



# Annual Report 2016



# Asian Insulators Public Company Limited



More than half of Porcelain Insulators uses in power transmission and distribution grids are our products. A progressive porcelain manufacturing plant with production flow and state-of-the-art raw materials preparation, pug mills and kilns with ISO-9001 Quality Assurance Program allows for the manufacture and marketing of high quality insulators products. Along with product innovation and improvements to make AI an industry leader in the design and production of high quality porcelain insulators.

## AI at a glance

### Insulators Business



#### Asian Insulators Public Company Limited

Asian Insulators Public Company Limited is progressive porcelain manufacturing plant with production flow and state-of-the-art raw materials preparation, pug mills and kilns with ISO-9001 Quality Assurance Program. This allows for the manufacture and marketing of high quality insulator products. Along with product innovation and improvements to make AI an industry leader in the design and production of high quality porcelain insulators.

### Engineering Business



#### AI Engineering Services Company Limited

Provides the services for design, supply and installation of high voltage substation, distribution and transmission line system, along with project management with discipline engineers. AI Engineering Services is a market leader providing industrial maintenance, construction and engineering services to the water, power, and communications industries with over 10 years successfully delivered major infrastructure solutions. AI Engineering Services values safety, teamwork, honest and open communication, outstanding customer service and integrity. These fundamental beliefs are applied at all levels throughout the organization.

### Alternative Energy and Vegetable Oil Business



#### AI Energy Public Company Limited

One of the largest refineries crude palm oil to biodiesel (B100) as an alternative energy source. A refinery plant with the continuous process and friendly to environment. Biodiesel can be used as a substitution for diesel oil as it is commonly used in trucks, and ships for transportation. The benefit of biodiesel is reduced dependence on foreign oil sustainability, it is non-toxic and biodegradable, promotes economic development, produces lower emissions, and extended engine life. Another refinery plant, with 800 tons capacity per day for refining crude palm oil to vegetable oil for both domestic and export with “Pamola” brand.





## Contents

- Financial Highlights (Consolidated Financial Statement)
- Company and Business Profile
- Message from Chairman
- Business Structure
- Board of Directors
- Audit Committee
- Management
- Corporate Governance Policy
  - 1. Right of Shareholders
  - 2. Right of Stakeholders
  - 3. Disclosure and Transparency
  - 4. Business Ethics
  - 5. Controlling System and Internal Audit
  - 6. Responsibilities of the Board
  - 7. Investors Relation
- Major Shareholders of Asian Insulators Public Company Limited
- Dividend Policy
- Risk Management and Risk Factors
- Connected Transaction
- Management Discussion and Analysis
- Report of the Audit Committee
- Audit Report of Certified Public Accountant
- Balance Sheets
- Corporate Social Responsibility Activities
- Asian Insulators Subsidiaries



## Financial Highlights (Consolidated Financial Statement)

Financial Statements	2016	2015	2014
Statement of Income ( Million Baht )			
• Net Sales	4,169.03	4,267.00	5,083.16
• Total Revenues	4,672.15	4,381.86	5,582.87
• Gross Profit	509.33	354.01	580.76
• Profit before Interest and Income Tax Expenses	332.78	154.39	395.13
• Net Profit	311.14	144.49	317.98
Balance Sheets ( Million Baht )			
• Total Assets	3,525.14	3,632.72	3,733.03
• Total Liabilities	392.50	561.59	791.10
• Total Shareholders' Equity	3,132.64	3,071.13	2,941.93
Financial Ratio			
• Gross Profit Margin	10.94	8.12	10.45
• Net Profit Margin	6.66	3.30	5.72
• Return on Equity	9.93	4.70	10.81
• Return on Assets	8.83	3.98	8.52
Operating Result Per Share			
• Net Profit per Share	0.10	0.06	0.10
• Book Value per Share	1.12	1.10	1.05



## Company and Business Profile

Company's name	Asian Insulators Public Company Limited
Year of establishment	1981
Stock code	AI
Registration No.	0107547000265
Type of business	Manufacturer and distribution of Porcelain Insulators
Head Office Address	254 Seri Thai Road, Kannayaow, Bangkok 10230
Tel.	0-2517-1451 0-2517-1026 0-2517-9447-8 และ 0-2517-8597-9
Fax.	0-2517-1465, 0-2540-0993
e-mail	asian@asianinsulators.com
Website	<a href="http://www.asianinsulators.com">http://www.asianinsulators.com</a>
Registered capital	700,000,000 Baht
Paid – up capital	699,999,021 Baht
Comprise of	700,000,000 ordinary shares, Baht 0.25 per value
Factory address	99 Moo 2 , Asia Road km. 70-71, Thambon Baan Morh, Amphure Prom Buri, Sing Buri 16120
Tel.	0-3659-9753-5 , 0-3659-9757
Fax.	0-3659-9756
Year of being listed in SET	2004
Contacts	Investor Relations Tel. 66-25171451 e-mail: ir@asianinsulators.com
Auditors	1. Mr. Vichai Ruchtanont Certified Public Accountant No.4054 2. Mr. Atipong Atpongsalul Certified Public Accountant No.3500 3. Mr.Sathen Vongsnan Certified Public Accountant No.3495 4. Miss Kultida Pasurakul Certified Public Accountant No.5946 5. Mr.Yuttapong Chuamuangpan Certified Public Accountant No.9445 from ANS Audit Co.,Ltd. 100/72, 22 <sup>nd</sup> Floor, 100/2 Vongvanij Building B, Rama 9 Rd., Huaykwang, Bangkok 10310Thailand. Tel : 0-2645-0109 Fax : 0-2645-0110



Asian Insulators Public Company Limited (AI) founded on 12 May 1981 with a commitment to manufacture and distribute of high quality porcelain insulators products for electricity distribution and transmission lines.

## Subsidiaries

AI Engineering Services Company Limited (AIES) founded on 17 September 1992. The main business is an engineering contractor for construction of high voltage substations and high voltage transmission lines, with a stakeholder of 99.84% with the registered capital of 200 million Baht.

AI Energy Public Company Limited (AIE) was found in October 2006. The main business is alternative energy manufacturer and vegetable oil refinery, with a 59.59.00 % stakeholder with registered capital of 1,130 million Baht.

## Joint Venture Company

PPC Asian Insulators Company Limited (PPCAI) was established on 23 February 2004 with the registered capital of 263 million Baht. PPCAI is a Joint Venture Company between Asian Insulators Public Company Limited (AI) and PPC Insulators Holding GmbH (PPC), Austria with 25.10% and 74.90% stake respectively. PPC Insulators Holding GmbH (PPC), Austria invested into this Joint Venture Company via Porzellanfabrik Frauenthal Insulators GmbH (PFI), its subsidiary company.

Asian Insulators Public Company Limited and PPC Insulators Holding GmbH (PPC), Austria had signed the Joint Venture agreement on January 30<sup>th</sup>, 2004 with the common goal to manufacturer and distribute of porcelain Insulators to PPC Insulators Holding GmbH (PPC). The agreement has specified the distribution right for the company to act as representative to sell and distribute porcelain insulators to Thailand, Laos, Myanmar, Cambodia and Vietnam.

The Joint Venture Company shall manufacture the Porcelain Insulators according to ANSI and IEC standard for export only. The production technology will be supported by both companies



## Message from Chairman



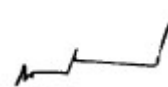
Asian Insulators Public Company Limited and its subsidiaries have derived 4,672.15 million Baht in Total revenues in year 2016, 6.62 % increased from the previous year, Earning Before Interest and Income tax expenses (EBIT) equal to 332.78 million Baht, a 7.12 % of the total revenue, 311.14 million Baht in net profit, a 6.66 % of the total revenues. The earnings per share was 0.10 Baht.

Porcelain Insulators business derived revenue 752.67 million Baht, decreased by million Baht 820.26, a 8.24 % fall from last year. The economic crisis and the shrinkage of the government spending in the infrastructure of year 2016 , as result in demand for Porcelain Insulators for year 2016.

The Engineering business, or the subsidiary with the revenue of 422.99 million Baht, a 1,363.13 % or 394.08 million Baht rise from last year.

The Alternative energy and Vegetable Oil business derived revenue from sale of biodiesel and its by-products of 3,478.89 million Baht, a 0.95 % or 33.21 million Baht decreased from last year.

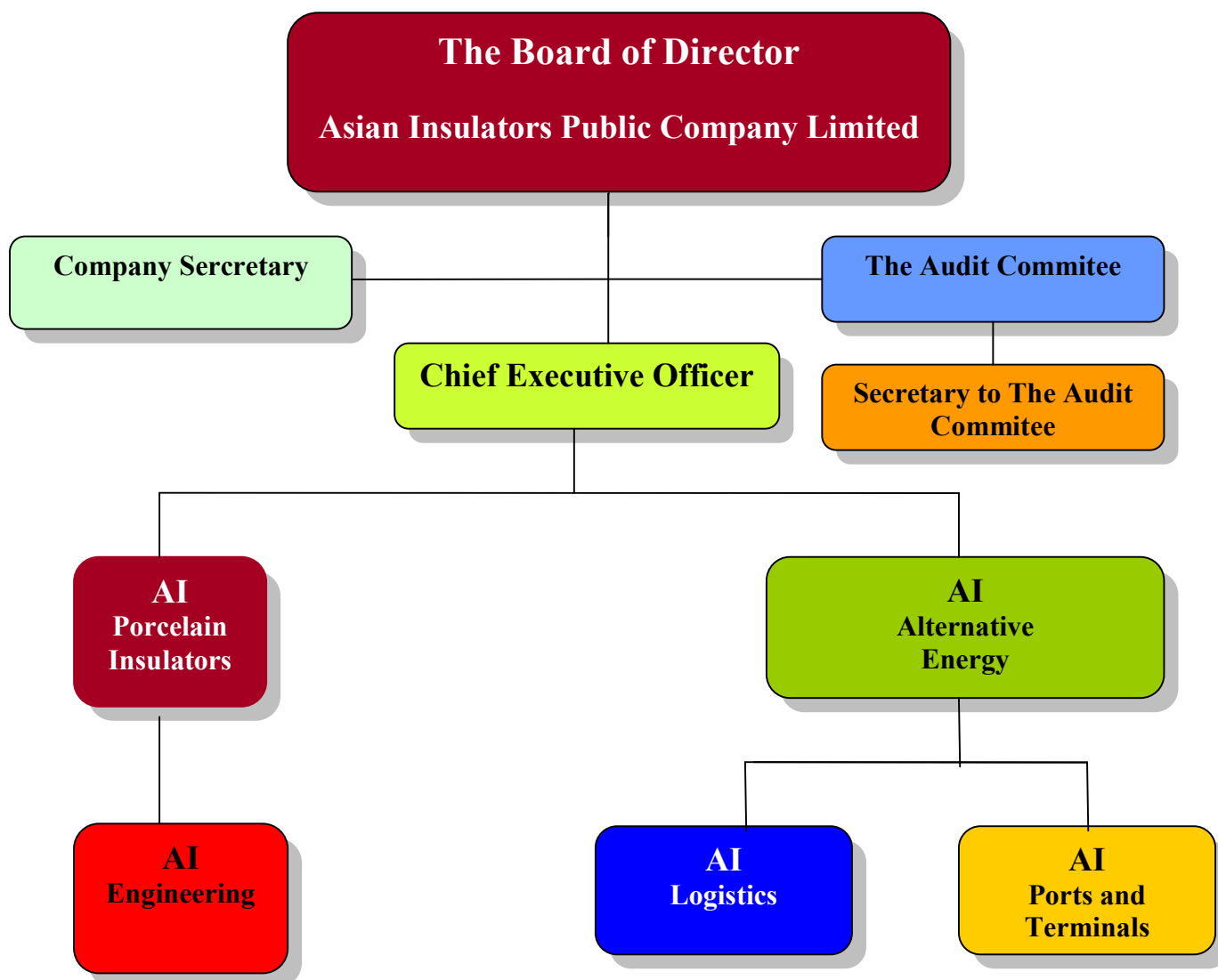
Asian Insulators Public Company Limited Group managed under the corporate governance with a firm commitment to ethical transaction with the improvement of life and environment. On behalf of the Company, we sincerely thank the shareholders, customers, business partners, financial institutions, and employees for entrusting the Company with these responsibilities and for supporting the Company through the year.



Narong Thareratanavibool

Chairman

## Business Structure



## Board of Directors

### Roles and Responsibility of the Board of Directors.

The Board of Directors holds responsibilities for all the Company's shareholders. Each director represents all shareholders and takes part in supervisory and regulatory functions in the Company's operations, independent and impartial manner, for the benefits of all shareholders and other stakeholders. The Board has roles and responsibilities stated in the Board of Directors' Charter, which are:

- Board of Directors has the role and responsibilities to the shareholders for the company business and manage as per company objective for maximum benefit to the shareholders with ethical and mutual Benefit.
- Board of Directors shall appoint and authorize Chief Executive Officer to execute the company business plan
- It is a duty of directors to attend every board meeting, except with reasonable excuses.
- The Board of Directors meeting should have regularly every 3 months and scheduled in advance. The Chairman is acting on the behalf chair person in the meeting, prepare the agenda, and make sure that all the relevant information has been received by Directors members within a propitious time.
- The Chairman of the board should promote prudent consideration and allocate appropriate time for the management to present adequate issues and enough for the directors to broadly discuss important matters with care.
- In the matter of consider any agenda, the Directors has the right to seek out, or request more information, or need advisory from the expert, all the expense shall be borne by the Company.
- The resolution from the meeting shall be recorded; any disagreement in the meeting shall be recorded on the minutes of meeting as well.
- The Board of Directors shall appoint a Company Secretary to support and prepare the agenda, invitation letter, filing and advice to the Board of Directors for any laws, regulation that may concern.
- The Board of Directors should provide a report indicating its responsibilities to prepare financial statements, and be exhibited alongside the auditor's report in the company's annual report.
- The role and responsibilities of Board of Directors are as follow:
  1. Approve for strategic planning, execute and company's budget.
  2. Approve the operating results each quarter compare to the plan and future trend.
  3. Approve the investment, buy or accusation or Joint Venture Agreement for those within the Stock Exchange of Thailand's regulation.
  4. Approve on company behalf of any that concern with debts, business strategy, financial, and goodwill.
  5. Approve and sign contract agreement on the company behalf of unusual business and important normal business operation.
  6. Approve any connected transaction between companies, subsidiary, joint venture, and related person for those which not require the approval from shareholders.
  7. Approve any business transaction that has the impact to debt to equity ratio more than 1 : 1



8. Approve interim dividend payment.
9. Approve any change in accounting method and financial
10. Appoint the Company Secretary
11. Approve an authorization for Chairman, Chief Executive Officer, or any Directors for any duty. The authorization shall be enforce until further notice.
12. Approve the Corporate Governance Policy.
13. Authorize to approve on the company behalf for execute any matter as per the laws, company objective, and resolution from the Annual General Meeting.
14. Authorize to execute any matters to conform the laws, company's objective, regulation and resolution from the Annual General Meeting of the shareholders.

### Board of Director Remuneration

The Company has established a set of well-defined and transparent remuneration policy for Directors. Executive Directors are responsible for reviewing and consideration appropriateness of each director, and the Company financial status, to ensure that remuneration is comparable to other companies. A member of a committee who is also a member of other committees shall receive additional remuneration according to their increased responsibilities.

The Company has already received approval on its remuneration policies from Annual General Meeting of shareholders No. 1/2559, dated April 29, 2016 for the total and not more than 3,500,000 Baht.

Name	2016 Meeting Allowance (Baht)	2016 Director's Remuneration (Baht)	2015 Meeting Allowance (Baht)	2015 Director's Remuneration (Baht)	2014 Meeting Allowance (Baht)	2014 Director's Remuneration (Baht)
Mr. Narong Thareratanavibool	151,800	303,600	126,500	303,600	177,100	303,600
Mr. Thanit Thareratanavibool	132,000	264,000	110,000	264,000	154,000	264,000
Mr. Kovit Thareratanavibool	66,000	264,000	110,000	264,000	132,000	264,000
Mr. Noppol Thareratanavibool	110,000	264,000	110,000	264,000	88,000	198,000
Police General Wichean Potephosree	177,100	303,600	202,400	303,600	214,500	268,400
Mr. Boonlert Khawcharoenporn	154,000	264,000	154,000	264,000	242,000	264,000
Dr. Veeraphat Phetcharakupt	132,000	264,000	154,000	264,000	110,000	176,000
Total	922,900	1,927,200	966,900	1,972,200	1,117,600	1,738,000

## Board of Directors Meetings

Board of Directors meetings are planned for the entire year for at least one meeting in every four months. The Chairman of the Board issues a meeting along with the meeting agenda and relevant supplementary documents to each Director within prorated time ahead of the meeting.

At each meeting, Directors are openly and freely express their opinions and ask for the related document from management. Also the right to seek the advice from consultant or advisors with the cost charge to company account. The Chairman of the Board conclude and take the minutes of each are properly documented and, after approval from the Board is given, are filed for auditing purpose and reference by directors and related persons. In the event of director disagree with the resolution, the minute of meeting shall be documented and recorded in the minute of meeting. Board of directors has appointed a secretary to the Board of director who in charge of record the minute of meeting, agenda, invitation to the meeting, filing, and record.

Self-Assessment of the Board - The Board instituted a review of its individual self-assessment that to help directors review their performance together with issue and obstacles identified during the year. In year 2016, all directors had conducted the self-assessment of the Board for one time.

## Board of Directors and Audit Committee Meeting Attendance

Name	Year 2016		Year 2015		Year 2014	
	Audit Committee Meeting	Board of Directors Meeting	Audit Committee Meeting	Board of Directors Meeting	Audit Committee Meeting	Board of Directors Meeting
Mr. Narong Thareratanavibool	--	6 / 6	--	5 / 5	--	6 / 6
Mr. Thanit Thareratanavibool	--	6 / 6	--	5 / 5	--	6 / 6
Mr. Kovit Thareratanavibool	--	3 / 6	--	5 / 5	--	5 / 6
Mr. Noppol Thareratanavibool	--	6 / 6	--	5 / 5	--	4 / 6
Police General Wichean Potephosree	1 / 1	6 / 6	3 / 3	5 / 5	3 / 4	5 / 6
Dr. Veeraphat Phetcharakupt	1 / 1	6 / 6	3 / 3	5 / 5	2 / 4	3 / 6
Mr. Boonlert Khawcharoenporn	1 / 1	6 / 6	3 / 3	5 / 5	4 / 4	6 / 6

## Details of Directorship of Asian Insulators and Executives in Subsidiaries, and Related Companies

Subsidiaries and Related Company					
Name	Asian Insulators PCL	2.1	2.2	2.3	2.4
Mr. Narong Thareratanavibool	Chairman	X	//	//	
Mr. Thanit Thareratanavibool	Chief Executive Officer	//	//	//	
Mr. Kovit Thareratanavibool	Director	//	//		//
Mr. Noppol Thareratanavibool	Director	//		//	
Police General Wichean Potephosree	Director	/			
Mr. Boonlert Khawcharoenporn	Director	/			
Dr.Veeraphat Phetcharakupt	Director	/			

### Remark

- x = chairman : / = Director : // = Executive Director
- Companies
  - Asian Insulators Public Company Limited
  - AI Engineering Services Company Limited
  - AI Energy Company Limited
  - PPC Asian Insulators Company Limited



## Audit Committee

Each quarter the Audit Committee reviews the Company's financial reports in conjunction with accounting department and the office of the auditor general, and presents finding to the Board. The Board is accountable for the Companies Group's consolidated financial statements, as well as other financial information (such as report on the Board's responsibility to financial report) presented in the annual report. The financial statements are prepared under generally accepted accounting principles, examined, and certified by the office of the auditor general. Essential information, including financial and non-financial information, is completely and consistently disclosed.

As December 31, 2016. Audit Committee comprised of three persons as follow:-

No.	Name	Position
1.	Police General Wichean Potephosree	Chairman of Audit Committee
2.	Mr. Boonlert Khawcharoenporn	Audit Committee
3.	Dr. Veeraphat Phetcharakupt	Audit Committee

And appointed Mrs. Mattika Chansuwan as a Secretary to Audit Committee.

## The Charter of the Audit Committee

### 1. Qualifications of the Audit Committee

The Audit Committee can freely express their opinions on responsibilities delegated by the Board of Directors, without influence from any individual or group. The qualifications of the Audit Committee are as follows:

- 1.1 Direct or indirect freedom from financial and managerial influences of the company, joint venture or main stockholders.
- 1.2 No direct or indirect connection to the financial or administrative functions of the company, joint venture or major stockholders for at least one year prior to joining the committee. Unless the Board of Directors deems that the relationship does not bias the function and opinions of the Audit Committee.
- 1.3 Not connected to nor relatives of any member of the Board of Directors, administrators or major stockholders.
- 1.4 Not appointed to protect the interests of anyone on the Board of Directors or major stockholders in the organization.

