



Annual Report 2018

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	2018	2017	2016
Statement of Income (Million Baht)			
• Net Sales	2,362.08	3,012.76	4,169.03
• Total Revenues	2,608.27	3,458.23	4,672.15
• Gross Profit	476.41	276.10	509.33
• Profit before Interest and Income Tax Expenses	307.44	263.66	332.78
• Net Profit	296.80	224.57	311.14
Balance Sheets (Million Baht)			
• Total Assets	3,397.46	3,183.66	3,525.14
• Total Liabilities	229.20	218.46	392.50
• Total Shareholders' Equity	3,168.26	2,965.20	3,132.64
Financial Ratio			
• Gross Profit Margin	18.42	8.43	10.94
• Net Profit Margin	11.38	6.49	6.66
• Return on Equity	9.37	7.57	9.93
• Return on Assets	8.74	7.05	8.83
Operating Result Per Share			
• Net Profit per Share	0.12	0.09	0.10
• Book Value per Share	1.13	1.06	0.85

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	http://www.asianinsulators.com
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, Tambon 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 nd Floor, 100/2 Vongvanij Building B, Rama 9 Rd., Huaykwang, Bangkok 10310 Thailand. 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 61.77.00 % stakeholder with registered capital of 1,356 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 30th, 2004 with the common goal to manufacture 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 2,608.27 million Baht in Total revenues in year 2018, 24.58% decreased from the year, Earning Before Interest and Income tax expenses (EBIT) equal to 307.44 million Baht, a 11.79% of the total revenue, 296.79 million Baht in net profit, a 11.38% of the total revenues. The earnings per share was 0.11 Baht.

Porcelain Insulators business derived revenue 922.76million Baht, increased by million Baht 59.85, a 6.94% from last year.

The Engineering business, or the subsidiary with the revenue of 127.50 million Baht, a 17.39% or 154.34 million Baht decreased from last year.

The Alternative energy and Vegetable Oil business derived revenue from sale of biodiesel and its by-products of 1,570.92million Baht, a 36.17% or 890.14 million Baht decreased from last year.

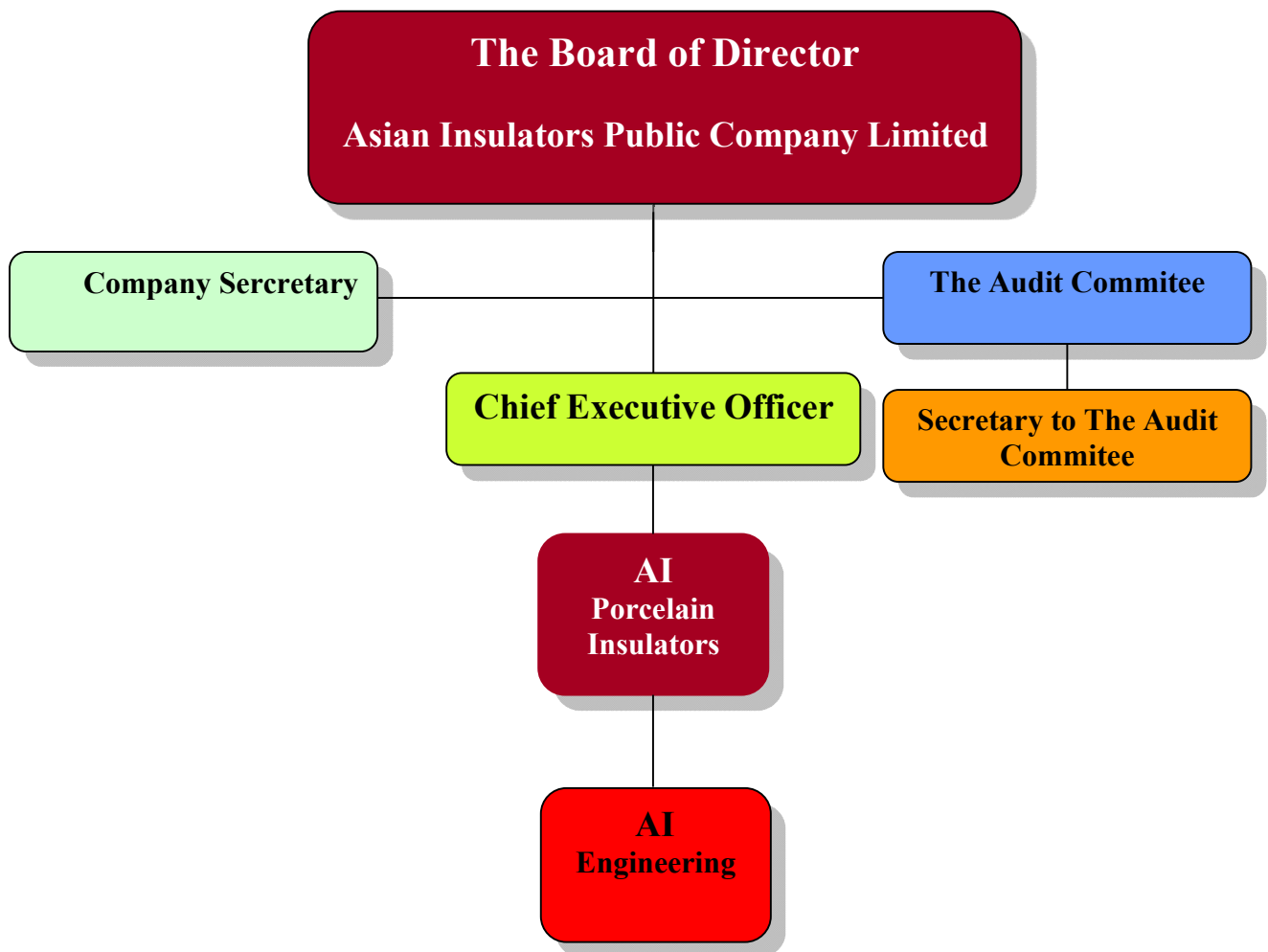
Asian Insulators Public Company Limited Group managed under the corporate governance with a firm commitment to ethical transaction with the improvement of life and environment. On behalf of the Company, we sincerely thank the shareholders, customers, business partners, financial institutions, and employees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

A handwritten signature in black ink, consisting of a series of connected loops and strokes, representing the name Narong Thareratanavibool.

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 acquisition 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. 1/2560, dated April 28, 2017 for the total and not more than 3,500,000 Baht.

Name	2018 Meeting Allowance (Baht)	2018 Director's Remuneratio n (Baht)	2017 Meeting Allowance (Baht)	2017 Director's Remuneratio n (Baht)	2016 Meeting Allowance (Baht)	2016 Director's Remuneratio n (Baht)
Mr. Narong Thareratanavibool	177,100	303,600	-	-	151,800	303,600
Mr. Thanit Thareratanavibool	154,000	264,000	-	-	132,000	264,000
Mr. Kovit Thareratanavibool	132,000	264,000	-	-	66,000	264,000
Police General Wichean Potephosree	379,500	303,600	303,600	303,600	177,100	303,600
Mr. Boonlert Khawcharoenporn	330,000	264,000	264,000	264,000	154,000	264,000
Dr. Veeraphat Phetcharakupt	286,000	264,000	264,000	264,000	132,000	264,000
Total	1,458,600	1,663,200	831,600	831,600	812,900	1663,200

Board of Directors Meetings

Board of Directors meetings are planned for the until 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 prorate time ahead of the meeting.

At each meeting, Directors are openly and freely expresses 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 even 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 2018, all directors had conducted the self-assessment of the Board for one time.

Board of Directors and Audit Committee Meeting Attendance

Name	Year 2018		Year 2017		Year 2016	
	Audit Committee Meeting	Board of Directors Meeting	Audit Committee Meeting	Board of Directors Meeting	Audit Committee Meeting	Board of Directors Meeting
Mr. Narong Thareratanavibool	7 / 7	--	--	7 / 7	--	6 / 6
Mr. Thanit Thareratanavibool	7 / 7	--	--	7 / 7	--	6 / 6
Mr. Kovit Thareratanavibool	7 / 7	--	--	6 / 7	--	3 / 6
Police General Wichean Potephosree	7 / 7	8 / 8	5 / 5	7 / 7	1 / 1	6 / 6
Dr.Veeraphat Phetcharakupt	6 / 7	7 / 8	5 / 5	7 / 7	1 / 1	6 / 6
Mr. Boonlert Khawcharoenporn	7 / 7	8 / 8	5 / 5	7 / 7	1 / 1	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	//	//		//
Police General Wichean Potephosree	Director	/			
Mr. Boonlert Khawcharoenporn	Director	/			
Dr.Veeraphat Phetcharakupt	Director	/			

Remark

1. x = chairman : / = Director : // = Executive Director
2. Companies
 - 2.1 Asian Insulators Public Company Limited
 - 2.2 AI Engineering Services Company Limited
 - 2.3 AI Energy Company Limited
 - 2.4 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, 2018. 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

Siminar

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 Promgram No.15

Previous Expreience

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,
Texas, 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 Experience 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



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



Mr.Boonlert Khawcharoenporn

Position - Audit Committee

- Director

Education - Bachelor of Electrical Engineering

Chulalongkorn University

Seminar Director Accreditation Program, Thai Institute of Director Association

Director Certification Program, Thai Institute of Directors
Association

Previous Experience	1966 - 2003	Deputy Governor	Provincial Electricity Authority of Thailand
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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)

Seminar

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 2016 – 2018

No.	Name	Position	31 Dec 18	31 Dec 17	31 Dec 16	Increase / Decrease
1.	Mr. Narong Thareratanavibool	Chairman	596,228,892	596,228,892	596,228,892	0
2.	Mr. Thanit Thareratanavibool	Chief Executive Officer	192,816,064	192,816,064	192,816,064	0
3.	Mr. Kovit Thareratanavibool	Executive Director	58,800,000	58,800,000	58,800,000	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 the par value of 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	2018	Year	2017	Year	2016
	Number	Amount	Number	Amount	Number	Amount
Remuneration	28	32,796,567.00	27	30,981,042.00	25	31,221,130.00
Bonus	23	4,589,901.00	25	4,882,328.00	25	5,106,966.00
Total		7,386,468.00		35,863,370.00		36,328,096.00

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 2018, 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 bar code 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)

Annual General Meeting of Shareholder 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, 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 2018 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 bar code 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 5 Directors attended the AGM – namely the Chairman of the Board, four 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. Police General Wichean Potephosree – Chairman Audit Committee
5. 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)

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.³, the Company had surveyed the customer satisfaction and received the score 3.75 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 acknowledgment 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.³, 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 five 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 2018.

