2018, Trump signed steel and aluminum tariffs that imposes 25% duty on steel and 10% charge on aluminum, which took effect on Mar 23, 2018. TYCN's export to U.S. is only 2.56% of its sales, therefore the tariff does not bother TYCN's export. However, the long term influence of US-China trade war can not be ignored. According to WSA's forecast in Oct., 2018, global demand of steel will reach 1.68 billion tons in 2019, a 1.4% growth from 2018. Although it is a growth, the growth rate is small than 2018(3.9%) due to the fact that trade war is likely to cause negative effect on steel demand.

3.1.2 Product and raw material price

TYCN's major raw materials for downstream products are billets and wire rods. Therefore, billet and wire rod prices play an important role when it comes to sales, cost, and profit. TYCN's raw materials are majorly from TY, and besides TY, are from China. As the largest steel producing country, China's policy on producing and selling steel will directly affect global steel prices. TYCN's raw material and product prices fluctuate with global prices, further influencing the company's revenue and profit. In order to reduce the risk of material price, TYCN and TGI jointly set up TY to secure billet sources and reduce billet cost. In 2018, 60% of raw materials were from TY, while 40% were from China. TY is expected to provide TYCN with 60% of raw materials in 2019, further reducing the risk of raw material price.

3.1.3 Potential competitors

As the AEC, ASEAN Economic Community, has been setup by ASEAN on January 1st, 2016, China, the U.S., Japan and other countries has launched new ASEAN strategies, pledging that they will strengthen business relationship with the AEC, and the investments in ASEAN has attracted more global attentions. Therefore, the impact of China's capacity-offshoring policy on Thailand and ASEAN's steel industry deserves watching.

3.1.4 Risk of high proportion of the sales transaction through the majority shareholder TGE

Currently, TYCN's largest customer for sales of merchandise, including wire rod and annealed wire, is Tycoons Group Enterprise (TGE), TYCN's indirect majority shareholder via Tycoons Group International Co., Ltd.(TGI), (TGE holds a stake of up to 100% in TGI and TYCN is a 72.91% owned subsidiary of TGI). TYCN's sales to TGE accounted for 16.66% of TYCN's total sales in 2018. Although the proportion is higher, the actual risk is still at a low level because TGE is TYCN's agent in Taiwan market and it has built a firm customer base.

3.2 Financial risks

3.2.1 Exchange rate and interest rate

TYCN's raw materials are billet and wire rod. In 2018, 60% of them were from TY in THB, while 40% were imported in USD. However, 43% of products were exported mostly in USD and minorly in EUR. Therefore, the imports and exports in USD can balance each other, resulting in a natural hedge. TYCN can also avoid the foreign exchange risk by signing forward contracts to offset the net foreign exchange position. TYCN group uses USD loans for working capital and long term investment. Therefore, the interest rate should be carefully watched. TYCN can choose interest rate exchange or repay USD loans by using THB loans to avoid risks of foreign exchange rate and interest rate.

TYCN engages in derivatives trading based on actual need and according to TYCN's Procedures of engagement in derivatives trading. In addition to hedge tools for foreign exchange rate and interest rate, TYCN also take actions such as:

- (1) Set up foreign exchange rate monitor system to get real time information on exchange rate.
- (2) Get reports and hedge strategies about foreign exchange market from banks on a daily basis.
- (3) Check the net foreign exchange position on a daily basis and adjust it according to the updated information.

3.2.2 Credit policy

There is no significant credit risk between TYCN and its customers. TYCN set credit lines for its customers by market, products and payment terms. TYCN controls shipment and collection by using ERP, which allows TYCN to instantly monitor the status of customers' credit lines. An approval is necessary for any shipment which is over credit line. A guarantee deposit, advance payment, or AR insurance is required when a shipment is made with long payment term or to a high-risk market.

3.2.3 Software and Web technology

The whole production and management of TYCN's operation are controlled by ERP and internet system. TYCN has protective measures and backup plan to prevent the company from suffering from unexpected power failure, hardware damages and hacker attacks.

4. General information and other significant information

4.1 General information

4.1.1 Name of the company: Tycoons Worldwide Group (Thailand) Public Company Limited (TYCN)

Type of business: To manufacture and distribute wire rod, reinforcing bars (including deformed bars and round bars), annealed wire, screw, bolt and thread rod.

Location: 99 Moo1, Tumbon Nikompattana Amphur Nikompattana, Rayong 21180 Thailand

Registered share capital: 596,748,900 common shares, par value 10 Baht, paid-up Capital 5,967,489,000Baht.

Issued and paid-up share capital: 596,748,900 common shares, par value 10 Baht, paid-up Capital 5,967,489,000Baht.

Company registration: 0107546000172

Telephone No.: (033)-658-558, (038)-636975

Facsimile No.: (038)-636-977

Home Page: <http://www.tycons.com>

4.1.2 Name of subsidiary and associated company:

- (1) All Manage International Limited with 100 % owned by TYCN
 Registered address: P.O. Box 957, Offshare Incorporations Centre, Road Town, Tortola, British Virgin Islands.
 Registered and paid-up share capital: 1,875 ordinary shares of no par Value each, paid-up Capital USD 3,000,000.
 Type of business: Holding Company
 The certificate of incorporation number: 1491005
 Dissolution in June 2018
- (2) TY Steel Co., Ltd. with 30.57% owned by TYCN
 Registered address: 99/8 Moo1, Tumbon Nikompattana, Amphur Nikompattana, Rayong 21180 Thailand
 Registered share and capital: 239,000,000 common shares, par value 10 baht, 2,390,000,000 baht
 Issuedshare and paid-up capital: 239,000,000 common shares, par value 10 baht, 2,390,000,000 baht
 Type of business: produce and sell billet
 Company registration: 0215554004031

4.1.3 Taiwan Depository Receipt (TDR)

Tycoons Group International Co., Ltd, a main shareholder of Tycoons Worldwide Group (Thailand) Public Co., Ltd., has set aside 60,000,000 common shares of Tycoons Worldwide Group (Thailand) Public Co., Ltd to issue 30,000,000 units of Taiwan Depository Receipt (TDR) in Taiwan Stock Exchange. Each TDR unit represents two common shares of Tycoons Worldwide Group (Thailand) Public Co., Ltd. and has been listed in Taiwan Stock Exchange on 29 Sep. 2011. The depository bank is First Commercial Bank, as Citibank is custodian.

4.2 Reference

- 4.2.1 Auditor :** EY Office Limited
33rd Floor, Lake Rajada Office Complex
193/136-137 Rajadapisek Road
Klongtoey, Bangkok 10110, Thailand.
Tel:66(2)2640777 Fax:66(2)2640789-90
- 4.2.2 Register :** Thailand Securities Depository Co., Ltd.
62 The Stock Exchange of Thailand Building ,7th
Floor, Ratchadapisek Road, Klongtoey,
Bangkok 10110, Thailand.
Tel:66(2)2292800 Fax:66(2)3591262

5. Shareholders

Names of the ten largest shareholders of the company on March company on March 14, 2018

Name	Number of shares (shares)	Percentage (%)
TYCOONS GROUP INTERNATIONAL CO., LTD.	419,588,592	70.31
CITIBANK NOMINEES SINGAPORE PTE LTD- FIRST COMMERCIAL BANK-TDR	50,100,000	8.40
บริษัท ไทยเอ็นวีดีอาร์ จำกัด	19,203,980	3.22
EUROCLEAR NOMINEES LIMITED	10,000,000	1.68
นายจำเริญ รุ่งวัฒนาเศรษฐ์	5,875,000	0.98
MISS YAO, CHIN-HSIANG	3,431,387	0.58
นายแพทย์ประสาน เข้มคองคานนท์	3,000,000	0.50
นายวิศ โพรธิบ	2,708,000	0.45
นายวัชร ปัญญาวัฒนา	2,235,000	0.37
นายสม ปริยวัต	2,200,000	0.37
Other	78,406,941	13.17
Total	596,748,900	100

Investor can check update information of shareholders from the company's website
<http://www.tycons.com> before annual general meeting.

6. Dividend payment policies

1. The dividend payment policy of the company is that dividends will be paid at a rate of no less than 40 percent of the Company's net profit after corporate income tax each year. However, many factors must be taken into consideration before deciding to pay a dividend, including operation results and financial status, the company's liquidity, business expansion and other factors related to management of the company. In order to pay a dividend, such payment must be agreed upon at a shareholders meeting with consent of the company's board of directors. If there is any profit after the final accounts of such financial year, the company may allocate the profits in the following orders, provided that the company shall first apply such profits to pay off its tax payment then compensate for its accumulated losses:
 - (1) Set five percent of the remaining profits as reserve fund.
 - (2) Upon properly reserving the fund for reserve fund, set one percent of the remainder of the profits as directors' bonus.
 - (3) Upon properly reserving the fund for reserve fund, the employees' bonus shall be set in the range between two to five percent of the remainder of the profits.
 - (4) After the funds for items 1 to 3 are properly reserved, at least forty percent of the remainder of the profits plus the accumulated and undivided profits of previous year shall be set as dividends (deducting the distributed interim dividends). The dividends to be distributed in the form of cash shall not be less than fifty percent of the distributable dividends. No distribution shall be allowed if dividend per share is less than THB 0.2.
2. The dividend was paid: the company omitted annual dividend for 2015, 2016 and 2017.
3. The payment rate compared to the net profit: the company omitted annual dividend for 2015, 2016 and 2017.

7. Management structure

The management structure of the company is composed of the Board of Directors, the audit committee and the management team, details of which are as follows:

7.1 Board of Director

The Board of Directors as at Dec 31, 2018

No.	Name-Last Name	Position
1	Mr. Huang, Wen-Sung	Chairman of Board
2	Ms. Lu, Yen-Chuan	Vice Chairman of Board
3	Mr. Natthawat Thanapinyanun	Director
4	Miss. Hwang, Feng-Mei	Director
5	Mr. Surabhon Kwunchaithunya	Independent director and Chairman of the Audit Committee
6	Mr. Jirawat Huang	Independent director and Audit Committee
7	Mr. Phiphat Wangphichit	Independent director and Audit Committee

Independent director

- 1) All Independent Director Members has requisite qualification in accordance with relevant SEC and SET rules and guidelines, (specifically, that such members has one accounting or finance backgrounds is Mr. Surabhon Kwunchaithunya).
- 2) All Independent Director Members have no relationships (e.g., parents, spouses, children, uncles and aunts) between the candidates and the management or majority shareholders of company or its affiliates.
- 3) All Independent Director members have no relationships with Company/ parent company/ affiliated and associated companies or juristic persons with potential conflicts of interest at present and during the past two years, as follows:
 - Executive directors, staff, employees or advisers who earn salaries from Company.
 - Professional service provider.
 - Material business relationships with Company that may affect their independence.

Details of Attendance and service of the Board of Directors

Name	Number of attendances / Total of meeting		Number of years the directors have served
	2018	2017	2018 (years)
1 Mr. Huang, Wen-Sung	5/6	5/5	15.5
2 Ms. Lu, Yen-Chuan	0/6	1/5	15.5
3 Mr. Natthawat Thanapinyanun	6/6	5/5	12.5
4 Miss. Hwang, Feng-Mei	6/6	4/5	2.8
5 Mr. Surabhon Kwunchaithunya	6/6	5/5	15.5
6 Mr. Jirawat Huang	6/6	5/5	15.5
7 Mr. Phiphat Wangphichit	6/6	5/5	15.5

Directors authorized to sign on behalf of the company

The authorized directors who may sign to bind the company are two of Mr.Huang, Wen-Sung, Ms.Lu, Yen-Chuan, Mr.Natthawat Thanapinyanun and Miss Hwang, Feng-Mei who must jointly sign, together with the affixation of the official company stamp.

The Executive Board as at Dec 31, 2018

No.	Name-Last Name	Position
1	Mr. Huang, Wen-Sung	Chairman of Board
2	Ms. Lu, Yen-Chuan	Vice Chairman of Board
3	Mr. Natthawat Thanapinyanun	Director
4	Miss. Hwang, Feng-Mei	Director

The Audit Committee as at Dec 31, 2018

No.	Name-Last Name	Position
1	Mr. Surabhon Kwunchaithunya	Chairman of the Audit Committee
2	Mr. Jirawat Huang	Audit Committee
3	Mr. Phiphat Wangphichit	Audit Committee

Name of the secretary of the audit committee is Miss Huang Tsai – Ting

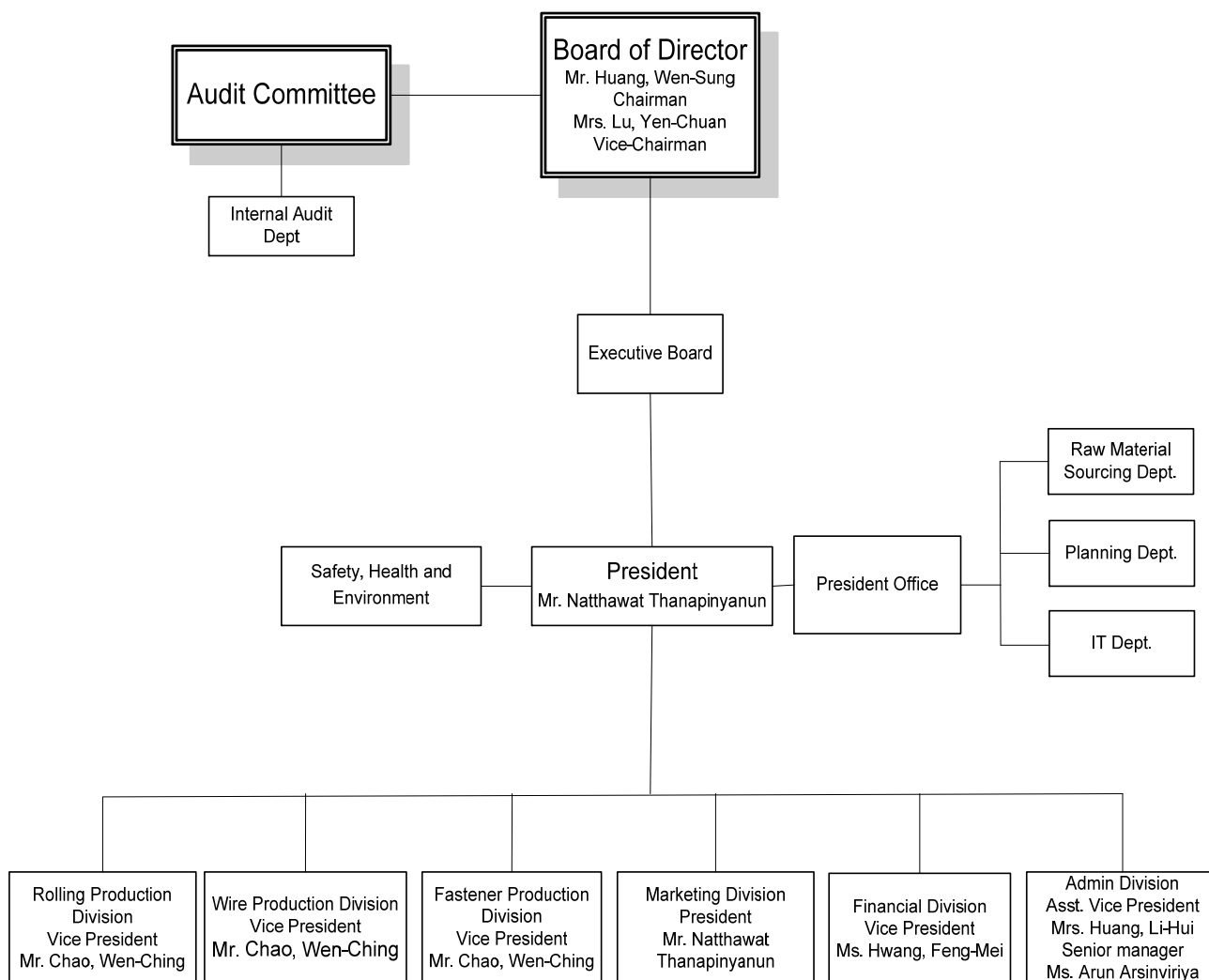
One member of the Audit Committee, Mr. Surabhon Kwunchaithunya, who graduated from University of Washington with MBA degree in finance, has expertise in accounting and finance.