### 2. Composition of the Audit Committee

The state of the Audit Committee is as follows:

- 2.1 The Audit Committee must consist of members of the Board of Directors and meet the qualifications required by the Stock Exchange of Thailand.
- 2.2 Audit Committee members must be appointed by the Board of Directors.
- 2.3 The Audit Committee shall be composed of at least 3 persons, at least one of whom must have a good knowledge of, and experience in, accounting and finance.



- 2.4 One member of the Audit Committee will be selected and appointed by the Board of directors to be the Chair person.
- 2.5 The manager of the Internal Audit Office will be the secretary of the Audit Committee.

### 3. Authority

The Audit Committee is responsible for ensuring that the company is run in a clear and honest way. In addition, the committee has to inspect the performances of the Chief Executive Officer and administrators so as to make sure that the policies of the Board of Directors have been followed completely, in correctly and in the best interests of the stockholders. This includes the following:

- 3.1 Ensuring that the company has correct financial reports in keeping with general accounting standards, with sufficient details and transparency.
- 3.2 Ensuring that the company has appropriate and effective internal control and auditing.
- 3.3 Ensuring that the company follows the laws on the Stock Exchange market, the regulations of the Stock Exchange market and the laws related to the company's business.
- 3.4 Selecting and appointing the company's accounting auditor, and setting his/her stipend.
- 3.5 Considering which items of the company's information should be revealed in situations where such a revelation might benefit a competitor and presenting the information correctly and completely.
- 3.6 Ensuring that the company has an appropriate and effective risk management system in place.
- 3.7 Examining and reviewing internal auditing plans and the performance of the internal auditing office in coordination with the accounting auditor.
- 3.8 Preparing reports on the results of the company audits to be included in the company's annual report, endorsed by the chair of the Audit Committee.
- 3.9 Reporting the auditing results of the company's performance to the Board of Directors at least 4 times a year.
- 3.10 In performing auditing work under its jurisdiction, the Audit Committee is empowered to invite any administrators and personnel concerned with the issue under consideration to join meetings or to provide necessary documents.
- 3.11 Having the authority to engage consultants or outside people for advice when necessary.
- 3.12 Performing any other jobs delegated by the Board of Directors with the consent of the Audit Committee.

#### 4. Audit Committee's term

The Audit committee shall serve for a term of at least 3 years. At the end of a 3-year term, an Audit Committee member can be re-appointed. In addition, A member of the Audit Committee may be removed by any of the following:

- 4.1 Death.
- 4.2 Resignation.
- 4.3 Lack of qualifications required by this Charter or by the regulations of the Stock Exchange of Thailand.
- 4.4 End of term of appointment as a member of the Board of Directors.

Any member of the Audit Committee who wishes to resign from his/her position can submit a letter of resignation to the Chairman of the Board. Then, the Board of Directors will approve the resignation.

At the end of the 3-year term, members of the Audit Committee must continue in their positions to perform auditing jobs until a new Audit Committee has been appointed.

If any position on the Audit Committee become vacant for other reasons, before the end of the term, the Board of Directors shall appoint a qualified person to fill the vacant position within 90 days. This person will be appointed for the remaining period of the person he replaces.

#### 5. Meetings

The meetings of the Audit Committee are characterized as follows:

- 5.1 Meetings to consider budget and other matters shall be held not less than 4 times a year and shall be held not less than 7 days before the meeting of the Board of Directors. The chairman can call additional meetings to discuss urgent matters as required.
- 5.2 Any members of the Audit Committee who stand to gain or lose in any matters before the committee has no right to vote in such matters.
- 5.3 When a vote is taken at a meeting, a majority wins the vote. If the votes are equal, the Chairman will cast the deciding vote. However, any dissenting opinions shall be presented to the Board of Directors.
- 5.4 The Chairman of the Audit Committee shall report the results of each meeting at the subsequent meeting of the Board of Directors.



## Board of Directors



Narong Thareratanavibool

Position Chairman

Education - Master in Business Administration Executive Program  
Kasetsart University  
- National Defense College

Seminar

Chief Financial Office Certification Program  
Director Accreditation Program, Thai Institute of Director Association  
Chairman 2000, Thai Institute of Directors Association  
Director Certification Program, Thai Institute of Directors Association  
Capital Market Academy Leader Program No.15

Previous Experience

1983 – 2003 Managing Director – Asian Insulators Company Limited  
2006 - 2008 Director – PPC Asian Insulators Company Limited

Other Current Position

Since 2538 Director – AI Engineering Services Company limited  
Since 2006 Director – AI Energy Company limited  
Since 2006 Director – AI Logistics Company Limited  
Since 2007 Director – AI Ports and Terminals Company limited

## Thanit Thareratanavibool



Position Chief Executive Officer

Education - Bachelor of Science in Mechanical Engineering  
Northeastern University, Boston  
Massachusetts, U.S.A.

- Master Degree in Business Administration  
Kasetsart University , Thailand.

Seminar Director Accreditation Program, Thai Institute of Director Association  
Director Certification Program, Thai Institute of Directors Association  
Capital Market Academy Leader Program No.17

Previous Experience 1998 – 2003 Deputy managing Director - Asian Insulators Company Limited

2006 - 2008 Director – PPC Asian Insulators Company Limited

Other Current Position Since 1995 Managing Director – AI Engineering Services Company Limited

Since 2006 Director – AI Energy Company Limited

Since 2006 Director – AI Logistics Company Limited

Since 2007 Director – AI Ports and Terminals Company Limited



## Kovit Thareratanavibool

Position Executive Director

Education - Master in International Business University of Dallas,  
Taxas, U.S.A.

Siminar Director Accreditation Program, Thai Institute of Director Association  
Director Certification Program, Thai Institute of Directors  
Association Finance for Non-Finance Director,  
Thai Institute of Director Association  
Chief Finance Officer 2000, Thai Institute of Director  
Association

Previous Expreience 1998 – 2001 General Manager – Crown Ceramic Company Limited

Other Current Position

Since 1995 Director – AI Engineering Services Company Limited

Since 2006 Managing Director – PPC Asian Insulators Company  
Limited

Since 2006 Director – AI Energy Company Limited

Since 2006 Director – AI Logistics Company Limited

Since 2007 Director – AI Ports and Terminals Company Limited

## Noppol Thareratanavibool



Position      Executive Director

Education    - B.Sc. Finance – University of Essex, UK  
                  - MBA - SASIN Graduate Institute of Business Administration  
                  of Chulalongkorn University

Siminar

Director Certification Program, Thai Institute of Directors Association

Other Current Position

Since 2011 Director – AI Logistics Company Limited

Since 2010 Director – AI Ports and Terminals Company Limited



## Police General Wichean Potephosree

- Position      - Chairman of Audit Committee  
                      - Director
- Education     - Master in Business Administration  
                      Executive Program Kasetsart University  
                      - National Defense College

### Siminar

- Chief Financial Office Certification Program  
 Director Certification Program, Thai Institute of Directors Association  
 Audit Committee Program, Thai Institute of Directors Association  
 Executive Financial Management Certificate Program  
 Advanced Audit Committee Program (AACP) 17/2014

### Previous Experience

- Commissioner General of Royal Thai Police
- Committee of Boonyachinda Foundation for Police and Family
- Committee of Asian Insulators Public Company Limited
- Dependent Committee of Group Company of Pacific-pipes System Pvt Ltd
- Dependent and Audit Committee Wanachai Group Company (PLC)

### Other Current Position

- Dependent and Audit Committee Wanachai Group Company (PLC)
- Dependent Committee of Group Company of Pacific-pipes System Pvt Ltd
- Committee of Boonyachinda Foundation for Police and Family
- Committee of Human Resources Administration, the National Communications Commission
- Sub-committee of National Police Policy concerning Monitoring and Following up National Police Policy



Position	- Audit Committee
	- Director
Education	- Bachelor of Electrical Engineering
	Chulalongkorn University

## Association

Other Current Position	Since 2007 Chairman of Corporate Governance. Nomination Audit Committee. Lighting and Equipment Public Company Limited
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**Dr. Veeraphat Phetcharakupt**

Position - Audit Committee

- Director

Education - Bachelor of Business Administration-Banking and  
Finance, Chulalongkorn University, 2001

- Master of Science in Finance, University of Essex.

- Doctor of Philosophy in Finance, University of  
Essex.

- Chartered Financial Analyst (CFA Level III)

Siminar Director Accreditation Program, Thai Institute of Director Association

**Previous Experience**

2008 - 2011 Bank of Ayudhya Pcl. Investment Banking Department

2011 – 2013 MFC Asset Management Public Company Limited

2013 - 2015 MFC Advisory Co., Ltd. Acting President

2015 - Present Country Group Holdings Public Company Limited,

Executive Vice President

## Change in Asian Insulators Shares held by The Management in 2015 – 2016

No.	Name	Position	31 Dec 16	31 Dec 15	Increase / Decrease
1.	Mr. Narong Thareratanavibool	Chairman	596,228,892	596,228,892	0
2.	Mr. Thanit Thareratanavibool	Chief Executive Officer	192,816,064	192,816,064	0
3.	Mr. Kovit Thareratanavibool	Executive Director	58,800,000	58,800,000	0
4.	Mr. Noppol Thareratanavibool	Executive Director	257,797,176	257,797,176	0

Note: 1. The common shares held include those of spouse and minor children

2. Year 2015, the company had increased the Registra Capital for 500 million Baht to 700 million Baht, and splited the par value to 0.25 Baht.

## Management Compensation

The remuneration of the management is paid according to the policies and criteria set by Chief Executive Officer. It is tied directly to the performance of the Company and each individual performance. It also competitive with the same industry compensation.

### Remuneration of the Management

	Year	2016	Year	2015	Year	2014
	Number	Amount	Number	Amount	Number	Amount
Remuneration	25	31,221,130.00	24	28,667,161.00	23	27,625,358.00
Bonus	25	5,106,966.00	23	4,479,519.00	21	4,104,479.00
Total		36,328,096.00		33,146,680.00		31,729,837.00

# Corporate Governance

## Corporate Governance Policy

The Board set up a Corporate Governance Committee, comprise of Management, Audit Committees, Independent Directors to investigate critical matters under the corporate governance principles to create maximum benefit for shareholders, taking into account the overall stakeholders' concerns and interests, business ethics, and transparency. The committee has at least half with non-executive directors, and one-third of the committee is fully independent and has no relationship with executive members. The Chief Executive Officer has been appointed as one of the committee member.

### 1. Rights of Shareholders

The Company recognizes that investors will put trust and confidence in its business only if they can be assured that the Company has an equitable policy and maintains shareholders' fundamental rights and equitability under the law, as well as business management that is suitable, efficient, effective, and accepted by investors and stockholders as one with good corporate governance.

As a rule, the Company schedules an Annual General shareholders' meeting (AGM) within four months of the annual closing date of its accounting books. For urgent matters relating to shareholders' interest or requiring shareholders' approval under any rules, conditions, or applicable laws, it will call an extraordinary shareholders' meeting.

- Shareholders' Meeting

The Board acknowledges the right of shareholders to receive equal treatment and voice their opinions at meetings. The Company has invite minor shareholders to propose items for the AGM ahead of time to promote fair and equitable treatment of all shareholders, which is part of good corporate governance practice. The Company also arranged for delivery of the notice of the general meeting of shareholders, containing the completed agenda in compliance with regulatory statutes, the Stock Exchange of Thailand's requirements and the Company's Articles of Association, together with proxy forms and a complete set of meeting documentation and other details to shareholders not less than 14 days prior to the meeting date. This also provides sufficient time for shareholders who cannot attend the meeting to delegate their authority to other individuals or the Independent Directors to exercise their voting right. In addition, to give shareholders enough preparation time, at least three days ahead of the meeting the invitation must be announced through one Thai and one English newspaper for at least three consecutive days. In the meeting held in 2016, meeting invitation was made available on the Company's website at least 14 days ahead of meeting. The Company ensures that each shareholder can reasonably assured of meeting security measures and given two hour of available registration time.

At each meeting, the Company exercise equitable of all shareholders. After explaining the Company rules on voting and vote counting for individual agenda item, the chairman of the meeting must address each opinion, question,

or recommendation of shareholders, giving adequate time for debate on each agenda item. The chairman ensure that the meeting proceeds according to the order of the agenda and does not add an item without notify shareholders in advance. For the selection of Directors, individual votes are required, and the Company executives will answer all questions clearly and precisely.

On the meeting date, the Company arranged for staff to facilitate registration of shareholders and/or their proxies using a barcode registration system, and handing out printed ballots to each shareholder for voting on each meeting agenda item. The previous General Meeting of Shareholders, the Chairman of the Board acted as the Chairman of the meeting, which was also attended by the Chairman of Audit Committee, Chief Executive Officer; together there were 6 directors in attendance. The minutes of the meeting must be completely and accurately recorded with a written summary of voting results on each matter.

After the meeting, the Company submitted the report of the shareholders' meeting, which contained meeting minutes, voting records, and every question raised by shareholders, to SET within 14 days. Meeting information can be accessed through the Company website ([www.asianinsulators.com](http://www.asianinsulators.com))

Annual General Meeting of Shareholders company organized one shareholders' meeting: the Annual General Shareholders

- Before the Meeting

The Company had announced that AI had given opportunity to our shareholders to propose Shareholders Meeting Agenda in the coming Annual General Meeting of Shareholders on via website of Stock Exchange of Thailand and Company's website. The Company had appointed Independent Directors to take care of minority shareholders rights from being limited and to hear from them for their suggestions and inquiries. The said issues for the coming Annual General Meeting of Shareholders can be proposed from through e-mail address of Independent Directors at [ind\\_dir@asianinsulators.com](mailto:ind_dir@asianinsulators.com), or by registered mail to the Chairman, Board of Directors, Chief Executive Officer, or Secretary to the Board at the address: Asian Insulators Public Company Limited No. 254 Seri Thai Road, Kannayaow, Bangkok 10230.

Independent Directors will consider the shareholders' proposals and further pass to the Board of Directors for their consensus for final decision.

If The Boards argues that any issues are significant or beneficial to AI or the shareholders, the Board will put the said issues in the meeting agenda remarked as "Agenda from shareholders" in notice to shareholders or clarify them at the Shareholders' Meeting. If the proposals have not passed the consensus, then the reasons shall be given to the shareholder who proposed the agenda.

There were no proposals which raise by the shareholders via e-mail, and register mail.

The meeting date was announced on the website of Stock Exchange of Thailand. The Company also arranged for delivery of the notice of the general meeting of shareholders, containing the completed agenda in compliance with regulatory statutes, the Stock Exchange of Thailand's requirements and the Company's Articles of Association, together with proxy forms and a complete set of meeting documentation and other details to shareholders not less than 14 days prior to the meeting date. In addition, the Company also placed the meeting notice in Thai and

English daily newspaper for at least 3 consecutive days prior to the meeting date. Should shareholders wish to appoint proxies to attend the meeting and

vote on their behalf, they may do so under the procedure or delegate Independence Directors as their proxies. In addition, to promote corporate governance, the Company has provided the opportunity for shareholders to propose matters of importance to the Company in advance, which will be considered as agenda items for the 2016 General Meeting of Shareholder on the Company website.

- On the Meeting Date

Registration begins two hours ahead of time. The Company arranged for staff to facilitate registration of shareholders and/or their proxies using a barcode registration system, and handed out printed ballots to each shareholder for voting on each meeting agenda item. The previous General Meeting of Shareholders, the Chairman of the Board acted as the Chairman of the meeting, explaining voting and vote-counting procedures, balloting, and clearly disclosing voting results on each agenda item, and allowing shareholders to ask questions or express their view. The Chairman also ensures that Directors or the Manager net replied to questions with clarity, total of 6 Directors attended the AGM – namely the Chairman of the Board, two Executive Directors, and three Audit Committee Members, and Management.

1. Mr. Narong Thareratanavibool - Chairman
2. Mr. Thanit Thareratanavibool – Executive Director
3. Mr. Kovit Thareratanavibool – Executive Director
4. Mr. Noppol Thareratanavibool – Executive Director
5. Police General Wichean Potephosree – Chairman Audit Committee
6. Mr. Bunlerd Korcharoenporn – Audit Committee

Consideration of items and voting were conducted in order of the announced agenda. This included consideration of the appointment of individual directors and their remuneration, together with consideration of appointment of external auditors and the audit fees to be approved by the meeting. The Chairman of the meeting provided the opportunity for shareholders to inquire about various matters and express their opinions, which were answered and supplemented with additional information. Voting and vote-counting procedures were conducted in a transparent matter. Comprehensive minutes of the meeting were recorded, along with details of the voting on each agenda item.

- After the Meeting

After the meeting, the Company submitted the report of the shareholders' meeting, which contained meeting minutes, voting records, and every question raised by shareholders, to SET within specified time. Meeting information can be accessed through the Company website ([www.asianinsulators.com](http://www.asianinsulators.com))

## 2. Role of Stakeholders

The Company has a clear policy for the Role of Stakeholders. Regardless suppliers, customers, shareholders, investors, independent auditors, government sectors, community, labor, competitors to proceed the right as per the given laws and with the company Code of Conduct . The Role of stakeholders in 0was as follow:-

- **Shareholders** In Annual General Meeting dated shareholders attended the AGM. There was no additional agenda raise before the meeting as the Company had given opportunity to our shareholders to propose Shareholders Meeting Agenda via website of Stock Exchange of Thailand and Company's website. The shareholder had exercised their right by voting all agendas that required voting for approval. At the meeting, shareholders are allowed to express their opinion freely, and give suggestion. There were additional questions that shareholders had asked the Management and Directors in the AGM. All the questions had been provided with sufficient details information as given to the shareholders.
- **Suppliers** The Company builds good relationships for mutual benefit and strictly observe contractual agreement made with all suppliers including quality products and on-time delivery.
- **Employee** The Company consider its employees a key success factor and supports their professional development, and attends to the quality of the workplace. The Company provides such as proper compensation, lunch, provident fund, health and life insurance, uniforms, transportation, social security, first aid and nursery to all employees.
- **Customers** The Company is committed to satisfying its customers and the public through its products and services, as well as providing confidence in its quality at suitable prices.<sup>3</sup>, the Company had surveyed the customer satisfaction and received the score<sup>0</sup> in quality, services, and prices which shows a good rating from customers. No complain receive from customers.
- **Competitors** The Company observes the framework of fair competition and refrains from harming the reputation of business competitors through false accusations. In, The Company had followed the Company's Code of Conduct principle. Not a single dispute arose with any competitors during the year.
- **Creditors** The Company realizes that by keeping good relations with the creditors, they can gain trust and confidence, and shall carry out together with practices under its obligation.To create synergy among the Group, the Company proposed that its directors or executives should be appointed as directors of the Board of subsidiary companies to ensure alignment of policies and business plans and maximize value of all stakeholders.



### 3. Disclosure and Transparency

Business decisions made by Management and employees must be only for the Company's best interest. They must avoid financial or other relationships with external parties that would result in financial losses for the Company or a conflict in loyalty or interest, and must not compromise the efficiency of business operation. The Management and employee must not be involved in such decisions, including the approval of such transactions, under the disclosed information relating to a possible conflict of interest with the Company. The Company is required to review Executive, Management and shareholders should resolve any conflict of interest with care and honesty, reason, and independence within the code of conduct. And to provide the reasonable information for mutual benefit of the Company.

All the Company Directors and Management, including their spouses and children under legal age, must report any changes in their Company share ownership to SEC under section 59 of the Securities and Exchange Act B.E. 2535 (1992) within three days from the date of sale, purchase, disposal, or receipt of such shares.

### 4. Business Ethics

The Company has provided a section concerning business ethics for directors, management officer and employees in the Company's Code of Conduct Manual. The aforesaid section was proposed to the Company's directors for acknowledgement and made available on the Company's internal communication media so as to inform the management officers and employees and so that the management officers and employees can refer to it while performing their work. A training to alert the Company's employees and a follow-up on the compliance with the business ethics are regularly held.

The training course was conducted for management officers and employees. Two assessments and the follow-up on the compliance with the Code of Conduct were made. No incidents of non-compliance was found.