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

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 22 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	-	2	4
Conference Calls	-	-	-
Group Analyst Meeting	-	15	22
Road show	-	-	-
Opportunity Day	-	-	-

Major Shareholders of Asian Insulators Public Company Limited

At the closing registration on May 11, 2018

Shareholders	No. of ordinary shares	% of total shares
1. Mr. Narong Thareratanavibool	596,228,892	21.294
2. Mr. Thanit Thareratanavibool	192,816,064	6.886
3. Mr. Noppol Thareratanavibool	499,654,372	17.845
4. THAI NDVR Company Limited	111,662,920	3.988
5. Mr. Kovit Thareratanavibool	58,800,000	2.100
6. Mr. Chonrasin Worakitjanuwat	60,000,000	2.143
7. Mr. Sirikul Thareratanavibool	50,973,080	1.820
8. Mr. Anurag Thareratanavibool	50,400,000	1.800
9. Mrs. Pakapan Sawedkomolnun	48,305,600	1.725
10. Others	1,131,155,156	40.399
Total	2,799,996,084	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 competitive. 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">● Mr. Narong Thareratanavibool● Mr. Thanit Thareratanavibool● Mr. Kovit Thareratanavibool
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">● Mr. Narong Thareratanavibool● Mr. Thanit Thareratanavibool● Mr. Kovit Thareratanavibool
AI Logistics Company Limited	A subsidiary company that has the same Directors and Executive Directors, which are:- <ul style="list-style-type: none">● Mr. Narong Thareratanavibool● Mr. Thanit Thareratanavibool● Mr. Kovit Thareratanavibool
AI Energy Public Company Limited	A subsidiary company that has the same Directors and Executive Directors, which are:- <ul style="list-style-type: none">● Mr. Narong Thareratanavibool● Mr. Thanit Thareratanavibool
PPC Asian Insulators Company Limited	A subsidiary company not that has the same Directors

Connected Transaction :**Sales or services and expenses rendered to related parties for the years ended December 31,****Unit: Baht**

Transaction	Year 2018	Year 2017	Year 2016
Revenue from selling goods and raw materials			
AI Engineering Services Company Limited	1,859	1,566,423	3,643,900
AI Energy Public Company Limited			
AI Ports and Terminals Company Limited		-	-
AI logistics Company Limited		-	-
PPC Asian Insulators Company Limited	1,995,731	2,300,102	2,534,410
Revenue from selling Ready Mixed Clay			
PPC Asian Insulators Company Limited	55,627,887	84,067,110	101,740,387
Dividend income			
AI Engineering Services Company Limited	10,000,000	14,975,893	-
Other Revenue – rental and services			
AI Engineering Services Company limited	1,163,514	1,299,946	1,309,719
AI logistics Company Limited	571,639	638,376	590,913
AI Energy Public Company Limited	974,094	1,181,685	975,741
AI Ports and Terminals Company Limited	196,345	223,838	310,533
PPC Asian Insulators Company Limited	536,264	570,400	719,408
Purchase of goods			
PPC Asian Insulators Company Limited	422,348	7,902,900	
Samart Palm Co.,Ltd.	-	-	3,426,310
Samart Palm Oil Co.,Ltd.	-	-	21,077,881
Samarpalm Industries Co.Ltd.	-	19,919,742	45,892,519
Purchase of scrap clay			
PPC Asian Insulators Company Limited	21,155,949	31,923,662	48,134,120
Purchase of consumed supply			
AI Energy Public Company Limited	-	-	216,355
PPC Asian Insulators Company Limited	-	-	10,928

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 2018	Year 2017	Year 2016
Trade receivable			
PPC Asian Insulators Company Limited	10,160,710	8,435,279	27,824,174
AI Engineering Services Company Limited		-	926,128
Other receivables			
AI Engineering Services Company Limited	7,097	7,684	20,049
AI Logistics Company Limited	1,608	1,128	1,989
PPC Asian Insulators Company Limited	94,588	98,425	102,230
Trade accounts payable			
PPC Asian Insulators Company Limited	9,336,573	6,088,232	19,200,598
Samart Palm Company Limited	-	-	-
Samart Palm Oil Company Limited	-	-	-
Samartpalm Industries Company Limited	-	-	-
Related parties payable			
AI Energy Public Company Limited	-	-	-

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 2018	%	Year 2017	%	Year 2016	%
Porcelain Insulators	Asian Insulators	902,845	34.91	836,453	25.54	752,666	16.17
Engineering	AI Engineering	120,392	4.66	151,854	4.64	422,989	9.09
Vegetable oil and Alternative Energy	AI Energy	1,562,799	60.43	2,286,251	69.82	3,478,885	74.74
Total		2,586,036	100.00	3,274,558	100.00	4,654,540	100.00

Operating Results

The Net Profit for the year 2018 was 322.71million Baht; while in the year 2017 Net Profit was 255.68 million Baht. The net profit was increased 67.03million Baht from the year 2017; or increased 26.22%. The main reasons were as follows:

Insulators Business

- Asian Insulators Public Company Limited (“AI”) realized 902.84 million Baht for revenue from selling Porcelain Insulators and Raw materials in year 2018 which compared to revenue of year 2017 was 836.45 million Baht; increased by 7.94% or 66.39 million Baht. While the cost of goods sold was 463.59 million Baht in year 2018; compared to cost of goods sold was 463.33 million Baht in year 2017, increased by 0.06 % or 0.26 million Baht. The gross profit margin was 439.25 million Baht. The main reasons from increasing demand for goods from customers.

Engineering Business

- AI Engineering Services Company Limited (“AIES” a subsidiary company) realized 120.39 million Baht for revenue from the Engineering Construction in year 2018 which compared to revenue of year 2017 was 151.85 million Baht; decreased 31.46 million Baht, or 20.72% while the cost of construction was 111.60 million Baht in year 2018; compared to cost of construction in year 2017 was 135.55 million Baht; decreased by 23.95 million Baht, or 17.67%. The gross profit margin was 8.79 million Baht.

Alternative Energy and Vegetable Oil Business

- AI Energy Company limited (“AIE” a subsidiary company)realized the revenue for 1,562.80 million Baht from selling Biodiesel (B100), vegetable oil and it’s by products business in year 2018 which compared to revenue from selling Biodiesel (B100), vegetable oil and it’s by products in year 2017 was 2,286.25 million Baht; decreased 723.45 million Baht or 31.64 %. While the cost of goods sold was 1,534.44 million Baht in year 2018; compared to cost of goods sold in year 2017 was 2,399.58 million Baht; decreased 865.14 million Baht or 36.05%. The main reason was stock lost in crude palm oil. The gross profit margin was 28.36 million Baht.

Expenses and Income Tax

- Selling & administration expenses was 171.16 million Baht, decreased 11.04 % in year 2018 compared to year 2017 which was 192.40 million Baht, decreased 21.24 million Baht.

Statement of Income for the year (consolidated)

Unit : million Baht

Description	2018	2017	2016
Sales	2,362.08	3,012.76	4,169.03
Revenues from production contract	49.46	77.03	32.58
Construction contract	120.39	151.85	422.99
Vessel operating income	54.11	32.95	29.94
Total Revenues	2,586.04	3,274.56	4,654.54
Cost of sales	(1,908.00)	(2,759.16)	(3,699.74)
Cost of production contract	(36.37)	(62.98)	(26.85)
Cost of construction contract	(111.60)	(135.55)	(381.56)
Cost of vessel operating	(53.66)	(40.77)	(37.06)
Total Cost of sales	(2,109.63)	(2,998.46)	(4,145.21)
Gross profit	476.41	276.10	509.33
Profit earned from the sale of non-current asset held for sale - net	-	156.57	-
Other income	22.24	27.10	17.61
Share of profit (loss) from investments in associate	(2.64)	(3.71)	1.75
Selling and administrative expenses	(171.16)	(192.41)	(195.92)
Loss on impairment of property, plant and equipment	(17.40)	-	-
Finance costs	-	1.58	8.01
Income tax Revenues (Expenses)	(10.65)	(37.50)	(13.62)
Net Profit	296.80	224.57	311.14
Profit (Loss) Attributable to			
Equity holders of the parent	322.71	255.67	293.85
Non-controlling interest	(25.92)	(31.10)	17.29

Financial Status (Consolidated financial statement)

Assets

- Total assets as December 31, 2018 was 3,397.46 million Baht which was increased by 213.80 million Baht or 6.72 % compared to December 31, 2017 which was 3,183.66 million Baht. The reason was from the increase of current investments , inventory and purchases of assets.

Liabilities

- Total liabilities as December 31,2018 was 229.20 million Baht which was increased by 10.74 million Baht or 4.92 % compared to December 31, 2017 which was 218.46 million Baht. The reason was purchases of assets and inventory.

Shareholders' Equity

- Total Shareholders' Equity as December 31, 2018 was 3,168.26 million Baht which was increased by 203.06 million Baht or 6.85 % compared to December 31, 2017 was 2,965.20 million Baht.

Liquidity Ratio

- Liquidity ratio as December 31, 2018 was 6.83 time which increased by 0.09 time compared to the liquidity ratio at the December 31, 2017, which was 6.74 time.
- Debt to equity ratio as December 31, 2018 was 0.07 times which compared to the December 31, 2017 which was 0.07 time.

Remuneration for Auditor

The consolidated balance sheets of Asian Insulators Public Company Limited and its subsidiaries as at December 31, 2018 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 2018 was not over 2,300,000 Baht. And Audit fee for subsidiaries are as following.

- | | |
|---|----------------|
| ● AI Engineering Services Company Limited | 700,000 Baht |
| ● AI Logistics Company Limited | 400,000 Baht |
| ● AI Energy Public Company Limited | 2,950,000 Baht |
| ● AI Ports and Terminals Company Limited | 240,000 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 2018, 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 2017 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 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

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, 2018, the consolidated and separate statements of profit or loss and other comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effect of the matter described in the Basis for qualified opinion paragraph No.1 and No.2 on the consolidated financial statements for the year 2018, the accompanying consolidated and separate financial statements referred to above fairly present, in all material respects, the consolidated and separate financial position as at December 31, 2018 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 on the Consolidated financial statements

1. As discussed in Note to Financial Statements No. 29.5, the subsidiary, AI Energy Public Company Limited, received a letter from the Enforcement Department, Office of the Securities and Exchange Commission of Thailand (the SEC), dated January 20, 2016, requesting for the facts about the subsidiary predecessor auditor's disclaimer of opinion in the subsidiary's financial statements for the year 2014)Before restated(. The subsidiary's former management provided a clarification of the facts to the SEC.

On June 20, 2017, the SEC has filed a criminal complaint against two former directors and executives of the subsidiary in case of the preparation of incorrect financial statements for the year 2014)Before restated(, as the subsidiary predecessor auditor had expressed the disclaimer of opinion, with the Department of Special Investigation (DSI(for further legal proceedings.

2. As discussed in the Note to financial statements No.12, the consolidated financial statements for the years ended December 31, 2018 and 2017 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, 2018 and 2017 amounted to Baht 0.00 million and amounted to Baht 2.64 million, respectively, representing 0.00% and 0.08% of total assets in the consolidated financial statements, and the share of net loss under the equity method of the associated company in the consolidated financial statements for the years ended December 31, 2018 and 2017 amounted to Baht 2.64 million and Baht 3.71 million, respectively, representing 0.90% and 1.65% of consolidated net profit, respectively.

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 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.

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, 2018, the Company has recognized the undelivered sale of porcelain insulators and components, in the amount of Baht 64.88 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 in subsidiary

Risk

The subsidiary, AI Engineering Services Company Limited, has revenue from construction contracts for the year ended December 31, 2018 in the amount of Baht 120.39 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 for the year ended December 31, 2018.