Details of Attendance and service of the Board of Audit Committee

No.	Name-Last Name	Number of attendances / Total of meeting	
		2018	2017
1	Mr.Surabhon Kwunchaithunya	6/6	5/5
2	Mr.Jirawat Huang	6/6	5/5
3	Mr.Phiphat Wangphichit	6/6	5/5

7.2 ManagementNames of the management team as at Dec 31, 2018

No.	Name-Last Name	Position
1	Mr. Huang, Wen-Sung	Chairman
2	Ms. Lu, Yen-Chuan	Vice Chairman
3	Mr. Natthawat Thanapinyanun	President
4	Miss. Hwang, Feng-Mei	Vice President
5	Mr. Chao, Wen-Ching	Vice President
6	Ms. Huang, Li-Hui	Asst. Vice President
7	Miss. Arun Arsinviriya	Senior Manager

Organization chart.

CV of Executive and Management team 2018**Director and Management team**

Name – Surname Position (Appointing date)	Age (Year)	Educational Background/ Training Background	Shareholding structure (%)	Relation among family within the Company	Working Experience	
					Period	Position & Working office
1. Mr. Huang, Wen-Sung Chairman / Director (12/08/2003)	63	Business Professional High School	-	-	2003 – Current 2003 – Current 2003 – Current 2005 - 2018 2008 – 2018 2011 – Current 2018 – Current	Chairman / Tycoons Group Enterprise Co., Ltd. Director / Tycoons Group International Co., Ltd. Chairman / Tycoons Worldwide Group (Thailand) Plc Director, Vice Chairman / Baw Heng Steel (Vietnam) Co., Ltd. Director / ALL Manage International Limited Director / TY Steel Co., Ltd. Director / Viettycoons Steel Co., Ltd.
2. Ms. Lu, Yen-Chuan Director / Vice Chairman (12/08/2003)	64	Electrical Calculation Dept., Ming- Juan Commercial Junior College Director's Accreditation Program (DAP) Class 57/2006 Thai Institute Of Directors (IOD)	-	-	2003 – Current 2009 – Current 2003 – 2006 2006 – 2009 2005 – 2018	Director / Tycoons Group Enterprise Co., Ltd. Director, Vice Chairman / Director, Executive Vice President / Director, President /Tycoons Worldwide Group (Thailand) Plc. President / Baw Heng Steel (Vietnam) Co., Ltd
3.Mr. Natthawat Thanapinyanun Director (27/03/2006) President (11/05/2012)	38	Business Management Seattle University Director's Accreditation Program (DAP) Class 57/2006 Thai Institute Of Directors (IOD)	0.02	Son of Mr.Huang Wen-Sung	2006 – 2010 2010 – 2012 2012 – Current 2011 – Current 2018 – Current	Director, Senior Sale Manager / Director, Assistant Vice President / Director, President /Tycoons Worldwide Group (Thailand) Plc. Director / TY Steel Co., Ltd. President / TY Steel Co., Ltd
4. Miss Hwang, Feng- Mei Director / Vice President (01/12/2015)	53	National Central University Business Administration Dept.	-	-	2000 – 2010 2011 - 2015 2015 - 2016 2016- Current	Senior manager of Financial Division / Asst. Vice President of Financial Division / Vice President of Financial Division/ Director / Vice President of Financial Division / Tycoons Worldwide Group (Thailand) Plc.
5.Mr. Surabhon Kwunchaithunya Independent Director / Chairman of Audit Committee (12/08/2003)	67	- Master of Business Administration MBA, (sponsored by the University's scholarship), University of Washington, USA - Bachelor of Engineering in Industrial Engineering (sponsored by the University's scholarship),	-	-	2003 – Current 2014 – Current 2016 – Current 2011 – Current	Independent Director, Chairman of Audit Committee / Tycoons Worldwide Group (Thailand) Plc. Vice Chairman /Chairman of Risk Management and Investment Committee of Country Group Holdings Plc. Chairman / Country Group Securities Plc. Director, Executive Director, Chairman of the

Name – Surname Position (Appointing date)	Age (Year)	Educational Background/ Training Background	Shareholding structure (%)	Relation among family within the Company	Working Experience	
					Period	Position & Working office
		University of Washington, USA - Bachelor of Engineering in Electrical Engineering, University of Washington, USA - Securitization, Fannie Mae of USA - Capital Market Academy 11 (CMA11), Class 11/2010 - Finance and Banking by HSBC (Hong Kong) - Training by Thai Institute of Directors Association (IOD) Director Accreditation Program (DAP), Class 14/2004 Director Certification Program (DCP), Class 44/2004 Role of the Chairman Program (RCP), Class 32/2013 Corporate Governance for Capital Market Program (CGI), Class 8/2015			2016 – 2018 2006 – 2015 2010 – 2012 2010 – 2012	Nomination and Remuneration Committee and Member of the Good Corporate Governance Committee MFC Asset Management Plc Executive Director /Triton Holdings Plc. Director and Vice Executive Chairman Country Group Securities Plc. Director /Chairman of Risk Management committee/ Member of the Discipline committee of The Stock Exchange of Thailand Director, Thailand Futures Exchange Plc.
6.Mr. Jirawat Huang Independent Director / Audit Committee (12/08/2003)	63	Chin Yun Industry College (Taiwan) Director's Accreditation Program (DAP) Class 29/2004 Thai Institute Of Directors (IOD)	-	-	2003 – Current 2003 – Current	Manager Director / Lee Chemical Products Co., Ltd. Independent Director , Audit Committee / Tycoons Worldwide Group (Thailand) Plc.
7. Mr. Phiphat Wangphichit Independent Director / Audit Committee (12/08/2003)	81	Agriculture Pintong agriculture Collage (Taiwan) Director's Accreditation Program (DAP) Class 29/2004, which was organized by Thai Institute Of Directors (IOD)	-	-	2003 – Current 2003 – Current 2003 – Current 2003 – Current	Managing Director / United Industrial Gas Co., Ltd Managing Director / Canking Engineering (Thailand)Co., Ltd Managing Director / Chachoengsao Oxygen Co., Ltd. Independent Director , Audit Committee / Tycoons Worldwide Group (Thailand) Plc.
8. Ms. Huang, Li- Hui Asst. Vice President (01/12/2011)	59	National Central University Business Administration Dept	0.1	-	2001 – 2010 2011- Current	Senior manager of IT Dept. Tycoons Worldwide Group (Thailand) Plc Assistant Vice President of Admin Division in Tycoons Worldwide Group (Thailand) Plc

Name – Surname Position (Appointing date)	Age (Year)	Educational Background/ Training Background	Shareholding structure (%)	Relation among family within the Company	Working Experience	
					Period	Position & Working office
9. Mr. Chao, Wen-Ching Vice President (01/11/2013)	43	Department of Mechanical and Automation Engineering Kao Yuan University	-	-	2011 – 2013 2013 – Current	Manager Screw Department / Tycoons Worldwide Group (Thailand) Plc Manager Screw, Annealing Wire Department / Assistant Vice President / Tycoons Worldwide Group (Thailand) Plc.
10. Miss. Arun Arsinviriya Senior Manager (13/03/2560)	51	Management / Rajabhat University	-	-	2013 – 2015 2015 – Current	Department Manager Admin Division / Senior Manager / Tycoons Worldwide Group (Thailand) Plc.
11. Mr. Wen, Chun – Feng Company Secretary (09/11/2016)	53	National Pingtung Technological College Veterinary Medicine Dept.	-	-	2014 – 2016 2016 – Current	Department Manager Safety, Health and Environment Dept. / Manager President Officer / Tycoons Worldwide Group (Thailand) Plc.

7.3 Company Secretary

Name Mr. Wen, Chun-Feng **Age** 53 years **Nationality** Taiwan
Education: Veterinary Medicine Dept./National Pingtung Technological College
Company's Position: Manager / President Office
Working Experience

1999 – 2014	Section Manager/ Purchase Dept. / Tycoons Worldwide Group (Thailand) Plc.
2014 – 2016	Dept. Manager / Safety Health and Environment Dept. / Tycoons Worldwide Group (Thailand) Plc.
2016 – Current	Manager / President Office / Tycoons Worldwide Group (Thailand) Plc.

The scope of work and responsibilities of the Company secretary as follows:

1. preparing and keeping the following documents:
 - (a) a register of directors;
 - (b) a notice calling director meeting, a minutes of meeting of the board of directors and an annual report of the company;
 - (c) a notice calling shareholder meeting and a minutes of shareholders' meeting;
2. keeping a report on interest filed by a director or an executive;
3. performing any other acts as specified in the notification of the Capital Market Supervisory Board.

7.4 Remuneration for director and management

1. Cash Remuneration

Director's and Management remuneration at Dec 31, 2017-2018 as follow.

Type of remuneration	Director's remuneration persons(Baht)		Executives' remuneration persons(Baht)	
	2018(7)	2017(7)	2018(7)	2017(7)
Salary	1,080,000	1,080,000	12,456,459	12,113,255
Bonus	-	-	712,924	762,982
Premium	-	-	-	-
Profit-sharing	-	-	-	-
Other welfare	-	-	-	-
Total	1,080,000	1,080,000	13,169,383	12,876,237

Director's and Management remuneration (Salary& Bonus) in year 2017 and 2018 as above:

The directors' remuneration of the Company has not been approved by Remuneration Committee due to the Company didn't set the Committee up. However, the directors' remuneration has already been compared to other similar industries and taken account of other issues such as business expansion and growing up of profit. Eventually, it is approved by Board of directors with careful consideration and approved by shareholders through shareholders 'meeting.

Name	Position	Salary & Bonus	
		2018	2017
1. Mr. Huang, Wen-Sung	Chairman of Board	240,000	240,000
2. Ms. Lu, Yen-Chuan	Vice Chairman of Board	120,000	120,000
3. Mr. Natthawat hanapinyanun	Director	120,000	120,000
4. Miss. Hwang, Feng-Mei	Director	120,000	120,000
5. Mr. Surabhon wunchaithunya	Independent director and Chairman of the Audit Committee	240,000	240,000
6. Mr. Jirawat Huang	Independent director and Audit Committee	120,000	120,000
7. Mr. Phiphat Wangphichit	Independent director and Audit Committee	120,000	120,000
Total		1,080,000	1,080,000

2. Other remunerations
-None-

7.5 Staff

- (1) The total number of employees of the company as at Dec 31 2018 and 2017 comprises 781 and 803 persons respectively, the company has paid remuneration to its employees as at Dec 31 ,2018 and 2017 was 281 and 270 MB. The remuneration included salary, overtime, variable bonus, allowance, social security and provident fund.

	2018	2017
Management Employee (person)	35	33
Supervisory Employee (person)	199	175
Operational Employee (person)	453	477
Employee Headquarter (person)	94	118
Total (person)	781	803
Employee's Remuneration (MB)	281	270

During the past 3 years, the Company has no significant increase or decrease in employee's number and has not received any significant labor disputes.

The provident fund of the company has been in effect since August 1, 2003. Pursuant to the provident fund arrangements, the employees contribute 3% of their monthly compensation to the fund while the company makes a corresponding contribution of 5% of such employee's total monthly compensation.

- (2) The company realizes the importance of its staff as they are considered valuable assets which play a major role in the success and growth of the company. Therefore, the company has a policy to develop the efficiency, knowledge and skill of its staff at all levels by having well-organized annual programs both at in and out of office. Training programs are designed to enrich staff knowledge, skills and develop good work attitude, to promote the development of staff functions, reserve management and professional personnel at all levels. But also encourage colleagues to learn, to enhance the quality of human resources, development of competition Force of human resources.

The main education and training 2018 are as follows:

- On January 20, 2018, the company has provided 7Q, motivation and consciousness in working together training, with a total of 35 employees to participate in training
- On February 7, 2018, the company has provided basic firefighting and fire evacuation training, with a total of 34 employees to participate in training
- On April 5, 2018, the company has provided training on creating safety awareness in the workplace, with a total of 36 employees participating in training
- On May 22, 2018, the company has held staff education and training on raising awareness and energy management, with a total of 29 employees participated in the training
- On May 25, 2018, the company held training on staff education and training on the Safety training in electrical work. A total of 24 employees participated in the training
- On June 23, 2018, the company held training on staff education and training on first aid. A total of 33 employees participated in the training
- On June 26, 2018, the company held training on staff education and training on psychology, management and the technical motivation creating for supervisors. A total of 32 employees participated in the training
- On July 10, 2018, the company held training on staff education and training on C-TPAT standard security training . A total of 30 employees participated in the training
- On July 20, 2018, the company held training on staff education and training on working safety on machinery. A total of 29 employees participated in the training

8. Corporate governance

8.1 Policy of corporate governance

Policy of corporate governance of the Company please refer to our website (www.tycons.com) corporate governance of Investor Relations page.

Report of actions taken in response the corporate governance 2018

1. Rights of Shareholders

The Company values the right of shareholders by convening the shareholders meeting annually as requested by the law. For year 2018, The Company has held the meeting on April 26, 2018 and 6 directors attended the meeting.

The Company has assigned Thailand Securities Depository Company Limited (TSD), the registrar of The Company security, to distribute all the meeting notice to all shareholders 14 days prior to the meeting (April 11, 2018).

The Company has allowed the shareholders to authorize representatives to attend the shareholders' meeting on their behalf, and if the shareholders cannot find one, The Company also proposes an independent director to take the task. In 2018, Independent director was Mr.Surabhon Kwunchaithunya.

The Company encouraged the shareholders to express their opinions and ask questions during the 2018 annual shareholders' meeting, in which the directors are responsible for answering the questions. For this particular meeting The Company allow the shareholders to propose the agenda of the meeting on December 22, 2017 to January 22, 2018.

The Company has posted the meeting invitation on the website, www.tycons.com, 30 days prior to 2018 annual shareholders' meeting and posted the minutes of meeting 3 days after the meeting.

2. Equitable Treatment of Shareholders

The Company keeps updating its status quarterly through SET website in time as requested.

The policy to allow the shareholders to propose the director candidate prior to the meeting on December 22, 2017 to January 22, 2018.

The Board of Directors does not allow directors, managements and related parties of employees to trade The Company's securities one month prior to the announcement of the company financial statement. In 2018, the given parties have strictly complied with the policy.

The Board of Directors has required its members to disclose any of their information related to the related parties and conflict of interest to the board, so that, for the best of the company's benefit, the board can consider company business activity and take a prompt action that might be affected by that information. In 2018, there was no any of information related to the related parties and conflict of interest to the board.

3. Treatment of stakeholders

The Company has been formulated the policy of corporate social responsibility(refer to item 10 corporate social responsibility), we comprehend the importance of helping and supporting society, community, and maintaining environment continuously; Tycoons also takes consideration of likely influence to stakeholders, such as creditor 、 stockholders 、 employees, the community where we belongs, customers, suppliers, government, societies and nations; we formulate the direction that allowed employees can participate our corporate social responsibility policy together.

Besides, the company also provides stakeholders with channels for contact, notice, suggestion, report and complaint. If there are any possible whistle-blowing concerns, stakeholders can contact the company secretary Mr. Wen, Chun-Feng through below channels in order for him to report to the Board of Directors. The contact information is as follows:

Tycoons Worldwide Group (Thailand) Public Company Limited (TYCN)
Address: 99 Moo1, Tumbon Nikompattana Amphur Nikompattana, Rayong
21180 Thailand Tel:(033)-658-558 Ext.1301 Fax:(038)- 636-822
E-mail: wen@tycons.com

Guidelines and responsibility to each group of stakeholders are:

SHAREHOLDERS

The Company is committed to create value for all shareholders with fairness by operating business in compliance with good governance and the Company's vision efficiently and treat shareholders with respect and as per the applicable laws and regulations to maximize benefits and values to shareholders continuously. The Company shall inform shareholders of correct and complete information, including disclosing such information in accordance with relevant rules and agreement.

CUSTOMERS

The Company devotes extensive efforts to satisfy our customers in every aspect. It strives to provide products and services to meet the needs of our customers as well as the development of quality products and services with warranty and service for the benefit and satisfaction in terms of quality standards and fair prices. Development of products and services to meet the diverse needs and quality control, complaints about products and services, maintain client confidentiality includes not put customer data to generate benefits are also a return policy if it finds that the product is not quality or inferior.

CREDITORS

The Company strictly complies with the conditions and requirement strictly of both trade creditors and lender and make timely payment, as well as following the affirmatives give to the creditors throughout the liable periods and provide information with accuracy, transparency, equity and fairness.

