



รายงานประจำปี 2560

ANNUAL REPORT 2017



บริษัท ทิรไทย จำกัด (มหาชน)
TIRATHAI PUBLIC COMPANY LIMITED

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Financial Highlights

Profit and Loss Statement

Unit: Million Baht

	2015	2016	2017
Total Revenue	2,264.09	2,577.33	2,448.03
Revenue from Sales & Service	2,223.97	2,536.52	2,429.77
Gross Profit	413.65	642.75	488.45
EBITDA	44.87	192.89	50.94
EBIT	(16.81)	125.81	(32.33)
Net Profit attributable to equity holders of parent	(45.97)	61.22	(68.70)

Balance Sheet

Unit: Million Baht

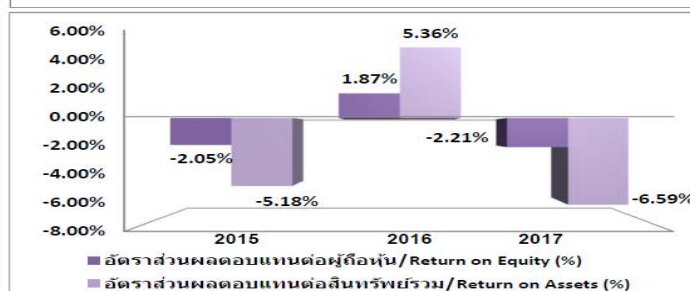
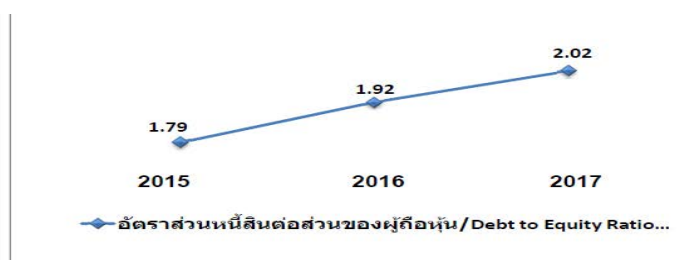
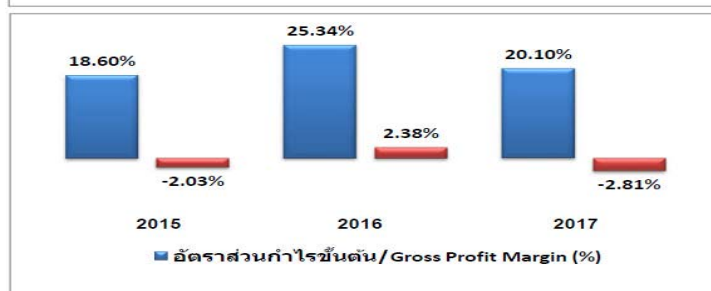
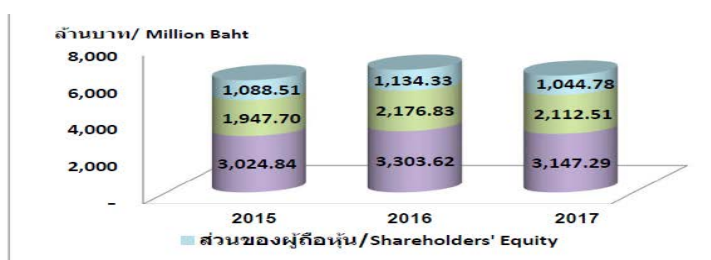
Total Assets	3,024.84	3,303.62	3,147.29
Total Liabilities	1,947.70	2,176.83	2,112.51
Shareholders' Equity attributable to equity holders of parent	1,088.51	1,134.33	1,044.78

Financial Ratio

Gross Profit Margin (%)	18.60%	25.34%	20.10%
Net Profit Margin attributable to equity holders of parent to total revenue (%)	-2.03%	2.38%	-2.81%
Return on Asset (%)	-2.05%	1.87%	-2.21%
Return on Equity (%)	-5.18%	5.36%	-6.59%
Debt to Equity attributable to equity holders of parent Ratio (times)	1.79	1.92	2.02

Unit: Baht/share

Registered Capital	359.20	359.20	359.20
Paid up Capital	308.01	308.01	308.01
Par Value	1.00	1.00	1.00
Book Value Per Share	3.50	3.66	3.36
Earning Per Share	(0.15)	0.20	(0.22)
Dividend Per Share	0.05	0.13	-



Message from the Chairman

In 2017, the transformer market continued to face with fierce competition and put pressure on prices and thus adversely impacted revenue and financial performance of the Group. As for the service income and contract based income, even though there were some revenue increases from the previous years, the costs of goods sold have surged even stronger and thus resulted in net losses in 2017.