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 in subsidiary

Risk

As mentioned in Note to the Financial Statement No.10, as at December 31, 2018, AI Energy Public Company Limited, its subsidiary has outstanding inventories in amount of Baht 217.58 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 subsidiary's 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 in subsidiary

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.

Impairment of property, plant and equipment in subsidiary

Risk

As shown in Note to Financial Statements No. 15, the subsidiary, AI Ports and Terminals Co., Ltd, has temporarily halted its business. This is an indication of impairment of the property, plant and equipment. The subsidiary has related property, plant and equipment with net booked value as at December 31, 2018 of Baht 176.65 million. The provision for impairment of property, plant and equipment requires significant judgment by Management.

Auditor's response

I obtained an understanding and inquired with management of the Company's policy to determine the allowance for impairment of related property, plant and equipment. I also considered the appropriateness of the allowance for impairment of the property by verifying the work of the independent appraiser that the Company uses to evaluate the fair value of assets, assessing the competency of the independent appraiser engaged, and evaluating the appropriateness of valuation methodology used by the independent appraiser.

Other information

Management is responsible for the other information. The other information comprises the information include in Annual Report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The Annual Report 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 my knowledge obtained in the audit or otherwise appears to be materially misstated.

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

However, as discussed in 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 my 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. I also:

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

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 my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Vichai Ruchitanont
Certified Public Accountant
Registration Number 4054

ANS Audit Co., Ltd

Bangkok, February 26, 2019

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

		Unit: Baht			
		Consolidated financial statements		Separate financial statements	
	Notes	2018	2017	2018	2017
ASSETS					
Current assets					
Cash and cash equivalents	5	125,718,806	127,687,497	26,270,314	55,498,164
Current investments	6	562,301,223	477,211,632	251,157,113	130,927,342
Trade and other current receivables - net	4, 7	234,149,350	258,412,914	135,448,053	110,400,778
Current portion of receivables under finance lease contracts	8	-	8,618,160	-	-
Unbilled receivables	9	10,135,422	36,882,598	-	-
Inventories - net	10	445,295,273	355,724,640	227,717,943	201,752,850
Oil supplies	11	1,570,866	1,980,082	-	-
Total current assets		1,379,170,940	1,266,517,523	640,593,423	498,579,134
Non-current assets					
Investments in associated company - net	12	-	2,637,337	-	-
Investments in subsidiaries	13	-	-	997,611,710	862,555,182
Pledged deposits at financial institution	14	24,016,896	23,016,896	-	-
Property, plant, vessel and equipment - net	15	1,959,631,280	1,834,077,845	523,991,531	570,870,855
Intangible assets - net	16	5,661,455	1,438,274	5,340,662	1,200,251
Deferred tax assets - net	22	8,889,775	11,787,336	7,143,684	6,088,021
Deposit for purchase of assets		6,537,000	19,303,508	1,395,000	6,496,200
Other non-current assets		13,555,447	24,876,914	314,892	314,892
Total non-current assets		2,018,291,853	1,917,138,110	1,535,797,479	1,447,525,401
Total assets		3,397,462,793	3,183,655,633	2,176,390,902	1,946,104,535

.....Director
(Narong Thareratanavibool)

.....Director
(Thanit Thareratanavibool)

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

		Unit: Baht			
		Consolidated financial statements		Separate financial statements	
Notes		2018	2017	2018	2017
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Trade and other current payables	4, 17	200,271,482	169,891,511	65,566,092	71,789,405
Advance received and deferred construction revenue	9	- #	7,061,781 #	- #	-
Income tax payable		1,800,063	11,007,483	1,800,063	2,803,006
Total current liabilities		202,071,545	187,960,775	67,366,155	74,592,411
Non-current liabilities					
Non-current provisions for employee benefits	18	27,129,512	30,497,149	17,428,931	18,525,690
Total non-current liabilities		27,129,512	30,497,149	17,428,931	18,525,690
Total liabilities		229,201,057	218,457,924	84,795,086	93,118,101
Shareholders' equity					
Authorized share capital					
Common shares 2,800,000,000 shares at Baht 0.25 each		700,000,000	700,000,000	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		699,999,021	699,999,021	699,999,021	699,999,021
Premiums on share capital		902,769,092	902,769,092	902,769,092	902,769,092
Retained earnings (deficits)					
Appropriated					
Legal reserve	21	69,999,902	69,999,902	69,999,902	69,999,902
Unappropriated	20	(444,053,183)	(626,766,440)	416,565,125	178,963,119
Other components of shareholders' equity					
Difference on business combination					
under common control		(3,258,930)	(3,258,930)	- #	-
Capital surplus from share premium of subsidiary		360,580,334	360,580,334	- #	-
Gain on disposal of investment in subsidiaries		861,442,927	861,442,927	- #	-
Surplus from changes of shareholding in subsidiaries		13,148,506	-	-	-
Actuarial gains		4,494,512	1,932,396	2,262,676	1,255,300
Total shareholders' equity of the Company		2,465,122,181	2,266,698,302	2,091,595,816	1,852,986,434
Non-controlling interests		703,139,555	698,499,407	-	-
Total shareholders' equity		3,168,261,736	2,965,197,709	2,091,595,816	1,852,986,434
Total liabilities and shareholders' equity		3,397,462,793	3,183,655,633	2,176,390,902	1,946,104,535

.....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, 2018

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
Notes		2018	2017	2018	2017
	3, 4, 24, 26, 27, 28				
Revenues					
Revenue from sales of goods		2,362,078,070	3,012,758,223	902,847,283	838,019,676
Revenue from production contract		49,455,738	77,025,232	-	-
Revenue from construction contract		120,392,394	151,853,565	-	-
Revenue from vessel operating		54,109,552	32,920,936	-	-
Profit earned from the sale of non-current asset held for sale - net		-	156,569,707	-	-
Other incomes		22,238,279	27,105,477	9,913,526	9,916,541
Dividend income	13	-	-	10,000,000	14,975,893
Total revenues		2,608,274,033	3,458,233,140	922,760,809	862,912,110
Expenses					
Cost of sales		(1,907,989,200)	(2,759,156,727)	(463,588,728)	(463,373,472)
Cost of production contract		(36,368,777)	(62,980,818)	-	-
Cost of construction contract		(111,603,893)	(135,553,101)	-	-
Cost of vessel operating		(53,665,288)	(40,770,961)	-	-
Selling expenses		(14,329,052)	(19,010,343)	(5,947,731)	(6,896,745)
Administrative expenses		(156,835,359)	(173,395,940)	(69,320,104)	(73,515,841)
Loss on impairment of property, plant and equipment	15	(17,400,000)	-	-	-
Finance costs		(1,743)	(1,584,823)	-	-
Share of loss from investment in associates	12	(2,637,337)	(3,708,956)	-	-
Total expenses		(2,300,830,649)	(3,196,161,669)	(538,856,563)	(543,786,057)
Profit before income tax expenses		307,443,384	262,071,471	383,904,246	319,126,053
Income tax expense	23	(10,648,030)	(37,499,007)	(6,302,915)	(7,309,064)
Profit for the years		296,795,354	224,572,464	377,601,331	311,816,989
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Defined benefit plan actuarial gains	18	4,107,016	-	1,259,220	-
Income tax on other comprehensive income relating to items that will not be reclassified	22	(855,475)	-	(251,844)	-
Other comprehensive income for the years, net of income tax		3,251,541	-	1,007,376	-
Total comprehensive income for the years		300,046,895	224,572,464	378,608,707	311,816,989
Profit (loss) attributable to :					
Equity holders of the parent		322,712,582 #	255,675,494 #	377,601,331	311,816,989
Non-controlling interests		(25,917,228)	(31,103,030)	-	-
		296,795,354	224,572,464	377,601,331	311,816,989
Total comprehensive income (loss) attributable to :					
Equity holders of the parent		325,274,698	255,675,494	378,608,707	311,816,989
Non-controlling interests		(25,227,803)	(31,103,030)	-	-
		300,046,895	224,572,464	378,608,707	311,816,989
Earnings per share					
Basic earnings per share of the Company (Baht)		0.115	0.091	0.135	0.110
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 Thareratanavibool)

.....Director
(Thanit Thareratanavibool)

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018

Unit : Baht

Consolidated financial statements													
Equity attributable to equity holders of the parent													
Retained earnings (deficits)				Other components of shareholders' equity					Other comprehensive income				
Notes	Issued and paid-up share capital	Premiums on share capital	Appropriated to legal reserve	Unappropriated	Difference on business combination under common control	Capital surplus from share premium of subsidiary	Gain on disposal of investment in subsidiaries	Surplus from changes of shareholding in subsidiaries	Total other components of shareholders' equity	Total Equity holders of the Company	Non-controlling interests	Total Shareholders' Equity	
Balance as at January 1, 2018	699,999,021 #	902,769,092 #	69,999,902 #	(626,766,440)¥	(3,258,930)#	360,580,334 #	861,442,927 #	-	1,932,396 #	1,220,696,727 #	2,266,698,302 #	698,499,407	2,965,197,709
Changes in shareholders' equity for the year:													
Dividend paid	-	-	-	(139,999,325)	-	-	-	-	-	(139,999,325)	-	-	(139,999,325)
Surplus from changes of shareholding in subsidiaries	-	-	-	-	-	-	-	13,148,506	-	13,148,506	(13,534,219)	(385,713)	(385,713)
Capital increase	-	-	-	-	-	-	-	-	-	-	43,402,170	43,402,170	43,402,170
Total comprehensive income (loss) for the year	-	-	-	322,712,582	-	- #	-	-	2,562,116	2,562,116	325,274,698	(25,227,803)	300,046,895
Balance as at December 31, 2018	699,999,021	902,769,092	69,999,902	(444,053,183)	(3,258,930)	360,580,334	861,442,927	13,148,506	4,494,512	1,236,407,349	2,465,122,181	703,139,555	3,168,261,736
Balance as at January 1, 2017													
Balance as at January 1, 2017	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	729,626,545	3,132,644,941
Changes in shareholders' equity for the year:													
Dividend paid	-	-	-	(391,995,588)	-	-	-	-	-	-	(391,995,588)	(24,108)	(392,019,696)
Total comprehensive income (loss) for the year	-	-	-	255,675,494	- #	- #	- #	-	-	-	255,675,494	(31,103,030)	224,572,464
Balance as at December 31, 2017	699,999,021	902,769,092	69,999,902	(626,766,440)	(3,258,930)	360,580,334	861,442,927	-	1,932,396	1,220,696,727	2,266,698,302	698,499,407	2,965,197,709

.....Director
(Narong Tharatanavibool)

.....Director
(Thanit Tharatanavibool)