### 5. Controlling, System and Internal Audit

The Board of Directors have placed particular emphasis on an efficient internal control system and promotion of an appropriate business culture recognizing risk control as important to the Company's overall operation activities. The Audit Committee has the duty and responsibility of reviewing the effectiveness and adequacy of all risk management processes and internal control systems by discussing and evaluating operation results with internal auditors. These discussions include the internal auditors' scope of work, role and responsibilities, audit plans, and audit conclusions regarding the adequacy and effectiveness of the internal control system. Major recommendations or material deficiencies must be reported to the Board of Directors in timely manner for effective action. In addition, external auditor from the Company's financial auditor must evaluate and review internal control and audit system on yearly basis as well. The external auditor from the Company's financial auditor has evaluated and reviewed internal control and audit system one time. The Audit Committee had conducted the auditing for Controlling and system of the Company in for one time as well.

## 6. Responsibilities of the Board

Board of Directors has the role and responsibilities to the shareholders for the company business and manage as per company objective for maximum benefit to the shareholders with ethical and mutual benefit. The Board of Directors had a meeting regularly every 3 months and scheduled in advance. The Board of Directors comprise of 7 members. Three members are Executive Directors and other three members are Independent Directors. The Board has appointed Mrs. Mattika Chunsuwan as a secretary to the Board who in charge of record the minute of meeting, agenda, invitation to the meeting, filing, and record, there were four meetings of the Board.

The Audit Committee considered and appointed Police General Wichean Potephosree as the Chairman of the Audit Committee since he has the knowledge in accounting and financial matters.

Self-Assessment of the Board - The Board instituted a review of its individual self-assessment to help Directors review their performance together with issue and obstacles identified during the year.

One self-Assessment of the Board was conducted in 2016.

## 7. Investor Relations

The Company realizes the value of accurate, complete, and transparent disclosure of information. The Company has established the Investors Relations Department as the company's representative to communicate with investors, analysts, and shareholders. The object of this policy is to ensure that disclosure of the Company's financial and general information to shareholder, investors and general public will be accurate, complete and timely, equally accessible to all, and in accordance with relate laws and regulations. The company's information is disseminated via various channels:

- i. The Stock Exchange of Thailand
- ii. The Annual Report
- iii. The Company's Financial Report
- iv. Notification of the Board of Directors' resolutions and other matters
- v. The Office of the Securities and Exchange Commission
- vi. Newspaper
- vii. Television Station
- viii. The Company's website (<http://www.asianinsulators.com>)
- ix. Company Visits / One – on One Meeting
- x. Non-deal Road show
- xi. Opportunity day / Analyst Meetings



The Company has appointed Mr. Thanit Thareratanavibool in charge of Company Secretary. To communicate and release operating results and Company information to investors, shareholders, and related parties. Investors and interested parties can also make inquiries through telephone number 0-2517-1451, or e-mail: [ir@asianinsulators.com](mailto:ir@asianinsulators.com)

Any release of operating results and Company information to investors, shareholders, and related parties which company has informed SET can be found at <http://www.asianinsulators.com> has released information to investors, shareholders, and related parties through SET a total of 19 times.

AI regularly presents information to analysts, investors via road shows, company visit, conference calls and conference. activities took place:

Type of Meeting	No. of Events	No. of Companies	No. of Persons
One – on – One Meeting	-	1	-
Conference Calls	2	-	-
Group Analyst Meeting	1	-	-
Road show	-	-	-
Opportunity Day	-	-	-

## Major Shareholders of Asian Insulators Public Company Limited

At the closing registration on December 30, 2016

Shareholders	No. of ordinary shares	% of total shares
1. Mr. Narong Thareratanavibool	596,228,892	21.29
2. Mr. Thanit Thareratanavibool	192,816,064	6.88
3. Mr. Kovit Thareratanavibool	58,800,000	2.10
4. Mr. Noppol Thareratanavibool	257,797,176	9.20
5. Mrs. Sopha Thareratanavibool	113,173,116	4.04
6. Mrs. Jarunee Worakitjanuwat	95,200,532	3.40
7. Mr. Sirikul Thareratanavibool	50,973,080	1.82
8. Mr. Anurag Thareratanavibool	50,400,000	1.80
9. Mrs. Pakapan Sawedkomolnun	43,609,524	1.55
10. Others	1,336,301,630	47.74
Total	2,799,999,084	100.00

Remark: The up to date of major shareholders will be posted on the Company's website before the Annual General Meeting



## Dividend Policy

- The Company's Dividend Policy

Company and subsidiary have the policy to pay the dividend to the shareholder each operation year, and not less than 40% of the net profit after tax and legal reserved. The dividend pay out is depend on the investment of the new project in the future. The Board of Directors' decision to payout the dividend is subject to approval of shareholder at the General Annual Meeting, except the interim dividend payout. The Board of Directors has authorized to approve the interim dividend payout, and inform the shareholders at the next shareholder meeting.

- The Dividend Policies of Subsidiaries

The Company has not fixed a dividend payment ratio for our subsidiaries. Their dividend payments shall depend on the operating results of each company.

Dividend payments of subsidiaries to the Company must be made accordance with each company's regulation on dividend payment that must be approved by a resolution of their general meeting of shareholders. Interim dividend payments are allowed. In paying dividends subsidiary companies shall record some profit. If there is an operating loss, dividend payments are barred until such losses are recovered. In additional, at least one-twentieth (1/20) of all profits must be set aside as provisioning reserves until provisioning reserves reach one-tenth (1/10) of companies' total capital.

## Risk Management and Risk Factors

With the Company policy to lower the Company's business risk and subsidiaries into reasonable level.

### 1. Business Risk

#### Porcelain Insulators Business

As the market leader, The Company manufactures and distributes Porcelain Insulators which are used in distribution and transmission of electricity. The major clients are Utilities / State Enterprise such as the Provincial Electricity Authority (PEA) and the Metropolitan Electricity Authority (MEA). If there is any change in demand for Porcelain Insulators, it will be reflected in the revenue and profit of the Company.

Regardless the above, Utilities / State Enterprises have the policy and projects to expand the distribution and transmission line network as per National Development Plan. The expansion of the distribution and transmission lines networks shall be in line with the development and expansion of economic and Gross Domestic Products (GDP) of the country, and has indication of continuing growth and demand. Also the Utilities / State Enterprises have a clear policy in the procurement and require the quality products as per international standards such as American National Standard Institution (ANSI), International Electrotechnical Commission (IEC), Australian Standard (AS) and Thailand Institution of Standard (TIS). The Company's products have been certified with Quality Management to ISO 9001:2000, and only company in Thailand that has all Porcelain Insulators products required by utilities for Thailand's distribution and transmission lines networks. With a strong business reputation and over 30 years of experience, our products have been accepted by utilities in quality and reliability. There is a chance to have a new comer to porcelain Insulators business in Thailand, but the production technology of Porcelain Insulators has a great barrier to the new comer. Since it require a high production technology compare to normal ceramic products such as sanitary ware and tableware. porcelain insulators have a high international standard, and only one quality. No degradable quality products. Any Porcelain Insulators products which do not conform to the standard shall be rejected and destroyed. Regarding to the Utilities / State Enterprises have a policy as per resolution from the Government to procure only the products that local made and conform to Thailand's Standardization and ISO 9001. These have reduced the Company's business risk of competition from foreign entrants.

The procurement from Utilities / State Enterprises is proceeding with the E-auction procurement. These procurement systems expose the Company to the risk of a price war which could reduce the Company's market share. But the Company has the advantage over other manufacturers that the Company has all the product required by the Utilities and some of the porcelain insulators products require high technology in production process. The Company has our own research and development center for the new products and new production technologies which can reduce the production defect and production cost. The Company has registered for product patent of the products that have been research and develop by the Company. These make the Company more competitive than the others.

The Company is the only manufacturer who has a complete range of products that require by clients. Some of the products that have been researched and developed by us or our innovation have register for patent. Also the improvement of the production process has greatly reduced the amount of defect in the production lines to the level that less than the industry average. This makes the company more complete. The company also has the policy not to compete in labor intensive products or simple production technology such as the low voltage insulators. These has reduced the competitive into acceptable level

In the case of Joint Venture between foreign company and local company to establish the new production facilities in Thailand is more complicated, due to the transfer technology know-how. The Company has reduced the business risk for Thailand market by established PPC Asian Insulators Company Limited with PPC Insulators Group as a partner who has experience in insulators production and marketing more than 100 years in this business. The Joint Venture Company manufacturing porcelain insulators for Europe and North America with the Company holds the 25.10% stake. This has reduced a great deal of risk for any new comer from oversea manufacturing. The Company has insurance covering all the assets, and the business interruption insurance as well.

### Engineering Business

Engineering business for specialize in design, supply and construction of high voltage substation and transmission line is to expose to the business risk, since most of them are turnkey projects which belong to the Utilities / State Enterprise. The Company business has to realize on their expansion power projects network. The Utilities / State Enterprise have the policy to expand the distribution and transmission line network as per the National Development Plan. The expansion of the distribution and transmission line networks shall be in line with the development and expansion of economic and Gross Domestic Products (GDP) of the country, and has indication of continued growth and demand. Also the Utilities / State Enterprises have the clear policy in the procurement and hiring of good quality contractors which have the qualified past record performance in the same engineering fields.

The Company has the qualification to perform the engineering work according to the requirement of the Utilities / State Enterprise, the company has also given services to private companies which required the engineering services in design, supply and construction of substation and transmission line for their factories and facilities. This has reduced the great deal of the risk in having only one client. All the projects that the Company is involved in shall be insured by damage insurance for all risks.

### Alternative Energy and Vegetable Oil Business

Alternative energy business is specialized in refining the crude palm oil to biodiesel and is expose to the business risk in supply the biodiesel to the major oil companies only at the cost plus. The biodiesel business mostly depends on demand from the end users via the supply from major oil companies, and subsidies from the government sector in the promotion of alternative energies such as biodiesel. Regarding to the government policy to add 1.5 % - 5% of Biodiesel into diesel fuel. These would bring up the large demand for biodiesel, but it would be a risk to the Company if the oil refineries make their own refinery for biodiesel themselves.

The Company has invested in research and development in refinery the crude palm oil process. One of the great things from the research and development was the success in improving the refinery process of biodiesel from batch process into continuous process. This has reduced a great deal of the refinery costs in the methanol recovery process. By products from the process can also generate extra revenue for the company.

The Company has made the modification and improvement for the second refinery plant to refine the crude palm oil for vegetable oil with “Pamola” brand for domestic and export market. The vegetable oil markets are very competitive and the price of local crude palm oil is in line with the world market or commodity goods. It would be a risk to the Company if the price of crude palm oil plunge that could cause the inventory loss.

The Company has all the insurance covering all the assets, and the business interruption insurance as well.

## 2. Raw Materials Risk

### Porcelain Insulators Business

The Company is exposed to the raw materials risk. Raw materials that use in the porcelain insulators production are 80% from local source and 20% from abroad. The main raw material is plastic clay which is available locally, but it needs to be selected carefully. The long term contract in price and quantity with supplier are used after the Company has tested raw materials. Most of raw materials that available local have reserved that can be used for over 30 years. The Company also seeks out for the raw materials from abroad as well. The Company's reputation and long relationship with local and oversea suppliers has lasted over 30 years, there are very slim chance and risk that suppliers will not supply the raw materials to the Company. The price of liquid petroleum gas (LPG) which uses for firing the products also depend on the global prices, but the Company is able to pass on the cost to clients in the future contracts in the case of high increase in price of LPG.

### Alternative Energy and Vegetable Oil Business

The Company is exposed to raw material risk. Raw material that use for the refining of biodiesel and vegetable oil is crude palm oil which is a commodity product. The prices and quantity are move up and down are seasonal. Import the crude palm oil from oversea is not economical, since the import duty is more than a 140% tariff.

The Company has overcome the raw material risk by improving and modifying the biodiesel production process to use palm stearine (one of the by products from cooking oil refinery) as well. Also importing palm stearine from abroad to Thailand is allowed without any import duty or minimal import duty. Also the large existing tank farms which could stock up the raw materials to be used for periodically and the ocean vessel fleet from AI Logistics Company Limited that can transport the import raw materials from oversea if needed.

## 3. Employee Turn over Risk

The Company recognizes the important of the human resource. The training center of each company has established the training and development of the staffs' skill to suit the Company and subsidiary Company's employee needed in office and production lines. The Company's welfare are very attractive such as provident fund, health and life insurance, uniforms, transportation, lunch, social security, first aid and nursery are provided as the Company's welfare which make the turnover rate in the acceptable level.

## 4. Foreign Exchange Rate Risk

The Company and subsidiaries have the policy to minimize the risk from fluctuation in exchange currency, regarding the procurement of raw materials which are from local and oversea by the Company or subsidiaries. The foreign suppliers paid in foreign currency such as United States Dollar and Euro and Japanese Yen. The Forward Foreign Exchange is used to minimize the fluctuation in exchange currency. The Foreign Currency Deposit is use to manage the revenue in foreign currency for the Company and subsidiaries.



## Connected Transaction

The Company has the connected transaction between subsidiaries and the joint venture company limited. The Company has directors as a shareholder and connected person, which the mention connected transaction has described in the appendix of this balance sheet by the auditors. Also the audit committee had appropriate commented. The connected transactions are ordinary business of the Company with appropriate reasons, conditions. There is no transfer pricing, or benefit transfer between the Company and/or subsidiaries companies, or joint venture Company, or companies that have associated directors, or related persons involved.

### Connected Transaction in the companies

Connected Transaction	Relationship
1. Related persons	Major shareholder and / or Executive Directors of the Company.
2. Subsidiary	
AI Engineering Services Company Limited	A subsidiary company that has the same Directors and Executive Directors, which are:- <ul style="list-style-type: none"> <li>● Mr. Narong Thareratanavibool</li> <li>● Mr. Thanit Thareratanavibool</li> <li>● Mr. Kovit Thareratanavibool</li> </ul>
AI Ports and Terminals Company limited	A subsidiary company that has the same Directors and Executive Directors, which are:- <ul style="list-style-type: none"> <li>● Mr. Narong Thareratanavibool</li> <li>● Mr. Thanit Thareratanavibool</li> <li>● Mr. Kovit Thareratanavibool</li> <li>● Mr. Noppol Thareratanavibool</li> </ul>
AI Logistics Company Limited	A subsidiary company that has the same Directors and Executive Directors, which are:- <ul style="list-style-type: none"> <li>● Mr. Narong Thareratanavibool</li> <li>● Mr. Thanit Thareratanavibool</li> <li>● Mr. Kovit Thareratanavibool</li> <li>● Mr. Noppol Thareratanavibool</li> </ul>
AI Energy Public Company Limited	A subsidiary company that has the same Directors and Executive Directors, which are:- <ul style="list-style-type: none"> <li>● Mr. Narong Thareratanavibool</li> <li>● Mr. Thanit Thareratanavibool</li> <li>● Mr. Noppol Thareratanavibool</li> </ul>
PPC Asian Insulators Company Limited	A subsidiary company that has the same Directors, which is:- <ul style="list-style-type: none"> <li>● Mr. Kovit Thareratanavibool</li> </ul>

Connected Transaction :

Sales or services and expenses rendered to related parties for the years ended December 31,

Unit: Baht

Transaction	Year 2016	Year 2015	Year 2014
Revenue from selling goods and raw materials			
AI Engineering Services Company Limited	3,643,900		10,227,752
AI Energy Public Company Limited			-
AI Ports and Terminals Company Limited	-	17,423,000	2,960,000
AI logistics Company Limited	-	12,250,000	
PPC Asian Insulators Company Limited	2,534,410	3,792,580	4,272,114
Revenue from selling Ready Mixed Clay			
PPC Asian Insulators Company Limited	101,740,387	149,695,676	151,783,102
Dividend income			
AI Engineering Services Company Limited	-	9,983,929	21,964,643
Other Revenue – rental and services			
AI Engineering Services Company limited	1,309,719	1,224,870	1,238,515
AI logistics Company Limited	590,913	606,426	574,642
AI Energy Public Company Limited	975,741	1,134,323	1,159,955
AI Ports and Terminals Company Limited	310,533	532,729	559,990
PPC Asian Insulators Company Limited	719,408	1,543,706	2,681,970
Purchase of goods			
Samart Palm Co.,Ltd.	3,426,310	27,366,310	17,436,582
Samart Palm Oil Co.,Ltd.	21,077,881	28,665,777	19,745,072
Samarpalm Industries Co.Ltd.	45,892,519	41,518,704	4,670,505
Purchase of scrap clay			
PPC Asian Insulators Company Limited	48,134,120	60,168,198	75,755,211
Purchase of consumed supply			
AI Energy Public Company Limited	216,355	39,650	45,065
PPC Asian Insulators Company Limited	10,928	61,506	91,550

The Company has a contract to sell the ready mixed clay and buy the scrap of ready mixed clay (for manufacturing Porcelain Insulators) with PPC Asian Insulators Company Limited.

Balances of receivable, payable and accrued income from sales, purchase and service rendered to related parties

Unit: Baht

Transaction	Year 2016	Year 2015	Year 2014
Trade receivable			
PPC Asian Insulators Company Limited	27,824,174	16,817,285	35,042,877
AI Engineering Services Company Limited	926,128	-	-
Other receivables			
AI Engineering Services Company Limited	20,049	17,193	12,258
AI Logistics Company Limited	1,989	2,797	2,661
PPC Asian Insulators Company Limited	102,230	44,115	546,593
Trade accounts payable			
PPC Asian Insulators Company Limited	19,200,598	10,902,744	20,527,585
Samart Palm Company Limited	-	-	-
Samart Palm Oil Company Limited	-	-	-
Samartpalm Industries Company Limited	-	-	1,681,350
Related parties payable			
AI Energy Public Company Limited	-	13,900	47,300

#### Justification and Rationale for Connected Transaction

The Company's Audit Committee reviewed all of the connected transactions and viewed that all transactions were justified and reasonably conducted to provide utmost benefits for the Company and subsidiaries.

#### Measure or Procedure for Approval Transactions

In the past year, the Company has assigned the Audit Committee to review all connected transactions performed between the Company or subsidiaries and related companies. After the review, the Audit Committee was of the view that all connected transactions were conducted as a part of and accordance with the normal course of business, and the Company had made payment as remuneration for the transaction based on the fair market value.

As for any future connected transactions which may be performed between the Company or subsidiaries and any conflicting parties, the Company has assigned the Audit Committee to consider and approve such transactions. In this regards, the payment as remuneration for the transactions shall be based on fair market value.

#### Policy or Protect of Connected transactions.

The Company's Board of Directors shall comply with all rules and regulations concerning connected transactions and shall not approve any transactions which may cause the Board of Directors or any conflicting party to have interest or conflict of interest of any manner with the Company. Such transactions shall be disclosed to the Board of Directors of Asian Insulators Public Company Limited for their consideration. In this regards, the Board of



Directors of Asian Insulators Public Company Limited shall comply with the regulations, notifications, instructions or stipulations of the Stock Exchange of Thailand, including stipulation concerning a disclosure of connected transaction, and acquisition or disposition of significant assets of the Company or subsidiaries.

In the future, if a connected transaction between the Company or subsidiaries and a conflicting or interested party arises, Asian Insulators Public Company Limited will assign the Audit Committee to provide opinion on values, remunerations, including justification and rationale for such transaction. Asian Insulators Public Company Limited has always disclosed connected transactions in the Notes to Financial Statement audited by Auditor of Certified Public Accountant.



## Management Discussion and Analysis

As the market leader in Porcelain Insulators business and a complete the whole ranges of porcelain insulators that use in distributions and transmissions electricity network in Thailand. The company is committing to quality of the products, continuous improving the production process, reducing the cost, human resources development, and research and development of the new products. These commitments are applicable thought out the company and subsidiaries.

### Revenue Structure

Unit : Thousand Baht

Business	Company	Year 2016	%	Year 2015	%	Year 2014	%
Porcelain Insulators	Asian Insulators	752,666	16.17	820,260	18.81	696,965	13.76
Engineering	AI Engineering	422,989	9.09	28,907	0.66	297,271	5.43
Vegetable oil and Alternative Energy	AI Energy	3,478,885	74.74	3,512,097	80.53	4,561,809	80.81
Total		4,654,540	100.00	4,361,266	100.00	5,556,045	100.00

### Operating Results

The Net Profit for the year 2016 was 293.85 million Baht; while in the year 2015 Net Profit was 177.86 million Baht. The net profit was increased 115.99 million Baht from the year 2015; or increased 65.21 %. The main reasons were as follows:

#### Insulators Business

Asian Insulators Public Company Limited ( “AI” ) realized 752.67 million Baht for revenue from selling Porcelain Insulators and Raw materials in the year 2016 which compared to revenue of the year 2015 was 820.26 million Baht; decreased by 8.24 % or 67.59 million Baht. While the cost of goods sold was 440.29 million Baht in the year 2016; compared to cost of goods sold was 477.92 million Baht in the year 2015, decreased by 7.87 % or 37.63 million Baht. The gross profit margin was 312.38 million Baht.