4. Disclosure and Transparency

The Board of Directors discloses the financial information, business activities, and other business performance accurately, completely, efficiently, and timely that reflects the actual financial status, complies with the Generally Accepted Accounting Principles (GAAP), and is audited by independent auditor. In addition, the audit committee which is composed of independent directors with no involvement with the company management will also help review the give information.

The Company places the timely and accurately disclosure of financial and other information that may affect the share price at priority through SET website. Moreover, the company has also established Investor Relations Office. For investors and those who are interested in obtaining the company's information, they may contact Investor Relation Officer at Tel:033-658-558or Fax: 038-636-822 or E-mail Address: iro@tycons.com.

In 2018, IR officer has provided information to parities such as shareholders and analysts in many occasions such as quarterly performance and invest projects.

Director's remuneration; The Board of Directors has disclosed clearly the directors' remuneration policies which is in response to the contributions and responsibilities of each directors and the remuneration is approved by shareholders through shareholders' meeting.

Managements' remuneration: The Board of Directors has developed the management remuneration policy that is fair and attractive enough for qualified people to take the position and perform at high standard.

5. Responsibilities of the Board

The Board of Directors has played a role in setting the company's goal, task, and budget, and moreover oversaw the company operation according to its goal. The Board of Directors has also made comments on the internal control/audit system to manage the risk and maximize the company's profitability.

Risk Management

The Board of Directors has adopted a risk management system for all material and controllable risk and included the reporting and evaluating system in response the current situation. In 2018, the Board of Directors has considered political risk, which now does not affect the company directly. As for economic risk in exchange rate, the company has employed forward contract to minimize the risk. All managements are responsible for risk management. In assessing the risk, the chance of occurring and the impact it might create was examined, then prevention measures were proposed. The Company's internal audit has been performed audit in relation to risk and then reported to the committee, so that the committee could report to the Board of Directors in time.

Code of Ethics

The Board of Directors established the policy that encourage all employees to behave honesty and properly and accountable to stakeholders, and shareholders at all time. This will, in turn, become the organization culture that values social responsible.

Independence and Impartiality of Directors

The Board of Directors has performed its duty and exercised its discretion independently from the managements and major shareholders. Each director has the duty and is independence to ask questions, express opinions, make objection or vote as he/she sees fit in relation to all matters affecting the interests of the company, shareholders or stakeholders.

Qualifications of Directors

The Board of Directors consisted of various qualities including age, profession, and knowledge which are beneficial for the company operation and can bring about fresh perspective. Directors had adequate time to perform their duties to the fullest extent with high ethical standard. In 2018, none of the directors of the Company served as director of other listed company more than 5 companies.

Duties of Chairman of the Board of Directors

Key duties of the Chairman as leader are to ensure effective functioning of the Board. The Chairman is accountable to the board and function as a coordinator between the Board and the management through the President. The Chairman also has duty to further communicate the Board's resolutions as appropriate.

There is distinction of duty between the Chairman as policy leader and the President as leader for day-to-day management of the Company. The Company has a policy to separate the positions of Chairman of the Board and President. This ensures that there is no abuse of the authority and decision making is fair and independent for long term interest of the company.

The Chairman's duties include the following:

- Guiding the Board to ensure its effective functioning.
- Providing independent advice and counsel to the President.
- Consulting with the President and Company Secretary to draw up meeting agendas.
- Encouraging all board members to debate issues freely during meetings, ask questions and express opinions.
- Ensuring effective communication with the shareholders.

Qualifications of Independent Directors

The Board of Directors has set the qualifications of independent directors according to the Stock Exchange of Thailand's requirements. In 2018, Mr. Surabhon Kwunchaithunya, a highly experience person in accounting and financial field, was elected as independent director whose qualification is in line with the requirement.

Composition of the Board of Directors

The Board of Directors has determined the number of the directors in the board according to the size of the company. The board now consists of four executive directors and three independent directors totaled up seven directors. In that, independent directors account for one third of the members.

The Chairman of the Board / the Managing Director

The Board of Directors determined that the MD and the Chairman of the Board are different individuals, and their authorities and duties are clearly separated to ensure balance between management and corporate governance. In 2018, the Company's Chairman of the Board is Mr. Huang, Wen-Sung and the MD is Mr. Natthawat Thanapinyanun.

Terms of Directorship

The term of directorship is three years. Each year, one third of the directors will complete their terms. In 2018, the followings directors retire by rotation and re-elect to return to the office.

The Annual General Shareholders' Meeting 2018, the number of directors who will retire by rotation in year 2018 is 2 persons consisting of Chairman of Board Director Mr. Huang, Wen-Sung, Director Mr. Natthawat Thanapinyanun, Mr. Surabhon Kwunchaithunya Chairman of the Audit Committee Independent Director. Chairman of the Board propose the re-election of the retiring director, to serve the position of director for another term.

Board of Directors' Meeting

The Board of Directors sets the meeting schedule of entire year in advance. The meeting is usually convened quarterly unless irregular meeting is needed. The chairman or designated director ensures that all directors receive all relevant documents prior to the meeting so that they have sufficient time to study all the issues before attending the

meeting or casting their votes. The given documents must be clear, analytical and sufficient of recommendation.

There were 6 times meetings held in 2018. Please see the attendance record of directors.

Name	Position	Time of Attendance
1. Mr. Huang, Wen-Sung	Chairman of Board	5/6
2. Ms. Lu, Yen-Chuan	Director	0/6
3. Mr. Natthawat Thanapinyanun	Director	6/6
4. Miss. Hwang, Feng-Mei	Director	6/6
5. Mr. Surabhon Kwanchaithunya	Independent Director	6/6
6. Mr. Jirawat Huang	Independent Director	6/6
7. Mr. Phiphat Wangphichit	Independent Director	6/6

Scope and Responsibility of the Board

The Board of Directors has set a clear scope of responsibility of the board of directors (refer to page 29-33), which is followed strictly by the board in 2018.

Internal Control/Audit System

The company has developed the internal control system to monitor and audit the area including finance and operation to ensure that they comply with the law and regulations. It would provide the balancing mechanism for the company to protect the shareholders' investment and the company asset. The company established internal auditing unit to audit and ensure that all departments are operated in accordance with the regulations, and moreover to assess the efficiency of the auditing work. The board of directors ensured that the internal auditing unit is independent and can serve as balancing mechanism. In 2018, the internal auditor has presented the report on the efficiency of the control system to the board of audit committee and board of directors for review.

8.2 Sub-Committee of Board of Directors

The scope of work and responsibilities of the Board of Directors, Audit Committee Executive Board, Managing Director in accordance with Public Limited Company Act and related Acts are as follows:

The Board of Directors

1. To perform its duty in the most professional manner to comply with all laws, the company's objectives, articles of association and shareholder's resolutions as well as to preserve the company's benefit and interests.
2. To determine the company's direction and control all business operations in accordance with the related government entities' rules and regulations. To assure the disclosure of information to shareholders and related entities as well as perform transparency management to achieve optimal benefits to the company.
3. To ensure that business is operated efficiently and in compliance with all regulatory bodies such as the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).

4. To ensure that the company has effective internal control systems and an internal audit unit that works closely with the audit committee.
5. The Board of Directors may establish an executive board and a management team or delegate control to other persons to manage the company under the Board of Directors' supervision. The delegation must be accompanied by responsibilities and limitation of the control and must not be delegated to persons in circumstances that would lead to conflicts of interest with the company and its subsidiaries.
6. To have the intention to run the business continuously and conduct themselves with honesty and integrity and to be interested in the business in which they hold the directorship.
7. To be consistently responsive to the shareholders and protect their interests as well as providing to them fair, complete and transparent disclosure.
8. Consider the approval of business plans, annual budgets and sales/acquisitions of the asset exceeding 50 MB, joint ventures in expanding its business and approval of any other loans besides the working capital loans, which are solely authorized by the Executive Board.

All aforementioned responsibilities can be enforced and approved by the Board of Director except for the following items, which require shareholders' approval.

- 1) In compliance with the law, requiring a shareholders' resolution in regard to transfers or disposals of an entity, increases in paid-up capital, merger etc;
- 2) Connected transactions as set out in SET regulations;
Apart from the resolution of a shareholder meeting, a vote of not less than three quarters of the total number of votes of shareholders who attend the meeting and have the right to vote is required to approve the following events:
 - 3) The sale or transfer of the whole or important parts of the business of the company to other persons;
 - 4) The purchase or acceptance of transfer of the business of other companies or private companies by the company;
 - 5) The making, amending or terminating of contracts with respect to the granting of a lease of the whole or important parts of the business of the company, the assignment of the management of the business of the company to any other persons or the amalgamation of the business with other persons with the purpose of profit and loss sharing;
 - 6) The amending of the articles of association and memorandum of association;
 - 7) The increase and reduction in company capital;
 - 8) The merger or termination of the company; and
 - 9) Any other relevant issue stipulated by law.

The Audit Committee

The audit committee of the company has the scope of duties and responsibilities to the Board of Director on the following matters:

1. To review the Company's financial process to ensure that it is accurate and adequate
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit
3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business
4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year
5. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company
6. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information
 - (1) an opinion on the accuracy, completeness and creditability of the Company's financial report,
 - (2) an opinion on the adequacy of the Company's internal control system,
 - (3) an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
 - (4) an opinion on the suitability of an auditor,
 - (5) an opinion on the transactions that may lead to conflicts of interests,
 - (6) the number of the audit committee meetings, and the attendance of such meetings by each committee member,
 - (7) an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter, and
 - (8) other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors; and
7. Appoint, revoke, transfer or terminate the Director of the Internal Audit Office (if any) or employ or change the employment of other Internal Audit Offices.
8. To perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

The Executive Board

1. Prescribe the policy, direction, strategy and structure of major management work for the business operation of the company to respond to and support the economic and competitive situation as prescribed and declared to the shareholders and to propose the same for approval of the Board of Directors.
2. Prescribe business plan, budget and management power of the company and propose the same for approval of the Board of Directors.
3. Inspect, follow up the policy and management guidelines in various aspects to determine whether it is properly implemented to benefit the business operation of the company.
4. Inspect and follow up the results of business operations to determine whether it is in accordance with the approved business plan.
5. Consider, as a preliminary matter, large investment projects of the company below 50 MB (if greater than 50 MB, it will be forwarded to the Board of Directors).
6. Perform other duties as being assigned by the Board of Directors from time to time.
7. In case of such matter is already prescribed in the business plan or budget duly approved by the Board of Directors, the Executive Board shall be entitled to take any action regardless of the amount of money involved.
8. In any matters other than those specified in clause 7, the Executive Board is empowered to approve items concerning working capital loans (any other loan will be forwarded to Board of Directors for consideration).
9. Approval on opening an account with any financial institution.

The Managing Director

1. To be a chairman of all management.
2. To approve all operational plans of every department.
3. To manage and run the business according to the normal practices of the company. With respect to any significant matters, adversely affecting the company's reputation and financial status regarding the company's business, the managing director will consult the Board of Directors for their consideration.
4. Follow up the company's business operations to conform them to the company plan and assigned policy.
5. To approve requests from any department over which he has authority.
 6. To preliminarily consider and propose investment plans or new businesses together with sales/acquisitions of asset in an amount exceeding 50 million baht before submitting such matters to the Board for approval through Executive Board
7. To propose the annual expense budget to be forwarded to the Board of Directors.
8. To consider merit of, appoint, transfer, punishing, discharging and recruiting managers.
9. To run the business following the policies set out by the Board of Directors.
10. To carry out such duties in good faith and with care to preserve the interests of the company.

11. To authorize the foregoing except the approval of connected transaction as per definition of the office of the Securities and Exchange Commission (SEC).
12. The managing director shall propose any borrowing or lending transactions, solicitation of facilities from financial institutions and granting of guarantees on behalf of any parties, to the Executive Board and/or Board of Directors to obtain approval. Working capital loans from

8.3 Election of the directors and the management

Selection of persons to be appointed as directors of the company does not involve the process of nominating committee whatsoever. Nevertheless, the company has laid down guidelines on the appointment of board of directors as follows:

1. Board of directors shall carry out its duties according to the laws, the objectives and the Articles of Association of the company, including the resolutions of the meetings of shareholders.
2. At every general shareholder's meeting, one-third of the directors shall vacate their office. In case the number of outgoing directors cannot be divisible by three, the number closet to one-third shall be applied.
3. The directors who resign at the first and second year, respectively, will be decided by draw. Thereafter, the directors required to resign will be those that have served the longest, but after resignation will be able to be re-appointed the following year.
4. The general shareholder's meeting may pass a resolution that any director be vacated from office before completing his term, which resolution must be passed by votes of not less than three-fourths of the number of shareholders with the right to vote and attending the meeting and whose shares altogether constitute not less than one-half of the number of shares held by shareholders attending the meeting and have the right to vote.
5. One shareholder is entitled to one vote per share.
6. Each shareholder must use all of his votes under (5) to vote for the election of one to be directors. Shareholders must cast all of their votes for one nominee, and may not divide their votes.
7. The candidates obtaining the highest numbers of votes shall be appointed directors, until all vacancies are filled. Should be a tie vote, the chairman of the Board of Directors will make the determination.

The appointment of president of the Company must be approved the Board of directors, and management of the Company directly appointed by the president.

8.4 Supervision operations of its subsidiaries and associates

The Company investment in subsidiaries or associated company must be approved by the Board of directors and authorized the Chairman/directors on behalf of the Company as the Chairman/directors of the subsidiaries and associated company by the proportion of shareholding.

8.5 Supervision of internal information

- 8.5.1 The company has a policy on supervision of usage of internal company information by its executives and staff for their own benefit. The executives and staff who come to possess internal company information are not permitted to buy or sell the securities of the company 1 month prior to the company announcing its results of operations (financial statements).
- 8.5.2 Significant information that may affect the price of securities. The company announces its results of operations within 45 days from the end of a financial quarter and 60 days after the end of the accounting year.
- 8.5.3 The company also requires that its executives prepare and submit to the Office of Securities and Exchange Commission reports on holdings of shares by them, their spouses and underage children, in listed companies in respect of which they are executives (according to the Securities and Exchange Act B.E. 2535 Section 59 and pursuant to Section 275 which stipulates that any director, manager, person who holds a management position or auditor who contravenes or fails to comply with Section 59 shall be liable to a fine not exceeding five hundred thousand Baht and a further fine not exceeding ten thousand Baht for every day during which non-compliance continues).

8.6 Audit remuneration

1). Audit Fee

The company and its subsidiary financial Statement 2018 annual audited fee and quarterly reviewed fee amount 2,300,000 Baht and the financial Statement 2017 annual audited fee and quarterly reviewed fee amount 2,150,000 Baht.

2). Non-Audit Fee

Review GAAP Differences will be paid in 2018 amount 160,000 Bath.

9. Corporate Social Responsibilities: CSR

9.1 Policy of corporate social responsibilities

The Company has been formulated the policy of corporate social responsibility and approved by board of directors on November 13, 2014, we comprehend the importance of helping and supporting society, community, and maintaining environment continuously; Tycoons also takes consideration of likely influence to stakeholders, such as stockholders 、employees, the community where we belongs, customers, suppliers, government, societies and nations; we formulate the direction that allowed employees can participate our corporate social responsibility policy together, there are the following eight points:

1. Equitable Business:

Tycoons complies with laws and regulations, and when we are in the process of manufacturing, we producing the products with safe, reliable, well packaged, good performance and in accordance with standards. To our customers, we abides by the contracts, competes fairly, do product advertising honestly and sincerely, takes response action immediately while clients complains happened, and provides products information completely and correctly. To our suppliers, we select suppliers fairly. We must follow

contracts' arrangements which already committed trading conditions and fulfilled the contracts to complete the transactions. Moreover, we treat suppliers in an impartial manner and create a mutual beneficial situation aggressively. According to corporate governance, we disclose financial information, business situations and organization structure, and respect for intellectual property rights.

2. Principles for countering bribery and against corruption:

We formulate the policy that prohibit company's directors, management levels and staffs conducted or accepted various forms of bribe and corruption, either directly or indirectly, and make sure in accordance with policy to execute and review.

3. Respecting human rights:

We respect the rights of employees and other stakeholders, we have no discrimination with races, colors, religions, genders, nationalities, ages, disability or other situations that been considered as human rights. Our company will esteem human rights appropriately and spread around the corporate operation, to eliminate unfair, discrimination, harass and infringe on various rights.