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018

		Unit: Baht					
		Separate financial statements					
Notes		Issued and paid-up share capital	Premiums on share capital	Appropriated to legal reserve	Unappropriated	Retained earnings	Total
						of shareholders' equity	Shareholders' Equity
	Balance as at January 1, 2018	699,999,021 #	902,769,092 #	69,999,902 #	178,963,119 #	1,255,300 #	1,852,986,434
	Changes in shareholders' equity for the year:						
	Dividend paid	- #	- #	- #	(139,999,325) #	- #	(139,999,325)
	Total comprehensive income for the year	-	-	-	377,601,331	1,007,376	378,608,707
	Balance as at December 31, 2018	699,999,021	902,769,092	69,999,902	416,565,125	2,262,676	2,091,595,816
	Balance as at January 1, 2017	699,999,021	902,769,092 #	69,999,902	259,141,718 #	1,255,300 #	1,933,165,033
	Changes in shareholders' equity for the year:						
	Dividend paid	-	-	-	(391,995,588)	-	(391,995,588)
	Total comprehensive income for the year	-	-	-	311,816,989	-	311,816,989
	Balance as at December 31, 2017	699,999,021	902,769,092	69,999,902	178,963,119	1,255,300	1,852,986,434

.....Director
(Narong Tharatanavibool)

.....Director
(Thanit Tharatanavibool)

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash Flows from Operating Activities				
Profit before income tax expenses	307,443,384	262,071,471	383,904,246	319,126,053
Adjustments to reconcile profit to cash provided by (used in)				
operating activities:				
Depreciation	142,210,327	138,031,869	67,926,968	63,887,225
Amortization of computer softwares	1,088,507	1,284,041	961,361	1,181,125
(Gain) loss on disposal asset	8,283,509	(150,119,674)	5,554,089	(242,539)
Unrealized (gain) loss on investments in Open-end Fund	(1,210,161)	(1,230,423)	(237,948)	177,294
Allowance for doubtful accounts	2,782,107	-	-	-
Reversal allowance for devaluation of inventories	(5,875,665)	(8,736,322)	-	-
(Reversal) Impairment loss on asset	11,526,420	1,959,996	(5,873,580)	1,959,996
Share of loss from investment in associate	2,637,337	3,708,956	-	-
Dividend income	-	-	(10,000,000)	(14,975,893)
Unrealized gain on exchange rates	-	(5,109,833)	-	-
Non-current provisions for employee benefits	5,048,351	4,283,908	3,119,214	2,363,049
Interest income	(3,275,786)	(4,118,609)	(212,571)	(259,597)
Interest expenses	1,743	1,584,781	-	-
Gain from operating activities before changes				
in operating assets and liabilities	470,660,073	243,610,161	445,141,779	373,216,713
Changes in operating assets - (increase) decrease				
Trade and other receivables	13,240,825	202,492,841	(25,047,276)	14,719,146
Unbilled receivables	26,747,176	184,039	-	-
Inventories	(83,285,752)	100,662,436	(25,965,093)	(78,117,362)
Advance payment to subcontractors	-	(4,719,964)	-	-
Deposit for purchase of assets	23,239,872	(28,026,351)	(1,395,000)	(6,499,200)
Other non-current assets	10,317,699	5,774,656	6,496,200	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, 2018

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Changes in operating liabilities - increase (decrease)				
Trade and other payables	25,265,359	2,784,076	(6,240,615)	10,249,065
Advance received and deferred construction revenue	(7,061,781)	3,374,069	-	-
Retention payables	(2,452,520)	969,159	-	-
Cash provided by operating activities	476,670,951	527,105,122	392,989,995	318,796,135
Payment for employee benefit obligations	(4,308,972)	(3,107,065)	(2,956,753)	(2,611,155)
Refund of income tax	895,283	2,480,713	-	-
Income tax paid	(19,928,518)	(34,217,085)	(8,613,365)	(8,933,649)
Net cash provided by operating activities	453,328,744	492,261,685	381,419,877	307,251,331
Cash Flows from Investing Activities				
Increase in restricted deposits at financial institution	(1,000,000)	(16,147,896)	-	-
Interest received	2,263,946	2,041,657	212,571	259,597
Increase (decrease) in current investments	(83,879,430)	(159,507,750)	(119,991,823)	152,024,414
Dividend income from investments in subsidiary	-	-	10,000,000	14,975,893
Payment for investment in subsidiary	(135,056,528)	-	(135,056,528)	-
Payment for purchases of assets	(281,659,772)	(290,514,274)	(21,508,963)	(83,648,314)
Payment for purchases of intangible assets	(5,623,316)	(128,812)	(5,413,400)	(128,812)
Proceeds from disposal of assets	11,256,819	329,979,595	780,809	699,362
Proceeds from disposal of intangible assets	311,628	-	311,628	-
Net cash provided by (used in) investing activities	(493,386,653)	(134,277,480)	(270,665,706)	84,182,140
Cash Flows from Financing Activities				
Increase in bank overdrafts and short-term loans from financial institutions	-	(128,000,000)	-	-
Interest paid	(1,743)	(1,439,172)	-	-
Cash received from increase in share capital	178,072,982	-	-	-
Dividend payment	(139,982,021)	(391,995,588)	(139,982,021)	(391,995,588)
Subsidiary's dividend paid to non-controlling interests	-	(24,108)	-	-
Net cash provided by (used in) financing activities	38,089,218	(521,458,868)	(139,982,021)	(391,995,588)
Net decrease in cash and cash equivalents	(1,968,691)	(163,474,663)	(29,227,850)	(562,117)
Cash and cash equivalents at beginning of the years	127,687,497	291,162,160	55,498,164	56,060,281
Cash and cash equivalents at end of the years	125,718,806	127,687,497	26,270,314	55,498,164
Supplemental disclosures of cash flows information				
Non-cash transactions consisted of:				
Assets payable for plant and equipment	8,725,579	21,391,741	1,184,839	3,393,615

.....Director
(Narong Thareratanavibool)

.....Director
(Thanit Thareratanavibool)

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED DECEMBER 31, 2018

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 THE FINANCIAL STATEMENTS

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

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

The 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	
			2018	2017
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	100.00	99.84
AI Energy Public Company Limited	Producing and distributing biodiesel, vegetable oil and other fuel oil	Thailand	61.77	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	Servicing port (At present temporarily halted main business operation and in the process of preparing a business plan.)	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.

..... Director
(Narong Thareratanavibool)

..... Director
(Thanit Thareratanavibool)

g) Investments in associate are stated by equity method in the consolidated financial statement.

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

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

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

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

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

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

TFRS 15 Revenue from Contracts with Customers

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

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

..... Director
(Narong Thareratanavibool)

..... Director
(Thanit Thareratanavibool)

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

The management of the Company and its subsidiaries has made an assessment of the potential impact of adopting and initially applying TFRS 15 on the consolidated and separate financial statements and there will be no material impact on the consolidated and separate financial statements in the period of initial application.

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

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
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TFRS 9	Financial Instruments
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Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
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TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
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These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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.

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

Current investments consist of bank deposits over 3 months and up to 1 year.

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 Trade and other accounts receivable

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

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.

..... Director
(Narong Thareratanavibool)

..... Director
(Thanit Thareratanavibool)

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.

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

3.8 Oil supplies

Oil supply is valued at the lower of cost by the weighted average method and net realizable value and is charged to vessel operating costs whenever consumed.

3.9 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.

3.10 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	10 - 20
Building improvement	10 - 20	20
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

3.11 Borrowing cost

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.12 Intangible assets and amortization

Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses (if any).

Intangible assets with finite lives are amortized on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least at each financial year end. The amortization expense is charged to the income statement.

Computer system development and computer software to be amortized to expense by the straight-line method for 5 years.

The right of natural gas distribution system to be amortized to expense by the straight-line method for 10 years.

..... Director
(Narong Thareratanavibool)

..... Director
(Thanit Thareratanavibool)

3.13 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 realized in future period when the income is realized, 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 addible tax are deferred tax liabilities if it is highly probable that the Company will generate sufficient taxable profits from its future operations to utilize 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.

3.14 Non-current provisions for 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 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.

..... Director
(Narong Thareratanavibool)

..... Director
(Thanit Thareratanavibool)

3.15 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.

3.16 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.

3.17 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 income statement.

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.

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.

..... Director
(Narong Thareratanavibool)

..... Director
(Thanit Thareratanavibool)

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.

..... Director
(Narong Thareratanavibool)

..... Director
(Thanit Thareratanavibool)

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	100.00 % holding of interest
AI Energy Public Company Limited	Producing and distributing biodiesel, vegetable oil and other fuel oil	61.77 % 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	Servicing port (At present temporarily halted main business operation and in the process of preparing a business plan.)	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 Industry Company Limited	Factory of palm oil extraction plant	Director is relative of the directors of the Company

..... Director
(Narong Thareratanavibool)

..... Director
(Thanit Thareratanavibool)

Significant transactions between the Company and related parties for the years ended December 31, 2018 and 2017 were as follows:

		Unit: Baht			
		Consolidated financial statements		Separate financial statements	
	Pricing Policy	2018	2017	2018	2017
Sales of products and raw materials					
PPC Asian Insulators Co., Ltd.	Mutually agreed	1,995,731	2,300,102	1,995,731	2,300,102
AI Engineering Services Co., Ltd.	Market Price	-	-	1,859	1,566,423
Sales of hybrid clay					
PPC Asian Insulators Co., Ltd.	Mutually agreed	55,627,887	84,067,110	55,627,887	84,067,110
Dividend income					
AI Engineering Services Co., Ltd.	As declared	-	-	10,000,000	14,975,893
Other income - rental and services					
PPC Asian Insulators Co., Ltd.	Mutually agreed	536,264	570,400	536,264	570,400
AI Engineering Services Co., Ltd.	Mutually agreed	-	-	1,163,514	1,299,946
AI Energy Public Co., Ltd.	Mutually agreed	-	-	974,094	1,181,685
AI Logistics Co., Ltd.	Mutually agreed	-	-	571,639	638,376
AI Ports and Terminals Co., Ltd.	Mutually agreed	-	-	196,345	223,838
Purchases goods					
PPC Asian Insulators Co., Ltd.	Market Price	422,348	7,902,900	422,348	7,902,900
Samart Palm Industry Co., Ltd.	Market Price	-	19,919,742	-	-
Repurchases of scrap clay					
PPC Asian Insulators Co., Ltd.	Mutually agreed	21,155,949	31,923,662	21,155,949	31,923,662

..... Director
(Narong Thareratanavibool)

..... Director
(Thanit Thareratanavibool)

Directors and management's remuneration

Directors and management's remuneration for the years ended December, 31 2018 and 2017 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term employee benefits	48,920,385	66,298,954	28,449,679	44,117,874
Long-term post-employment benefits	962,832	864,909	410,112	419,227
Total directors and management's remuneration	49,883,217	67,163,863	28,859,791	44,537,101

Significant balances with related parties as at December 31, 2018 and 2017 were as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade receivable				
PPC Asian Insulators Co., Ltd.	10,160,710	8,435,279	10,160,710	8,435,279
Other current receivables				
PPC Asian Insulators Co., Ltd.	94,588	98,425	94,588	98,425
AI Engineering Services Co., Ltd.	-	-	7,097	7,684
AI Logistics Co., Ltd.	-	-	1,608	1,128
Trade payable				
PPC Asian Insulators Co., Ltd.	9,336,573	6,088,232	9,336,573	6,088,232

..... Director
(Narong Thareratanavibool)