As for the transformer manufacturing sector, the business outlook in 2018 is expected to improve steadily from the previous year. According to the Thailand Power Development Plan 2015-2036 (PDP 2015), electricity generation supply will increase from 31,612 megawatt to 70,335 megawatt from various sources in the country, both by the public and the private sectors. In addition, the PDP 2015 has plans to develop further distribution systems to serve more electricity demand in the Bangkok Metropolis as well as the Special Economic Zones (SEZs), the development of the electricity distribution network to serve the goal of electricity security in the provinces. There are also programs to improve and replace the existing distribution network systems that have been obsolete and programs to connect with the distribution networks of Independent Power Producers, Small Private Power Producers and the power plants in the neighbor countries that will come into operations during 2015-2036.

Accordingly, both the government and private sectors will build more high voltage power plants, and transmission network for 500 kilowatt and 230 kilowatt, including high voltage electrical tower project to serve ASEAN Power GRID in upper North region and lower Southern region. These will result in more demand for 500/230/115kv power transformers. EGAT's capital expenditure during 2016 - 2020 for high voltage tower projects is budgeted at approximately 10,000 million baht or about 2,500 million baht a year. Furthermore, the large number of distribution transformer producers in the market results in fierce competition for business. As the management has been vigilance and responsive to business competition, and the rapid changes of economic, social and environment conditions, the Group is in the process of formulating a strategic plan for next 10 years, the progress of which is now over 75%. The Group needs to execute the strategic plan so as to bring tangible results with higher revenue and better business performances than those of previous years.

Due to the cooperation, determination, and continued development for better business operations by the management and all employees, I believe that Tirathai Group has a good potential to succeed further. The Group has a good vision, mission, policies that are suitable and consistent with current economic, social, and environment situation. It



will make strategic adaptation in line with the changing situation and make improvement for effective management together with other measures to make risks controllable. Moreover, the Group will pay attention to good governance so as to ascertain a sustainable development and enhance confidence for all stakeholders.

Lastly, I, on behalf of Board of Directors would like to express my sincere gratitude to all shareholders, customers, business partners for trusts and supports to the Group. Also, I would like to express my appreciation to the management and every employee who have cooperated and contributed to the Group. I believe that with both the management and all employees' working experience and with efficient management as well as good corporate governance, the Group will be able to grow with stability, sustainability and achieve the goals of the Group for the best interest of shareholders in the long run.

Dr. Pisit Leeahtam
Chairman of the Board of Directors

Message from the Managing Director

In 2017, the transformer industry outlook of utilities and private sectors were improved especially the outlook of the second half of Year 2017 because the utilities sector spent its budget up to current fiscal year, while export has decreased. As a result, domestic receipt order amount for transformer by utilities and private sectors increased from 925 million Baht in 2016 to 1,625 million Baht in 2017. Moreover, in quarter 4th, 2017, the Company delivered high gross profit margin products, which resulted in gross profit margin of transformer improved from 10% for 9 months YTD to September 30th, 2017 to 25% in quarter 4th, 2017 for 3 months YTD to December 31st, 2017. Consequently, average gross profit of transformer of year 2017 is at 15% compared to 21% of Year 2016.

In 2018, the company and its subsidiaries expect the domestic transformer demand for utilities and private sectors will improve because the spending of utilities' budget expect to be back to normal condition. For the transformer export market, the company and its subsidiaries plan to expand its market to CLMV while the existing market will emphasis on engineering solution market which is less competition. TRT E&S has moved along the plan to develop personnel to support the new business expansion and broaden the transformer services in to utilities sector. LDS has enhanced its capabilities by receiving the ASME Standard Certification in April 2017 in order to add value to the product to support the high-quality steel structure industry. Moreover, the company and its subsidiaries will focus on energy industry, which TRT Group has its strengths over co-design with customers to serve their needs and requirements, and also has development plan to train and promote the personnel enhancement to support the business expansion for growth of the company.

In 2018, the company and its subsidiaries forecast a revenue growth 16%-20% from 2017 and have backlog as of 31 December 2017 for the amount of 1,984 million baht which 1,655 million baht to be delivered in 2018 and 329 million baht in 2019. The bid and quotation in hand as of the end of 2017 is 8,650 million baht with 20%-25% succession rate. In 2018, the company and its subsidiaries will manage cost efficiently in order to maintain average gross profit margin of the group for 18% to 23% as well as other procedures to manage risk at controllable level and ensure that the company and its subsidiaries will run the business as plan with appropriated control.



In order to cope up with current economic situation, society, and environment which have significantly change, the company and its subsidiaries are on process of 10 year strategic plan (2018-2028) which this will change business group from Transformer Group and Non-Transformer Group to Power Related Business and Non-Power Related Business including New Business Group which the action plan expect to be completed by Quarter 2nd – 3rd , 2018 in order to strength TRT Group to be growth sustainable.

On behalf of all executives and employees, we are all committed and dedicated to operate the business according to Vision and Mission as declared with corporate governance for sustainable growth and added value to the business eventually beneficial for shareholders and all stakeholders.