#### Engineering Business

AI Engineering Services Company Limited ( “AIES” a subsidiary company ) realized 422.99 million Baht for revenue from the Engineering Construction in the year 2016 which compared to revenue of the year 2015 was 28.91 million Baht; increased 394.08 million Baht, or 1,363.13 % while the cost of construction was 381.57 million Baht in the year 2016; compared to cost of construction in the year 2015 was 26.48 million Baht; increased by 355.09 million Baht, or 1,340.97 %. The gross profit margin was 41.42 million Baht.

## Alternative Energy and Vegetable Oil Business

AI Energy Company limited ( “AIE” a subsidiary company ) realized the revenue for 3,478.89 million Baht from selling Biodiesel (B100), vegetable oil and it's by products business in the year 2016 which compared to revenue from selling Biodiesel (B100), vegetable oil and it's by products in the year 2015 was 3,512.10 million Baht; decreased 33.21 million Baht or 0.95 %. While the cost of goods sold was 3,323.36 million Baht in the year 2016; compared to cost of goods sold in the year 2015 was 3,502.85 million Baht; decreased 179.49 million Baht or 5.12 %. The gross loss margin was 155.33 million Baht.

### Expenses and Income Tax

- Selling & administration expenses was 195.92 million Baht, decreased 5.60% in the year 2016 compared to the year 2015 which was 207.54 million Baht, decreased 11.62 million baht.

### Statement of Income for the year (consolidated)

Unit : million Baht

Description	2016	2015	2014
Sales	4,169.03	4,267.00	5,083.15
Revenues from production contract	32.58	45.81	139.33
Construction contract	422.99	28.91	297.27
Vessel operating income	29.94	19.55	35.29
Port Service	0.00	0.00	1.00
<b>Total Revenues</b>	<b>4,654.54</b>	<b>4,361.27</b>	<b>5,556.04</b>
Cost of sales	3,699.74	3,921.00	4,624.34
Cost of production contract	26.85	27.30	80.69
Cost of construction contract	381.56	26.48	222.10
Cost of vessel operating	37.06	22.59	47.14
Cost of port service	0.00	0.00	0.50
<b>Total Cost of sales</b>	<b>4,145.21</b>	<b>3,997.37</b>	<b>4,974.77</b>
<b>Gross profit</b>	<b>509.33</b>	<b>354.02</b>	<b>581.27</b>
Other income	17.61	20.62	26.82
Share of profit (loss) from investments in associate	1.76	(12.70)	(7.10)
Selling and administrative expenses	195.93	207.54	205.87
Finance costs	8.01	13.65	27.50
Income tax Revenues (Expenses)	(13.62)	3.75	(49.65)
<b>Net Profit</b>	<b>311.14</b>	<b>144.50</b>	<b>317.97</b>
<b>Profit (Loss) Attributable to</b>			
Equity holders of the parent	293.85	177.86	284.05
Minority interest	17.29	(33.36)	33.92

## Financial Status ( Consolidated financial statement )

### Assets

- Total assets as December 31, 2016 was 3,525.14 million Baht which was decreased by 107.58 million Baht or 2.96 % compared to December 31, 2015 which was 3,632.72 million Baht. The reason was from the dividend payout to shareholders.

### Liabilities

- Total liabilities as December 31, 2016 was 392.50 million Baht which was decreased by 169.09 million Baht or 30.11 % compared to December 31, 2015 which was 561.59 million Baht. The reason was from payback short term loan.

### Shareholders' Equity

- Total Shareholders' Equity as December 31, 2016 was 3,132.64 million Baht which was increased by 61.51 million Baht or 2.1 % compared to December 31, 2015. The reason was from increasing in net profit and dividend payout to shareholders.

### Liquidity Ratio

- Liquidity ratio for the December 31, 2016 was 4.90 time which increased by 1.84 time compared to the liquidity ratio at the December 31, 2015, which was 3.06 time.
- Debt to equity ratio was 0.13 times which was decreased by 0.05 time compared to the December 31, 2015 which was 0.18 time.

### Remuneration for Auditor

The consolidated balance sheets of Asian Insulators Public Company Limited and its subsidiaries as at December 31, 2016 the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Asian Insulators Public Company Limited for the same periods were audited by

- Mr. Vichai Ruchtanont Certified Public Accountant No.4054
- Mr. Atipong Atongsalul Certified Public Accountant No.3500
- Mr. Sathen Vongsnan Certified Public Accountant No.3495
- Miss Kultida Pasurakul Certified Public Accountant No.5946
- Mr. Yuttapong Chuamuangpan Certified Public Accountant No.9445

from ANS Audit Co.,Ltd. for AI in the year 2016 was not over 1,900,000 Baht. And Audit fee for subsidiaries are as following.

- |   |                |
|---|----------------|
| ● AI Engineering Services Company Limited | 600,000 Baht   |
| ● AI Logistics Company Limited            | 400,000 Baht   |
| ● AI Energy Public Company Limited        | 2,600,000 Baht |
| ● AI Ports and Terminals Company Limited  | 500,000 Baht   |



## Report of the Audit Committee

The Audit Committees consists solely of three independent directors, namely:-

- |                                      |                               |
|--------------------------------------|-------------------------------|
| ● Police General Wichean Potephosree | Chairman of Audit Committees  |
| ● Mr. Bunlerd Korcharoenporn         | Audit Committee               |
| ● Dr. Veeraphat Phetcharakupt        | Audit Committee               |
| Mrs. Mattika Chansuwan               | Secretary to Audit Committees |

The Audit Committee has performed its oversight duties set forth in the Audit Committee Charter in line with the regulatory requirements of the Stock Exchange of Thailand, namely : review of financial statements to ensure that they are accurate and adequate; review of internal control to have an adequate system that can achieve its objectives efficiently. The Committee also investigated the compliance with laws, rules and regulations and reviewed of external auditor and its fee.

In year 2016, the Audit Committee had 3 meetings. Each meeting had invited the external auditor to attend the meeting as well. After the meeting, the Audit Committee had reported and expressed their opinion to the Board of Directors. The key activities of Audit Committee in year 2015 are summarized as follows:

1. The Audit Committee held quarter's meeting with the external auditor and chief of Financial Officer to review the company's accounting system to ensure that the company observed the accounting standard and the adequate and timely information disclosure.
2. At quarterly intervals, the company's financial statement and the report from external auditor were reviewed for appropriate and sufficient direction over the financial statements preparation process and that the company's financial statement are deemed to be reliable, having been prepared in accordance with generally accepted accounting standards before propose to the Board of Directors for approval.
3. The internal control system was reviewed to ensure that the company has an adequate internal control system for its business, and achieves the objectives efficiently.
4. The Audit Committee has evaluated the performance of ANS Audit Co.,Ltd.
  - Mr. Vichai Ruchtanont Certified Public Accountant No.4054
  - Mr. Atipong Atponsalul Certified Public Accountant No.3500
  - Mr. Sathen Vongsnan Certified Public Accountant No.3495
  - Miss Kultida Pasurakul Certified Public Accountant No.5946
  - Mr.Yuttapong Chuamuangpan Certified Public Accountant No.9445

over the past year and has recommended to the Board of Directors for submission for approval by the shareholders at the Annual General Meeting, the re-appointment as external auditors.



(Police General Wichean Potephosree)

Chairman of Audit Committee

## AUDITOR'S REPORT

### Independent Auditor's Report

To the Shareholders and the Board of Directors of Asian Insulators Public Company Limited

### Qualified Opinion

I have audited the accompanying consolidated and separate financial statements of Asian Insulators Public Company Limited and its subsidiaries, and of Asian Insulators Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2016, the consolidated and separate statements of profit or loss and other comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effect of the matter described in the Basis for qualified opinion paragraph No.1 and No.3 and the possible effect on the comparative financial statements with respect to the matter mentioned in the Basis for qualified opinion paragraph No.1 and No.2 on the consolidated financial statements for the year 2016, the consolidated and separate financial statements referred to above fairly present, in all material respects, the consolidated and separate financial position as at December 31, 2016 and the consolidated and separate financial performance and cash flows for the year then ended of Asian Insulators Public Company Limited, and its subsidiaries, and of Asian Insulators Public Company Limited, respectively, in accordance with Thai Financial Reporting Standards (TFRSs).

### Basis for Qualified Opinion

1. I am unable to obtain sufficient and appropriate audit evidence regarding the opening balances for the year 2015 for the following reasons;

- 1.1 The predecessor auditor of Asian Insulators Public Company Limited, in his report dated March 24, 2015, expressed a disclaimer of opinion on the Company's consolidated financial statement because the predecessor auditor of AI Energy Public Company Limited, its subsidiary, expressed a disclaimer opinion on the consolidated financial statement for the year ended December 31, 2014 (Before restatement) due to the fact that the subsidiary had no effective internal control regarding the cost of sales and inventories, including the misappropriation of assets utilization. As a result, there is no proper information or controls by which to assure the validity and completeness of the manufacturing information and stock movement. This affects the costs of goods sold, inventory balances and related accounts.

According to the above matter, the subsidiary's Management has restated the subsidiary's consolidated and separate financial position as at December 31, 2014 in order to correct the errors as described in Note to Financial Statements No.38. I am unable to obtain sufficient and appropriate audit evidence for those transaction incurred in 2014 and there was no effective internal control as mentioned above.

- 1.2 As discussed in the Note to financial statements No. 33.5, The subsidiary received a letter from the Enforcement Department, Office of the Securities and Exchange Commission of Thailand, dated January 20, 2016, requesting for the facts about the subsidiary auditor's disclaimer of opinion in the subsidiary's financial statements for the year 2014. The subsidiary's management provided a clarification of the facts to the Enforcement Department, Office of the Securities and Exchange Commission of Thailand. The subsidiary also sent a letter to request the status update with respect to this matter. The Enforcement Department, Office of the Securities and Exchange Commission of Thailand replied by a letter, dated February 28, 2017 that the outcome is not yet finalized.
2. From my audit on the subsidiary's financial statements for the year ended December 31, 2015, the subsidiary's production yield during the period of January to June 2015 were significantly lower than normal production yields. I received clarification letters of such events from the subsidiary's Audit Committee, Managing Director, Factory Manager, Accounting and Finance Manager, Quality Control Manager, and Logistics Supervisor
3. As discussed in the Note to financial statements No.13, the consolidated financial statements for the years ended December 31, 2016 and 2015 of Asian Insulators Public Company Limited, included an investment in the PPC Asian Insulators Company Limited, an associated company, based on financial statements of the associated company which had not been audited by an auditor. The carrying value of the investment in the consolidated financial statements as at December 31, 2016 and 2015 amounted to Baht 6.35 million and amounted to Baht 4.59 million, respectively, representing 0.18% and 0.13% of total assets in the consolidated financial statements, and the share of net profit (loss) under the equity method of the associated company in the consolidated financial statements for the years ended December 31, 2016 and 2015 amounted to Baht 1.76 million and Baht (12.7) million, respectively, representing 0.54% and 8.79% of consolidated net profit. Therefore, my audit opinion was qualified.

Since the matter discussed in No.1 and No.3 above have significant effect on the consolidated financial statement for the year ended December 31, 2016. My opinion is qualified on the consolidated financial statement for the year ended December 31, 2016.

I had expressed a disclaimer of opinion on the consolidated financial statement for the year ended December 31, 2015, and had expressed a qualified opinion on the consolidated financial position as at December 31, 2015, due to results as mentioned in No.1 and No.2 above. Therefore, my opinion is qualified on the consolidated financial statement for the year 2016 for possible effect of these matters on the comparability of the previous period's figures to those of this year.

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the section of my report titled "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements". I am independent of the Group in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## Emphasis of Matter

As discussed in Notes to Financial Statements No. 38, the Company's financial statements for the year ended December 31, 2015 had been prepared and issued on March 29, 2016. During the year 2016, the Company retroactively adjusted the accounting errors on the account of the non-controlling interest and the subsidiary retroactively adjusted the accounting errors in the consolidated financial statements for the year ended December 31, 2015 and as at January 1, 2015.

## Key Audit Matters

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

### **Recognition of revenue from sale of porcelain insulators and components**

#### **Risk**

As mentioned in Note to Financial Statements No. 3, as at December 31, 2016, the Company has recognized the undelivered sale of porcelain insulators and components, in the amount of Baht 138.86 million, to state enterprise customers who have already committed to the purchases. This is according to the customers' requested arrangement whereby they own, and commit to the liability for, the products.

#### **Auditor's Response**

I gained an understanding of, and tested, the internal control on the revenue recognition from the undelivered sales. I tested both the evidence of ownership of, and the acceptance of liability by, the customers on a sampling basis to ensure the following:

- It is highly probable that delivery will be made.
- Buyer specifically acknowledges the deferred delivery instructions.
- Usual payment terms apply.
- Items are on hand, and are identified and ready for delivery to the buyer at the time the sale is recognized.

### **Recognition of Revenue from Construction Contracts**

#### **Risk**

The subsidiary, AI Engineering Services Company Limited, has revenue from construction contracts for the year ended December 31, 2016 in the amount of Baht 422.99 million. The subsidiary recognized revenue based on the stage of completion of contracts which it assessed with reference to the proportion of contract costs incurred for the work performed as at the statement of financial position date, relative to the estimated total costs of the contract at completion. The recognition of revenue, therefore, relies on estimates on the stage of completion of each contract. Profit or loss on contracts is a key risk for the audit because of the judgment involved in preparing suitable estimates of the forecast costs on such contracts which could affect the amount of revenue recognized in the year ended December 31, 2016.

**Auditor's Response**

My audit procedures included sampling selecting those contracts that could have a significant impact on the Group's financial results in order to assess the appropriateness of Management's estimated total construction cost by verification with reliable sources of external and internal audit evidence. I verified the propriety of the state of completion for the sampled items by verifying them with purchase documents and testing the basis of their calculation, and comparing them with calculations from the Company's engineers. In addition, I also conducted site visits for certain significant projects from the selected sampled items.

**Quantity of inventories****Risk**

As mentioned in Note to the Financial Statement No.10, as at December 31, 2016, AI Energy Public Company Limited, its subsidiary has outstanding inventories in amount of Baht 307.89 million. The calculation of the quantities of ending inventories must include the measurement and calculation methods, for which there are many variables. Such calculation is complex.

**Auditor's Response**

I gained an understanding of the physical stock-take plan and the variables involved in calculating the quantities of inventories. Further, I tested the calculation of inventory quantities and observed physical stock-take.

**Inventory Valuation****Risk**

AI Energy Public Company Limited, its subsidiary calculated the cost of inventories. This is a complex formula that may cause errors with respect to inventory costing. In addition, inventories are presented at cost or net realizable value, whichever is the lower. Therefore, Management must use significant judgment in determining the appropriate amount of allowance for devaluation of inventories.

**Auditor's Response**

I gained an understanding of the Subsidiary's inventory costing method and tested the computation of the cost of the outstanding inventories. Then, I performed an analytical review of the unit cost of inventory of current year as compared to the previous year in order to identify possible irregularities in the costing.

In addition, I assessed and considered the appropriateness of the assumptions used by Management for its determination of the allowance for devaluation of inventories and tested the calculation for the net realizable value. I then considered the appropriateness of the allowance for inventory devaluation on the outstanding inventory.

## Other information

Management is responsible for the other information. The other information comprises the Annual Report for the year 2016, but does not include the consolidated and separate financial statements and my auditor's report thereon. The Annual Report for the year 2016 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 consolidated and separate financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

However, as discussed in the paragraph titled "Qualified Opinion", the investment in the PPC Asian Insulator Company Limited of associated company is recorded based on financial statements prepared by the Management of associated company that was not audited by the Company's auditors, and, hence, are limited in scope. Therefore, if the Management of the Company prepared Information Other Than Financial Statements and the Auditor's Report from sources that are limited in scope, then the Annual Report may be likewise be affected from that limited scope of information.

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

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



As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. A description of an audit is provided in the attached Appendix.

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. I describe these matters in our 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 our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in black ink, appearing to read 'Vichai Ruchitanont', is positioned above the printed name.

Vichai Ruchitanont

Certified Public Accountant

Registration Number 4054

ANS Audit Co., Ltd

Bangkok, February 28, 2017

## Appendix

My practice includes the following:

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



**ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**STATEMENTS OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2016**

		Unit: Baht				
		Consolidated financial statements			Separate financial statements	
		December 31, 2016	December 31, 2015	January 1, 2015	December 31, 2016	December 31, 2015
Notes		(RESTATED)	(RESTATED)	(RESTATED)		
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	5	291,162,160	154,714,222	204,456,053	56,060,281	29,358,236
Short-term investments	6	316,473,460	419,179,862	259,340,524	283,129,050	216,342,649
Trade and other receivables - net	4, 7, 38	457,003,558	545,627,792	636,762,370	125,119,923	220,808,798
Current portion of receivables under finance lease contracts	8	9,479,048	-	-	-	-
Unbilled receivables	9, 38	37,066,637	19,667,969	17,718,276	-	-
Inventories - net	10, 38	447,341,470	464,814,914	543,630,018	123,635,487	86,119,954
Oil supplies	11	2,289,365	1,986,547	2,368,196	-	-
Non-current assets held for sale - net	12	218,922,872	-	2,540,000	-	-
Total current assets		1,779,738,570	1,605,991,306	1,666,815,437	587,944,741	552,629,637
<b>Non-current assets</b>						
Investments in associated company - net	13	6,346,293	4,589,145	17,290,878	-	5,400,000
Investments in subsidiaries	14	-	-	-	862,555,182	862,555,182
Pledged deposits at financial institution	15	6,869,001	3,555,800	2,000,000	-	-
Receivables under finance lease contracts - net	8	8,618,160	-	-	-	-
Property, plant, vessel and equipment - net	16, 38	1,686,588,483	1,982,448,949	2,030,764,902	550,132,970	593,948,313
Intangible assets - net	17	2,439,930	4,013,424	5,041,183	2,252,564	3,907,108
Deferred tax assets	26	14,000,549	18,080,860	3,928,073	5,699,552	6,284,878
Other non-current assets		20,539,694	14,042,935	17,055,411	5,539,666	311,892
Total non-current assets		1,745,402,110	2,026,731,113	2,076,080,447	1,426,179,934	1,472,407,373
Total assets		3,525,140,680	3,632,722,419	3,742,895,884	2,014,124,675	2,025,037,010

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

**ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**STATEMENTS OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2016**

		Unit: Baht				
		Consolidated financial statements			Separate financial statements	
		December 31, 2016	December 31, 2015	January 1, 2015	December 31, 2016	December 31, 2015
Notes		(RESTATED)	(RESTATED)	(RESTATED)		
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
<b>Current liabilities</b>						
Bank overdrafts and short-term loans from financial institutions	18	128,000,000	324,034,630	366,918,380	-	-
Trade and other payables	4, 19, 38	143,652,759	163,456,677	257,864,246	58,146,725	54,514,669
Cash advance receive from disposal of asset	12	80,000,000	-	-	-	-
Current portion of long-term loan from financial institutions		-	-	22,080,000	-	-
Advance received and deferred construction revenue	9	3,687,712	28,258,977	617,446	-	-
Income tax payable	38	7,834,962	9,276,433	38,850,928	4,039,121	5,511,648
Total current liabilities		363,175,433	525,026,717	686,331,000	62,185,846	60,026,317
<b>Non-current liabilities</b>						
Long-term loan from financial institutions - net		-	-	76,880,000	-	-
Employee benefit obligations	20	29,320,306	36,564,209	30,809,593	18,773,796	20,710,451
Total non-current liabilities		29,320,306	36,564,209	107,689,593	18,773,796	20,710,451
Total liabilities		392,495,739	561,590,926	794,020,593	80,959,642	80,736,768

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

**ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**STATEMENTS OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2016**