..... Director
(Thanit Thareratanavibool)

5. CASH AND CASH EQUIVALENTS

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

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash on hand	270,000	290,000	85,000	105,000
Deposit at bank - saving	123,612,418	125,492,816	25,436,669	54,584,819
- current	867,951	958,345	748,645	808,345
Fixed deposits due within 3 months	968,437	946,336	-	-
Total cash and cash equivalents	125,718,806	127,687,497	26,270,314	55,498,164

6. CURRENT INVESTMENTS

Current investments as at December 31, 2018 and 2017 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Investment in Open-end Fund-Debt securities	557,352,207	473,626,841	250,159,647	130,167,824
<u>Add</u> Unrealized gains on changes in fair value of investments	4,632,394	3,115,486	997,466	759,518
Investment in Open-end Fund-Fair value	561,984,601	476,742,327	251,157,113	130,927,342
Fixed deposits	316,622	469,305	-	-
Total short-term investments	562,301,223	477,211,632	251,157,113	130,927,342

7. TRADE AND OTHER CURRENT RECEIVABLES - NET

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

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade receivables				
Trade receivable - related parties	10,160,710	8,435,279	10,160,710	8,435,279
Trade receivable - state enterprises	117,589,616	114,882,732	117,589,616	87,823,185
Trade receivables - other	110,129,062	128,159,970	3,581,814	11,496,788
Total trade receivables	237,879,388	251,477,981	131,332,140	107,755,252
<u>Less</u> Allowance for doubtful accounts	(11,109,938)	(8,327,831)	-	-
Total trade receivables - net	226,769,450	243,150,150	131,332,140	107,755,252
Other current receivables				
Other receivables - related parties	94,588	98,425	103,293	107,237
Prepaid insurance	2,630,902	1,112,337	1,178,090	-
Prepaid expense	1,439,955	2,753,868	595,880	1,722,545
Deposit for inventories	1,916,887	554,008	1,916,887	554,008
Revenue Department receivable	718,806	1,508,230	321,763	261,736
Advance payment to subcontractors	249,678	8,499,400	-	-
Others	635,434	1,042,846	-	-
Total other current receivables	7,686,250	15,569,114	4,115,913	2,645,526
<u>Less</u> Allowance for doubtful accounts	(306,350)	(306,350)	-	-
Total other current receivables - net	7,379,900	15,262,764	4,115,913	2,645,526
Total trade and other current receivables - net	234,149,350	258,412,914	135,448,053	110,400,778

..... Director
(Narong Thareratanavibool)

..... Director
(Thanit Thareratanavibool)

As at December 31, 2018 and 2017, outstanding balances of trade receivables aged by number of months are as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Related parties				
Current	3,758,363	6,610,454	3,758,363	6,610,454
Overdue				
Within 3 months	6,402,347	1,824,825	6,402,347	1,824,825
Total	10,160,710	8,435,279	10,160,710	8,435,279
State enterprises				
Current	117,589,616	114,334,472	117,589,616	87,491,065
Overdue				
Within 3 months	-	383,060	-	166,920
Over 3 months to 12 months	-	165,200	-	165,200
Total	117,589,616	114,882,732	117,589,616	87,823,185
Other				
Current	96,128,364	112,486,560	3,532,166	7,317,614
Overdue				
Within 3 months	2,890,760	7,345,579	49,648	4,179,174
Over 6 months to 12 months	2,782,107	-	-	-
Over 12 months	8,327,831	8,327,831	-	-
Total	110,129,062	128,159,970	3,581,814	11,496,788
<u>Less</u> Allowance for doubtful accounts	(11,109,938)	(8,327,831)	-	-
Total trade receivables - net	226,769,450	243,150,150	131,332,140	107,755,252

..... Director
(Narong Thareratanavibool)

..... Director
(Thanit Thareratanavibool)

8. RECEIVABLE UNDER FINANCE LEASE CONTRACTS - NET

Receivable under finance lease contracts as at December 31, 2018 and 2017 consisted of:

	Unit : Baht	
	Consolidated financial statements	
	2018	2017
Due within one year		
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, 2017, the subsidiary made finance lease contracts for hire-purchase Vessel with a company. These agreements are repayable in 24 equal monthly installments. The ownership of assets purchased under hire-purchase agreements has been transferred to buyer in November 2018. (interest income from finance lease contract had been recorded in the other income)

9. UNBILLED RECEIVABLES/ADVANCE RECEIVED AND DEFERRED CONSTRUCTION REVENUE

Unbilled receivables/advance received and deferred construction revenue as at December 31, 2018 and 2017 consisted of:

	Unit : Baht	
	Consolidated financial statements	
	2018	2017
Unbilled receivables		
Contract value	135,757,103	380,782,700
Recognition of income by the percentage of completion	126,692,409	380,782,700
<u>Less</u> Value of billing construction	(116,556,987)	(343,900,102)
Total	10,135,422	36,882,598
Advance received and deferred construction revenue		
Contract value	-	134,927,103
Value of billing construction	-	13,361,795
<u>Less</u> Recognition of income by the percentage of completion	-	(6,300,014)
Total	-	7,061,781

..... Director
(Narong Thareratanavibool)

..... Director
(Thanit Thareratanavibool)

10. INVENTORIES - NET

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

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Raw materials	226,289,553	167,177,541	133,391,638	116,566,027
Work in process	106,907,067	92,609,922	37,703,345	36,330,373
Finished goods	102,494,264	83,310,412	52,504,147	33,141,714
Supplies	8,940,982	6,269,951	705,406	732,256
Goods in transit	8,137,151	19,706,224	8,137,151	19,706,225
Total	452,769,017	369,074,050	232,441,687	206,476,595
<u>Less</u> Allowance for devaluation of inventories	(7,473,744)	(13,349,410)	(4,723,744)	(4,723,745)
Total inventories - net	445,295,273	355,724,640	227,717,943	201,752,850

11. OIL SUPPLIES

Oil supplies as at December 31, 2018 and 2017 consisted of:

	Unit : Baht	
	Consolidated financial statements	
	2018	2017
Bunker oil	1,337,967	1,558,302
Lubricants	232,899	421,780
Total oil supplies	1,570,866	1,980,082

..... Director
(Narong Thareratanavibool)

..... Director
(Thanit Thareratanavibool)

12. INVESTMENTS IN ASSOCIATED COMPANY - NET

Investments in associated company as at December 31, 2018 and 2017, consisted of:

Company	Nature of business	Unit : Baht					
		Percentage of investment (%)		Unit: Baht		Consolidated financial statements	
		2018	2017	2018	2017	Equity method	Cost method
		2018	2017	Issued share capital			
PPC Asian Insulators	Producing and distributing electronics insulators	25.10	25.10	263,000,000	263,000,000	-	2,637,337
Company Limited	and ceramics						
<u>Less</u> Provision for diminution in investment						-	-
Total investments in associate - net						-	2,637,337

The consolidated and separate financial statements for the years ended December 31, 2018 and 2017 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, 2018 and 2017 amounted to Baht 0.00 million and amounted to Baht 2.64 million, respectively, representing 0.00% and 0.08% of total assets in the consolidated financial statements.

The equity of net loss of the associated company in the consolidated financial statements for the years ended December 31, 2018 and 2017 amounted to Baht 2.64 million and Baht 3.71 million, respectively, representing 0.90 and 1.65% of consolidated net profit, respectively.

As at December 31, 2018 and 2017, 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 the associate in the separate financial statements

..... Director
(Narong Tharatanavibool)

..... Director
(Thanit Tharatanavibool)

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		
	2018	2017
Current assets	77,451,120	85,713,383
Non-current assets	102,408,044	117,570,709
Current liabilities	(191,221,262)	(190,447,555)
Non-current liabilities	(2,955,678)	(2,329,218)
Net assets (liabilities)	(14,317,776)	10,507,319
Revenues	138,818,998	192,806,367
loss for the years	(33,998,573)	(4,651,760)

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		
	2018	2017
Net assets (liabilities) of associate company	(14,317,776)	10,507,319
Ownership interest (%)	25.10	25.10
Carrying amount of interest in an associate company	-	2,637,337

..... Director
(Narong Thareratanavibool)

..... Director
(Thanit Thareratanavibool)

13. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries as at December 31, 2018 and 2017, and dividend income from the investment during the years ended December 31, 2018 and 2017, consisted of:

		Unit : Baht									
Company	Nature of business	Percentage of investment (%)		Separate financial statements							
		Issued share capital		Cost method-net		Dividend					
		2018	2017	2018	2017	2018	2017				
Subsidiaries directly held by the Company											
AI Engineering Services Company Limited	Undertake construction and install electrical transmission power sub-station and trading electrical equipment	100.00	99.84	200,000,000	200,000,000	197,385,741	197,000,025	10,000,000	14,975,893		
AI Energy Public Company Limited	Producing and distributing biodiesel, vegetable oil and other fuel oil	61.77	59.59	1,130,000,000	1,130,000,000	800,225,969	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	Servicing port (At present temporarily halted main business operation and in the process of preparing a business plan.)	100.00	100.00	460,000,000	460,000,000	-	-	-	-		
Total investments in subsidiaries								997,611,710	862,555,182	10,000,000	14,975,893

..... Director
(Narong Tharatanavibool)

..... Director
(Thanit Tharatanavibool)

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

Unit : Baht				
December 31, 2018				
Name of subsidiary	Nature of business	Ownership interests held by NCI (percentage)	Comprehensive	Accumulated
			loss attributable to Non-controlling interest	Non-controlling interest
Subsidiaries directly held by the Company				
AI Engineering Services Company Limited	Undertake construction and install electrical transmission power	0.00	-	-
	Sub-station and trading electrical equipment			
AI Energy Public Company Limited	Producing and distributing biodiesel, vegetable oil and other fuel oil	38.23	25,227,803	703,139,555
Total			25,227,803	703,139,555

..... Director
(Narong Tharatanavibool)

..... Director
(Thanit Tharatanavibool)

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

	Unit: Baht				
	AI Engineering Services Company Limited	AI Energy Public Company Limited	AI Logistics Company Limited	AI Ports and Terminals Company Limited	Total
As at December 31, 2018					
Current assets	242,795,048	361,336,535	8,107,242	266,347,398	878,586,223
Non-current assets	1,629,878	1,665,245,986	19,932,493	177,560,566	1,864,368,923
Current liabilities	(8,312,954)	(263,780,230)	(2,463,257)	(157,654)	(274,714,095)
Non-current liabilities	(1,621,138)	(7,588,203)	(312,837)	(368,101)	(9,890,279)
Net assets	<u>234,490,834</u>	<u>1,755,214,088</u>	<u>25,263,641</u>	<u>443,382,209</u>	<u>2,458,350,772</u>
Net assets attributable to					
Non-controlling interests	<u>-</u>	<u>703,139,555</u>	<u>-</u>	<u>-</u>	<u>703,139,555</u>
For the year ended December 31, 2018					
Revenues	<u>127,502,997</u>	<u>1,512,323,819</u>	<u>55,141,119</u>	<u>3,888,466</u>	<u>1,698,856,401</u>
Total comprehensive loss for the year					
attributable to non-controlling interests	<u>-</u>	<u>25,227,803</u>	<u>-</u>	<u>-</u>	<u>25,227,803</u>
Net cash provided by (used in)					
Operating activities	52,560,082	37,085,145	(5,862,374)	(11,873,986)	71,908,867
Investing activities	(10,152,962)	(259,741,755)	9,828,144	7,781,352	(252,285,221)
Financing activities	(10,000,000)	217,636,032	(278)	(241)	207,635,513
Cash increase (decrease) - net	<u>32,407,120</u>	<u>(5,020,578)</u>	<u>3,965,492</u>	<u>(4,092,875)</u>	<u>27,259,159</u>