4. Do justice to employees:

The most important thing in corporate operation is employees, therefore, we should improving employees' job satisfaction and treat every employees in fair, helping their development and obtaining remuneration and appropriate welfare, providing safe and healthy work environment to our employee. The caring responsibilities should include offer necessary facilities of health and emergency first aid, eliminate enforced labor in any forms, repeal child labor, eliminate the discrimination of hired and profession, provide equal opportunities of employment is the company's main responsibilities and regard as the social responsibilities.

5. Take responsible to consumers:

Provide service with high quality, offer safe, useful and applicable products, provide information in correct, on time, and the system of supervision with intact and well-structured, which have characteristics with check and track, it can disclose sufficient information about important issue of company.

6. Environmental protection:

For the sustainable development of the company and the survival of mankind, we fulfill our environmental responsibilities in pollution prevention and environment protection, the Company set up the environmental management system with effective implementation, obey environmental law and enforce to practice, reduce pollution for continuative improvement and pollution prevention of environmental by concerning technique, save resources and valuable resources, enforce prevention of all possible accidents and stop the expanding of accident.

7. Participate community or society developing:

The Company realize level of education, culture, quality of life, safe and sanitation of community, and considering enterprise's operation will influence environment, we will actively participate government and community's activities, contributing to economic welfare of community and social development, encouraging our employees join community's public service activities.

8. Implement innovation about responsibilities for social 、 environmental and stakeholders, and disseminate innovation:

Tycoons will seeking newer, better and timely management and production mode constantly in our operation, improve and implement well corporate governance, create profit to stockholders as feedback, respect the rights of other stakeholders, maintain and improve safety and health of employees, cultivate mutual trust between enterprise and society where we operated in, participation in social care, maintain and improve facilities to saving energy 、 reduce wastewater 、 litter 、 exhaust emissions, reduce pollution, protection of environmental sustainability.

9.2 Implement of corporate social responsibilities 2018**1. Equitable Business:**

Our products quality are followed international standard to manufacture, and we acquired certification of ISO9001 quality management systems in 2001 in order to provide safe, effective and applicable products. In year 2018, while our company agree to and sign various kinds of contracts with external parties, we all followed the principle of integrity and mutual benefit, negotiated reasonable contents of contracts, fulfilled commitments of contracts positive. We establish evaluation system for customers and firms for outsourcing, when we signed contracts with others, the rights and obligations for both sides will write down exhaustive. We disclose financial information, business situations and organization structure according to corporate governance.

2. Principles for countering bribery and against corruption:

Our policy for countering bribery and against corruption has been stipulated and approved by board of directors on November 13, 2014. Please refer to our web site (www.tycons.com) corporate governance of investor relations page.

The company's internal audit department had no received any complaints about breach of this policy in year 2018.

3. Respecting human rights:

We respect the rights of employees and other stakeholders, we have no discrimination with races, colors, religions, genders, nationalities, ages, disability or other situations that been considered as human rights. Our company will esteem human rights appropriately and spread around the corporate operation, to eliminate unfair, discrimination, harass and infringe on various rights. In year 2018, the company executed in accordance with the stated as above.

4. Do justice to employees

We signed official contract of employment with all employees, accordance with employment laws, we gave appropriate remuneration and welfare to employees, we prepared education and training awareness budget every year, and we dedicated to cultivate staff's abilities and upgrade their value. We also set up infirmary and nurses and host physical examination every year to look after employees' safety and health. We do not force labor to violate labor laws, we do not hired child labor, provide equal opportunities of employment, we have no discrimination of genders and races, we treat employees in fair. In year 2018, the company executed in accordance with the stated as above.

5. Take responsible to consumers:

In year 2018, our products quality are followed international standard to manufacture. We acquired certification of ISO 9001 quality management systems in 2001, and we provide products with safe, effective and applicable. We adopt oracle ERP system and supervise the information of process of production. We can check and trace the efficient of product's quality

6.Environmental protection:

In year 2018, the company's environmental management is followed in accordance with international standard. The Company acquired the ISO 14001 certification (Environmental Management Systems) in year 2001, The Company take care of the environment and properly treat the wastewater and sewage of manufacturing process by waste water treatment plant, through the treatment system and effluent the water will be tested to ascertain that it meets with the official standards. The waste gas is exhausted after the wet scrubber treatment. Industrial waste is entrusted qualified waste transporter and disposer to disposal. Our job is to reduce the energy use, the generation of waste and pollution during the process of manufacturing.

7.Implement innovation about responsibilities for social 、 environmental and stakeholders, and disseminate innovation:

Each year, the company will report to board of director to review our well corporate governance policy and implementation status, we keep communicate with stakeholders and respect the rights they owned, improve the safety of employees hearing protection, dissemination of community public service activities and encourage employees to participate, improve the blow and draw system of pool deck of pickling, sustainable

development to protect the environment. In year 2018, the company executed in accordance with the stated as above.

9.3 Beneficial activities to the community and environment

The Company realize level of education, culture, quality of life, safe and sanitation of community, and considering enterprise's operation will influence environment, we will actively participate government and community's activities, contributing to economic welfare of community and social development, encouraging our employees join community's public service activities.

The company participated community public service activities in year 2018, such as:

- 1) Sponsorship for the schools stationary and education equipment with gifts and snacks on National Children's Day activities for children to develop their knowledge and talent. As well as having happiness during the Children's day.
- 2) Sponsorship and providing care packages for neighboring villagers in Nikompattana district Rayong to help & encourage of handicapped persons, elderly people able to live happily and creating unity between company & neighboring villagers.
- 3) Sponsorship and participated Songkran Festival with Moo 3 public community, Nikompattana to preserve Thai New Year traditional as well as bring things and gifts for the Elderly.
- 4) Providing drinking water to support public communities events throughout the year
Total value is 49,920 baht.
- 5) Support the pineapple farmer villagers who suffer from the problem of pineapple prices falling in Rayong at Nikompattana district by sales promotion.
- 6) Sponsorship money to school at “ Rayong Nikhom Sang Ton Eng 6 School” to support student sports uniforms for Sport competition activities between schools.
- 7) Participated in cultural heritage and contribute Offerings for communities Unity Thod Kathin Ceremony 217,000 Baht at “Wat Khao Pho Temple”, Nikompattana district Rayong to support and promote traditional culture of Buddhism.
- 8) Sponsorship money for supporting Rayong Red Cross events for building houses for homeless and others disadvantaged



Support the pineapple farmer villagers sales promotion



To make merit and give food to the monks



Sponsorship and participated Songkran Festival events



Offerings for communities Unity Thod Kathin Ceremony



Sponsorship and providing care packages and Sport day activities for neighboring villagers



Support student sports uniforms for Sport competition activities

10 . Internal control and risk management

10.1 At the company's Board of Director meeting No.1/2019 on February 25, 2019 which was attended by the three independent directors and the audit committee members, the board review the opinion of board of the audit committee and evaluated the internal controls of the company by asking certain information of management. The board reviewed the company's internal controls in five key areas:

- (1) Organization and environment;
- (2) Risk management;
- (3) Management control;
- (4) Information technology and communication measures;
- (5) Follow-up systems.

After such review, the board members were of the opinion that the company had adequate controls in place. The company has policies in place to regulate business transactions with major shareholders, directors and executive management so as to avoid conflicts of interest and to preserve its best interests. Further, the audit committee was of the opinion that the internal control system regarding connected transactions with interested parties (i.e. majority shareholders, directors, management and related persons aforementioned) is sufficient, which opinion was approved by the Board of Directors

10.2 The report of the audit committee of year 2018 as follows:

The audit committee jointly reviewed the 2018 annual consolidated financial statements with the certified public accountant for presentation to the board of directors for acknowledgement; discussed with relevant parties at meetings; reviewed compliance to the provisions and laws; and deliberated on information disclosure of related items in conformity with provisions of the Securities Exchange of Thailand.

The audit committee reviewed the consolidated financial statements and has an opinion that the company prepared financial statements in accordance with generally accepted accounting standards; adequately disclosed information; maintained regulating and supervisory system; internal audit and risk management system is satisfactory with no significant discrepancies are observed.

10.3 Chief of internal auditor of the Company

- (1) Name of chief of internal auditor: Miss Huang Tsai - Ting
- (2) Opinion of Board of audit committee to the qualifications of chief of internal auditor

Board of audit committee considered the qualifications of education 、 experience of the chief of internal auditor who can perform internal audit positions effectively.

- (3) Appointment, transfer and dismissal of the chief of internal auditor must be approved by the Board of audit committee.

11. Connected transactions

11.1 During the year 2018 and 2017, the company has entered into connected transaction with persons/parties, which may create conflict of interest as follows:

Person who may have conflict of interest Relationship Transaction			Amount of connected transaction (MB)		<i>Pricing policy / Necessity and Appropriateness / Remarks</i>
			2018	2017	
1.Tycoons Group Enterprise (TGE)	Holding 100% Shares of Parent company	Revenue from sale	1,726	1,584	<p>The audit committee reviewed and commented as follows:</p> <p>(1) Sales for wire rod and annealed wire : The market in Taiwan is substantially large relative to Thai market, thus motivating TYCN selling to TGE in Taiwan. Some of wire rod and annealed wire sold to TGE will be used internally whilst most of it will be on sold to Taiwanese customers. The logic behind selling through TGE is due to TGE's long-term relationships and profile with Taiwanese customers. It can directly grasp the market information through it, and can avoid the sales expenses of the company to establish the marketing channel again or need to invest in marketing in Taiwan market.</p> <p>(2) Materials, supplies and fixed assets. : The transactions between the Company and the parent company TGI and the associated company TY STEEL's for raw materials and fixed assets are based on the operation requirements and the transaction price is based on the market price. The raw materials purchased from TGE are mainly used to produce fasteners specifically, the annealed wire chemical component, die and machinery parts cannot be acquired locally, therefore will be sourced in Taiwan via TGE. The main consideration is still based on TGE understanding of the market and bargaining power in purchasing, which can reduce the waste of the company's manpower and time. The audit committee reviewed and commented that purchase item from the parent company is considered to be normal trading.</p> <p>(3) Credit terms for the related party was set to be 30 -60 days, because of the transportation, inventory and re-sale period of TGE to end-customers.</p> <p>(4) The pricing policy for intercompany purchase and sale transactions with its related parties normal are at market price.</p>
		Total Purchase of raw material and supplies	196	331	
		Purchase of fixed assets	7	-	
2.Tycoons Group International (TGI)	Parent company	Total Purchase of raw material and supplies	272	-	
3.TY Steel Company Limited	30.57% owned of TYCN	Total Purchase of raw material	4,095	3,936	
		Sales	104	138	
		Sales of lands	48	-	
		Other income	5	-	
		Purchase of goods	992	-	
4.Jing Hai Hardware Co., Ltd.	19.75% owned of parent company	Sales	195	40	
		Total Purchase of raw material	6	-	

Person who may have conflict of interest Relationship Transaction			Amount of connected transaction (MB)		<i>Pricing policy / Necessity and Appropriateness / Remarks</i>
			2018	2017	
5.Joint Force International Limited	30% owned of parent company	Sales	137	309	
6. HuangHua Jujin Hardware Products Co., Ltd.	60% owned of parent company	Sales of equipments	70	-	
7.Tycoons Vietnam Co., Ltd.	100% owned of parent company	Total Purchase of raw material	2	-	

11.2 Measures/Procedures of approving connected transactions

The Board of Directors had approved the principle of related party transactions in accordance with the laws and regulations. For normal trading transaction such as inter-company sales and purchases, the Board of Directors will review the general company policies and the specific agreement to determine whether the transaction is proposed to be conducted on a fair basis. If approved, the transaction is permitted to proceed on such terms. The audit committee must attend the Board of Directors meeting and approve the proposed arrangement in order to protect the best interest of the company. For such other significant transactions such as the sales/acquisitions of assets and loans between related companies, details of such transaction must be forwarded to the meeting of board of directors of the company for approval, which meeting must also be attended by the audit committee. Such transactions must also be in compliance with laws on securities and the regulations, announcements, orders and notifications of the SET and SEC.

11.3 Policy or trend of connected transactions

Should there be future connected transaction between the company and its parent company or subsidiaries apart from those normal trades that might involve parties with conflicts of interest, the company will seek the opinion of the audit committee regarding the necessity of and accountability for such proposed transaction. In the event that the audit committee does not have the requisite expertise to evaluate the transaction, the company will seek the opinions of independent experts or its auditors. The board of directors will take into consideration such opinions. The company will also include any such transactions in the notes to its financial statements, which are audited by the company's auditors.

In making future connected transactions, the company's directors will also comply with the laws on securities and the regulations, announcements, orders and notifications of the SET and SEC, as well as the regulations regarding disclosure of connected transactions and acquisitions and dispositions of significant assets of a listed company.

12. Significant of financial statement

12.1 Financial statements

('million THB)

Balance Sheet	Consolidated			Separate		
Transactions	2018	2017	2016	2018	2017	2016
<u>CURRENT ASSETS</u>						
Cash and cash equivalents	584.72	471.23	397.21	584.72	471.23	397.20
Trade and other receivables, net	826.83	744.69	297.01	826.83	744.69	297.01
Inventories - net	2,058.31	1,768.49	1,132.70	2,058.31	1,768.49	1,132.70
Other current assets	51.88	59.02	32.62	51.88	59.02	32.63
<i>Total Current Assets</i>	3,521.74	3,043.43	1,859.54	3,521.74	3,043.43	1,859.54
<u>NON CURRENT ASSETS</u>						
Restricted bank deposit	60.00	60.00	47.5	60.00	60.00	47.50
Investment in a subsidiary	-	-	-	-	-	-
Investment in an associated	410.24	459.53	534.50	730.66	730.66	730.67
Other long-term investment	-	-	-	-	-	-
Property, plant and equipment-net	3,961.44	4,209.67	4,478.94	3,961.44	4,209.67	4,478.94
Intangible assets, net	-	0.78	0.55	-	0.78	0.55
Deferred tax assets	55.87	62.89	44.59	55.87	62.89	44.59
Other non-current assets	11.10	13.53	8.17	11.10	13.52	8.17
<i>Total Non-current Assets</i>	4,498.65	4,806.40	5,114.25	4,819.07	5,077.52	5,310.42
Total assets	8,020.39	7,849.83	6,973.79	8,340.81	8,120.95	7,169.96
<u>CURRENT LIABILITIES</u>						
Short-term loan from financial institutions	1,692.82	1,901.68	1,032.04	1,692.82	1,901.68	1,032.04
Trade payable	831.87	314.82	417.72	831.87	314.82	417.72
Current portion of long-term loans	32.00	111.00	105.00	32.00	111.00	105.00
Current portion of hire purchase creditors	0.08	0.47	0.97	0.08	0.47	0.97
Other current liabilities	103.42	89.29	64.81	103.42	89.29	64.81
<i>Total current liabilities</i>	2,660.19	2,417.26	1,620.54	2,660.19	2,417.26	1,620.54
<u>NON-CURRENT LIABILITIES</u>						
Hire purchase creditors	-	0.08	0.55	-	0.08	0.55
Long-term loan	46.00	78.00	189.00	46.00	78.00	189.00
Provision of long-term employee benefits	22.64	20.19	15.94	22.64	20.19	15.94
<i>Total Non-current liabilities</i>	68.64	98.27	205.49	68.64	98.27	205.49
Total liabilities	2,728.83	2,515.53	1,826.03	2,728.83	2,515.53	1,826.03
<u>SHAREHOLDERS' EQUITY</u>						
Authorized 596,748,900 common shares, Bath 10 par value	5,967.49	5,967.49	5,967.49	5,967.49	5,967.49	5,967.49
Issued 596,748,900 common shares, fully paid	5,967.49	5,967.49	5,967.49	5,967.49	5,967.49	5,967.49
Premium common shares	-	-	-	-	-	-
Premium on treasury stock	20.02	20.02	20.02	20.02	20.02	20.02
Translation adjustment	-	7.27	7.27	-	-	-
Retained Earnings	-695.95	-660.48	-847.02	-375.53	-382.09	-643.58
Treasury ordinary shares	-	-	-	-	-	-
<i>Total shareholders' equity</i>	5,291.56	5,334.30	5,147.76	5,611.98	5,605.42	5,343.93
Total liabilities and shareholders' equity	8,020.39	7,849.83	6,973.79	8,340.81	8,120.95	7,169.96

12.2 Income statement and Cash flow

('million THB)