		Unit: Baht				
		Consolidated financial statements			Separate financial statements	
		December 31, 2016	December 31, 2015	January 1, 2015	December 31, 2016	December 31, 2015
Notes		(RESTATED)	(RESTATED)	(RESTATED)		
Shareholders' equity						
Authorized share capital						
Common shares 2,800,000,000 shares at Baht 0.25 each (2014 : Common shares 500,000,000 shares at Baht 1 each)	21	700,000,000	700,000,000	500,000,000	700,000,000	700,000,000
Issued and fully paid-up share capital						
Common shares 2,799,996,084 shares at Baht 0.25 each (2014 : Common shares 500,000,000 shares at Baht 1 each)	21	699,999,021	699,999,021	500,000,000	699,999,021	699,999,021
Premiums on share capital		902,769,092	902,769,092	902,769,092	902,769,092	902,769,092
Retained earnings (deficits)						
Appropriated						
Legal reserve	25	69,999,902	61,815,719	50,000,000	69,999,902	61,815,719
Unappropriated	24, 38	(490,446,346)	(524,115,415)	(467,936,479)	259,141,718	279,716,410
Other components of shareholders' equity						
Difference on business combination						
under common control		(3,258,930)	(3,258,930)	(3,258,930)	-	-
Capital surplus from share premium of subsidiary		360,580,334	360,580,334	360,580,334	-	-
Gain on disposal of investment in subsidiaries		861,442,927	861,442,927	861,442,927	-	-
Actuarial gains		1,932,396	-	-	1,255,300	-
Total shareholders' equity of the Company		2,403,018,396	2,359,232,748	2,203,596,944	1,933,165,033	1,944,300,242
Non-controlling interests	38	729,626,545	711,898,745	745,278,347	-	-
Total shareholders' equity		3,132,644,941	3,071,131,493	2,948,875,291	1,933,165,033	1,944,300,242
Total liabilities and shareholders' equity		3,525,140,680	3,632,722,419	3,742,895,884	2,014,124,675	2,025,037,010

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2016

		Unit: Baht			
		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		(RESTATED)			
Notes					
4, 28, 30, 31, 32, 38					
<b>Revenues</b>					
Revenue from sales of goods		4,169,031,362	4,267,000,441	756,310,725	812,778,070
Revenue from production contract		32,577,762	45,810,022	-	-
Revenue from construction contract		422,989,139	28,906,788	-	-
Revenue from vessel operating		29,942,241	19,549,187	-	-
Other incomes		17,612,010	20,619,137	8,477,250	7,308,304
Dividend income	14	-	-	-	9,983,929
Total revenues		4,672,152,514	4,381,885,575	764,787,975	830,070,303
<b>Expenses</b>					
Cost of sales		(3,699,742,351)	(3,921,176,555)	(440,289,886)	(477,923,968)
Cost of production contract		(26,851,621)	(37,003,291)	-	-
Cost of construction contract		(381,564,937)	(26,484,248)	-	-
Cost of vessel operating		(37,055,333)	(22,589,099)	-	-
Selling expenses		(38,018,979)	(48,446,462)	(5,610,732)	(5,228,127)
Administrative expenses		(157,898,455)	(159,094,248)	(67,724,738)	(82,032,656)
Finance costs		(8,012,266)	(13,650,099)	-	(1,899,518)
Loss on impairment of investment in associate	13	-	-	(5,400,000)	(21,000,000)
Share of (gain) loss from investment in associates	13	1,757,147	(12,701,732)	-	-
Total expenses		(4,347,386,795)	(4,241,145,734)	(519,025,356)	(588,084,269)
Profit before income tax expenses		324,765,719	140,739,841	245,762,619	241,986,034
Tax income (Tax expense)	27	(13,624,245)	3,752,343	(6,156,864)	(5,671,660)
Profit for the years		311,141,474	144,492,184	239,605,755	236,314,374
<b>Other comprehensive income:</b>					
Items that will not be reclassified to profit or loss					
Defined benefit plan actuarial gains	20	2,991,038	-	1,569,125	-
Income tax on other comprehensive income relating to items that will not be reclassified	26	(622,800)	-	(313,825)	-
Other comprehensive income for the years - net of income tax		2,368,238	-	1,255,300	-
Total comprehensive income for the years		313,509,712	144,492,184	240,861,055	236,314,374
<b>Profit (loss) attributable to:</b>					
Equity holders of the parent		293,849,516	177,855,715		236,314,374
Non-controlling interests		17,291,958	(33,363,531)	-	-
		311,141,474	144,492,184	239,605,755	236,314,374
<b>Total comprehensive income (loss) attributable to:</b>					
Equity holders of the parent		295,781,912	177,855,715	240,861,055	236,314,374
Non-controlling interests		17,727,800	(33,363,531)	-	-
		313,509,712	144,492,184	240,861,055	236,314,374
<b>Earnings per share</b>					
Basic earnings per share of the Company (Baht)	23	0.10	0.06	0.09	0.08
Weighted average number of ordinary shares (share)		2,799,996,084	2,799,996,084	2,799,996,084	2,799,996,084

.....Director  
(Narong Thararatnavibool)

.....Director  
(Thanit Thararatnavibool)

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

Unit: Baht												
Consolidated financial statements												
Equity attributable to equity holders of the parent												
Other components of shareholders' equity												
Other comprehensive												
income (loss)												
Total other												
Total												
Total												
Issued and paid-up												
Premiums on												
Retained earnings (deficits)												
Appropriated												
Unappropriated												
Difference on business												
Capital surplus from												
Gain on disposal of												
investment in												
Actuarial gains												
shareholders' equity												
Equity holders												
Non-controlling												
Shareholders'												
Equity												
Notes	share capital	share capital	to legal reserve	Unappropriated	common control	subsidiary	subsidiaries					
Balance as at January 1, 2016 - before restated	699,999,021	902,769,092	61,815,719	(698,191,235)	(3,258,930)	360,580,334	861,442,927	-	1,218,764,331	2,185,156,928	888,899,755	3,074,056,683
Correction of accounting error	38	-	-	174,075,820	-	-	-	-	-	174,075,820	(177,001,010)	(2,925,190)
Balance as at January 1, 2016 - after restated	699,999,021	902,769,092	61,815,719	(524,115,415)	(3,258,930)	360,580,334	861,442,927	-	1,218,764,331	2,359,232,748	711,898,745	3,071,131,493
Changes in shareholders' equity for the year:												
Legal reserve	25	-	-	8,184,183	(8,184,183)	-	-	-	-	-	-	-
Dividend paid	24	-	-	-	(251,996,264)	-	-	-	-	(251,996,264)	-	(251,996,264)
Total comprehensive income for the year		-	-	-	293,849,516	-	-	-	1,932,396	1,932,396	295,781,912	313,509,712
Balance as at December 31, 2016		699,999,021	902,769,092	69,999,902	(490,446,346)	(3,258,930)	360,580,334	861,442,927	1,932,396	1,220,696,727	2,403,018,396	3,132,644,941
Balance as at January 1, 2015 - before restated		500,000,000	902,769,092	50,000,000	(640,054,469)	(3,258,930)	360,580,334	861,442,927	-	1,218,764,331	2,031,478,954	2,955,086,041
Correction of accounting error	38	-	-	-	172,117,990	-	-	-	-	172,117,990	(178,328,740)	(6,210,750)
Balance as at January 1, 2015 - after restated		500,000,000	902,769,092	50,000,000	(467,936,479)	(3,258,930)	360,580,334	861,442,927	-	1,218,764,331	2,203,596,944	2,948,875,291
Changes in shareholders' equity for the year:												
Increase ordinary shares	21	199,999,021	-	-	-	-	-	-	-	199,999,021	-	199,999,021
Legal reserve	25	-	-	11,815,719	(11,815,719)	-	-	-	-	-	-	-
Dividend paid	24	-	-	-	(222,218,932)	-	-	-	-	(222,218,932)	(16,071)	(222,235,003)
Total comprehensive income (loss) for the year (restated)		-	-	-	177,855,715	-	-	-	-	177,855,715	(33,363,531)	144,492,184
Balance as at December 31, 2015		699,999,021	902,769,092	61,815,719	(524,115,415)	(3,258,930)	360,580,334	861,442,927	-	1,218,764,331	2,359,232,748	3,071,131,493

.....Director

(Narong Thareratanavibool)

.....Director

(Thanit Thareratanavibool)

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

Unit: Baht						
Separate financial statements						
Notes	Issued and paid-up share capital	Premiums on share capital	Retained earnings (deficit)		Total other components of shareholders' equity	Total Shareholders'
			Appropriated to legal reserve	Unappropriated	Actuarial gains	Equity
Balance as at January 1, 2016	699,999,021	902,769,092	61,815,719	279,716,410	-	1,944,300,242
Changes in shareholders' equity for the year:						
Legal reserve	25	-	-	8,184,183	(8,184,183)	-
Dividend paid	24	-	-	(251,996,264)	-	(251,996,264)
Total comprehensive income for the year	-	-	-	239,605,755	1,255,300	240,861,055
Balance as at December 31, 2016	699,999,021	902,769,092	69,999,902	259,141,718	1,255,300	1,933,165,033
Balance as at January 1, 2015	500,000,000	902,769,092	50,000,000	277,436,687	-	1,730,205,779
Changes in shareholders' equity for the year:						
Increase ordinary shares	21	199,999,021	-	-	-	199,999,021
Legal reserve	25	-	-	11,815,719	(11,815,719)	-
Dividend paid	24	-	-	(222,218,932)	-	(222,218,932)
Total comprehensive income for the year	-	-	-	236,314,374	-	236,314,374
Balance as at December 31, 2015	699,999,021	902,769,092	61,815,719	279,716,410	-	1,944,300,242

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(RESTATED)			
Cash Flows from Operating Activities:				
Profit before income tax expense	324,765,719	140,739,841	245,762,619	241,986,034
Adjustments to reconcile profit before income tax expense to cash provided by (used in) operating activities:				
Depreciation	147,864,411	149,691,649	62,412,068	67,067,699
Amortization of computer softwares	2,150,019	1,998,615	2,093,957	1,954,978
(Gain) Loss on disposal asset	(3,724,559)	154,921	(308,904)	(43,085)
Unrealized gain on investments in Open-end Fund	(881,233)	(2,701,742)	(559,897)	(305,717)
Allowance for doubtful accounts	7,079,719	-	-	-
Loss on impairment of assets	-	5,990,192	-	5,990,192
Allowance for devaluation of inventories	17,361,987	4,723,745	-	4,723,745
Loss on impairment of investment in associate	-	-	5,400,000	21,000,000
Share of (gain) loss from investment in associate	(1,757,147)	12,701,732	-	-
Dividend income	-	-	-	(9,983,929)
Unrealized gain on exchange rates	(1,148,395)	(495,576)	(1,196,673)	(523,740)
Long-term employee benefit expenses	5,944,277	5,754,616	2,764,030	3,024,795
Interest income	(1,571,411)	(739,926)	(502,827)	(158,815)
Interest expenses	8,012,265	11,630,564	-	889,480
Amortization of withholding tax	-	435,684	-	-
Gain from operating activities before changes in operating assets and liabilities	504,095,652	329,884,315	315,864,373	335,621,637
Operating assets (increase) decrease				
Short-term investments	103,587,635	(157,137,597)	(66,226,503)	(176,428,402)
Trade and other receivables	82,327,775	91,120,528	95,688,874	(83,523,011)
Unbilled receivables	(17,398,667)	(1,417,492)	-	-
Inventories	(191,362)	74,473,010	(37,515,533)	18,053,523
Non-current assets classified as held for sale	-	2,540,000	-	-
Other non-current assets	(5,347,255)	2,071,650	(5,227,773)	-

.....Director

(Narong Thareratanavibool)

.....Director

(Thanit Thareratanavibool)

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(RESTATED)			
Operating liabilities increased (decrease)				
Trade and other payables	(27,166,076)	(97,356,280)	3,512,540	3,988,130
deferred construction revenue	(24,571,265)	27,687,826	-	-
Cash from operating activities	615,336,437	271,865,960	306,095,978	97,711,877
Payment for employee benefit obligations	(5,907,240)	-	(3,131,560)	-
Paid income tax	(17,834,192)	(39,974,940)	(7,357,891)	(5,204,672)
Net cash provided by operating activities	591,595,005	231,891,020	295,606,527	92,507,205
Cash Flows from Investing Activities:				
Increase in fixed deposits with obligation	(3,313,200)	(1,555,800)	-	-
Interest received	1,277,964	739,926	502,827	158,815
Dividend income from investments in subsidiary	-	-	-	9,983,929
Payment for purchases of assets	(79,407,753)	(105,524,826)	(17,799,497)	(12,850,389)
Cash advance receive from disposal of asset	80,000,000	-	-	-
Proceeds from disposal of equipment	2,364,760	119,515	388,452	78,935
Net cash provided by (used in) investing activities	921,771	(106,221,185)	(16,908,218)	(2,628,710)
Cash Flows from Financing Activities:				
Increase (decrease) in bank overdrafts and				
short-term loans from financial institutions	(196,034,630)	(42,883,751)	-	(50,000,000)
Interest expenses paid	(8,037,944)	(11,331,931)	-	(733,453)
Payment for long-term loans from financial institutions	-	(98,960,000)	-	-
Dividend payment	(251,996,264)	(22,219,912)	(251,996,264)	(22,219,911)
Subsidiary's dividend paid to non-controlling interests	-	(16,072)	-	-
Net cash used in financing activities	(456,068,838)	(175,411,666)	(251,996,264)	(72,953,364)
Net increase (decrease) in cash and cash equivalents	136,447,938	(49,741,831)	26,702,045	16,925,131
Cash and cash equivalents at beginning of the years	154,714,222	204,456,053	29,358,236	12,433,105
Cash and cash equivalents at end of the years	291,162,160	154,714,222	56,060,281	29,358,236
Supplemental disclosures of cash flows information				
Non-cash transactions consisted of :				
Assets payable for plant and equipment	8,526,990	3,086,355	1,316,188	2,370,322
Increase share capital to accommodate the stock dividend	-	199,999,021	-	199,999,021

.....Director  
(Narong Thareratanavibool)

.....Director  
(Thanit Thareratanavibool)



ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED DECEMBER 31, 2016

1. GENERAL INFORMATION

Asian Insulators Public Company Limited (“the Company”) was registered as a company under the Civil and Commercial Code of Thailand on May 12, 1981, and was registered as a public company limited with the Ministry of Commerce on March 19, 2004. The Company was listed on the Stock Exchange of Thailand on September 9, 2004.

The Company’s main businesses are as producing and selling porcelain insulators and electrical equipment.

The Company’s registered office is located at No. 254 Seri Thai Road, Khan na yao Sub-District, Khan na yao District, Bangkok and The Factory located at No. 99 Moo 2, Asia Highway Km. 70 -71 Road, Tambol Banmor, Amphur Promburi, Singburi Province.

2. BASIS FOR PRESENTATION OF PRESENTATION FINANCIAL STATEMENTS

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

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated September 28, 2011, issued under the Accounting Act B.E. 2543.

The financial statements are prepared on the historical cost basis, except as disclosed in respective accounting policies.

The accompanying financial statements have been prepared in the Thai language and expressed in Thai Baht. Such financial statements have been prepared for domestic reporting purposes. For the convenience of the readers not conversant with the Thai language, an English version of the financial statements has been provided by translating from the Thai version of the financial statements.

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

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

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

Basis for preparation of the consolidated financial statements

- a) The consolidated financial statements included the financial statements of the Company and its subsidiaries (“the Group”) equity in associate by shareholding in subsidiaries and associate as follows:

Name	Nature of business	Country of incorporation	Percentage of holding	
			2016	2015
Subsidiaries directly held by the Company				
AI Engineering Services Company Limited	Undertake construction and install electrical transmission power sub-station and trading electrical equipment	Thailand	99.84	99.84
AI Energy Public Company Limited	Producing and distributing biodiesel, vegetable oil and other fuel oil	Thailand	59.59	59.59
Subsidiaries held by AI Energy Public Company Limited				
AI Logistics Company Limited	Local and overseas logistics for passenger, merchandise, parcel and other materials	Thailand	100.00	100.00
AI Ports and Terminals Company Limited	(1) Servicing port (2) Producing and distributing ice cube (3) Trading electrical equipment, vegetable oil and other fuel oil	Thailand	100.00	100.00
Associate				
PPC Asian Insulators Company Limited	Producing and distributing electronics insulators	Thailand	25.10	25.10

- b) The Company is deemed to have control over an investee or subsidiaries if the Company has rights, or is exposed, to variable returns from its involvement with the investee, and the Company has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated as from the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Significant balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- g) Investments in associate are stated by equity method in the consolidated financial statement.

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

The separate financial statements, which presented investments in subsidiaries and associate under the cost method, have been prepared solely for the benefit of the public.

#### New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

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

During the year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) which is effective for fiscal years beginning on or after January 1, 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

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

#### TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Revenues and expenses recognition

The Company and subsidiaries recognize revenues from sales and services when the significant risks and rewards of ownership of the goods have passed to the buyer, and services are already rendered to customers.

Subsidiary recognizes revenues from construction contract under percentage of completion method. Current portion of additional income and other contracts with working period within one year are recognized in proportion to the completed construction and being billed for collection.

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

Subsidiary recognizes revenues from vessel operating on the proportion of time travelled compared with the total time to be taken of that trip.

Subsidiary recognizes revenues from loading of goods, revenue from warehousing and other services when those services are already rendered.

Subsidiary recognizes the income by using the effective interest rate method.

The Company and subsidiaries recognize other revenues and expenses on an accrual basis.

### 3.2 Cash and cash equivalents

Cash and cash equivalents are cash on hand and fixed deposit at the financial institutions due not more than 3 months from the date of acquisition with no obligation.

### 3.3 Short-term investments

Investments in Open-end Fund are considered as trading securities, stated at fair value. Cost of trading securities disposed during the year is calculated by the weighted average method.

### 3.4 Allowance for doubtful accounts

The Company set up allowance for doubtful accounts from the estimated loss which may be incurred where collection is doubtful.

### 3.5 Receivable under finance lease contracts

Receivable under finance lease contracts are carried at outstanding amount, net of unearned interest income less allowance for doubtful accounts (If any).

### 3.6 Unbilled receivables / Deferred construction revenue

Unbilled receivables consist of the cost of materials and labour, cost of sub-contract, other services and expenses including both net profit or loss computed net from the amount collected from customers.

The contracts which have construction value more than amount billed to customers will be presented under current assets. For those contracts which have the amount billed more than the construction value will be presented as “Deferred construction revenue” under current liabilities.

### 3.7 Inventories

Finished goods and raw materials are stated at cost or net realizable value, whichever is the lower. Cost is determined by the weighted average method.

Goods in process are stated at average cost of raw materials plus wages and manufacturing expenses.

The Subsidiary recognizes construction contracts in progress consist of the cost of materials and labour, cost of sub-contract, other services and expenses of project.

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

The Company set up the allowance for devaluation of inventories for the deteriorated goods and expected to be unsalable.

### 3.8 Oil supplies

Oil supplies stated at cost are calculated by the weighted average method.

### 3.9 Non-current assets classified as held for sale

Saleable assets are stated at book value or net fair value, whichever is the lower. The Company set up the provision for diminution in saleable assets by estimating from the realizable sale value.

### 3.10 Investments

Investments in associate mean that company in which the Group has shareholding and significant influence over the Group. That is, the parent company has power to participate in determining the financial and operating policies of the enterprise but not up to the level of governing such policies. Investments in associate are stated by equity method for the consolidation and by cost method after provision for diminution in investment for the separate financial statements.

Investments in subsidiaries mean those companies in which the parent company in the Group, directly or indirectly, has power more than one half of the total voting rights or power to govern the financial and operating policies of subsidiaries. Investments in subsidiaries are stated by cost method for the separate financial statements.

Cost of investments in subsidiaries disposed during the year is calculated by the weighted average method.

### 3.11 Property, plant, vessel and equipment

Property, plant, vessel and equipment are stated at cost. Depreciation for land improvement, plant, vessel and equipment is calculated by the straight-line method based on the estimated useful life of following assets:

Particulars	Useful Life (Years)	
	Consolidated	Separate Financial Statements
No depreciation is provided on land and assets under construction and installation		
Land improvement	5 - 10	5
Building and structures	5 - 40	20
Building improvement	10	10
Utility systems	5 - 20	5
Machinery, accessories and tools	5 - 20	5 - 10
Vessel and improvement	3 - 10	-
Office furniture and equipment	5	5
Motor vehicles	5 - 20	5

### 3.12 Borrowing cost

The Company and subsidiaries recorded the interest on loan for machinery construction as part of machinery under installation until they are ready for utilization according to its objective.

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

### 3.13 Intangible assets

Intangible assets are computer system development expenses and deferred computer softwares to be amortized by the straight-line method within 4 - 10 years.

### 3.14 Income Taxes

#### Deferred tax assets/liabilities

Deferred tax assets/liabilities are recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the statements of financial position date. They will be realised in future period when the income is realised, or the expenses provided for are actually incurred and considered deductible for income tax purposes.

Deferred tax assets are recognized for deductible temporary differences or addtible tax are deferred tax liabilities if it is highly probable that the Company will generate sufficient taxable profits from its future operations to utilise these assets.