14. PLEDGED DEPOSITS AT FINANCIAL INSTITUTION

The subsidiary has pledged fixed deposit at bank as collateral for the issuance of bank guarantee. (Note 29.1)

..... Director
(Narong Thareratanavibool)

..... Director
(Thanit Thareratanavibool)

15. PROPERTY, PLANT, VESSEL AND EQUIPMENT - NET

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

	Unit : Baht										
	Consolidated financial statements										
	Building and			Machinery,		Vessel and		Office furniture		Fixed assets under	
	Land	Land improvement	building improvement	Utility system	accessories and tools	improvement	and equipment	Motor vehicles	construction and installation	Total	
At cost											
As at December 31, 2017	236,132,190	47,413,220	866,522,705	70,599,507	1,432,947,775	124,165,750	32,535,291	48,628,959	242,285,888	3,101,231,285	
Purchases during year	-	3,100,000	3,593,990	433,412	15,570,158	-	1,502,945	-	265,000,006	289,200,511	
Transfers in (Transfer out) during year	-	-	2,928,274	176,248	43,247,934	-	893,275	-	(47,245,731)	-	
Disposal /written off during year	-	(670,006)	(956,996)	-	(31,621,124)	-	(7,304,063)	(3,507,166)	-	(44,059,355)	
As at December 31, 2018	236,132,190	49,843,214	872,087,973	71,209,167	1,460,144,743	124,165,750	27,627,448	45,121,793	460,040,163	3,346,372,441	
Accumulated Depreciation											
As at December 31, 2017	-	21,968,339	323,884,333	40,838,003	716,586,677	102,606,222	28,969,642	24,350,036	-	1,259,203,252	
Depreciation for the year	-	2,947,447	34,652,416	5,405,736	91,649,058	1,829,821	1,728,864	2,867,985	-	141,081,327	
Depreciation - disposals for the year	-	(670,005)	(478,531)	-	(22,760,856)	-	(7,188,975)	(3,050,659)	-	(34,149,026)	
As at December 31, 2018	-	24,245,781	358,058,218	46,243,739	785,474,879	104,436,043	23,509,531	24,167,362	-	1,366,135,553	
Book value											
As at December 31, 2017	236,132,190	25,444,881	542,638,372	29,761,504	716,361,098	21,559,528	3,565,649	24,278,923	242,285,888	1,842,028,033	
As at December 31, 2018	236,132,190	25,597,433	514,029,755	24,965,428	674,669,864	19,729,707	4,117,917	20,954,431	460,040,163	1,980,236,888	
Allowances for impairment of assets											
As at December 31, 2017										(7,950,188)	
Increase during year										(17,400,000)	
Disposal during year										5,873,580	
As at December 31, 2018										(19,476,608)	
Property, plant, vessel and equipment - net											
As at December 31, 2017										1,834,077,845	
As at December 31, 2018										1,959,631,280	

..... Director
(Narong Tharatanavibool)

..... Director
(Thanit Tharatanavibool)

Unit : Baht

	Separate financial statements								
	Land		Building and building 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, 2017	61,576,168	14,822,060	444,015,326	20,849,191	661,706,130	23,121,699	12,824,623	34,947,968	1,273,863,165
Purchases during year	-	-	193,000	83,412	8,322,640	1,080,248	-	11,829,663	21,508,963
Transfers in (Transfer out) during year	-	-	792,560	-	41,812,170	893,275	-	(43,498,005)	-
Disposal /written off during year	-	(670,006)	-	-	(25,165,964)	(6,287,074)	(7,166)	-	(32,130,210)
As at December 31, 2018	61,576,168	14,152,054	445,000,886	20,932,603	686,674,976	18,808,148	12,817,457	3,279,626	1,263,241,918
Accumulated Depreciation									
As at December 31, 2017	-	14,822,032	200,153,339	19,603,767	431,209,582	21,230,256	8,023,146	-	695,042,122
Depreciation for the year	-	-	19,731,001	425,300	46,235,723	766,914	768,030	-	67,926,968
Depreciation - disposals for the year	-	(670,005)	-	-	(18,940,679)	(6,177,467)	(7,160)	-	(25,795,311)
As at December 31, 2018	-	14,152,027	219,884,340	20,029,067	458,504,626	15,819,703	8,784,016	-	737,173,779
Book value									
As at December 31, 2017	61,576,168	28	243,861,987	1,245,424	230,496,548	1,891,443	4,801,477	34,947,968	578,821,043
As at December 31, 2018	61,576,168	27	225,116,546	903,536	228,170,350	2,988,445	4,033,441	3,279,626	526,068,139
Allowances for impairment of assets									
As at December 31, 2017									(7,950,188)
Increase during year									5,873,580
As at December 31, 2018									(2,076,608)
Property, plant, vessel and equipment - net									
As at December 31, 2017									570,870,855
As at December 31, 2018									523,991,531

..... Director
(Narong Tharatanavibool)

..... Director
(Thanit Tharatanavibool)

Depreciations in the statements of profit or loss for the year ended December 31, 2018 and 2017 consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cost of sale and service	118,566,532	115,996,565	60,655,049	55,913,896
Selling and administrative expenses	23,643,795	22,035,304	7,271,919	7,973,329
	142,210,327	138,031,869	67,926,968	63,887,225

As at December 31, 2018 and 2017 interest incurred on loans used for a Purify Glycerin project of AI Energy Public Company Limited (“the subsidiary”) totaling to Baht 1.37 million and Baht 1.67 million, respectively, have been capitalized as part of cost of construction in process.

The gross carrying amounts of assets were fully depreciated but these items are still in active use by the Company and subsidiaries as at December 31, 2018 and 2017, in the consolidate financial statement totaling approximately Baht 394.56 million and Baht 400.06 million, respectively, and in the separate financial statements totaling approximately Baht 243.65 million and Baht 248.03 million, respectively.

The subsidiary, AI Ports and Terminals Co., Ltd, due to at present temporarily halted main business. Management has assessed the appropriateness of the valuation of the property, plant and equipment of the subsidiary from the cessation by uses of the work of the independent appraiser that the company uses to evaluate the fair value of assets and considered to set up the allowance for impairment amount of Baht 17.40 million, in financial statements for the year ended December 31, 2018.

..... Director
(Narong Thareratanavibool)

..... Director
(Thanit Thareratanavibool)

16. INTANGIBLE ASSETS - NET

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

	Unit : Baht					
	Consolidated financial statements			Separate financial statements		
	Computer system development and computer software	The right of natural gas distribution system	Total	Computer system development and computer software	The right of natural gas distribution system	Total
At cost						
As at December 31, 2017	22,132,184	-	22,132,184	21,134,691	-	21,134,691
Purchases during year	523,316	5,100,000	5,623,316	313,400	5,100,000	5,413,400
Disposals during the year	(511,550)	-	(511,550)	(511,550)	-	(511,550)
As at December 31, 2018	22,143,950	5,100,000	27,243,950	20,936,541	5,100,000	26,036,541
Accumulated Depreciation						
As at December 31, 2017	20,693,910	-	20,693,910	19,934,440	-	19,934,440
Amortization for the year	(199,922)	-	(199,922)	(199,922)	-	(199,922)
disposal during the year	687,493	401,014	1,088,507	560,347	401,014	961,361
As at December 31, 2018	21,181,481	401,014	21,582,495	20,294,865	401,014	20,695,879
Book value						
As at December 31, 2017	1,438,274	-	1,438,274	1,200,251	-	1,200,251
As at December 31, 2018	962,469	4,698,986	5,661,455	641,676	4,698,986	5,340,662

..... Director
(Narong Tharatanavibool)

..... Director
(Thanit Tharatanavibool)

17. TRADE AND OTHER CURRENT PAYABLES

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade payables				
Trade payables - related parties	9,336,573	6,088,232	9,336,573	6,088,232
Trade payables - others	127,492,359	90,958,548	27,388,354	46,379,820
Total trade payables	136,828,932	97,046,780	36,724,927	52,468,052
Other current payables				
Payables for purchase of assets	8,725,579	21,391,741	1,184,839	3,393,615
Other payables	3,875,367	4,409,847	-	-
Advances received for goods	16,527,214	1,609,171	16,515,874	1,605,638
Accrued bonus	96,716	-	-	-
Electricity payable	3,937,796	4,152,362	1,329,493	1,158,436
Fine from the delay of work	-	4,928,952	-	-
Accrued expenses	5,815,456	15,635,229	2,932,984	7,519,176
Retention	9,128,744	5,414,708	-	-
Revenue Department payables	13,897,704	13,702,682	6,475,130	4,655,997
Advance received for vessel operating services	612,138	-	-	-
Others	825,836	1,600,039	402,845	988,491
Total other current payables	63,442,550	72,844,731	28,841,165	19,321,353
Total trade and other current payables	200,271,482	169,891,511	65,566,092	71,789,405

..... Director
(Narong Thareratanavibool)

..... Director
(Thanit Thareratanavibool)

18. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS

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

	Unit : Baht			
	Consolidated financial statements		Separate financial statement	
	2018	2017	2018	2017
Non-current provisions for employee benefits				
at beginning of year	30,497,149	29,320,306	18,525,690	18,773,796
Included in profit or loss:				
Current service cost	4,379,705	3,684,189	2,647,370	1,988,484
Interest cost	668,646	599,719	471,844	374,565
Included in other comprehensive income:				
Actuarial (gains) losses arising from				
Financial assumptions changes	(545,649)	-	804,376	-
Experience adjustments	(3,561,367)	-	(2,063,596)	-
Benefit paid during the year	(4,308,972)	(3,107,065)	(2,956,753)	(2,611,155)
Non-current provisions for employee benefits				
at end of year	27,129,512	30,497,149	17,428,931	18,525,690

Employee benefit expenses in profit or loss for the years ended December 31, 2018 and 2017 were as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statement	
	2018	2017	2018	2017
Cost of sales	3,547,073	2,994,464	2,534,668	1,851,148
Selling expenses	39,185	269,640	-	-
Administrative expenses	1,462,093	1,019,804	584,546	511,901
Total employee benefit expenses	5,048,351	4,283,908	3,119,214	2,363,049

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, 2018 and 2017 (represented by the weighted-average) were as follows:

	(Percentage (%)/annum)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate	2.16 - 2.85	1.77 - 2.35	2.21	2.22
Salary increases rate	1.00 - 5.00	0.00 - 5.00	1.00 - 5.00	1.00 - 5.00
Mortality rate	100% of Thai	100% of Thai	100% of Thai	100% of Thai
	Mortality Ordinary	Mortality Ordinary	Mortality Ordinary	Mortality Ordinary
	Tables of 2017	Tables of 2008	Tables of 2017	Tables of 2008
Turnover rate				
Under 31 years old	0 - 40	0 - 33	21 - 32	33
31 - 40 years old	0 - 28	0 - 14	5 - 22	14
41 - 50 years old	0 - 7	0 - 7	5 - 7	5
Above 50 years old	0	0	0	0

The results of sensitivity analysis for significant assumptions that affect the present value of the Non-current provisions employee benefits as at December 31, 2018 are summarized below:

	Unit: Baht			
	Change of the present value of the Non-current provisions for employee benefits			
	Consolidated financial statement		Separate financial statement	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(2,476,799)	2,819,891	(1,661,557)	1,462,531
Salary increase rate	2,907,618	(2,604,139)	1,957,973	(1,445,064)
Turnover rate	(2,641,894)	1,672,679	(1,768,515)	858,859

As at December 31, 2018, the maturity analysis of undiscounted cash flows of benefit payments was as follows:

	Unit: Baht	
	Consolidated financial statement	Separate financial statement
Within 1 year	758,462	393,534
Over 1 and up to 5 years	17,640,377	13,750,674
Over 5 and up to 10 years	51,949,945	35,482,365

..... Director
(Narong Thareratanavibool)

..... Director
(Thanit Thareratanavibool)

On 13 December 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment and the Group has additional liabilities for long-term employee benefits of Baht 5.03 million. The Group will reflect the effect of the change by recognizing past service costs as expenses in the income statement of the period in which the law is effective.