Income statement and Cash flow	Consolidated			Separate		
Transaction	2018	2017	2016	2018	2017	2016
Revenue from sales-net	10,356.10	7,516.64	6,202.27	10,356.10	7,516.64	6,202.27
Other income	105.44	60.24	31.13	98.08	60.24	31.13
Total revenues	10,461.54	7,576.88	6,233.40	10,454.18	7,576.88	6,223.40
Cost of sales	9,979.93	6,967.65	5,683.18	9,979.93	6,967.65	5,683.18
Selling and administrative expenses	360.65	332.61	312.40	360.56	332.61	312.40
Other expense	21.82	-27.59	-11.42	21.83	-27.59	-26.57
Total expenses	10,362.40	7,272.67	5,984.16	10,362.32	7,272.67	5,969.01
Profit before share of loss & finance cost	99.14	304.21	249.24	91.86	304.21	264.39
Share of loss from investment in an associated	49.29	74.96	88.52	-	-	-
Finance Cost	78.3	58.82	53.68	78.3	58.82	53.67
Profit (loss) before income tax expenses	-28.45	170.43	107.04	13.56	245.39	210.72
Income tax income (expenses)	7.01	17.86	-36.88	7.01	17.86	-36.88
Profit (Loss) for the period	-35.47	188.30	70.16	6.55	263.25	173.84
Basic earning (loss) per share	-0.06	0.32	0.12	0.01	0.44	0.29
The weighted average number of common shares	596.75	596.75	596.75	596.75	596.75	596.75
Net cash flow from (used in) operating	572.48	-624.35	673.85	565.29	-624.35	673.85
Net cash flow from (used in) investing	-72.85	-20.56	-205.70	-72.93	-20.56	-205.70
Net cash flow from (used in) financing	-378.87	718.94	-386.45	-378.87	718.94	-386.45
Increase in translation adjustment	-7.27	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	113.49	74.03	81.69	113.49	74.03	81.69

12.3 Financial ratios

Ratios	Consolidated			Separate		
	2018	2017	2016	2018	2017	2016
<u>Liquidity</u>						
Current ratio (times)	1.32	1.26	1.15	1.32	1.26	1.15
Quick ratio (times)	0.53	0.50	0.43	0.53	0.50	0.43
Accounts receivable turnover (times)	13.18	14.43	20.75	13.18	14.43	20.75
A/R collection period (days)	27.31	24.95	17.35	27.31	24.95	17.35
Inventory turnover (times)	5.22	4.80	4.84	5.22	4.80	4.84
Days sales outstanding (days)	69.02	74.95	74.42	69.02	74.95	74.42
Accounts payable turnover (times)	17.41	19.02	14.00	17.41	19.02	14.00
Payment period (days)	20.68	18.92	25.71	20.68	18.92	25.71
Cash Cycle (days)	75.65	80.97	66.06	75.65	80.97	66.06
<u>Profitability</u>						
Gross profit margin (%)	3.63	7.30	8.37	3.63	7.30	8.37
Cost of goods sold to sales (%)	96.37	92.70	91.63	96.37	92.70	91.63
Operating profit (Loss) margin (%)	0.15	2.88	3.33	0.15	2.88	3.33
Net income (Loss) margin (%)	-0.34	2.51	1.13	0.06	3.50	2.80
Return on equity (%)	-0.67	3.59	1.37	0.12	4.81	3.31
Earning (Loss) Per Share (Weighted Average)	-0.06	0.32	0.12	0.01	0.44	0.29
Book Value Per Share (BVPS)	8.87	8.94	8.63	9.40	9.39	8.96
<u>Efficiency</u>						
Return on total assets (%)	-0.45	2.54	0.99	0.08	3.44	2.40
Return on fixed assets (%)	-0.87	4.33	1.52	0.16	6.06	3.75
Total asset turnover (times)	1.31	1.01	0.88	1.26	0.98	0.86
<u>Financial policy</u>						
Debt to equity ratio (times)	0.52	0.47	0.35	0.49	0.45	0.34
Dividend payout ratio (%)	-	-	-	-	-	-
<u>Growth rate (%)</u>						
Assets	2.17	12.56	-3.12	2.71	13.26	-1.66
Liabilities	8.48	37.76	-14.08	8.48	37.76	-14.08
Net Sale	37.78	21.19	-12.93	37.78	21.19	-12.93
Cost of goods sold	43.23	22.60	-18.62	43.23	22.60	-18.62
Selling and general administrative expenses	8.43	6.47	-1.16	8.40	6.47	-1.16
Net income	-118.84	168.39	-115.77	-97.51	51.43	-144.25
Gross profit	-31.48	5.76	272.96	-31.48	5.76	272.96

13. Management discussion and analysis (MD&A)

13.1 Overall past performance

In 2018, sales revenue was 10,356MB increased by 37.78% compared to 7,517MB in 2017. This in total sales is attributable as to 56.91% to domestic and as to 43.09% in international sales. The increase in both sales volume and sales value of steel products. Other income 106 MB increased 36 MB or 51.26% comparing with 2017 mainly gain from subsidiary liquidation and foreign exchange. The net loss of 2018 was 36MB decreased by 118% compared to 188MB of 2017. That is because of the steep decline in international prices of finished steel and billets since November 2018. As a result of the decrease in selling price in quarter fourth, the company reports a decrease in gross profit.

In 2017, sales revenue was 7,517MB increased by 21.19% compared to 6,202MB in 2016. This in total sales is attributable as to 45.22% to domestic and as to 54.78% in international sales. The increase was due to strong steel demand and China's capacity cut, resulting in an increase in steel prices. The net income of 2017 was 188MB increased by 168.42% compared to 70MB of 2016. That is because of the cost-effectiveness of the company's good efforts in the management of production, marketing, and procurement. Besides, the investment in TY accomplished the integration of upstream industry, which allowed TYCN to better control raw material quality. Moreover, the integration benefit TYCN for keeping less inventories, which resulted in less price fluctuation, less exposure of exchange position, less demand of working capital, and less interest fees.

13.2 Performance by product group

(1) Revenue from sales

Sales revenue of 2018 was 10,356MB increased by 37.78% compared to 7,517MB of 2017. That was because of the increase in both sales volume and sales value of steel products. Sales revenue of 2017 was 7,517MB increased by 21.19% compared to 6,202MB of 2016. That was because of strong steel demand and China's capacity cut, resulting in an increase in steel prices and the company's sales volume.

Further details of sales revenue structure can be summarized as follows:

Sales from wire rods in 2018 was 5,794MB, increased by 41% compared to 2017, and in 2017 was 4,114MB, decreased by 36% compared to 2016.

Sales from annealed wire in 2018 was 1,201MB, decreased by 1% compared to 2017, and in 2017 was 1,214MB, decreased by 11% compared to 2016.

Sales from screws in 2018 was 634 MB, decreased by 21% compared to 2017, and in 2017 was 799 MB, increased by 55% compared to 2016.

Sales bolts in 2018 was 1,594MB, increased by 27% compared to 2017, and in 2017 was 1,257MB, increased by 1% compared to 2016.

(2) Expenses

Cost of sales

Cost of sales is primarily composed of conversion cost and raw materials, of which billet is the main component. In year 2018, costs of sales were 9,980MB, increased by 43.23% compared to year 2017. This was mainly because the sales volume increased.

Selling and administrative expenses (SG&A)

In year 2018, selling and administrative expenses were 361MB, an 8.43% increase from year 2017, The ratio of SG&A/Sales was 3.49% in 2018 and 4.42% in 2017.

The major components of SG&A are depreciation, salary and wages as well as transportation costs, which vary directly with sales volume. The increase in SG&A in 2018 is mainly caused by the sales volume increased. Transportation expense of Inland freight increased and in February 2018, due to the equipment renovation of the rolling mill production line, the cost during the shutdown period was transferred to the management fee.

(3) Profit

Gross profit

In 2018, gross margin was 376MB. The rate decreased from 7.30% of 2017 to 3.63% of 2018, mainly due to the steep decline in international prices of finished steel and billets since November 2018. As a result of the decrease in selling price in quarter fourth, the company reports a decrease in gross profit. In 2017, gross margin was 549MB. The rate decreased from 8.37% of 2016 to 7.3% of 2017, mainly due to the decrease of “Reversal of decreased of inventory to net realizable value” of 28MB compared with 2016.

Operating profit

Operating profit in 2018 was 15.53MB, the rate decreased from 2.88% of 2017 to 0.15% of 2018, resulted from the decrease in gross profit rate. Operating profit in 2017 was 216 MB, the rate decreased from 3.33% of 2016 to 2.88% of 2017, resulted from the decrease in gross profit rate.

Net income

Net loss in 2018 was 36MB, net income rate decreased from 2.15% of 2017 to 0.34% of 2018. The net loss 36MB of 2018 mainly resulted from steep decline in international prices of finished steel and billets since November 2018. As a result of the decrease in selling price in quarter fourth, the company reports a decrease in gross profit.

Net income in 2017 was 188MB, net income rate increased from 1.13% of 2016 to 2.51% of 2017. The net income 188MB of 2017 mainly resulted from operating profit and other incomes such as gains on disposal and write-off of plant and equipment.

13.3 Financial status

(1) Assets

Composition

As of December 31 2018, TYCN's had total assets 8,020MB, increased by 2.17% with amount 170MB compared to 2017. The major items accounting for this assets increase were trade and other receivables, inventory, cash and cash equivalents.

As of December 31 2017, TYCN's had total assets 7,850MB, increased by 12.56% with amount 876MB compared to 2016. The major items accounting for this assets increase were trade and other receivables, inventory, cash and cash equivalents.

Current assets of 2018 were 3,522MB increased by 15.74% with amount 479MB compared to 2017. This is mainly due to increase of trade and other receivable, inventory, cash and cash equivalents.

Non-current assets of 2018 was 4,498MB, decrease by 6.41% with amount 308MB compared to 2017, the reason was the depreciation expense of fixed assets and disposal of idle fixed assets.

Quality of assets

a) Assets

At each reporting date, the Company performs impairment reviews in respect of the long-term investment, properly, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognized when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

b) Accounts receivable

As of December 31, 2018 accounts receivable amounted to 866MB, which could be broken down into A/R of unrelated parties 463MB and A/R of related party 403MB. A/R amounted to 797MB in 2017 which could be broken down into A/R of unrelated parties 495MB and A/R from related party 302MB. The normal credit term granted by the Company for related parties is 30-180 days while credit term for other parties varies from 10 - 75 days. New clients as well as customers whose payments are overdue will be subject to make a payment equal to a certain percentage of the purchase amount before shipment.

Further details regarding the aging of accounts receivable are as set out below:

	Unit: MB	
	Dec 31, 2018	Dec 31, 2017
Inter- company A/R	403	302
A/R –unrelated parties	463	495
Total A/R	866	797
Aging of A/R-unrelated parties		
Past due	197	262
Up to 3 months	204	182
3 months up to 6 months	11	
6 months up to 12 months	3	
Over 12 months	48	51
Sub-total	463	495
Less Allowance for doubtful A/C	(48)	(54)
Total A/R - net	818	743

Accounts Receivable turnover has been decreased from 14.43 times of year 2017 to 13.18 times of year 2018. It's because the extent of sales increase less than average accounts receivable increase, resulted in A/R collection period increasing 2.36 days from 24.95 days of year 2017 to 27.31 days of year 2018.

(2) Liquidity

Cash flow

TYCN had a net increase in cash and cash equivalents at year-end 2018 of 113MB. Cash and cash equivalents at the end of 2018 amounted 585MB the change in cash flow amount was due to:

Net cash flow from operating	572 MB
Net cash flow from investing	-73 MB
Net cash flow from financing	-379 MB
Net increase in cash	113 MB

Net cash flow from operating activities was positive 572MB, mostly due to increase in accounts payable.

Net cash flow from investing was negative 73MB mainly because of the increase in acquisition of plant and equipment.

Net cash flow from financing was negative 379MB mainly because of decrease in short-term loans.

Liquidity ratios

The company's current ratio has been increasing standing at 1.32 and 1.26 in the years 2018 and 2017 respectively, because of the increase in revenue in 2018 resulted an increase in accounts receivable and inventories.

Effects from the maturity of current liabilities on the liquidity

In 2018, short-term loans from financial institutions and trade and other payables as well as current portion of long-term loans have accounted for a large proportion of current liabilities. These first three items are payable within one year. As mentioned

before, however, these loans were used to purchase raw materials for normal business operations. As a result, the company believes that the short-term maturity of such current liabilities should not adversely affect the company's liquidity.

Accounts payable turnover has been decreased from 19.02 times of year 2017 to 17.41 times of year 2018. It's because accounts payable period of purchase of raw materials got longer, therefore, the payment period increase 1.76 days from 18.92 days of year 2017 to 20.68 days of year 2018.

(3) Capital expenditure

Capital expenditures amounted to 208MB and 40MB for the year 2018 and 2017 respectively.

(4) Sources of funds

Funds structure

The debt to equity ratio was 0.52 and 0.47 between the years 2018 and 2017. The debt to assets ratio was 0.34 and 0.32 between 2018 and 2017. This indicated that TYCN had only a small amount of risk and a healthy financial structure.

Shareholders' equity

As of December 31, 2018, shareholders' equity was 5,292MB, a decrease of 0.80% or 42MB from year 2017. This was due to net loss in 2018.

Liabilities

At the end of 2018, TYCN's liabilities amounted to 2,729MB, which is equivalent to 34.03% of liabilities and shareholder's equity, and company's long-term Liabilities and equity was 5,338MB, or 135% of net fixed assets. This indicates that TYCN had a healthy financial structure.

(5) Factors potentially affecting company's performance in the future

The company's products are mainly wire rod, annealed wire, screws, bolts and reinforcing bars (including deformed bars and round bars) plus the raw material billet produced by the subsidiary itself. Even if the market competition is more intense in the future. The company believes that with its superior quality and diversity of products, consistent production from top to bottom will bring competitive advantages to the company.

14. Financial Statements

If investors want to learn more information about issuing company, please review the Thai registration statements for the year (56-1) on the website www.sec.co.th.



EY Office Limited
 33rd Floor, Lake Rajada Office Complex
 193/136-137 Rajadapisek Road
 Klongtoey, Bangkok 10110
 G.P.O.Box 1047, Bangkok 10501, Thailand
 Tel: +66 2264 9090
 Fax: +66 2264 0789-90
 ey.com

บริษัท สำนักงาน อีวาย จำกัด
 ชั้น 33 อาคารเลกซ์ดา
 193/136-137 ถนนรัชดาภิเษก
 คลองเตย กรุงเทพฯ 10110
 ตู้ ป.ณ. 1047 กรุงเทพฯ 10501
 โทรศัพท์: +66 2264 9090
 โทรสาร: +66 2264 0789-90
 ey.com

Independent Auditor's Report

To the Shareholders of Tycoons Worldwide Group (Thailand) Public Company Limited

Opinion

I have audited the accompanying financial statements of Tycoons Worldwide Group (Thailand) Public Company Limited and its subsidiary (the Group), which comprise the statement of financial position in which the equity method is applied as at 31 December 2018, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Tycoons Worldwide Group (Thailand) Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tycoons Worldwide Group (Thailand) Public Company Limited and its subsidiary, and of Tycoons Worldwide Group (Thailand) Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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



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

Key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition

Revenue from sales is the most significant amount in the statement of comprehensive income and it is a key performance indicator which the financial statements' users focus. The recorded amount directly affects the annual profit and loss of the Company. Moreover, the Company has many customers across a number of product groups and both local and overseas sales. There is therefore a risk of revenue being recognised at an inappropriate amount or earlier recognised revenue.

I have examined to ensure that the amount and timing of revenue recognition is appropriate when the significant risks and rewards of ownership of the goods have passed to the buyer. The procedures that I performed included:

- Assessing the appropriateness and testing the effectiveness of the Company's IT system and its internal controls with respect to the revenue cycle.
- On a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period, with special consideration given to expanding the scope of the examination of supporting documentation for transactions occurring near the end of the accounting period.
- Reviewing credit notes that the Company issued to its customers after the period-end
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions.

Net realisable value of inventories

The Company had significant outstanding balance of inventories as at 31 December 2018 amounting to Baht 2,058 million. Since the main component of the Company's product is steel, purchase price of raw material and selling price of Company's finished goods fluctuate in accordance with the world market, and are affected by market competitive environment, economic circumstances and the situation within the industry. As a result, estimating the net realisable value of inventories, as disclosed in Note 9 to the financial statement, is an area of significant management judgement, and there is a risk that the provision set aside for diminution in the value of inventories will be inadequate, causing the Company to overstate the value of inventories.