At each statement of financial position date, the Company reviews and reduces the carrying amount of deferred tax assets/liabilities to the extent that it is no longer probable that sufficient taxable profit be available to allow all or part of the deferred tax asset or deferred tax liabilities to be utilised.

#### Income tax expenses

Income tax expenses from profit/loss for the year consist of current income tax and deferred tax. Income tax expenses recognized in income statement unless part of transaction recorded in shareholders' equity recorded directly to equity.

### 3.15 Employee benefits

#### Short-term employee benefits

The Company and subsidiaries recognized salaries, wages, bonuses and contributions to the social security fund as expenses when incurred.

#### Long-term employee benefits

##### Defined contribution plan

The Company and subsidiaries provide a provident fund, which is a defined contribution plan, the assets of which are held in a separate trust fund and managed by the external fund manager. The provident fund is contributed by payments from employees and the Company and subsidiaries. Contributions to the provident fund are recorded to expense in the statements of comprehensive income in the incurred period.

##### Defined benefit plan

The provision for employee retirement benefits is recognized as an expense of operations over the employee's service period. It is calculated by estimating the amount of future benefit earned by employees in return for service provided to the Company and subsidiaries in the current and future periods, with such benefit being discounted to determine the

..... Director

(Narong Thareratanavibool)

..... Director

(Thanit Thareratanavibool)

present value. The reference point for setting the discount rate is the yield rate of government bonds as at the reporting date. The calculation is performed by a qualified actuary using the Projected Unit Credit Method.

When the actuarial assumptions are changed, the Company recognized actuarial gains or losses in the other comprehensive income for the period in which they arise.

### 3.16 Basic earnings per share

Basic earnings per share are computed by dividing the net profit for the year by the weighted average number of issued common shares during the year.

### 3.17 Foreign currency transactions

Foreign currency transactions are recorded in Baht at the rate ruling on the date of transactions. Outstanding foreign currency assets and liabilities at the end of the years are converted to Baht at the rate of exchange in effect on that date. Except the agreed rates of forward exchange contracts with the bank, will be recorded at fair value. Gains or losses on exchange rate are credited or charged to operations during the years.

### 3.18 Significant accounting judgments and estimates

#### Allowance for doubtful accounts

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

#### Allowance for diminution in inventory value

In determining an allowance for diminution in inventory value, the management needs to make judgement in estimating loss from slow moving and deteriorated inventories including the effect from declining in net realisable value of inventories.

#### Impairment of investments

Management assesses the impairment of investments in subsidiaries company by considering the operating result and the future business plan of the subsidiaries. Such consideration is based on management's judgement.

#### Allowances for impairment of assets

The Company and subsidiaries consider asset as impaired when there is an indication that an asset may be impaired. If any such indication exists when there has been a significant decline in the fair value, the Company and subsidiaries make an estimate of the asset recoverable amount. The determination of recoverable amount is requires judgment. An impairment loss is recognized as an expense in the statement of comprehensive income.

#### Property, plant and equipment

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

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..... Director  
(Thanit Thareratanavibool)

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

#### Leases

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

#### Post-employment benefits under defined benefit plans

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

#### Provisions

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

#### Deferred tax assets

The Company and subsidiaries recognized deferred tax assets 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.



#### 4. TRANSACTIONS WITH RELATED PARTIES

Related parties are those parties linked to the Group and the Company as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market value or, where no market value exists, at contractually agreed prices. Sale of hybrid clay and repurchase of scrap clay with PPC Asian Insulators Company Limited are conducted at agreed prices on the basis determined by both parties.

Details of the related parties are as follows:

Name	Nature of business	Nature of relationships
Subsidiaries directly held by the Company		
AI Engineering Services Company Limited	Undertake construction and install electrical transmission power sub-station and trading electrical equipment	99.84 % holding of interest
AI Energy Public Company Limited	Producing and distributing biodiesel, vegetable oil and other fuel oil	59.59 % holding of interest
Subsidiaries held by AI Energy Public Company Limited		
AI Logistics Company Limited	Local and overseas logistics for passenger, merchandise, parcel and other materials	100.00 % holding of interest
AI Ports and Terminals Company Limited	(1) Servicing port (2)Producing and distributing ice cube (3) trading electrical equipment vegetable oil and other fuel oil	100.00 % holding of interest
Associate		
PPC Asian Insulators Company Limited	Producing and distributing electronics insulators and ceramics	25.10 % holding of interest
Related companies		
Samart Palm Company Limited	Crude Palm Oil	Director is relative of the directors of the Company
Samart Palm oil Company Limited	Crude Palm Oil	Director is relative of the directors of the Company
Samart Palm Industry Company Limited	Factory of palm oil extraction plant	Director is relative of the directors of the Company

..... Director  
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..... Director  
(Thanit Thareratanavibool)

Significant transactions between the Company and related parties for the years ended December 31, 2016 and 2015 were as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Sales of products and raw materials				
PPC Asian Insulators Co., Ltd.	2,534,410	3,792,580	2,534,410	3,792,580
AI Engineering Services Co., Ltd.	-	-	3,643,900	-
AI Logistics Co., Ltd.	-	-	-	12,250,000
AI Ports and Terminals Co., Ltd.	-	-	-	17,423,000
Sales of hybrid clay				
PPC Asian Insulators Co., Ltd.	101,740,387	149,695,676	101,740,387	149,695,676
Dividend income				
AI Engineering Services Co., Ltd.	-	-	-	9,983,929
Other income - rental and services				
PPC Asian Insulators Co., Ltd.	719,408	1,543,706	719,408	1,543,706
AI Engineering Services Co., Ltd.	-	-	1,309,719	1,224,870
AI Energy Public Co., Ltd.	-	-	975,741	1,134,323
AI Logistics Co., Ltd.	-	-	590,913	606,426
AI Ports and Terminals Co., Ltd.	-	-	310,533	532,729
Purchases goods				
Samart Palm Co., Ltd.	3,426,310	27,366,310	-	-
Samart Palm oil Co., Ltd.	21,077,881	28,665,777	-	-
Samart Palm Industry Co., Ltd.	45,892,519	41,518,704	-	-
Purchases of scrap clay				
PPC Asian Insulators Co., Ltd.	48,134,120	60,168,198	48,134,120	60,168,198
Purchase of consumed supply				
PPC Asian Insulators Co., Ltd.	10,928	61,506	10,928	61,506
AI Energy Public Co., Ltd.	-	-	216,355	39,650

..... Director  
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..... Director  
(Thanit Thareratanavibool)

## Directors and management's remuneration

Directors and management's remuneration for the years ended December, 31 2016 and 2015 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term employee benefits	50,037,827	54,222,597	29,751,154	27,712,159
Long-term post-employment benefits	1,818,450	1,285,657	652,217	575,605
Total directors and management's remuneration	51,856,277	55,508,254	30,403,371	28,287,764

Significant balances with related parties as at December 31, 2016 and 2015 were as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade receivable				
PPC Asian Insulators Co., Ltd.	27,824,174	16,820,855	27,824,174	16,817,285
AI Engineering Services Co., Ltd.	-	-	926,128	-
Other receivables				
PPC Asian Insulators Co., Ltd.	51,842	44,115	102,230	44,115
AI Engineering Services Co., Ltd.	-	-	20,049	17,193
AI Logistics Co., Ltd.	-	-	1,989	2,797
Trade payable				
PPC Asian Insulators Co., Ltd.	19,200,598	10,926,316	19,200,598	10,902,744
Other payables				
AI Energy Public Co., Ltd.	-	-	-	13,900

## 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2016 and 2015 consisted of:

		Unit: Baht			
		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Cash on hand		540,000	614,836	105,000	105,000
Deposit at bank	- saving	288,535,217	152,783,855	54,911,449	29,106,283
	- current	1,162,523	412,903	1,043,832	146,953
Fixed deposits due within 3 months		924,420	902,628	-	-
Total cash and cash equivalents		291,162,160	154,714,222	56,060,281	29,358,236

## 6. SHORT-TERM INVESTMENTS

Short-term investments as at December 31, 2016 and 2015 consisted of:

		Unit: Baht			
		Consolidated financial statements		Saparate financial statements	
		2016	2015	2016	2015
Investment in Open-end Fund-Debt securities		314,720,810	416,122,364	282,139,076	215,912,573
Add Allowance for adjustment		1,311,309	2,826,058	989,974	430,076
Investment in Open-end Fund-Fair value		316,032,119	418,948,422	283,129,050	216,342,649
Fixed deposits		441,341	231,440	-	-
Total short-term investments		316,473,460	419,179,862	283,129,050	216,342,649

Investments in the Open-end Fund are trading securities. The unrealized profits from the difference between fair value and cost are shown as allowance for adjustment investment in the Open-end Fund. Profits from investments in the Open-end Fund during the year were presented in the statement of profit or loss.

## 7. TRADE AND OTHER RECEIVABLES - NET

Trade and other receivables as at December 31, 2016 and 2015 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade receivables				
Trade receivable - related parties	27,824,174	16,820,855	28,750,302	16,817,285
Trade receivable - state enterprises	260,321,744	190,093,419	86,680,341	187,549,541
Trade receivables - other	136,608,789	291,330,656	6,258,004	11,493,598
Post date cheques	13,032,549	9,805,626	-	-
Total trade receivables	437,787,256	508,050,556	121,688,647	215,860,424
<u>Less</u> Allowance for doubtful accounts	(8,327,831)	(1,248,111)	-	-
Total trade receivables - net	429,459,425	506,802,445	121,688,647	215,860,424
Other receivables				
Other receivables	102,230	2,759,761	124,268	64,105
Prepaid expense	5,859,288	3,662,623	1,751,698	1,739,533
Deposit for inventories	3,693,172	2,905,666	1,467,892	2,905,666
Revenue Department receivable	13,834,081	2,515,709	87,418	239,070
Advance payment to subcontractors	3,779,436	25,551,438	-	-
Others	582,276	1,736,500	-	-
Total other receivables	27,850,483	39,131,697	3,431,276	4,948,374
<u>Less</u> Allowance for doubtful accounts	(306,350)	(306,350)	-	-
Total other receivables - net	27,544,133	38,825,347	3,431,276	4,948,374
Total trade and other receivables - net	457,003,558	545,627,792	125,119,923	220,808,798

..... Director  
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..... Director  
(Thanit Thareratanavibool)

As at December 31, 2016 and 2015, outstanding balances of trade receivables aged by number of months are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Related parties				
Current	10,452,030	16,820,855	11,378,158	16,817,285
Overdue				
Within 3 months	17,372,144	-	17,372,144	-
Total	27,824,174	16,820,855	28,750,302	16,817,285
State enterprises				
Current	246,474,411	183,318,835	83,451,187	183,318,835
Overdue				
Within 3 months	1,107,953	3,187,513	1,107,954	3,187,513
Over 3 months to 12 months	12,739,380	3,587,071	2,121,200	1,043,193
Total	260,321,744	190,093,419	86,680,341	187,549,541
Other				
Current	135,555,335	284,772,500	2,541,239	7,930,990
Overdue				
Within 3 months	5,758,172	2,727,240	3,716,765	3,562,608
Over 3 months to 12 months	-	12,388,431	-	-
Over 12 months	8,327,831	1,248,111	-	-
Total	149,641,338	301,136,282	6,258,004	11,493,598
<u>Less</u> Allowance for doubtful accounts	(8,327,831)	(1,248,111)	-	-
Total trade receivables - net	429,459,425	506,802,445	121,688,647	215,860,424

..... Director  
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..... Director  
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## 8. RECEIVABLE UNDER FINANCE LEASE CONTRACTS

Receivable under finance lease contracts as at December 31, 2016 and 2015 consisted of:

	Unit: Baht	
	Consolidated financial statements	
	2016	2015
Due within one year		
Value of minimum lease payment receivable	11,556,000	-
Deferred revenue - finance lease	(2,076,952)	-
Present value of minimum lease payment receivable	9,479,048	-
Due over one year but with five years		
Value of minimum lease payment receivable	9,630,000	-
Deferred revenue - finance lease	(1,011,840)	-
Present value of minimum lease payment receivable	8,618,160	-

As at December 31, 2016, the subsidiary made finance lease contracts for hire-purchase Vessel with a company. These agreements are repayable in 24 equal monthly installments up to the year 2018. The ownership of assets purchased under hire-purchase agreements will be transferred to buyer when last installment is paid. (Profit on sales of assets under finance lease contract and interest income from finance lease contract had been recorded in the other income)

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..... Director  
(Thanit Thareratanavibool)

## 9. UNBILLED RECEIVABLES / ADVANCE RECEIVED AND DEFERRED CONSTRUCTION REVENUE

Unbilled receivables/advance received and deferred construction revenue as at December 31, 2016 and 2015 consisted of:

	Unit: Baht	
	Consolidated financial statements	
	2016	2015
Unbilled receivables		
Contract value	381,544,400	222,966,200
Recognition of income by the percentage of completion	322,353,241	186,245,435
<u>Less</u> Value of billing construction	(285,286,604)	(166,577,466)
Total	37,066,637	19,667,969
Advance received and deferred construction revenue		
Contract value	45,487,960	437,892,850
Value of billing construction	4,496,598	48,645,477
<u>Less</u> Recognition of income by the percentage of completion	(808,886)	(20,386,500)
Total	3,687,712	28,258,977

## 10. INVENTORIES - NET

Inventories as at December 31, 2016 and 2015 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Raw materials	199,012,628	292,335,254	69,128,977	62,341,740
Work in process	143,190,612	98,936,816	23,495,848	22,439,062
Finished goods	108,822,496	62,799,614	26,326,684	1,127,337
Supplies	10,346,841	11,645,214	1,353,098	1,113,799
Goods in transit	8,054,625	3,821,761	8,054,625	3,821,761
Total	469,427,202	469,538,659	128,359,232	90,843,699
<u>Less</u> Allowance for devaluation of inventories	(22,085,732)	(4,723,745)	(4,723,745)	(4,723,745)
Total inventories - net	447,341,470	464,814,914	123,635,487	86,119,954

..... Director  
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..... Director  
(Thanit Thareratanavibool)



## 11. OIL SUPPLIES

Oil supplies as at December 31, 2016 and 2015 consisted of:

	Unit: Baht	
	Consolidated financial statements	
	2016	2015
Bunker oil	1,796,230	1,362,916
Lubricants	493,135	623,631
Total oil supplies	2,289,365	1,986,547

## 12. NON-CURRENT ASSETS HELD FOR SALE - NET

Non-current assets held for sale as at December 31, 2016 and 2015 consisted of:

	Unit: Baht			
	Consolidated financial statements			
	2015	Transfers in	Transfers out	2016
Non-current assets held for sale	-	267,935,900	-	267,935,900
<u>Less</u> Accumulated depreciation	-	(49,013,028)	-	(49,013,028)
Non-current assets held for sale - net	-	218,922,872	-	218,922,872

At November 3, 2016, the subsidiary made contracts for sale of land, buildings and machineries with a company for the selling amount of Baht 390 million. The subsidiary will receive monthly installment from July 2016 to June 2017. The transfer of ownership will take place once the full amount is paid. As at December 31, 2016, the subsidiary had received the amount of Baht 80 million which is shown under current liabilities.

The subsidiary also made a rental agreement of land, buildings and machineries with a company for the period of 9 months from November 21, 2016 to June 20, 2017 for rental fee of Baht 0.5 million per month.

### 13. INVESTMENTS IN ASSOCIATED COMPANYS - NET

Investments in associated company as at December 31, 2016 and 2015, and dividend income from the investment during the years ended December 31, 2016 and 2015, consisted of:

						Unit: Baht					
						Consolidated		Separate			
						financial statements		financial statements			
						Equity method		Cost method		Dividend	
Company	Nature of business	Percentage of investment (%)		Unit : Baht		2016	2015	2016	2015	2016	2015
		2016	2015	2016	2015						
PPC Asian Insulators	Producing and distributing										
Company Limited	electronics insulators	25.10	25.10	263,000,000	263,000,000	6,346,293	4,589,145	66,000,000	66,000,000	-	-
Less Provision for diminution	and ceramics										
in investment						-	-	(66,000,000)	(60,600,000)	-	-
Total invesments in associate - net						6,346,293	4,589,145	-	5,400,000	-	-

The consolidated and separate financial statements for the years ended December 31, 2016 and 2015 of Asian Insulators Public Company Limited and its subsidiaries, and of Asian Insulators Public Company Limited respectively, included an investment in the associated company based on financial statements of the associated company which had not been audited by an auditor. The carrying value of the investment in the consolidated financial statements as at December 31, 2016 and 2015 amounted to Baht 6.35 million and amounted to Baht 4.59 million, respectively, representing 0.18% and 0.13% of total assets in the consolidated financial statements, respectively.

The equity of net gain (loss) of the associated company in the consolidated financial statements for the years ended December 31, 2016 and 2015 amounted to Baht 1.76 million and (12.70) million respectively, representing 0.56% and (8.79%) of consolidated net profit, respectively.

The carrying value of the investment in the separate financial statements as at December 31, 2015 amounted to Baht 5.4 million, representing 0.27% of total assets in the separate financial statements.

As at December 31, 2016, the management of the Company has considered the net realizable value from investments in associate and passed a resolution to set up fully provision for diminution of investment in associate in the separate financial statements

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

The following is summarized financial information relating to an entity's interest in an associate company were as follows:

Unit: Baht		
PPC Asian Insulators Company Limited		
	2016	2015
Current assets	135,900,642	113,546,194
Non-current assets	127,512,863	137,368,769
Current liabilities	(237,798,646)	(229,066,010)
Non-current liabilities	(330,824)	(3,561,861)
Net assets	25,284,035	18,287,092
Revenues	239,166,098	356,051,279
Profit (loss) for the years	7,578,529	(26,554,731)

Reconcile the carrying value of the equity of the associated in the consolidated financial statement were as follows:

Uni: Baht		
PPC Asian Insulators Company Limited		
	2016	2015
Net assets of associate company	25,284,035	18,287,092
Ownership interest (%)	25.10	25.10
Carrying amount of interest in an associate company	6,346,293	4,589,145

#### 14. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries as at December 31, 2016 and 2015, and dividend income from the investment during the years ended December 31, 2016 and 2015, consisted of:

		Unit: Baht							
Company	Nature of business	Percentage of investment (%)		Separate financial statements					
		2016	2015	Issued share capital		Cost method-net		Dividend	
		2016	2015	2016	2015	2016	2015	2016	2015
Subsidiaries directly held by the Company									
AI Engineering Services Company Limited	Undertake construction and install electrical transmission power sub-station and trading electrical equipment	99.84	99.84	200,000,000	200,000,000	197,000,025	197,000,025	-	9,983,929
AI Energy Public Company Limited	Producing and distributing biodiesel, vegetable oil and other fuel oil	59.59	59.59	1,130,000,000	1,130,000,000	665,555,157	665,555,157	-	-
Subsidiaries held by AI Energy Public Company Limited									
AI Logistics Company Limited	Local and overseas logistics for passenger, merchandise, parcel and other materials	100.00	100.00	209,000,000	209,000,000	-	-	-	-
AI Ports and Terminals Company Limited	(1) Servicing port (2) Producing and distributing ice cube (3) trading electrical equipment vegetable oil and other fuel oil	100.00	100.00	460,000,000	460,000,000	-	-	-	-
Total investments in subsidiaries						665,555,157	665,555,157	-	9,983,929

..... Director  
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..... Director  
(Thanit Thareratanavibool)

The subsidiaries have significant non-controlling interests were as follows:

			Unit: Baht	
			December 31, 2016	
			Comprehensive income	
		Ownership interests	(loss) attributable to	Accumulated
		held by NCI	Non-controlling	Non-controlling
Name of subsidiary	Nature of business	(percentage)	interest	interest
Subsidiaries directly held by the Company				
AI Engineering Services Company Limited	Undertake construction and install electrical transmission power Sub-station and trading electrical equipment	0.16	34,887	403,642
AI Energy Public Company Limited	Producing and distributing biodiesel, vegetable oil and other fuel oil	40.41	17,692,913	729,222,903
Total			17,727,800	729,626,545

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..... Director  
(Thanit Thareratanavibool)

The following is summarized financial information of subsidiaries before inter-company elimination.