19. 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.

During the period second quarter year 2018, the warrant holders exercised 712.29 million units. AIE-W1 warrants to purchase 712.29 ordinary million shares at Baht 0.25 each in the amount of Baht 178.07 million.

20. DIVIDEND PAYMENT

The 2018 Annual General Meeting of Shareholders of the Company held on April 27, 2018, passed a resolution to pay dividend for the year 2017 of Baht 0.05 per share for a total amount of Baht 140 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 15, 2018.

The Board of Directors' Meeting No.1/2018 held on April 9, 2018 of AI Engineering Services Company Limited, ("the subsidiary") passed a resolution to pay dividends from retained earnings to the shareholders of 20 million shares at Baht 0.50 per share, amount Baht 10 million. The 2018 Annual General Shareholders' Meeting held on April 30, 2018, passed a resolution to pay such dividends. The dividend was paid on May 14, 2018.

..... Director
(Narong Thareratanavibool)

..... Director
(Thanit Thareratanavibool)

The Board of Directors' Meeting No.6/2017 held on December 8, 2017 of AI Ports and Terminals Company Limited, ("the subsidiary of AI Energy Public Company Limited") passed a resolution to pay dividends from retained earnings as at September 30, 2017 of Baht 0.55 per share for a total amount of Baht 25.30 million. The dividend was paid on December 14, 2017.

The Board of Directors' Meeting No. 3/2017 held on August 11, 2017, passed a resolution to pay interim dividends from the operation for six-month periods from January 1 - June 30, 2017, from the net profit of the separate financial statements. The dividend will be exempt from income tax, according to the BOI Certificate No. 1478 (2)/2553 at the rate of Baht 0.04 per share for a total amount of Baht 111.99 million, and shall be paid from the profit that is subject to the corporate income tax at the rate of 20%, of Baht 0.01 per share for a total amount of Baht 28 million. The dividends were already paid on September 8, 2017.

The 2017 Annual General Meeting of Shareholders of the Company held on April 28, 2017, passed a resolution to pay dividend for the year 2016 of Baht 0.09 per share for a total amount of Baht 252 million from the separate financial statements' retained earnings exempt from income tax, according to the BOI Certificate No. 1478 (2)/2553. The dividend was paid on May 22, 2017.

The Board of Directors' Meeting No.1/2017 held on March 2, 2017 of AI Engineering Services Company Limited, ("the subsidiary") passed a resolution to pay dividends from the operation for the year 2016 to the shareholders of 20 million shares at Baht 0.75 per share, amount Baht 15 million. The 2017 Annual General Shareholders' Meeting held on April 27, 2017, passed a resolution to pay such dividends. The dividend was paid on March 28, 2017.

21. 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)

22. DEFERRED TAX

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,
2018	(loss)	loss	2018	2018	(loss)	loss	2018
Deferred tax assets							
Allowance for doubtful trade accounts receivable	149,150	556,421	-	705,571	-	-	-
Allowance for devaluation of inventories	944,749	-	-	944,749	944,749	-	944,749
Allowance for impairment of assets	1,590,038	(1,174,716)	-	415,322	1,590,038	(1,174,716)	415,322
Allowance for diminution in non-current assets held for sale				-	-	-	-
Non-current provisions for employee benefits	6,018,990	126,200	(855,475)	5,289,715	3,705,138	32,492	(251,844)
Tax loss carries forward	8,127,274	(3,982,104)	-	4,145,170	-	-	-
Revenues treated as revenues under the Revenue Code	-	2,497,320	-	2,497,320	-	2,497,320	2,497,320
Total	16,830,201	(1,976,879)	(855,475)	13,997,847	6,239,925	1,355,096	7,343,177
Deferred tax liability							
Unrealized gain on investments in							
Open-end Fund	(433,447)	(242,032)	-	(675,479)	(151,904)	(47,589)	(199,493)
Depreciation	(4,609,418)	176,825	-	(4,432,593)	-	-	-
Total	(5,042,865)	(65,207)	-	(5,108,072)	(151,904)	(47,589)	(199,493)
Deferred tax assets - net	11,787,336	(2,042,086)	(855,475)	8,889,775	6,088,021	1,307,507	7,143,684

..... Director
(Narong Tharatanavibool)

..... Director
(Thanit Tharatanavibool)

Unit: Baht

	Consolidated financial statements				Separate financial statements			
	Other			As at December 31, 2017	Other			
	As at January 1, 2017	Profit (loss)	comprehensive income (loss)		As at January 1, 2017	Profit (loss)	comprehensive income (loss)	
As at January 1, 2017								
Deferred tax assets								
Allowance for doubtful trade								
accounts receivable	149,150	-	-	149,150	-	-	-	
Allowance for devaluation of inventories	944,749	-	-	944,749	944,749	-	944,749	
Allowance for impairment of assets	1,198,039	391,999	-	1,590,038	1,198,039	391,999	1,590,038	
Non-current provisions for employee benefits	5,751,032	267,958	-	6,018,990	3,754,759	(49,621)	3,705,138	
Tax loss carries forward	10,510,735	(2,383,461)	-	8,127,274	-	-	-	
Total	18,553,705	(1,723,504)	-	16,830,201	5,897,547	342,378	6,239,925	
Deferred tax liability								
Unrealized gain on investments in								
Open-end Fund	(262,262)	(171,185)	-	(433,447)	(197,995)	46,091	(151,904)	
Depreciation	(4,290,894)	(318,524)	-	(4,609,418)	-	-	-	
Total	(4,553,156)	(489,709)	-	(5,042,865)	(197,995)	46,091	(151,904)	
Deferred tax assets - net	14,000,549	(2,213,213)	-	11,787,336	5,699,552	388,469	6,088,021	

As at December 31, 2018 and 2017, AI Energy Public Company Limited (“the subsidiary”) had the deferred tax asset for the carry forward of unused tax losses in financial statements Baht 4.15 million and Baht 8.13 million, respectively. The Company’s management believe that it is probable that future taxable profit will be not available against which the unused tax losses can be utilized.

..... Director
(Narong Tharatanavibool)

..... Director
(Thanit Tharatanavibool)

23. INCOME TAX EXPENSE

Income tax expense for the years ended December 31, 2018 and 2017 were as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Current tax expense				
Current year	(8,605,944)	(35,285,794)	(7,610,422)	(7,697,533)
Deferred tax expense				
Movement in temporary differences	(2,042,086)	(2,213,213)	1,307,507	388,469
Total	(10,648,030)	(37,499,007)	(6,302,915)	(7,309,064)

Reconciliation of effective tax rate

	Consolidated financial statements			
	2018		2017	
	Tax rate (%)	Unit : Baht	Tax rate (%)	Unit : Baht
Profit before income tax expense		307,443,384		262,071,471
Income tax using the corporate tax rate	20	(61,488,677)	20	(52,414,294)
Exemption from income tax on profit revived from BOI		69,923,380		53,782,876
Non-taxable income		1,220,187		1,747,264
Double expenses by the Revenue Code		533,790		1,772,698
Non-deductible expenses		(6,748,991)		(2,328,407)
Tax loss carried forward		-		1,493,542
Unused current tax loss*		(13,560,252)		(40,810,895)
Income tax in share of loss in associate		(527,467)		(741,791)
Income tax expense	4	(10,648,030)	14	(37,499,007)

* The subsidiaries have tax losses in 2018 and 2017 of Baht 67.80 million and Baht 204.05 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.

	Separate financial statements			
	2018		2017	
	Tax rate		Tax rate	
	(%)	Unit : Baht	(%)	Unit : Baht
Profit before income tax expense		383,904,246		319,126,053
Income tax using the corporate tax rate	20	(76,780,849)	20	(63,825,211)
Exemption from income tax on profit revived from BOI		69,923,380		53,782,877
Non-taxable income		2,000,000		2,995,179
Double expenses by the Revenue Code		107,495		407,719
Non-deductible expenses		(1,552,941)		(669,628)
Income tax expense	2	(6,302,915)	2	(7,309,064)

Income tax reduction

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.

24. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2018 and 2017 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(Increase) decrease in change of				
finished goods and work in progress	(56,253,762)	72,586,531	(30,459,514)	(8,736,543)
Raw materials and consumables used	1,737,521,298	2,473,468,669	251,053,365	241,960,649
Construction materials and subcontractors	23,041,844	42,786,309	-	-
Purchase of goods for sale	31,161,215	30,545,749	31,163,074	31,951,161
Employee benefit expenses	186,750,794	186,699,746	108,994,319	102,076,240
Depreciation and amortization expenses	143,458,110	138,846,487	6,888,329	65,068,350
Reversal loss on devaluation of inventories	(5,875,665)	(8,736,322)	-	-
(Reversal) Loss on impairment of assets	11,616,420	2,300,824	(5,783,580)	1,959,996

..... Director
(Narong Thareratanavibool)

..... Director
(Thanit Thareratanavibool)

25. FOREIGN CURRENCY TRANSACTIONS

As at December 31, 2018 and 2017 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			
	2018		2017		2018		2017	
	Foreign Currency	Converted to Baht	Foreign Currencies	Converted to Baht	Foreign Currency	Converted to Baht	Foreign Currencies	Converted to Baht
Assets								
USD	50.24	1,621.88	31.58	1,026.77	31.10	1,004.08	31.45	1,022.48
Total		1,621.88		1,026.77		1,004.08		1,022.48
Liabilities								
USD	304.60	9,968.91	1,120.57	36,797.00	253.74	8,275.52	1,059.83	34,802.09
EUR	-	-	50.00	1,969.69	-	-	50.00	1,969.69
Total		9,968.91		38,766.69		8,275.52		36,771.78

..... Director
(Narong Thareratanavibool)

..... Director
(Thanit Thareratanavibool)

26. PROMOTIONAL PRIVILEGES

By virtue of the Investment Promotion Act, B.E. 2520 (1977), the Company and the subsidiary 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
<p>5. Important privileges which are granted:</p> <p>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 and 1478(2)/2553 and have limited amount for corporate income tax exemption at maximum of Baht 11.01 million, Baht 75.18 million and Baht 495.91 million, respectively.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>				

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

..... Director
(Narong Thareratanavibool)

..... Director
(Thanit Thareratanavibool)

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, 2018 and 2017, as follows:

	Unit : Baht				
	Consolidated financial statements		Separate financial statements		
	Promoted Activities	Non-promoted Activities	Total	Promoted Activities	Non-promoted Activities
For the year ended December 31, 2018					
Revenue from sales of goods	2,135,638,782	226,439,288	2,362,078,070	789,555,020	113,292,263
Revenue from production contract	-	49,455,738	49,455,738	-	-
Revenue from construction contract	-	120,392,394	120,392,394	-	-
Revenue from vessel operating	-	54,109,552	54,109,552	-	-
Other incomes	-	22,238,279	22,238,279	-	9,913,526
Dividend income	-	-	-	-	10,000,000
Total	2,135,638,782	472,635,251	2,608,274,033	789,555,020	133,205,789
For the year ended December 31, 2017					
Revenue from sales of goods	2,705,139,452	307,618,771	3,012,758,223	701,172,964	136,846,712
Revenue from production contract	-	77,025,232	77,025,232	-	-
Revenue from construction contract	-	151,853,565	151,853,565	-	-
Revenue from vessel operating	-	32,920,936	32,920,936	-	-
Profit earned from the sale of non-current asset held for sale - net	-	156,569,707	156,569,707	-	-
Other incomes	-	27,105,477	27,105,477	-	9,916,541
Dividend income	-	-	-	-	14,975,893
Total	2,705,139,452	753,093,688	3,458,233,140	701,172,964	161,739,146

..... Director

(Narong Tharatanavibool)

..... Director

(Thanit Tharatanavibool)

27. 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 Finansia 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, 2018 and 2017 were as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Asian Insulators Public Company Limited	1,789,152	1,759,744	1,789,152	1,759,744
AI Engineering Services Company Limited	187,413	183,633	-	-
AI Energy Public Company Limited	1,457,438	1,295,267	-	-
AI Logistics Company Limited	32,730	26,316	-	-
Total	3,466,733	3,264,960	1,789,152	1,759,744

..... Director
(Narong Thareratanavibool)

..... Director
(Thanit Thareratanavibool)

28. SEGMENT INFORMATION

The segmented information for the years ended December 31, 2018 and 2017 were as follows:

Unit : Thousand Baht		Consolidated financial statements					
		For year ended December 31, 2018					
		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 refine crude palm oil	Vessel operating	Port services
							Total
Revenues from sales and services		902,845	120,392	1,459,233	49,456	54,110	-
Cost of sales and services		(463,589)	(111,604)	(1,444,400)	(36,369)	(53,665)	-
Gross profit by segment		439,256	8,788	14,833	13,087	445	-
Other income							476,409
Selling expenses							22,238
Administrative expenses							(14,329)
Loss on impairment of property, plant and equipment							(156,835)
Finance costs							(17,400)
Share of loss from investments in associate							(2)
Income tax expenses							(2,637)
Profit for the year							(10,648)
Defined benefit plan actuarial gains - net of income tax							296,796
Total comprehensive income for the year							3,251
Equity holders of the parent							300,047
Non-controlling interests							325,275
Property, plant, vessel and equipment - net		523,992	171	1,238,901		19,912	176,655
							1,959,631

..... Director
(Narong Tharatanavibool)

..... Director
(Thanit Tharatanavibool)

Unit : Thousand Baht

Consolidated financial statements						
For year ended December 31, 2017						
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 refine crude palm oil	Vessel operating	Port services
						Total
Revenues from sales and services	836,453	151,854	2,176,305	77,025	32,921	-
Cost of sales and services	(463,326)	(135,553)	(2,295,831)	(62,981)	(40,771)	-
Gross profit (loss) by segment	373,127	16,301	(119,526)	14,044	(7,850)	-
Profit earned from the sale of non-current asset held for sale - net						156,570
Other income						27,105
Selling expenses						(19,010)
Administrative expenses						(173,396)
Finance costs						(1,585)
Share of loss from investments in associate						(3,709)
Income tax expenses						(37,499)
Profit for the year						224,572
Equity holders of the parent						255,675
Non-controlling interests						(31,103)
Property, plant, vessel and equipment - net	570,871	14	1,035,298		21,985	205,910
						1,834,078

..... Director
(Narong Tharatanavibool)

..... Director
(Thanit Tharatanavibool)

29. COMMITMENT AND CONTINGENT LIABILITIES

Commitment and contingent liabilities as at December 31, 2018 and 2017 were as follows:

29.1 The Group has contingent liabilities on bank guarantees amounting to Baht 394.34 million, in 2018, and amounting to Baht 192.77, in 2017, issued by banks on behalf of the Group with respect to certain performance bonds required in the normal course of business of the Group.

29.2 Group has contingent liabilities on capital commitments as follows:

	Contracted Balance			
	Consolidated		Separate financial statements	
	2018	2017	2018	2017
Capital commitments				
Contracted but not provided for				
Land improvement (Unit : Baht)	2,771,300	-	-	-
work in process :				
- building and utility systems (Unit : Baht)	6,870,512	9,217,482	2,324,558	2,899,827
- Machinery, accessories and tools (Unit : Baht)	12,874,350	25,729,648	3,504,360	5,314,048
work in process - Purify Glycerin project				
(Unit :Baht)	126,167,840	79,054,916	-	-
work in process - Purify Glycerin project				
(Unit :Euro)	-	146,400	-	-

29.3 AI Engineering Services Company Limited (“the subsidiary”) has outstanding commitments with major subcontractors and the purchase of construction equipment for construction work amount of Baht 5.33 million and Baht 91.12 million, respectively.

29.4 The Company is the guarantor for the repayment of loans from financial institutions for AI Engineering Services Company Limited (“the subsidiary”) amount of Baht 645 million.

29.5 AI Energy Public Company Limited (“the subsidiary”) received a letter from the Enforcement Department, Office of the Securities and Exchange Commission of Thailand (the SEC), dated January 20, 2016, requesting for the facts about the subsidiary predecessor auditor’s disclaimer of opinion in the subsidiary’s financial statements for the year 2014(Before restated). The subsidiary’s former management provided a clarification of the facts to the SEC.

On June 20, 2017, the SEC has filed a criminal complaint against two former directors and executives of the AI Energy Public Company Limited (“the subsidiary”) in case of the preparation of incorrect financial statements for the year 2014 (Before restated), as the subsidiary predecessor auditor had expressed the disclaimer of opinion, with the Department of Special Investigation (DSI) for further legal proceedings

29.6 At October 24, 2016, AI Energy Public Company Limited (“the subsidiary”) entered into a 5-year contract with a company for production services on edible oil products and granting the use of “Pamola” trademark. On May 15, 2018, both parties agreed to terminate the contract since the counterparty can not comply with the conditions stated in the contract.

29.7 The Company and a subsidiary had overdrafts and short-term loans credit facilities with four local commercial bank totaling amount of Baht 992 million. The Company and a subsidiary has a commitment under the conditions of this loan agreement.

30. DISCLOSURE OF FINANCIAL INSTRUMENTS

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

30.1 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.

30.2 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.

30.3 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.

30.4 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.

..... Director
(Narong Thareratanavibool)

..... Director 58
(Thanit Thareratanavibool)

31. 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.

32. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors' Meeting No. 1/2019 held on February 26, 2019, passed a resolution to pay dividend for the year 2018 of Baht 0.12 per share for a total amount of Baht 336 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.

33. FINANCIAL STATEMENTS APPROVAL

These financial statements have been approved to issue by the Company's Board of Directors on February 26, 2019.

..... Director
(Narong Thareratanavibool)

..... Director 59
(Thanit Thareratanavibool)

Appendix

My practice includes the following:

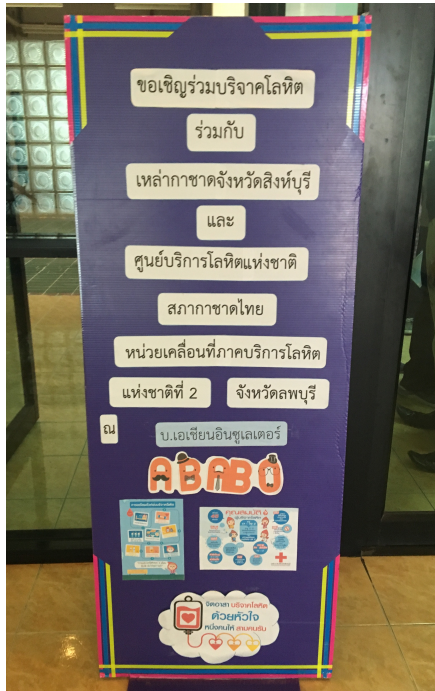
- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. 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.

Corporate Social Responsibility Activities

As a manufacturer operating in accordance with good corporate governance principles, Asian Insulators Public Company Limited does business ethically for the betterment of society and environment. The Company acknowledges our responsibility to society and the environment and has been involved in various social contribution activities that are also responsible through our personnel.

The Company Corporate Social Responsibility can be categorized into four areas; society, environment, customers and employees. These activities have included :

Blood Donation for The Thai Red Cross Society Year 2018



The personnel and environment



The company treats workers fairly by LPA (No. 2) BE 2551 Labour Relations Act.

2518 Workmen's Compensation Act 2537 Act fund (No. 2) Act 2542, the Social Security Act 2553

Labor relations and operations with legal requirements humanitarian grounds. Human rights and the planned employment policies.

No child labor The agency responsible for labor relations, direct monitoring. He is assured.

Operations of the Company No forced labor, no child labor.

Human Resource Development

The Company recognizes the importance of staff development. Thus promoting the development staff with knowledge and skills in line with the strategic plan. And the business plans of the Company Continuous The operation, according to the company's policies.

- Provide training within the company. By inviting speakers from outside to educate employees.
- Providing scholarships for employees to raise the qualifications, experience and advances to employees of the company. In that it is the executive that has the ability. And performance
- Developing and updating courses. The learning via electronic media. So that employees can get information anytime anywhere with internet access.

Asian Insulators Subsidiaries

AI Engineering Services Company Limited

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Tel. 0 2540 0990 – 1 Fax. 0 2540 0993 Email : aies@aiengineering.co.th

AI Energy Public Company Limited

Address : 55/2 Moo 8, Klongmadaur District, Amphur Krathumban, Samutsakorn 74110 Thailand

Tel. 034 877485, 034 877486, 034 877487, 034 877488

Fax. 034 877491, 034 877492 Email : aienergy@aienergy.co.th