I have assessed the appropriateness and tested the effectiveness of the internal controls of the Company relevant to the determination of provision for diminution in the value of inventories. I also evaluated the method and the assumptions applied by management in determining such provision. The procedures that I performed included:

- Gaining an understanding of the basis applied in determining the provision for diminution in value of inventory and reviewing the consistency of the application of that basis.
- Comparing the inventory holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover.
- Comparing the gross profit from sales transactions to identify product lines with indicators of the risk with respect to amount of provision set aside for diminution in the value of in inventory.
- Comparing details of sales transactions occurring after the date of the financial statements with the cost of inventory for each product line.

Other Information

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

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

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

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

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

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



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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

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

Khitsada Lerdwana

Certified Public Accountant (Thailand) No. 4958

EY Office Limited

Bangkok: 25 February 2019

Tycoons Worldwide Group (Thailand) Public Company Limited and its subsidiary

Statement of financial position

As at 31 December 2018

(Unit: Baht)

	Note	Financial statement			
		in which the equity method is applied	Consolidated financial statement	Separate financial statements	
				2018	2017
Assets					
Current assets					
Cash and cash equivalents	7	584,723,142	471,234,381	584,723,142	471,231,889
Trade and other receivables	8	826,828,994	744,692,264	826,828,994	744,692,264
Inventories	9	2,058,311,175	1,768,488,059	2,058,311,175	1,768,488,059
Advance payments for goods and services	10	17,658,917	11,034,827	17,658,917	11,034,827
Valued added tax refundable		30,090,413	43,915,623	30,090,413	43,915,623
Other current assets		4,131,170	4,066,318	4,131,170	4,066,318
Total current assets		3,521,743,811	3,043,431,472	3,521,743,811	3,043,428,980
Non-current assets					
Restricted bank deposits	11	60,000,000	60,000,000	60,000,000	60,000,000
Investment in subsidiary	12	-	-	-	-
Investment in associate	13	410,243,006	459,534,627	730,662,970	730,662,970
Other long-term investment	14	-	-	-	-
Property, plant and equipment	15	3,961,437,818	4,209,666,318	3,961,437,818	4,209,666,318
Intangible assets		-	782,451	-	782,451
Deferred tax assets	22	55,876,791	62,890,950	55,876,791	62,890,950
Other non-current assets		11,091,138	13,522,576	11,091,138	13,522,576
Total non-current assets		4,498,648,753	4,806,396,922	4,819,068,717	5,077,525,265
Total assets		8,020,392,564	7,849,828,394	8,340,812,528	8,120,954,245

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

Tycoons Worldwide Group (Thailand) Public Company Limited and its subsidiary**Statement of financial position (continued)****As at 31 December 2018**

(Unit: Baht)

	<u>Note</u>	Financial statement			
		in which the equity method is applied	Consolidated financial statement	Separate financial statements	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	16	1,692,820,133	1,901,678,872	1,692,820,133	1,901,678,872
Trade and other payables	17	831,870,148	314,823,710	831,870,148	314,823,710
Current portion of long-term loans from financial institutions	18	32,000,000	111,000,000	32,000,000	111,000,000
Current portion of liabilities under finance lease agreements		80,394	473,325	80,394	473,325
Advance received from customers		91,864,890	83,339,252	91,864,890	83,339,252
Other current liabilities		11,555,560	5,945,765	11,555,560	5,945,765
Total current liabilities		<u>2,660,191,125</u>	<u>2,417,260,924</u>	<u>2,660,191,125</u>	<u>2,417,260,924</u>
Non-current liabilities					
Long-term loans from financial institutions - net of current portion	18	46,000,000	78,000,000	46,000,000	78,000,000
Liabilities under finance lease agreements - net of current portion		-	80,394	-	80,394
Provision for long-term employee benefits	19	22,643,271	20,186,668	22,643,271	20,186,668
Total non-current liabilities		<u>68,643,271</u>	<u>98,267,062</u>	<u>68,643,271</u>	<u>98,267,062</u>
Total liabilities		<u>2,728,834,396</u>	<u>2,515,527,986</u>	<u>2,728,834,396</u>	<u>2,515,527,986</u>

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

Tycoons Worldwide Group (Thailand) Public Company Limited and its subsidiary**Statement of financial position (continued)****As at 31 December 2018**

(Unit: Baht)

	Financial statement				
	in which the equity		Consolidated		
	method is applied	financial statement	Separate financial statements		
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Shareholders' equity					
Share capital					
Registered					
596,748,900 ordinary shares of Baht 10 each		5,967,489,000	5,967,489,000	5,967,489,000	5,967,489,000
Issued and fully paid					
596,748,900 ordinary shares of Baht 10 each		5,967,489,000	5,967,489,000	5,967,489,000	5,967,489,000
Premium on treasury shares		20,018,190	20,018,190	20,018,190	20,018,190
Retained earnings					
Appropriated - statutory reserve	20	16,832,439	16,832,439	16,832,439	16,832,439
Deficits		(712,781,461)	(677,314,590)	(392,361,497)	(398,913,370)
Exchange differences on translation of					
financial statements in foreign currency		-	7,275,369	-	-
Total shareholders' equity		5,291,558,168	5,334,300,408	5,611,978,132	5,605,426,259
Total liabilities and shareholders' equity		8,020,392,564	7,849,828,394	8,340,812,528	8,120,954,245
		-	-	-	-

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

Directors

Tycoons Worldwide Group (Thailand) Public Company Limited and its subsidiary

Statement of comprehensive income

For the year ended 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Revenues					
Sales		10,356,104,565	7,516,638,908	10,356,104,565	7,516,638,908
Gains on the dissolution of subsidiary		-	-	24,473,677	-
Gains on the dissolution of investment in other company		24,543,634	-	-	-
Gains on disposal of land, building and equipment		11,959,892	31,238,410	11,959,892	31,238,410
Gains on exchange		45,313,686	19,395,561	45,313,686	19,395,561
Interest income		1,472,504	1,119,229	1,458,762	1,119,229
Other income		22,148,365	17,953,857	14,872,996	17,953,857
Total revenues		10,461,542,646	7,586,345,965	10,454,183,578	7,586,345,965
Expenses					
Cost of sales		9,919,757,550	6,974,819,259	9,919,757,550	6,974,819,259
Decrease of inventory to net realisable value (reversal)		60,174,355	(7,170,094)	60,174,355	(7,170,094)
		9,979,931,905	6,967,649,165	9,979,931,905	6,967,649,165
Selling and distribution expenses		196,062,971	179,301,507	196,062,971	179,301,507
Administrative expenses		164,583,196	153,309,446	164,498,967	153,309,446
Reversal of allowance for doubtful accounts		(5,975,089)	(21,434,110)	(5,975,089)	(21,434,110)
Losses from raw material purchase contracts (reversal)		208,565	(6,164,126)	208,565	(6,164,126)
Losses on write-off of land improvement, building and equipment		27,592,056	9,469,975	27,592,056	9,469,975
Total expenses		10,362,403,604	7,282,131,857	10,362,319,375	7,282,131,857
Profit before share of loss from investment in associate,					
finance cost and income tax benefits (expenses)		99,139,042	304,214,108	91,864,203	304,214,108
Share of loss from investment in associate	13	(49,291,621)	(74,961,956)	-	-
Profit before finance cost and income tax benefits		49,847,421	229,252,152	91,864,203	304,214,108
(expenses)					
Finance cost		(78,300,133)	(58,822,319)	(78,298,171)	(58,822,319)
Profit (loss) before income tax benefits (expenses)		(28,452,712)	170,429,833	13,566,032	245,391,789
Income tax benefits (expenses)	22	(7,014,159)	17,860,528	(7,014,159)	17,860,528
Profit (loss) for the year		(35,466,871)	188,290,361	6,551,873	263,252,317

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

Tycoons Worldwide Group (Thailand) Public Company Limited and its subsidiary
Statement of comprehensive income (Continued)
For the year ended 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		-	(239)	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency					
- the subsidiary's dissolution	12	(7,275,369)	-	-	-
Actuarial losses, net of income tax		-	(1,753,645)	-	(1,753,645)
Other comprehensive income for the year		(7,275,369)	(1,753,884)	-	(1,753,645)
Total comprehensive income for the year		(42,742,240)	186,536,477	6,551,873	261,498,672
Profit (loss) attributable to:					
Equity holders of the Company		(35,466,871)	188,290,361	6,551,873	263,252,317
Total comprehensive income attributable to:					
Equity holders of the Company		(42,742,240)	186,536,477	6,551,873	261,498,672
Earnings per share					
Basic earning (loss) per share					
Profit (loss) attributable to equity holders of the Company	23	(0.06)	0.32	0.01	0.44

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

Tycoons Worldwide Group (Thailand) Public Company Limited and its subsidiary**Statement of changes in shareholders' equity****For the year ended 31 December 2018**

(Unit: Baht)

Consolidated financial statements

	Issued and paid-up share capital	Premium on treasury shares	Retained earnings		Other comprehensive income	Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated (deficits)	Exchange differences	
					on translation of financial statements in foreign currency	
Balance as at 1 January 2017	5,967,489,000	20,018,190	16,832,439	(863,851,306)	7,275,608	5,147,763,931
Profit for the year	-	-	-	188,290,361	-	188,290,361
Other comprehensive income for the year	-	-	-	(1,753,645)	(239)	(1,753,884)
Total comprehensive income for the year	-	-	-	186,536,716	(239)	186,536,477
Balance as at 31 December 2017	<u>5,967,489,000</u>	<u>20,018,190</u>	<u>16,832,439</u>	<u>(677,314,590)</u>	<u>7,275,369</u>	<u>5,334,300,408</u>
Balance as at 1 January 2018	5,967,489,000	20,018,190	16,832,439	(677,314,590)	7,275,369	5,334,300,408
Loss for the year	-	-	-	(35,466,871)	-	(35,466,871)
Other comprehensive income for the year	-	-	-	-	(7,275,369)	(7,275,369)
Total comprehensive income for the year	-	-	-	(35,466,871)	(7,275,369)	(42,742,240)
Balance as at 31 December 2018	<u>5,967,489,000</u>	<u>20,018,190</u>	<u>16,832,439</u>	<u>(712,781,461)</u>	<u>-</u>	<u>5,291,558,168</u>

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

Tycoons Worldwide Group (Thailand) Public Company Limited and its subsidiary**Statement of changes in shareholders' equity (continued)****For the year ended 31 December 2018**

(Unit: Baht)

	Separate financial statements				Total shareholders' equity
	Issued and paid-up share capital	Premium on treasury shares	Retained earnings Appropriated - statutory reserve	Unappropriated (deficits)	
Balance as at 1 January 2017	5,967,489,000	20,018,190	16,832,439	(660,412,042)	5,343,927,587
Profit for the year	-	-	-	263,252,317	263,252,317
Other comprehensive income for the year	-	-	-	(1,753,645)	(1,753,645)
Total comprehensive income for the year	-	-	-	261,498,672	261,498,672
Balance as at 31 December 2017	<u>5,967,489,000</u>	<u>20,018,190</u>	<u>16,832,439</u>	<u>(398,913,370)</u>	<u>5,605,426,259</u>
					-
Balance as at 1 January 2018	5,967,489,000	20,018,190	16,832,439	(398,913,370)	5,605,426,259
Profit for the year	-	-	-	6,551,873	6,551,873
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	6,551,873	6,551,873
Balance as at 31 December 2018	<u>5,967,489,000</u>	<u>20,018,190</u>	<u>16,832,439</u>	<u>(392,361,497)</u>	<u>5,611,978,132</u>
					-

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

Tycoons Worldwide Group (Thailand) Public Company Limited and its subsidiary**Cash flow statement****For the year ended 31 December 2018**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities				
Profit (loss) before tax	(28,452,712)	170,429,833	13,566,032	245,391,789
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation	331,976,041	300,268,314	331,976,041	300,268,314
Amortisation	18,997,179	12,394,748	18,997,179	12,394,748
Reversal of allowance for doubtful accounts	(5,975,089)	(21,434,110)	(5,975,089)	(21,434,110)
Decrease of inventory to net realisable value (reversal)	60,174,355	(7,170,094)	60,174,355	(7,170,094)
Gains on the dissolution of subsidiary	-	-	(24,473,677)	-
Gains on the dissolution of investment in other company	(24,543,634)	-	-	-
Losses from raw material purchase contracts (reversal)	208,565	(6,164,126)	208,565	(6,164,126)
Gains on disposal of lands, building and equipment	(11,959,892)	(31,238,410)	(11,959,892)	(31,238,410)
Losses on write-of land improvement, building and equipment	27,592,056	9,469,975	27,592,056	9,469,975
Share of loss from investment in associate	49,291,621	74,961,956	-	-
Unrealised losses on fair value of derivatives	9,213,844	3,472,461	9,213,844	3,472,461
Provision for long-term employee benefits	2,456,603	2,059,878	2,456,603	2,059,878
Unrealised gains on exchange	(16,247,621)	(8,195,791)	(16,247,621)	(8,195,791)
Interest income	(1,472,504)	(1,119,229)	(1,458,762)	(1,119,229)
Interest expenses	<u>74,008,332</u>	<u>55,294,525</u>	<u>74,008,332</u>	<u>55,294,525</u>
Profit from operating activities before changes in operating assets and liabilities	485,267,144	553,029,930	478,077,966	553,029,930
Operating assets (increase) decrease				
Trade and other receivables	(79,043,922)	(427,779,474)	(79,043,922)	(427,779,474)
Inventories	(349,997,471)	(628,621,775)	(349,997,471)	(628,621,775)
Other current assets	7,181,533	(25,937,608)	7,181,533	(25,941,808)
Other non-current assets	(15,783,290)	(17,975,585)	(15,783,290)	(17,975,585)
Operating liabilities increase (decrease)				
Trade and other payables	520,149,268	(103,786,722)	520,149,268	(103,782,522)
Other current liabilities	<u>4,705,951</u>	<u>26,717,016</u>	<u>4,705,951</u>	<u>26,717,016</u>
Net cash flows from (used in) operating activities	<u>572,479,213</u>	<u>(624,354,218)</u>	<u>565,290,035</u>	<u>(624,354,218)</u>

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

Tycoons Worldwide Group (Thailand) Public Company Limited and its subsidiary

Cash flow statement (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from investing activities				
Increase of restricted bank deposits	-	(12,500,000)	-	(12,500,000)
Acquisition of building and equipment	(207,992,043)	(40,390,421)	(207,992,043)	(40,390,421)
Cash received from sales land, building and equipment	109,157,938	31,238,410	109,157,938	31,238,410
Cash received from dissolution of subsidiary	-	-	24,473,677	-
Cash received from dissolution of investment in other company	24,543,634	-	-	-
Interest income	1,445,023	1,092,024	1,431,281	1,092,024
Net cash used in investing activities	<u>(72,845,448)</u>	<u>(20,559,987)</u>	<u>(72,929,147)</u>	<u>(20,559,987)</u>
Cash flows from financing activities				
Payment of interest expenses	(73,668,817)	(54,368,190)	(73,668,817)	(54,368,190)
Increase (decrease) of short-term loans from financial institutions	(193,652,166)	879,411,124	(193,652,166)	879,411,124
Repayment of long-term loans	(111,000,000)	(105,000,000)	(111,000,000)	(105,000,000)
Repayment of liabilities under finance lease agreements	(548,652)	(1,101,180)	(548,652)	(1,101,180)
Net cash flows from (used in) financing activities	<u>(378,869,635)</u>	<u>718,941,754</u>	<u>(378,869,635)</u>	<u>718,941,754</u>
Decrease of exchange differences on translation of financial statements in foreign currency	<u>(7,275,369)</u>	<u>(239)</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	113,488,761	74,027,310	113,491,253	74,027,549
Cash and cash equivalents at beginning of year	<u>471,234,381</u>	<u>397,207,071</u>	<u>471,231,889</u>	<u>397,204,340</u>
Cash and cash equivalents at end of year	<u>584,723,142</u>	<u>471,234,381</u>	<u>584,723,142</u>	<u>471,231,889</u>
	-		-	
Supplementary cash flow information				
Non-cash transaction				
Purchase equipments but has not yet paid	545,600	72,000	545,600	72,000

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

Tycoons Worldwide Group (Thailand) Public Company Limited and its subsidiary
Notes to consolidated financial statements
For the year ended 31 December 2018

1. General information

Tycoons Worldwide Group (Thailand) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Tycoons Group International Co., Ltd. which was incorporated in Cayman. The parent company of the group is Tycoons Group Enterprise Co., Ltd which was incorporated in Taiwan. The Company is principally engaged in the manufacture and distribution of steel wire rods, steel annealing wire, reinforced concrete bar, steel screw and wire products. The registered address is at 99 Moo 1, Tambol Nikompattana, Amphur Nikompattana, Rayong.