	Unit: Baht				
	AI Engineering Services Company	AI Energy Public Company	AI Logistics Company Limited	AI Ports and Terminals Company	Total
As at December 31, 2016					
Current assets	284,526,773	647,892,551	241,034,900	19,287,773	1,192,741,997
Non-current assets	1,531,453	1,357,921,380	218,648,280	32,403,092	1,610,504,205
Current liabilities	(33,340,784)	(184,534,368)	(80,537,323)	(3,525,279)	(301,937,754)
Non-current liabilities	(1,540,035)	(8,441,329)	(358,299)	(206,847)	(10,546,510)
Net assets	<u>251,177,407</u>	<u>1,812,838,234</u>	<u>378,787,558</u>	<u>47,958,739</u>	<u>2,490,761,938</u>
Net assets attributable to					
Non-controlling interests	<u>403,642</u>	<u>729,222,903</u>	<u>-</u>	<u>-</u>	<u>729,626,545</u>
For the year ended December 31, 2016					
Revenues	<u>422,989,139</u>	<u>3,428,247,639</u>	<u>52,352,863</u>	<u>63,157,925</u>	<u>3,966,747,566</u>
Net profit(loss) for the year Attributable to					
Non-controlling interests	34,831	17,257,126	-	-	17,291,957
Total other comprehensive income (loss)					
attributable to non-controlling interests	<u>56</u>	<u>435,787</u>	<u>-</u>	<u>-</u>	<u>435,843</u>
Total comprehensive income(loss) for the year					
attributable to non-controlling interests	<u>34,887</u>	<u>17,692,913</u>	<u>-</u>	<u>-</u>	<u>17,727,800</u>
Net cash provided by (used in)					
Operating activities	148,310	281,602,408	1,823,892	12,413,868	295,988,478
Investing activities	(10,261)	(53,058,281)	(6,715,532)	77,614,063	17,829,989
Financing activities	-	(128,327,868)	(34,630)	(78,210,076)	(206,572,574)
Cash increase (decrease) - net	<u>138,049</u>	<u>100,216,259</u>	<u>(4,926,270)</u>	<u>11,817,855</u>	<u>107,245,893</u>

#### 15. PLEDGED DEPOSITS AT FINANCIAL INSTITUTION

The subsidiary has pledged fixed deposit at bank as collateral for the issuance of bank guarantee. (Note 33.1)

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

# 16. PROPERTY, PLANT, VESSEL AND EQUIPMENT - NET

Property, plant, vessel and equipment as at December 31, 2016 and 2015 consisted of:

	Unit: Baht									
	Consolidated financial statements									
	Land	Land improvement	Building and improvement	Utility system	Machinery, accessories and tools	Vessel and improvement	Office furniture and equipment	Motor vehicles	Fixed assets under construction and installation	Total
At cost										
As at December 31, 2015	357,156,090	36,171,424	958,037,504	57,273,175	1,413,514,651	179,321,539	33,396,472	90,212,829	9,321,548	3,134,405,232
Purchases during year	-	-	343,023	34,540	11,517,145	8,412,668	1,366,892	4,486,890	61,197,059	87,358,217
Transfers in (Tranfer out) during year (Note 12)	(121,023,900)	10,851,796	(119,204,045)	8,643,335	(1,988,931)	-	(864,398)	-	(44,349,757)	(267,935,900)
Disposal /written off during year	-	-	(2,461,035)	-	(31,887,801)	(67,966,180)	(1,081,869)	(545,835)	(355,200)	(104,297,920)
As at December 31, 2016	236,132,190	47,023,220	836,715,447	65,951,050	1,391,155,064	119,768,027	32,817,097	94,153,884	25,813,650	2,849,529,629
Accumulated Depreciation										
As at December 31, 2015	-	16,844,686	291,401,392	31,236,391	604,774,226	135,558,228	28,184,244	37,966,924	-	1,145,966,091
Depreciation for the year	-	2,536,127	33,351,961	4,550,575	86,139,465	15,536,554	2,208,467	3,541,262	-	147,864,411
Depreciation tranfer out (Note 12)	-	(249,999)	(30,987,151)	-	(16,364,818)	-	(1,411,060)	-	-	(49,013,028)
Depreciation - disposals for the year	-	-	(978,610)	-	(30,988,572)	(54,344,933)	(1,008,572)	(545,833)	-	(87,866,520)
As at December 31, 2016	-	19,130,814	292,787,592	35,786,966	643,560,301	96,749,849	27,973,079	40,962,353	-	1,156,950,954
Allowances for impairment										
As at December 31, 2015	-	-	-	-	(5,990,192)	-	-	-	-	(5,990,192)
As at December 31, 2016	-	-	-	-	(5,990,192)	-	-	-	-	(5,990,192)
Book value										
As at December 31, 2015	357,156,090	19,326,738	666,636,112	26,036,784	802,750,233	43,763,311	5,212,228	52,245,905	9,321,548	1,982,448,949
As at December 31, 2016	236,132,190	27,892,406	543,927,855	30,164,084	741,604,571	23,018,178	4,844,018	53,191,531	25,813,650	1,686,588,483

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

Unit: Baht

	Separate financial statements								
	Land	Land improvement	Building and improvement	Utility system	Machinery, accessories and tools	Office furniture and equipment	Motor vehicles	Fixed assets under construction and installation	Total
At cost									
As at December 31, 2015	61,576,168	14,822,060	414,131,812	20,200,734	658,199,399	22,207,104	11,879,797	4,255,878	1,207,272,952
Purchases during period	-	-	-	-	2,170,167	401,288	4,486,890	11,617,928	18,676,273
Transfers in (Tranfer out) during year	-	-	15,886	-	9,794,142	611,100	-	(10,421,128)	-
Disposal /written off during year	-	-	-	-	(26,404,031)	(98,320)	(545,835)	(5,200)	(27,053,386)
As at December 31, 2016	61,576,168	14,822,060	414,147,698	20,200,734	643,759,677	23,121,172	15,820,852	5,447,478	1,198,895,839
Accumulated Depreciation									
As at December 31, 2015	-	14,821,323	162,835,768	18,584,025	381,489,366	19,646,118	9,957,847	-	607,334,447
Depreciation for the year	-	709	18,262,113	725,166	42,017,214	1,177,287	229,579	-	62,412,068
Depreciation - disposals for the year	-	-	-	-	(26,336,442)	(91,563)	(545,833)	-	(26,973,838)
As at December 31, 2016	-	14,822,032	181,097,881	19,309,191	397,170,138	20,731,842	9,641,593	-	642,772,677
Allowances for impairment									
As at December 31, 2015	-	-	-	-	(5,990,192)	-	-	-	(5,990,192)
As at December 31, 2016	-	-	-	-	(5,990,192)	-	-	-	(5,990,192)
Book value									
As at December 31, 2015	61,576,168	737	251,296,044	1,616,709	270,719,841	2,560,986	1,921,950	4,255,878	593,948,313
As at December 31, 2016	61,576,168	28	233,049,817	891,543	240,599,347	2,389,330	6,179,259	5,447,478	550,132,970

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)



Depreciations in the statements of profit or loss for the year ended December 31, 2016 and 2015 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cost of sale and service	132,276,350	130,824,535	54,141,545	52,622,730
Selling and administrative expenses	15,588,061	18,867,114	8,270,523	14,444,969
	147,864,411	149,691,649	62,412,068	67,067,699

The subsidiary has mortgaged land, buildings and port with banks as collateral for credit facilities obtained from a financial institution (Note 18).as at December 31, 2016, the subsidiaries revoked syndicated credit facilities and redemption collateral entirely.

The gross carrying amounts of equipment were fully depreciated but these items are still in active use by the Group as at December 31, 2016 and 2015, in the consolidate financial statement totaling approximately Baht 284.72 million and Baht 278.83 million respectively, and separate financial statements totaling approximately Baht 243.68 million and Baht 254.12 million, respectively.

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

## 17. INTANGIBLE ASSETS - NET

Intangible assets as at December 31, 2016 and 2015 consisted of:

		Unit: Baht	
		Computer Software	
		Consolidated	Separate
		financial statements	financial statements
At cost			
As at December 31, 2015		21,273,276	20,566,466
Purchases during the year		576,525	439,413
As at December 31, 2016		21,849,801	21,005,879
Accumulated amortisation			
As at December 31, 2015		17,259,852	16,659,358
Amortization for the year		2,150,019	2,093,957
As at December 31, 2016		19,409,871	18,753,315
Net booked value			
As at December 31, 2015		4,013,424	3,907,108
As at December 31, 2016		2,439,930	2,252,564

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

# 18. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Bank overdrafts and short-term loans from financial institutions as at December 31, 2016 and 2015 consisted of:

		Unit: Baht	
		Consolidated financial statements	Separate financial statements
		2016	2015
		2016	2015
Bank overdraft	-	34,630	-
short-term loans from financial institution	128,000,000	324,000,000	-
Total bank overdraft and short-term loans from financial institution	128,000,000	324,034,630	-
		Credit line (Unit: Million Baht)	
		Consolidated financial statements	Separate financial statements
		2016	2015
		2016	2015
Bank overdraft	32	67	12
Promissory notes	1,370	1,870	430
Letter of credit and trust receipt	270	-	-
Total	1,672	1,937	442

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

## 19. TRADE AND OTHER PAYABLES

Trade and other payables as at December 31, 2016 and 2015 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade payables				
Trade payables - related parties	19,200,598	10,926,316	19,200,598	10,902,744
Trade payables - others	60,638,296	94,902,138	21,326,760	27,185,212
Total trade payables	79,838,894	105,828,454	40,527,358	38,087,956
Other payables				
Payables for purchase of assets	8,526,990	3,086,355	1,316,189	2,370,322
Other payables	2,964,301	3,797,648	-	13,900
Advances received for goods	4,602,408	5,977,522	4,477,008	1,268,290
Electricity payable	4,098,691	5,649,381	1,476,641	1,452,834
Accrued expenses	11,121,441	10,086,600	4,937,594	4,723,470
Retention	4,486,903	1,195,067	-	-
Revenue Department payables	27,686,801	26,379,861	5,085,605	6,056,847
Others	326,330	1,455,789	326,330	541,050
Total other payables	63,813,865	57,628,223	17,619,367	16,426,713
Total trade and other payables	143,652,759	163,456,677	58,146,725	54,514,669

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

## 20. EMPLOYEE BENEFIT OBLIGATIONS

Movement of the present value of employee benefits obligation for the years ended December 31, 2016 and 2015 were as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statement	
	2016	2015	2016	2015
Employee benefit at beginning of year	36,564,209	30,809,593	20,710,451	17,685,656
Included in profit or loss:				
Current service cost	5,254,640	4,011,939	2,357,246	2,443,767
Interest cost	689,637	1,742,677	406,784	581,028
Included in other comprehensive income:				
Actuarial (gains) losses arising from				
Financial assumptions changes	(5,617,565)	-	(2,524,134)	-
Experience adjustments	2,626,527	-	955,009	-
Benefit paid during the year	(10,197,142)	-	(3,131,560)	-
Employee benefit obligations at end of year	29,320,306	36,564,209	18,773,796	20,710,451

Employee benefit expenses in profit or loss for the years ended December 31, 2016 and 2015 were as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statement	
	2016	2015	2016	2015
Cost of sales	3,560,371	4,006,949	2,243,307	2,667,703
Selling expenses	340,979	65,323	-	-
Administrative expenses	2,042,927	1,682,344	520,723	357,092
Total employee benefit expenses	5,944,277	5,754,616	2,764,030	3,024,795

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

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

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

Principal actuarial assumptions as at December 31, 2016 and 2015 (represented by the weighted-average) were as follows:

	(Percentage (%)/annum)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Discount rate	1.77 - 2.35	3.18 - 3.39	2.22	3.29
Salary increases rate	0.00 - 5.00	5.00	1.00 - 5.00	5.00
Mortality rate	100% of Thai Mortality Ordinary Tables of 2008		100% of Thai Mortality Ordinary Tables of 2008	
Turnover rate				
Under 31 years old	0 - 33	0 - 35	33	35
31 - 40 years old	0 - 14	0 - 24	14	13
41 - 50 years old	0 - 7	0 - 8	5	7
Above 50 years old	0	0	0	0

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2016 are summarised below:

	Unit: Baht			
	Change of the present value of the employee benefit obligations			
	Consolidated financial statement		Separate financial statement	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(2,253,663)	2,577,957	(1,217,208)	1,374,979
Salary increase rate	2,526,976	(2,252,934)	131,269	(1,218,385)
Turnover rate	(2,387,667)	1,577,023	(1,290,740)	815,206

As at December 31, 2016, the maturity analysis of undiscounted cash flows of benefit payments was as follows:

	Unit: Baht	
	Consolidated financial statement	Separate financial statement
Within 1 year	2,830,255	2,669,465
Over 1 and up to 5 years	9,029,468	6,156,277
Over 5 years	17,460,583	9,948,054

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

## 21. SHARE CAPITAL

21.1 The 2015 Annual General Meeting of Shareholders held on April 21, 2015 of the Company, passed the resolutions as follows:

1. Approved to amendment in par value of ordinary shares from Baht 1 per share to Baht 0.25 per share. After the changing of par value, the Company has the ordinary shares of 2,000 million shares.
2. Approved to increase in registered share capital of the Company from Baht 500 million (2,000 million shares at Baht 0.25 par value) to be Baht 700 million (2,800 million shares at Baht 0.25 par value). The Company registered its increased share capital to accommodate the stock dividend with the Ministry of Commerce on April 29, 2015.

21.2 The 2015 Annual General Meeting of Shareholders held on April 21, 2015 of AI Energy Public Company Limited, passed the resolutions as follows:

1. Approved to amendment in par value of ordinary shares from Baht 1 per share to Baht 0.25 per share. After the changing of par value, the subsidiary has the ordinary shares of 4,520 million shares.
2. Approved to increase in registered share capital of AI Energy Public Company Limited from Baht 1,130 million (4,520 million shares at Baht 0.25 par value) to be Baht 1,356 million (5,424 million shares at Baht 0.25 par value) AI Energy Public Company Limited registered its increased share capital for allocate to support the warrant No. 1. (AIE-W1) with the Ministry of Commerce on July 6, 2015 as described in Note 22.

## 22. WARRANTS

### Warrants AIE-W1

On April 21, 2015, the Annual General Meeting of the Company's shareholders passed a resolution to issue and allocate of stock warrant for rights to purchase ordinary shares of (AIE-W1) for the existing shareholders, not exceeding 904 million units (allocate 1 purchase ordinary share: 1 stock warrant unit). Details of the issue are as follows:

Type	:	In named certificate form and transferable
Price per unit of warrant	:	Baht 0.00
Exercise ratio	:	1 warrant to 5 ordinary shares
Exercise price	:	Baht 0.25 per share
Exercise date	:	The first exercise date is December 30, 2016 and the last exercise date is May 7, 2018
Issuance date of warrants	:	May 8, 2015
Maturity of warrants	:	3 years from the issuance date.

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

## 23. BASIC EARNINGS PER SHARE

Basic earnings per share for the years ended December 31, 2016 and 2015 were calculated as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>For the year</u>				
Net profit attributable				
to shareholders of the parent (Baht)	293,849,516	177,855,715	239,605,755	236,314,374
Number of ordinary share outstanding				
at beginning for the year	2,799,996,084	2,000,000,000	2,799,996,084	2,000,000,000
Effect of issuance stock dividend	-	799,996,084	-	799,996,084
Weighted average number of ordinary shares				
outstanding during the years (Basic)	2,799,996,084	2,799,996,084	2,799,996,084	2,799,996,084
Basic earnings per share (Baht)	0.10	0.06	0.09	0.08

## 24. DIVIDEND PAYMENT

The 2016 Annual General Meeting of Shareholders of the Company held on April 29, 2016, passed a resolution to pay dividend for the year 2015 of Baht 0.09 per share for a total amount of Baht 252 million from the separate financial statements' retained earnings after deduction of legal reserves and exempt from income tax, according to the BOI Certificate No. 1478 (2)/2553. The dividend was paid on May 27, 2016.

The 2015 Annual General Meeting of Shareholders of the Company held on April 21, 2015, passed a resolution to pay dividend to the shareholders at Baht 0.11111 per share, comprise of stock dividend to shareholders considered from the payout ratio of 5 existing ordinary shares for 2 shares dividend which shall not exceed than 800 million shares at a par value of Baht 0.25 per share or shall be equivalent at Baht 0.10 per share and cash dividends to shareholders at Baht 0.01111 per share amounting Baht 22.22 million. The dividend was paid on May 20, 2015.

The 2015 Annual General Meeting of Shareholders of AI Engineering Services Company Limited held on April 30, 2015, passed a resolution to pay dividends from the operation for six-month periods ended from July 1 - December 31, 2014 to the shareholders of 20 million shares at Baht 0.50 per share, amount Baht 10 million. The dividend was paid on May 7, 2015.

## 25. LEGAL RESERVE

Under the provisions of the Thai Public Company Limited Act B.E. 2535, the Company is required to appropriate at least 5% of its annual net income after deduction of the deficit brought forward (if any) as legal reserve until the reserve equal to 10% of authorized share capital. The reserve is not available for dividend distribution.

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)



## 26. DEFERRED TAX

Deferred tax as at December 31, 2016 and 2015 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax assets	18,553,705	21,360,614	5,897,547	6,284,878
Deferred tax liabilities	(4,553,156)	(3,279,754)	(197,995)	-
Deferred tax assets - net	14,000,549	18,080,860	5,699,552	6,284,878

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

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

	Unit: Baht							
	Consolidated financial statements				Separate financial statements			
	Other				Other			
	As at January 1,	Profit	comprehensive	As at December 31,	As at January 1,	Profit	comprehensive	As at December 31,
	2016	(loss)	income (loss)	2016	2016	(loss)	income (loss)	2016
Deferred tax assets								
Allowance for doubtful trade								
accounts receivable	310,892	(161,742)	-	149,150	-	-	-	-
Allowance for devaluation of inventories	961,005	(16,256)	-	944,749	944,749	-	-	944,749
Allowance for impairment of assets	1,198,039	-	-	1,198,039	1,198,039	-	-	1,198,039
Provision for long-term employee benefits	6,673,391	(299,559)	(622,800)	5,751,032	4,142,090	(73,506)	(313,825)	3,754,759
Tax loss carries forward	12,217,287	(1,706,552)	-	10,510,735	-	-	-	-
Total	21,360,614	(2,184,109)	(622,800)	18,553,705	6,284,878	(73,506)	(313,825)	5,897,547
Deferred tax liability								
Unrealized gain on investments in								
Open-end Fund	(479,205)	216,943	-	(262,262)	-	(197,995)	-	(197,995)
Depreciation	(2,800,549)	(1,490,345)	-	(4,290,894)	-	-	-	-
Total	(3,279,754)	(1,273,402)	-	(4,553,156)	-	(197,995)	-	(197,995)
Deferred tax assets - net	18,080,860	(3,457,511)	(622,800)	14,000,549	6,284,878	(271,501)	(313,825)	5,699,552

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

Unit: Baht

	Consolidated financial statements				Separate financial statements			
	Other			As at December 31, 2015	Other			As at December 31, 2015
	As at January 1, 2015	Profit (loss)	comprehensive income (loss)		As at January 1, 2015	Profit (loss)	comprehensive income (loss)	
Deferred tax assets								
Allowance for doubtful trade								
accounts receivable	728,112	(417,220)	-	310,892	-	-	-	-
Allowance for devaluation of inventories	24,052	936,953	-	961,005	-	944,749	-	944,749
Allowance for impairment of assets	-	1,198,039	-	1,198,039	-	1,198,039	-	1,198,039
Allowance for diminution in non-current assets held for sale	386,998	(386,998)	-	-	-	-	-	-
Provision for long-term employee benefits	5,660,382	1,013,009	-	6,673,391	3,537,131	604,959	-	4,142,090
Tax loss carries forward	-	12,217,287	-	12,217,287	-	-	-	-
Total	6,799,544	14,561,070	-	21,360,614	3,537,131	2,747,747	-	6,284,878
Deferred tax liability								
Unrealized gain on investments in								
Open-end Fund	(611,294)	132,089	-	(479,205)	(24,872)	24,872	-	-
Depreciation	(2,260,177)	(540,372)	-	(2,800,549)	-	-	-	-
Total	(2,871,471)	(408,283)	-	(3,279,754)	(24,872)	24,872	-	-
Deferred tax assets - net	3,928,073	14,152,787	-	18,080,860	3,512,259	2,772,619	-	6,284,878

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

## 27. INCOME TAX EXPENSE

Income tax expense for the years ended December 31, 2016 and 2015 were as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Current tax expense				
Current year	(10,166,734)	(10,400,444)	(5,885,363)	(8,444,279)
Deferred tax expense				
Movement in temporary differences	(3,457,511)	14,152,787	(271,501)	2,772,619
Total	(13,624,245)	3,752,343	(6,156,864)	(5,671,660)

Reconciliation of effective tax rate

	Consolidated financial statements			
	2016		2015	
	Tax rate		Tax rate	
	(%)	Unit : Baht	(%)	Unit : Baht
Profit before income tax		324,765,719		140,739,841
Income tax using the corporate tax rate	20	(64,953,144)	20	(28,147,968)
Exemption from income tax on profit revived from BOI		67,525,564		46,191,090
Non-taxable income		-		27,574
Double expenses by the Revenue Code		2,356,200		1,950,505
Non-deductible expenses		(6,608,853)		(5,364,551)
Tax loss carried forward		-		1,065,569
Unused current tax loss*		(11,813,197)		(9,429,530)
Income tax in share of loss in associate		(130,815)		(2,540,346)
Tax income (expense)	-4	(13,624,245)	3	3,752,343

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

Separate financial statements				
2016		2015		
Tax rate		Tax rate		
(%)	Unit : Baht	(%)	Unit : Baht	
	245,762,619		241,986,034	Profit before income tax
20	(49,152,523)	20	(48,397,207)	Income tax using the corporate tax rate
	43,906,517		46,050,845	Exemption from income tax on profit revived from BOI
	1,025,526		1,996,786	Non-taxable income
	(1,936,384)		(5,322,084)	Non-deductible expenses
3	(6,156,864)	2	(5,671,660)	Tax expense

\* The subsidiaries have tax losses in 2016 and 2015 of Baht 59.07 million and Baht 47.15 million, respectively. Due to the uncertainty of the utilization, the Management, therefore, will not account for the deferred tax on these unutilized tax losses carried forward in consolidated financial statements.

#### Income tax reduction

According to Royal Decree No. 577 B.E. 2557, dated November 10, 2014, the corporate income tax rate continued at 20 % on net profit for the accounting periods beginning on January 1, 2015 to December 31, 2015. The Act of Legislation amended Revenue Code No.42 B.E. 2559, dated March 3, 2016, grants the corporate income tax rate 20% on net profit for the accounting periods beginning on January 1, 2016 onwards.

## 28. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2016 and 2015 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
(Increase) decrease in change of				
finished goods and work in progress	(64,029,000)	14,308,743	(15,327,638)	9,475,253
Raw materials and consumables used	3,664,835,691	3,530,770,904	232,008,569	242,037,348
Construction materials and subcontractors	69,651,895	22,084,359	-	-
Purchase of goods for sale	54,860,760	53,836,007	54,860,760	52,756,865
Employee benefit expenses	204,624,749	193,887,233	91,311,457	86,996,027
Depreciation and amortization expenses	150,014,430	151,690,264	64,506,025	69,022,677
Loss on devaluation of inventories	17,361,987	4,723,745	-	4,723,745
Allowance for diminution in investments				
in associated company	-	-	5,400,000	21,000,000
Loss on impairment of assets	-	5,990,192	-	5,990,192

## 29. FOREIGN CURRENCY TRANSACTIONS

As at December 31, 2016 and 2015 the Company and subsidiaries have outstanding assets and liabilities denominated in foreign currencies which are not covered by any hedging as follows:

(Unit: Thousand)

Particulars	Consolidated financial statements				Separate financial statements			
	2016		2015		2016		2015	
	Foreign Currency	Converted to Baht	Foreign Currencies	Converted to Baht	Foreign Currency	Converted to Baht	Foreign Currencies	Converted to Baht
Assets								
USD	21.64	771.72	11.78	423.39	21.51	767.01	11.65	418.66
Total		771.72		423.39		767.01		418.66
Liabilities								
USD	37.23	13,943.81	193.00	6,996.98	323.09	11,632.08	193.00	6,996.98
EUR	-	-	24.90	991.00	-	-	24.90	991.00
Total		13,943.81		7,987.98		11,632.08		7,987.98

..... Director

(Narong Thareratanavibool)

..... Director

(Thanit Thareratanavibool)

### 30. PROMOTIONAL PRIVILEGES

By virtue of the Investment Promotion Act, B.E. 2520 (1977), the Company and three subsidiaries were granted promotional certificates as follows:

Companies	1. Promotional certificates Nos.	2. Effective dates	3. To promote investment in business of	4. Expiry dates according to items 5.1 and 5.2
Asian Insulators Plc.	1025/2541	January 24, 2001	Producing porcelain insulators	January 23, 2009
	1115(2)/2548	February 28, 2005	Producing finished hybrid clay	February 27, 2013
	1116(2)/2549	January 30, 2009	Producing porcelain insulators	January 29, 2017
	1478(2)/2553	June 12, 2012	Producing porcelain insulators	June 11, 2020
AI Energy Public Co., Ltd.	1922(1)/2553	October 1, 2013	Producing biodiesel	September 30, 2021
	2777(1)/2556	February 3, 2015	Producing biodiesel	February 2, 2023
AI Logistics Co., Ltd.	2029(2)/2549	June 27, 2006	Ship transportation	June 26, 2014
	1434(2)/2550	June 11, 2007	Ship transportation	June 10, 2015
AI Ports and Terminals Co., Ltd.	1373(2)/2552	July 1, 2009	Ports and terminals service	(*) July 30, 2016
	1374(2)/2552	August 7, 2009	Ports and terminals service	(*) August 5, 2016

#### 5. Important privileges which are granted:

5.1 Exemption from corporate income tax on net profit of promotion operation for 8 years, the promotional certificates No. 1025/2541, 1922(1)/2553, 2777(1)/2556, Whereby the promotional certificates No.1115(2)/2548, 1116(2)/2549, 1478(2)/2553, 2029(2)/2549,1434(2)/2550, 1373(2)/2552 and 1374(2)/2552 have limited amount for corporate income tax exemption at maximum of Baht 11.01 million, Baht 75.18 million, Baht 495.91 million, Baht 66.26 million, Baht 107.00 million, Baht 303.49 million and Baht 200.00 million, respectively.

5.2 Exemption from income tax on dividend from promoted business which was exempted from corporate income tax as 5.1 throughout the promotional period of all promotional certificates.

5.3 Allowance for reduction the corporate income tax from promotional net profit at 50% of normal rate since the exemption is expired as 5.1 for 5 years especially for promotional certificate No. 1025/2541, 1922(1)/2553 and 2777(1)/2556.

5.4 Allowance for double deduction of annual expenses of public utilities (electricity, water supply and transportation), commencing from the generating revenues date for 10 years of promotional certificate No. 1025/2541, 1922(1)/2553 and 2777(1)/2556.

5.5 Allowance to deduct the annual loss incurred during the income tax exemption period as 5.1 from the net profit since the expiry dates within 5 years, by which can be deducted from net profit of any year or several years of all promotional certificates.

(\*) AI Ports and Terminals Company Limited received a letter from the Board of Investment, dated April 3, 2015, to change the rights and benefits period from 8 years to 7 years due to the company's quality system had been certified but did not cover the operation for cargo vessels as promoted.

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

As a promoted industry, the Company and subsidiaries must strictly comply with certain terms and conditions stipulated in the promotional certificate.

The Company and subsidiaries have revenue from sales of goods, vessel operating, port and terminal service revenues from local and overseas which are granted the promotional certificates for the years ended December 31, 2016 and 2015, as follows:

Unit: Baht						
	Consolidated financial statements			Separate financial statements		
	Promoted	Non-promoted	Total	Promoted	Non-promoted	Total
	Activities	Activities		Activities	Activities	
For the year ended December 31, 2016						
Revenue from sales of goods	3,095,114,318	1,073,917,044	4,169,031,362	573,960,190	182,350,535	756,310,725
Revenue from production contract	-	32,577,762	32,577,762	-	-	-
Revenue from construction contract	-	422,989,139	422,989,139	-	-	-
Revenue from vessel operating	-	29,942,241	29,942,241	-	-	-
Other incomes	-	17,612,010	17,612,010	-	8,477,250	8,477,250
Total	3,095,114,318	1,577,038,196	4,672,152,514	573,960,190	190,827,785	764,787,975
For the year ended December 31, 2015						
Revenue from sales of goods	2,943,936,828	1,323,063,613	4,267,000,441	592,842,096	219,935,974	812,778,070
Revenue from production contract	-	45,810,022	45,810,022	-	-	-
Revenue from construction contract	-	28,906,788	28,906,788	-	-	-
Revenue from vessel operating	8,213,352	11,335,835	19,549,187	-	-	-
Other incomes	-	20,619,137	20,619,137	-	7,308,304	7,308,304
Dividend income	-	-	-	-	9,983,929	9,983,929
Total	2,952,150,180	1,429,735,395	4,381,885,575	592,842,096	237,228,207	830,070,303

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)



### 31. PROVIDENT FUND

The Company and subsidiaries have set up a provident fund for the employees under the Provident Fund Act, B.E. 2530 (1987), in order to be their welfare as well as security whenever resignation or retirement as defined by the Company's regulation, with partly contribute by its employees and another part by the Company at the rate 3 - 7 % on their salaries. The Company has also appointed Finansa Asset Management Company Limited to manage such fund.

The Company and subsidiaries' contributions for the employees provident fund and recorded as expenses in the statements of profit or loss for the years ended December 31, 2016 and 2015 were as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Asian Insulators Public Company Limited	1,869,983	1,802,227	1,869,983	1,802,227
AI Engineering Services Company Limited	209,752	232,254	-	-
AI Energy Public Company Limited	1,336,096	1,358,325	-	-
AI Logistics Company Limited	25,164	23,976	-	-
Total	3,440,995	3,416,782	1,869,983	1,802,227

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

## 32. SEGMENT INFORMATION

The segmented information for the years ended December 31, 2016 and 2015 were as follows:

Unit : Thousand Baht								
Consolidated financial statements								
For year ended December 31, 2016								
Group of AI Energy Public Company Limited								
	Sale of porcelain insulators and component	Construction undertaking	Sale of biodiesel and vegetable oil and by product	Contract of refind crude palm oil	Sale of ice cube	Vessel operating	Port services	Total
Revenues from sales and services	752,666	422,989	3,395,454	32,578	20,911	29,942	-	4,654,540
Cost of sales and services	(440,290)	(381,565)	(3,241,638)	(26,852)	(17,814)	(37,055)	-	(4,145,214)
Gross profit (loss) by segment	312,376	41,424	153,816	5,726	3,097	(7,113)	-	509,326
Other income								17,612
Selling expenses								(38,019)
Administrative expenses								(157,899)
Finance costs								(8,012)
Share of gain from investments in associate								1,757
Income tax expenses								(13,624)
Profit for the year								311,141
Equity holders of the parent								293,849
Non-controlling interests								17,292
Property, plant, vessel and equipment - net	550,133	32	896,534	-	-	23,765	216,124	1,686,588

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

Unit : Thousand Baht

Consolidated financial statements

For year ended December 31, 2015

Group of AI Energy Public Company Limited

	Sale of porcelain insulators and component	Construction undertaking	Sale of biodiesel and vegetable oil and by product	Contract of refind crude palm oil	Sale of ice cube	Vessel operating	Port services	Total
Revenues from sales and services	820,262	28,907	3,418,200	45,810	28,538	19,549	-	4,361,266
Cost of sales and services	(477,923)	(26,484)	(3,418,997)	(37,003)	(24,257)	(22,589)	-	(4,007,253)
Gross profit (loss) by segment	342,339	2,423	(797)	8,807	4,281	(3,040)	-	354,013
Other income								20,619
Selling expenses								(48,446)
Administrative expenses								(159,094)
Finance costs								(13,650)
Share of loss from investments in associate								(12,702)
Income tax expenses								3,752
Profit for the year								144,492
Equity holders of the parent								177,855
Non-controlling interests								(33,363)
Property, plant, vessel and equipment - net	593,948	44	893,481		21,135	45,024	428,817	1,982,449

..... Director

(Narong Thareratanavibool)

..... Director

(Thanit Thareratanavibool)

### 33. COMMITMENT AND CONTINGENT LIABILITIES

Commitment and contingent liabilities as at December 31, 2016 and 2015 were as follows:

33.1 The Group has contingent liabilities on bank guarantees amounting to Baht 144.61 million and 4.39 million Euros, in 2016, and amounting to Baht 253.34 million, in 2015, issued by banks on behalf of the Group with respect to certain performance bonds required in the normal course of business of the Group.

33.2 Group has contingent liabilities on capital commitments as follows:

	Unit: Baht			
	Contracted Balance			
	Consolidated		Separate financial statements	
	2016	2015	2016	2015
Capital commitments				
Contracted but not provided for				
Land improvement	-	4,000,000	-	-
Utility system	53,949,032	1,800,000	46,151,279	-
Machinery, accessories and tools	7,956,026	3,489,938	5,361,258	686,528
Office furniture and equipment	-	65,270	-	65,270
Total	61,905,058	9,355,208	51,512,537	751,798

33.3 The subsidiary has outstanding commitments with major subcontractors and the purchase of construction equipment for construction work amount of Baht 80.88 million and Baht 352.51 million, respectively.

33.4 The Company is the guarantor for the repayment of loans from financial institutions for AI Engineering Services Company Limited amount of Baht 545 million.

33.5 The subsidiary received a letter from the Enforcement Department, the Office of the Securities and Exchange Commission of Thailand, dated January 20, 2016, requesting facts about the subsidiary's auditor expressed a disclaimer opinion in the subsidiary's financial statements for the year 2014. Which, the subsidiary's management provided a clarification of the facts to the Enforcement Department, Office of the Securities and Exchange Commission of Thailand. The subsidiary also sent a letter to request the status update with respect to this matter. Currently, the Enforcement Department, the Office of the Securities and Exchange Commission of Thailand replied by a letter, dated February 28, 2017 that the outcome is not yet finalized.

33.6 At October 24, 2016, the subsidiary made a 5-year contract with a company for manufacturing edible oil products and allowed the use of "Pamola" trademark.

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

#### 34. DISCLOSURE OF FINANCIAL INSTRUMENTS

The Company and subsidiaries have information relating to financial instruments both in and off statements of financial position as follows:

##### 34.1 Risk from breach of contracts

Due to the contracting party does not follow the requirement in the contract which caused damage to the Company and subsidiaries.

The credit risk with respect to the concentration of trade accounts receivable consists of

- Revenue of the Company and its subsidiaries resulting from sale, production contract, construction contract and vessel operation to few major customers but very high proportion.
- Revenue of the Company and subsidiaries resulting from sale and services to the small business customers has no concentration of credit risk, because they have a large number of customers.

For the financial assets shown in the statement of financial position, the book value of such assets is net from various provisions to be estimated fair value. Such provisions are assumed to be the highest value of risk incurred from breach of contracts.

##### 34.2 Risk relating to interest rate of financial assets and liabilities

Risk from the fluctuation in interest rate may have negative effect to the Company and subsidiaries for the current and the following years. The Company expects that it can manage the contingent risk, due to the Company has set a plan and follow up the situation closely.

##### 34.3 Risk from currency exchange rate

The Company and subsidiaries have risk from the fluctuation of foreign exchange rates, due to some debtors and creditors arisen from the trading in foreign currencies. The Company and subsidiaries will provide the forward exchange contract, in case of Baht currency is highly fluctuated and it is appropriate for the situation.

##### 34.4 Fair value of financial instruments

The following methods and assumptions are used to estimate the fair value of the financial instruments.

- Financial assets shown at book value which are equal to the estimated fair value.
- Financial liabilities shown at book value which are equal to the estimated fair value. Loans carrying interest rates close to the market rate.

#### 35. LITIGATION

AI Energy Public Company Limited (“the subsidiary”) was sued by the Official Receiver of Pamola Company Limited for transferring back the trademark “Pamola” to the debtor’s assets and pays the compensation amount of Baht 3.75 million with an interest rate of 7.50% per annum. On June 8, 2016, the Supreme Court has ordered to dismiss the case.

..... Director  
(Narong Thararatnavibool)

..... Director  
(Thanit Thararatnavibool)

36. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors' Meeting No. 1/2017 held on February 28, 2017, passed a resolution to pay dividend for the year 2016 of Baht 0.075 per share for a total amount of Baht 210 million from the separate financial statements' retained earnings after deduction of legal reserves and exempt from income tax, according to the BOI Certificate No. 1478 (2)/2553. And shall be paid from the profit that is subject to the corporate income tax at the rate of 20%, of Baht 0.015 per share amounting of Baht 42 million

37. CAPITAL MANAGEMENT

The management of the Group has the capital management policy to maintain a strong capital base by emphasis on planning and determining the operating strategies resulting in good business's performance and sustained good cash flows management. In addition, the Group considers investing in projects which have good rate of return, appropriate working capital management, maintain a strong financial position and appropriate investment structure as to maintain sustained future operations of the business and to maintain shareholders, investors, creditors and others interest's confidence.

38. CORRECTION OF ACCOUNTING ERROR AND RECLASSIFICATION OF ACCOUNTING TRANSACTIONS

The Company's financial statements for the years ended December 31, 2015 and 2014 had been prepared and issued on March 29, 2016 and March 24, 2015, respectively. During the year 2016, the Company retroactively adjusted the accounting errors on the account of the non-controlling interest and the subsidiary retroactively adjusted the accounting errors in the consolidated financial statements for the year ended December 31, 2015 and as at January 1, 2015.

The effects to the consolidated financial position as at December 31, 2015 and January 1, 2015, presented herewith for comparative proposes, are as follows:

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

Unit : Baht

	Consolidated financial statements			
	Before			After
	adjustment and reclassifications	Adjustment	Reclassifications	adjustment and reclassifications
Statements of financial position as at December 31, 2015				
Current assets				
Unbilled receivables	1,417,492	-	18,250,477	19,667,969
Non-current assets				
Retentions	18,250,477	-	(18,250,477)	-
Current liabilities				
Income tax payable	(6,351,243)	(2,925,190)	-	(9,276,433)
Shareholders' equity				
Non-controlling interests	(888,899,755)	177,001,010	-	(711,898,745)
Deficits decrease	(698,191,235)	174,075,820	-	(524,115,415)
Statements of Profit or loss for the year ended December 31, 2015				
Expenses				
Cost of sales increase	(3,921,005,412)	(9,869,423)	9,698,280	(3,921,176,555)
Cost of production contract increase	(27,305,011)	-	(9,698,280)	(37,003,291)
Profit for the year decrease	154,361,607	(9,869,423)	-	144,492,184
Statements of cash flows for the year ended December 31, 2015				
Cash flow from operating activities				
Profit before tax expenses decrease	150,609,264	(9,869,423)	-	140,739,841
Inventories increase	64,603,587	9,869,423	-	74,473,010

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)

	Unit : Baht					
	Consolidated financial statements					
	Before adjustment and reclassifications	The first adjustment	The second adjustment	After adjustment and before reclassifications	Reclassifications	After adjustment and reclassifications
Statements of financial position as at January 1, 2015						
Current assets						
Trade and other receivables - net	569,434,824	82,473,490	-	651,908,314	(15,145,944)	636,762,370
Unbilled receivables	46,294	-	-	46,294	17,671,983	17,718,277
Inventories - net	580,705,079	(47,532,583)	9,869,422	543,041,918	588,100	543,630,018
Construction contracts in progress	588,100	-	-	588,100	(588,100)	-
Advance payment to subcontractors	76,680	-	-	76,680	(76,680)	-
Other currnt assets	2,449,358	-	-	2,449,358	(2,449,358)	-
Non-Current assets						
Property, plant, vessel and equipment - net	2,031,313,012	(548,110)	-	2,030,764,902	-	2,030,764,902

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)



Unit : Baht

	Consolidated financial statements					
	Before adjustment and reclassifications	The first adjustment	The second adjustment	After adjustment and before reclassifications	Reclassifications	After adjustment and reclassifications
Statements of financial position as at January 1, 2015 (Continue)						
Current liabilities						
Trade and other payables	(175,800,667)	(45,903,297)	-	(221,703,964)	(36,160,282)	(257,864,246)
Accrued interest expenses	(489,142)	-	-	(489,142)	489,142	-
Retention payables	(650,315)	-	-	(650,315)	650,315	-
Income tax payable	(34,281,256)	(1,644,483)	(2,925,189)	(38,850,928)	-	(38,850,928)
Other current liabilities	(35,020,825)	-	-	(35,020,825)	35,020,825	-
Shareholders' equity						
Non-controlling interests	(923,607,087)	-	178,328,740	(745,278,347)	-	(745,278,347)
Deficits decrease	(640,054,469)	(13,154,983)	185,272,973	(467,936,479)	-	467,936,479

### 39. FINANCIAL STATEMENTS APPROVAL

These financial statements have been approved to issue by the Company's Board of Directors on February 28, 2017.

..... Director  
(Narong Thareratanavibool)

..... Director  
(Thanit Thareratanavibool)