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Tycoons Worldwide Group (Thailand) Public Company Limited (“the Company”) and the following subsidiary company (hereinafter called as “the Group”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2018</u>	<u>2017</u>
			Percent	Percent
All Manage International Limited	Holding company	British Virgin Islands	-	100

During the year, the Company received the return of all capital invested in All Manage International Limited, as a result of the subsidiary's dissolution. As a result, there are no investment in subsidiary as at 31 December 2018 and the Company did not prepare a consolidated statement of financial position as at 31 December 2018. However, the Company prepared consolidated statements of comprehensive income for the year ended 31 December 2018, and consolidated statements of changes in shareholders' equity, and cash flows for the year then ended, in order to present operating results and cash flows of the Group that include the operating results and cash flows of All Manage International Limited from 1 January 2018 until the date when that subsidiary liquidated in June 2018.

- b) The Company is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiary is fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiary are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiary have been eliminated from the consolidated financial statements.

2.3 The separate financial statements present investments in subsidiary and associate under the cost method.

3 New financial reporting standards

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

During the year, the Group have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Group' financial statements.

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

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 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 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.

The management of the Company is currently evaluating the impact of this standard to the financial statements in the year when it is adopted.

(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which 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 is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Interest income

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

4.2 Cash and cash equivalents

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

4.3 Trade and other receivables

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

4.4 Inventories

Finished goods and work in process are valued at the lower of cost (under the weighted average method) and net realisable value. The cost of inventories includes all production costs and attributable factory overheads.

Raw materials, spare parts and factory supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

4.5 Investments

- a) Investments in non-marketable equity securities, which the Company classified as other long-term investment, are stated at cost net of allowance for impairment loss on investment.
- b) Investment in associate is accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiary and associate are accounted for in the separate financial statements using the cost method.

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

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

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

4.6 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost amount less accumulated depreciation and allowance for loss on impairment of assets.

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives, except for machinery and equipment for main production, which are depreciated based on estimated units of production:

Land improvement	-	30 years	straight-line
Building and attached facilities	-	5 - 30 years	straight-line
Motor vehicles	-	5 - 10 years	straight-line
Furniture and office equipment	-	3 - 10 years	straight-line
Minor machinery and equipment for production	-	5 - 20 years	straight-line
Main machinery and equipment for production	-	Estimated units of production at a total of 0.02-7.02 million tons	

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation and construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.7 Related party transactions

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

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.8 Long-term leases

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

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

4.9 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.10 Impairment of assets

At the end of reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

4.11 Employee benefits

Short-term employee benefits

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

Post-employment benefits***Defined contribution plans***

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

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

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

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

4.12 Provisions

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

4.13 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.14 Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income.

4.15 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company 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 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 determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

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

Decrease of inventories to net realisable value

In determining an decrease of inventories to net realisable value, the management makes judgement and estimates net realisable value of inventory based on the amount the inventories are expected to realise. These estimates take into consideration fluctuations of their selling price, cost and expenses directly relating to events occurring after the end of the period. Also, the management makes judgement and estimates expected loss from stock obsolescence based upon aging profile of inventories and their current condition.

Property, plant and equipment and depreciation

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

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

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.

6. Related party transactions

The followings are relationships with related parties.

Name of entities	Country of incorporation	Nature of relationships
All Manage International Limited*	British Virgin Islands	Subsidiary company
TY Steel Co., Ltd.	Thailand	Associated company
Tycoons Group Enterprise Co., Ltd.	Taiwan	Ultimate parent company
Tycoons Group International Co., Ltd.	Cayman	Parent company
Baw - Heng Steel (Vietnam) Co., Ltd.	Vietnam	Subsidiary of parent company
Tycoons Vietnam Co., Ltd.	Vietnam	Subsidiary of parent company
Huanghua Jujin Hardware Products Co., Ltd.	China	Subsidiary of parent company
Huanghua Jujin Import & Export Trading Co., Ltd.	China	Subsidiary of parent company
Joint Force International Co., Ltd.	Hong Kong	Associated of parent company
Jin Hai Hardware Co., Ltd.	Thailand	19.75% holding by parent company
Tycoons Steel International Co., Ltd.*	Cayman	5.77% holding by a subsidiary

*Dissolution in June 2018

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

(Unit: Million Baht)

	Consolidated/Separate financial statements		Pricing policy
	2018	2017	
Transactions with ultimate parent company			
Sales	1,726	1,584	With reference to market price
Purchases of raw materials	196	331	With reference to market price
Purchases of fixed assets	7	-	Contract price
Transactions with parent company			
Purchases of raw materials	272	-	With reference to market price
Transactions with associated company			
Sales	104	138	With reference to market price
Sales of lands	48	-	Contract price
Other income	5	-	With reference to market price
Purchases of raw materials	4,095	3,936	With reference to market price
Purchases of goods	992	-	With reference to market price
Transactions with related companies			
Sales	332	349	With reference to market price
Sales of equipments	70	-	Contract price

(Unit: Million Baht)

	Consolidated/Separate financial statements		Pricing policy
	<u>2018</u>	<u>2017</u>	
Purchases of raw materials	8	-	With reference to market price

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

(Unit: Thousand Baht)

	Financial statements in which equity method is applied/ Separate financial statements	Consolidated/ Separate financial statements
	<u>2018</u>	<u>2017</u>
<u>Trade receivables - related parties</u> (Note 8)		
Ultimate parent company	304,426	178,752
Associated company	58,246	63,782
Related company (related by common shareholder)	40,447	58,895
Total trade receivables - related parties	<u>403,119</u>	<u>301,429</u>
<u>Other receivables - related parties</u> (Note 8)		
Associated company	3,420	1,605
Related company (related by common shareholder)	3,270	-
Total other receivable - related parties	<u>6,690</u>	<u>1,605</u>
<u>Trade payables - related parties</u> (Note 17)		
Ultimate parent company	7,260	17,005
Parent company	268,500	-
Associated company	202,218	68,047
Total trade payables - related parties	<u>477,978</u>	<u>85,052</u>
<u>Other payable - related party</u> (Note 17)		
Ultimate parent company	318	37
Total other payable - related party	<u>318</u>	<u>37</u>

Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Group had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

Consolidated/Separate

	financial statements	
	<u>2018</u>	<u>2017</u>
Short-term employee benefits	14.2	14.0
Post-employment benefits	0.4	0.9
Total	<u>14.6</u>	<u>14.9</u>

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Financial statements in which equity method is applied	Consolidated financial statements	Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	330	303	330	303
Bank deposits	584,393	470,931	584,393	470,929
Total cash and cash equivalents	<u>584,723</u>	<u>471,234</u>	<u>584,723</u>	<u>471,232</u>

As at 31 December 2018, bank deposits in saving accounts and fixed deposits carried interests between 0.000 and 1.000 percent per annum (2017: between 0.000 and 0.875 percent per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Financial statements in which equity method is applied/ Separate financial statements	Consolidated/ Separate financial statements
	<u>2018</u>	<u>2017</u>
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	401,811	301,390
Past due		
Up to 3 months	<u>1,308</u>	<u>39</u>
Total trade receivables - related parties	<u>403,119</u>	<u>301,429</u>
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	197,088	261,715
Past due		
Up to 3 months	204,200	182,383
3 - 6 months	11,075	-

(Unit: Thousand Baht)

	Financial statements in which equity method is applied/ Separate financial statements	Consolidated/ Separate financial statements
	<u>2018</u>	<u>2017</u>
6 - 12 months	3,173	-
Over 12 months	47,305	51,022
Total	462,841	495,120
Less: Allowance for doubtful accounts	(47,964)	(53,939)
Total trade receivables - unrelated parties, net	414,877	441,181
Total trade receivables - net	817,996	742,610
<u>Other receivables</u>		
Other receivables - related parties	6,690	1,605
Other receivables - unrelated parties	1,893	255
Interest receivables	250	222
Total other receivables	8,833	2,082
Total trade and other receivables - net	826,829	744,692

The normal credit term granted by the Company for related parties varies from 30 - 180 days while credit term for other parties varies from 10 - 105 days.

9. Inventories

(Unit: Thousand Baht)

	Financial statement in which equity method is applied/ Consolidated/Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Raw materials	316,527	785,580	(12,309)	(728)	304,218	784,852
Work in process	199,907	206,159	(3,287)	(1,018)	196,620	205,141
Finished goods	771,105	367,974	(45,318)	(2,601)	725,787	365,373
Spare parts, factory supplies and scrap	359,320	361,781	(1,223)	(58)	358,097	361,723
Goods in transit	476,030	51,399	(2,441)	-	473,589	51,399
Total	2,122,889	1,772,893	(64,578)	(4,405)	2,058,311	1,768,488

During the current year, the Company reduced cost of inventories by Baht 67 million (2017: Baht 5 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 7 million (2017: Baht 12 million), and reduced the amount of inventories recognised as expenses during the year.

10. Advance payments for goods and services

(Unit: Thousand Baht)

	Financial statements in which equity method is applied/ Separate financial statements	Consolidated/ Separate financial statements
	2018	2017
Advance payments for goods and services	260,381	255,485
Less: Allowance for doubtful debts	(242,722)	(244,450)
Advance payments for goods and services - net	17,659	11,035

In 2008, the Company entered into forward raw material purchase contracts with two overseas companies, and made advance payments to these companies amounting to USD 28 million (approximately Baht 932 million). The Company received some of the raw materials, leaving advance payments of USD 17.23 million (approximately Baht 572 million) for raw materials that had yet to be received. However, due to the impact of the economic crisis, the Company requested postponement of the delivery of remaining raw materials.

Consequently in 2009, the Company notified its suppliers to deliver the remaining raw materials per the contract, and that if they were not able to make delivery on schedule without notification of the reason for this to the Company, the Company would terminate the contracts and request the return of advance payments based on the current market price for the outstanding raw materials. However, the Company did not receive any contact from the suppliers regarding delivery of the raw materials, and so wrote off Baht 282 million of the advance payments for goods, representing the excess of the value of the raw materials at the contract prices over their value at the market price as at the end of November 2009. The Company is pursuing collection of the remaining USD 8.7 million (approximately Baht 219 million) of advance payment from the two companies. The Company has set aside full allowance for doubtful debt because it expects the remaining amounts will not be recoverable.

During the year 2010, a counterparty paid CNY 8.16 million (approximately USD 1.18 million or approximately Baht 39 million) through the Company's overseas related company and the Company reversed allowance for doubtful debt in the same amount.

Currently, the Company is in the process of pursuing the remaining debt and taking legal action against the counterparty.

11. Restricted bank deposits

These represent fixed deposits pledged with the banks to secure credit facilities that carried interests between 0.55 and 1.25 percent per annum (2017: between 0.55 and 1.40 percent per annum).

12. Investment in subsidiary

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

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Paid-up capital		Cost	
			2018	2017	2018	2017	2018	2017
			(%)	(%)				
All Manage International Limited	Holding company	British Virgin Islands	-	100	-	USD 3 million	-	97,395
Less: Allowance for impairment loss on investment							-	(97,395)
Investment in subsidiary - net							-	-

During the year, the Company received the return of all capital invested amounting to approximately Baht 24.5 million in All Manage International Limited, which has registered its dissolutions.

13. Investment in associate

13.1 Details of an associate:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Financial statement in which equity method is applied/ Consolidated financial statements Carrying amounts based on equity method		Separate financial statements Cost	
			2018	2017	2018	2017	2018	2017
			(%)	(%)				
TY Steel Company Limited	Manufacture and distribution of steel billet	Thailand	30.57	30.57	410,243	459,535	730,663	730,663
Total					410,243	459,535	730,663	730,663

The Company has placed the shares of this associated company with banks as security for a syndicated loan granted to the associated company by overseas banks.

13.2 Share of loss

During the years, the Company has recognised its share of loss from investment in associate in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements Share of loss from investment in associate during the year	
	2018	2017
TY Steel Company Limited	(49,292)	(74,962)

Total	(49,292)	(74,962)
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13.3 Summarised financial information of associate

Summarised information about financial position of TY Steel Company Limited

(Unit: Million Baht)

	As at 31 December	
	<u>2018</u>	<u>2017</u>
Current assets	1,496	1,043
Non-current assets	5,013	4,976
Current liabilities	4,379	2,903
Non-current liabilities	771	1,630
Net assets	1,359	1,486
Shareholding percentage	30.57%	30.57%
Share of net assets	415	454
Elimination entries	(5)	6
Carrying amounts of associate based on equity method	410	460

Summarised information about comprehensive income of TY Steel Company Limited

(Unit: Million Baht)

	For the years ended 31 December	
	<u>2018</u>	<u>2017</u>
Revenue	4,819	3,984
Loss	(127)	(262)
Other comprehensive income	-	-
Total comprehensive income	(127)	(262)

14. Other long-term investment

(Unit: Thousand Baht)

Consolidated

financial statements

	<u>2018</u>	<u>2017</u>
Tycoons Steel International Co., Ltd.		
Cost	-	98,043
Loss: Allowance for impairment loss on investment	-	(98,043)
Net book value	-	-

During the year, All Manage International Limited received the return of all capital invested amounting to approximately Baht 24.5 million in Tycoons Steel International Co., Ltd., which has registered its dissolutions.

15. Property, plant and equipment

(Unit: Thousand Baht)

	Financial statement in which equity method is applied/Consolidated/Separate financial statements						
	Land and land improvement	Building and attached facilities	Machinery and equipment	Motor vehicles	Furniture and office equipment	Assets under installation and construction	Total
Cost							
1 January 2017	597,481	1,849,891	5,678,562	301,665	63,053	556	8,491,208
Additions	-	4,922	16,204	6,428	3,064	9,844	40,462
Disposals/write-off	-	(35,057)	(34,291)	(10,515)	(609)	-	(80,472)
Transfers in (out)	-	-	-	-	130	(130)	-
31 December 2017	597,481	1,819,756	5,660,475	297,578	65,638	10,270	8,451,198
Additions	1,951	890	22,518	6,243	1,888	175,048	208,538
Disposals/write-off	(42,966)	(767)	(185,335)	(2,892)	(631)	-	(232,591)
Transfers in (out)	-	-	25,605	-	-	(25,605)	-
31 December 2018	556,466	1,819,879	5,523,263	300,929	66,895	159,713	8,427,145
Accumulated depreciation							
1 January 2017	73,311	1,035,250	2,576,441	271,367	55,897	-	4,012,266
Depreciation for the year	5,096	59,508	216,439	15,539	3,686	-	300,268
Depreciation on disposals/write-off	-	(31,738)	(28,141)	(10,515)	(608)	-	(71,002)
31 December 2017	78,407	1,063,020	2,764,739	276,391	58,975	-	4,241,532
Depreciation for the year	5,266	60,754	251,430	10,048	4,478	-	331,976
Depreciation on disposals/write-off	(157)	(363)	(102,396)	(2,892)	(1,993)	-	(107,801)
31 December 2018	83,516	1,123,411	2,913,773	283,547	61,460	-	4,465,707
Net book value							
31 December 2017	519,074	756,736	2,895,736	21,187	6,663	10,270	4,209,666
31 December 2018	472,950	696,468	2,609,490	17,382	5,435	159,713	3,961,438
Depreciation for the year							
2017 (Baht 283 million included in manufacturing cost, and the balance in selling and administrative expenses)							300,268
2018 (Baht 315 million included in manufacturing cost, and the balance in selling and administrative expenses)							331,976

As at 31 December 2018, the Company had vehicles with net book value of Baht 1 million (2017: Baht 1 million) which were acquired under finance lease agreements.

As at 31 December 2018, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 1,349 million (2017: Baht 1,172 million).

The Company has mortgaged most of its property, plant and machinery with banks as collateral for short-term and long-term credit facilities granted by commercial banks.

16. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate		Financial statements in which equity method is applied/ Separate financial statements	Consolidated/ Separate financial statements
	(%)			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term loans	4.11 - 4.21	3.29	65,230	65,694
Trust receipts	3.86 - 4.75	2.71 - 4.75	1,327,590	1,535,985
Promissory notes	3.62	3.57 - 3.58	300,000	300,000
Total short-term loans				
from financial institution			1,692,820	1,901,679

Short-term loans from financial institutions are guaranteed by the Company's director, the ultimate parent company, pledged of fixed deposits as described in Note 11 to the financial statements and mortgaged of most of its property, plant and machinery as described in Note 15 to the financial statements.

17. Trade and other payables

(Unit: Thousand Baht)

	Financial statements in which equity method is applied/ Separate financial statements	Consolidated/ Separate financial statements
	<u>2018</u>	<u>2017</u>
Trade payables - related parties	477,978	85,052
Trade payables - unrelated parties	243,302	133,518
Other payable - related party	318	37
Other payables - unrelated parties	584	76
Interest payables	2,682	2,418
Accrued expenses	107,006	93,723
Total trade and other payables	831,870	314,824

18. Long-term loans from financial institutions

(Unit: Thousand Baht)

Loan	Interest rate (%)	Repayment schedule	Financial statements in which equity method is applied/ Separate financial statements <u>2018</u>	Consolidated/ Separate financial statements <u>2017</u>
1	MLR - 0.50	Monthly installments as from February 2015 totaling 48 installments	8,000	104,000
2	MLR - 0.75	Monthly installments as from October 2016 totaling 60 installments	70,000	85,000
Total			78,000	189,000
Less: Portion due within one year			(32,000)	(111,000)
Long-term loans, net of current portion			46,000	78,000

The long-term loans are guaranteed by the Company's director, the ultimate parent company, the pledged of fixed deposits as described in Note 11 to the financial statements and the mortgaged of most of its property, plant and equipment as described in Note 15 to the financial statements.

Some loan agreements contain covenants relating to, among other matters, the maintenance of certain financial ratios and the holdings of the current shareholders.

19. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	Consolidated/Separate financial statements <u>2018</u>	<u>2017</u>
Provision for long-term employee benefits at beginning of year	20,187	15,935
Included in profit or loss:		
Current service cost	1,871	1,534
Interest cost	585	526
Included in other comprehensive income:		
Actuarial losses arising from		
Demographic assumptions changes	-	963
Financial assumptions changes	-	1,193
Experience adjustments	-	36
Provision for long-term employee benefits at end of year	22,643	20,187

Long-term employee benefit expenses included in the profit or loss was as follows:

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	<u>2018</u>	<u>2017</u>
Cost of sales	1,471	1,182
Selling and administrative expenses	985	878
Total expenses recognised in profit or loss	<u>2,456</u>	<u>2,060</u>

The Company expect to pay Baht 1 million of long-term employee benefits during the next year (2017: nil).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 15 years (2017: 15 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Financial statements in which equity method is applied /Separate financial statements		Consolidated/ Separate financial statements
	<u>2018</u>	<u>2017</u>	
Discount rate	2.9	2.9	
Future salary increase rate	3.0 - 4.5	3.0 - 4.5	
Staff turnover rate (depending on age)	0.0 - 50.0	0.0 - 50.0	

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below:

(Unit: Million Baht)

	As at 31 December 2018	
	Financial statements in which equity method is applied /Separate financial statements	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(2)	2
Salary increase rate	2	(2)

	(Unit: Million Baht)	
	As at 31 December 2017	
	Consolidated/Separate financial statements	
	Increase 0.5%	Decrease 0.5%
Discount rate	(1)	2
Salary increase rate	2	(1)

On 13 December 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 at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company have additional liabilities for long-term employee benefits of Baht 7 million. The Company will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

20. Statutory reserve

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

21. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2018</u>	<u>2017</u>
Salaries and wages and other employee benefits	284,562	270,068
Depreciation and amortization	350,973	312,663
Transportation expenses	167,615	145,331
Raw materials and consumables used	8,793,007	5,843,085
Changes in inventories of finished goods and work in progress	396,879	130,903

22. Income tax

Income tax expenses (benefits) for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2018</u>	<u>2017</u>
Current income tax:		
Current income tax charge	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	7,014	(17,861)
Income tax expenses (benefits) reported in the statements of comprehensive income	<u>7,014</u>	<u>(17,861)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2018</u>	<u>2017</u>
Deferred tax relating to		
Actuarial losses	-	(438)
	<u>-</u>	<u>(438)</u>

The reconciliation between accounting profit (loss) and income tax expenses (benefits) is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting profit (loss) before tax	(28,453)	170,430	13,566	245,392
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by				
income tax rate	(5,691)	34,086	2,713	49,078
Utilisation of previously unrecognised				
deferred tax assets	-	(69,950)	-	(69,950)
Effects of:				
Promotional privileges	(6,978)	(9,637)	(6,978)	(9,637)
Non-deductible expenses	(12,023)	(4,729)	(12,023)	(4,729)
Additional expense deductions allowed	(86)	(68)	(86)	(68)
Effect of elimination entry on the consolidated				
financial statements	8,404	14,992	-	-
Others	23,388	17,445	23,388	17,445
Total	12,705	18,003	4,301	3,011
Income tax expenses (benefits) reported in				
the statement of comprehensive income	7,014	(17,861)	7,014	(17,861)

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)	
	Statements of financial position	
	Financial statements	
	in which equity	
	method is applied/ Separate financial statements	Consolidated/ Separate financial statements
	<u>2018</u>	<u>2017</u>
Deferred tax assets		
Allowance for diminution in value of inventories	12,892	816
Provision for long-term employee benefits	4,529	4,037
Unused tax loss	38,456	58,038
Total	55,877	62,891

As at 31 December 2018, the Company has unused tax losses totaling Baht 470 million (2017: Baht 644 million), on which deferred tax assets have not been recognised as the Company believes future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

Details of expiry date of unused tax losses are summarised as below:

(Unit: Million Baht)

	Financial statements in which equity method is applied/ Separate financial statements	Consolidated/ Separate financial statements
	<u>2018</u>	<u>2017</u>
31 December 2018	-	174
31 December 2019	28	28
31 December 2020	425	425
31 December 2021	17	17
	<u>470</u>	<u>644</u>

23. Basic earnings per share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares held by outsiders in issue during the year.

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit (loss) for the year (Thousand Baht)	(35,467)	188,290	6,552	263,252
Weighted average number of ordinary shares (Thousand shares)	596,749	596,749	596,749	596,749
Basic earnings (loss) per share (Baht/share)	(0.06)	0.32	0.01	0.44

24. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the manufacture of bolt & nut and screw, pursuant to the promotion certificate No. 1181/2003 issued on 9 April 2003. Subject to certain imposed condition, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations commenced generating revenues (9 August 2005) and a 50% reduction of corporate income tax on income derived from the promoted operations for a period of 5 years after the tax-exemption period ends.

25. Segment information

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

For management purposes, the Group are organised into business units based on its products and services.

The Group business operations involve four principal segments: (1) manufacture steel wire rods and reinforce concrete bar (2) manufacture steel annealing wire (3) manufacture screw and bolt and (4) trading. These operations are mainly carried on in Thailand.

Below is the financial information for the years ended 2018 and 2017 by segment.

(Unit: Million Baht)

	Manufacture steel wire rods and reinforced concrete bar		Manufacture steel annealing wire		Manufacture screw and bolt		Trading		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues										
Domestic sales	4,745	3,231	99	108	42	60	1,007	-	5,893	3,399
Export sales	276	685	1,119	1,119	2,070	1,678	998	636	4,463	4,118
Total revenues	<u>5,021</u>	<u>3,916</u>	<u>1,218</u>	<u>1,227</u>	<u>2,112</u>	<u>1,738</u>	<u>2,005</u>	<u>636</u>	<u>10,356</u>	<u>7,517</u>
Results										
Segment profit (loss)	(207)	46	36	49	140	126	53	17	22	238
Unallocated profit and expenses:										
Gains on the dissolution of investment in other company									25	-
Gains on disposal of land, building and equipment									12	31
Gains on exchange									45	19
Interest income									1	1
Other income									22	18
Reversal of losses from raw material purchase contracts									-	6
Losses on write-off of land improvement, building and equipment									(28)	(9)
Share of loss from investment in associate									(49)	(75)
Finance cost									(78)	(59)
Profit (loss) before income tax benefits (expenses)									(28)	170
Income tax benefits (expenses)									(7)	18
Profit (loss) for the year									<u>(35)</u>	<u>188</u>

Major customers

For the year 2018, the Group have revenue from one major customer in amount of Baht 1,726 million, arising from sales by all segments (2017: Baht 1,584 million derived from one major customer, arising from sales by all segments).

26. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Company and employees contributed to the fund monthly at the rate of 5 and 3 percent of basic salary respectively. The fund, which is managed by Kasikorn Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2018 amounting to approximately Baht 4 million (2017: Baht 4 million) were recognised as expenses.

27. Commitments and contingent liabilities

As at 31 December 2018, the Company had the following outstanding commitments and contingent liabilities.

27.1 Raw material purchase commitments

The Company entered into raw material purchase agreements amounting of USD 11 million (2017: USD 2 million). The materials will be shipped to the Company within 90 - 180 days from the contract dates.

27.2 Guarantees

There were outstanding bank guarantees of approximately Baht 57 million (2017: Baht 57 million) issued by banks on behalf of the Company in respect of certain performance bonds to guarantee electricity use among others.

28. Fair value hierarchy

As at 31 December 2018 and 2017, the Company had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht)			
	Financial statements in which equity method is applied/Separate financial statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value				
Derivatives				
Foreign currency forward contracts	-	9.2	-	9.2

(Unit: Million Baht)

	Consolidated/Separate financial statements			
	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Derivatives				
Foreign currency forward contracts	-	0.4	-	0.4
Financial liabilities measured at fair value				
Derivatives				
Foreign currency forward contracts	-	3.9	-	3.9

29. Financial instruments

29.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, restricted bank deposits, other long-term investment, trade and other payables, short-term and long-term loans and liabilities under finance lease agreements. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

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

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, short-term and long-term borrowings. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Financial statements in which equity method is applied/Separate financial statements

As at 31 December 2018

	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (%)
Financial assets					
Cash and cash equivalent	-	498	87	585	Refer to Note 7
Trade and other receivables	-	-	827	827	-
Restricted bank deposits	60	-	-	60	Refer to Note 11
	60	498	914	1,472	
Financial liabilities					
Trade and other payables	-	-	832	832	-
Short-term loans	1,693	-	-	1,693	Refer to Note 16
Long-term loans	-	78	-	78	Refer to Note 18
	1,693	78	832	2,603	

(Unit: Million Baht)

Consolidated/Separate financial statements

As at 31 December 2017

	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (%)
Financial assets					
Cash and cash equivalent	-	459	12	471	Refer to Note 7
Trade and other receivables	-	-	745	745	-
Restricted bank deposits	60	-	-	60	Refer to Note 11
	60	459	757	1,276	
Financial liabilities					
Trade and other payables	-	-	315	315	-
Liabilities under finance					
lease agreement	1	-	-	1	6.26 - 7.04
Short-term loans	1,902	-	-	1,902	Refer to Note 16
Long-term loans	-	189	-	189	Refer to Note 18
	1,903	189	315	2,407	

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	15.07	17.09	55.54	34.08	32.4498	32.6809
Euro	4.16	2.76	0.11	0.11	37.1252	39.0273
New Taiwan dollar	0.01	0.01	0.30	0.15	1.0545	1.0958

Forward exchange contracts outstanding are summarised below.

As at 31 December 2018			
Foreign currency	Bought amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	41.86	32.14 - 32.84	3 April 2019 - 3 July 2019

As at 31 December 2017			
Foreign currency	Bought amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	15.14	32.41 - 33.32	19 March 2018 - 5 July 2018

29.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

30. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2018, the Group's debt-to-equity ratio was 0.52:1 (2017: 0.47:1) and the Company's was 0.49:1 (2017: 0.45:1).

31. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 25 February 2019.



Report of the Board of Directors' Responsibilities for the Financial Statements

The main priority of the Board of Directors is to supervise the Company's operations, making sure they are in line with good corporate governance policy and that the financial statements and financial information appearing in the Company's annual report are accurate, complete and adequate. Its duty is also to make sure that the financial statements are in line with Thai Financial Reporting Standards and that an appropriate accounting policy has been chosen and is being carefully pursued on a regular basis. In addition, the Board of Directors must also ensure that the Company has an effective internal control system to assure the credibility of its financial statements. The Board also ensures protection over potential conflicts of interest through systems which are place to prevent unusual transactions. Connected transactions which might lead to possible conflicts of interest are closely monitored to ensure they are genuine transactions and are reasonably carried out, based on the normal course of business and for the Company's maximum benefits, and that the Company is in compliance with relevant laws and regulations. The Audit Committee has already reported the result of its action to the Board of Directors and has also reported its opinions in the Audit Committee's Report as seen in the annual report.

The Board of Directors is of the opinion that the Company's internal control system has been proven to be satisfactory. The Board was able to obtain reasonable assurance on the credibility of the Company's financial statements as at 31 December 2018 which the Company's auditor has audited based on the generally-accepted accounting standards. The auditor is of the opinion that the financial statements present fairly the Company's financial position and the results of its operations in accordance with generally accepted accounting principles.

Tycoons Worldwide Group (Thailand) Public CO., Ltd.



Mr. Huang, Wen-Sung
(Chairman of the board)



รายงานคณะกรรมการตรวจสอบ

คณะกรรมการตรวจสอบได้สอบทานงบการเงินรวมของบริษัทและบริษัทย่อยประจำปี 2561 ร่วมกับผู้สอบบัญชี เพื่อนำเสนอต่อคณะกรรมการบริษัทรับทราบ รายงานการตรวจสอบ ประชุมหารือร่วมกับฝ่ายที่เกี่ยวข้องสอบทานการปฏิบัติตามข้อกำหนด และกฎหมายรวมทั้งพิจารณาการเปิดเผยข้อมูลรายการที่เกี่ยวข้องกันให้เป็นไปตามเกณฑ์ตลาดหลักทรัพย์แห่งประเทศไทย

คณะกรรมการตรวจสอบได้พิจารณางบการเงินดังกล่าวมีความเห็นว่า บริษัทมีการจัดทำรายงานทางการเงินเป็นไปตามมาตรฐานบัญชีที่รับรองทั่วไป มีการเปิดเผยข้อมูลเพียงพอ มีระบบการควบคุมภายใน ระบบตรวจสอบภายใน และระบบบริหารความเสี่ยงที่น่าพอใจ ไม่มีข้อที่ต้องปรับปรุงอย่างเป็นสาระสำคัญ


(นายพิพัฒน์ หวังพิชิต)

กรรมการตรวจสอบ


(นายสุรพล ขวัญใจธัญญา)

ประธานคณะกรรมการตรวจสอบ

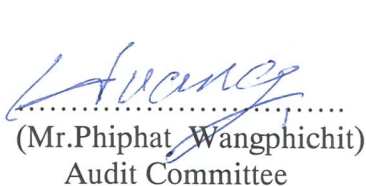

(นายจิรวัดน์ หวาง)

กรรมการตรวจสอบ

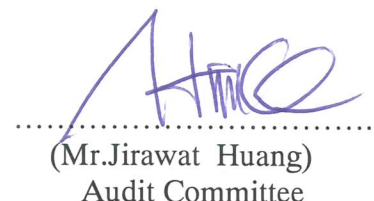
REPORT OF THE AUDIT COMMITTEE

The audit committee jointly reviewed the 2018 annual consolidated financial statements with the certified public accountant for presentation to the board of directors for acknowledgement; discussed with relevant parties at meetings; reviewed compliance to the provisions and laws; and deliberated on information disclosure of related items in conformity with provisions of the Securities Exchange of Thailand.

The audit committee reviewed the consolidated financial statements and has an opinion that the company prepared financial statements in accordance with generally accepted accounting standards; adequately disclosed information; maintained regulating and supervisory system; internal audit and risk management system is satisfactory with no significant discrepancies are observed.


(Mr.Phiphat Wangphichit)
Audit Committee


(Mr.Surabhon Kwunchaithunya)
Audit Committee Chairman


(Mr.Jirawat Huang)
Audit Committee

TYC=NS