A handwritten signature in black ink, appearing to read 'Sumpan Vongphan'.

(Mr. Sumpan Vongphan)
Managing Director

Report of the Audit Committee

The Board of Directors of Tirathai Public Company Limited appointed Audit Committee, consisting of Mr. Pisit Leeahtam, as the Chairman, and Mr. Teeravut Supaviriyakul and Mr. Singha Nikornpun as the Audit Committee.

The 3 Audit Committee are well qualified and independent as per the announcement of Stock Exchange of Thailand in terms of qualification scope of work of the Audit Committee with SET's regulation. The committee has reviewed the appropriateness and effectiveness of the Company's internal control system based on the information provided by internal auditor, report of external auditor and the management. The committee also provided advices to the management to ensure more efficiency and effectiveness operation of the Company, which is in line with SET's guideline over the Audit Committee.

The Audit Committee have engaged in an importance good corporate governance, The Audit Committee are independent in providing opinions and suggestions in order to improve the company's operation in terms of good management practices, internal control and risk management in the most effective and efficient to the company.

In 2017, Audit Committee convened 4 meetings with management, internal and external auditors for consideration and performing of the followings:

1. Reviewed the Company's quarterly and annual financial statements prior to propose to the Board of Directors to ensure that they are prepared in accordance with generally accepted accounting principle and are accurate and sufficient disclosure as regulated by the officials.
2. Supervised the disclosure of information on related transactions or possible conflict of interest to ensure transparency, correctness and adequacy.
3. Reviewed the adequacy and appropriateness of the internal control system and monitor the operation in compliance with the laws and related rules and regulations of good corporate governance by considering the audit report in line with the approved audit plan. The audit Committee is also follow up the improvements has been made as suggested in the report of audit. As the result of the audit, there were no indicator of corruption or fraud that may cause the serious damages. The Committee agreed to the facts that the Company has proper internal audit control system with the appropriate acceptable level.
4. Oversee and assess the Company's internal audit operation closely in order to make sure that the auditor are fully independent, reviewed and considered the annual internal audit plans, and reviewed the audit results to ensure the Company's efficient internal control.
5. Consider and nominate the appointment of the Company's external auditors and their annual remuneration to the Board for consideration and propose to get shareholders approval at the Annual General Meeting.
6. Review the charter of audit committee to comply with the Good Corporate Governance in accordance with the Stock Exchange of Thailand requirements.
7. Report the operation result to the Board of Director on quarterly basis and providing with useful opinions and suggestions for the administration of the management for further consideration and take proper improvements. Besides, the Audit Committee also provide self-assessment on the performance of the Audit Committee to lead into better operational developments.
8. Review the charter of Audit Committee to comply with the Good Corporate Governance in accordance with the Stock Exchange of Thailand requirements.

The Audit Committee has performed the assigned the assigned duties with full knowledge, ability, and carefulness with independent and to express straight forward opinions without limit on the perception of the information from the management, operator and involve parties with transparency, verifiable, and good governance to maximize the benefits for the company and stakeholders.

In conclusion, from the review and consideration of all the matters Audit Committee have proceeded over the year 2017 the Audit Committee agreed that the Company and its subsidiaries have proper Internal Audit Control System and risk management to reasonable have the confidence to the creditability of the Financial Statement and good Corporate Governance in accordance with the Stock Exchange of Thailand requirements and that this audit report has been reviewed and approved by the Audit Committee dated February 20, 2017



Dr. Pisit Leeahtam

Report of Nominating Committee

Dear Shareholders:

In 2017, the Board of Directors has appointed the Nominating Committee, consisting of 3 Board of Directors' members, to perform their duties of nominating the Company's Directors; for transparency and fair treatment to all stakeholders; for efficiency of its corporate activities; and in compliance with the Good Corporate Governance Policy of the Company and with the Principle of Good Corporate Governance of the Stock Exchange of Thailand (SET). Each director of the Nominating Committee shall assume the office for a term of one year, which will be completed in February 28, 2018.

The Nominating Committee has determined the qualifications of Directors to be nominated according to structure, size and composition of the Board as specified by the Board of Directors and select the persons who have the said qualifications and propose those names to Board of Directors for consideration.



The Nominating Committee has convened one meeting in 2017, with the records of attendance of each director as follows:

Name		Position	Attendance/Total Meetings
1. Mr. Singha	Nikornpun	Chairman	1/1
2. Mr. Charuvit	Suanmalee	Nominating Committee	1/1
3. Mr. Tai	Chong Yi	Nominating Committee	1/1

Mission of the Nominating Committee for the year 2017 is summarized as follows:

At Nominating Committee's Meeting No. 1/2017 held on 15 February 2017, it was considered and nominated directors to replace those retiring from the office and proposed their names to Board of Directors for consideration at Board of Director Meeting No.1/2017 held on 21 February 2017.

On behalf of Nominating Committee

A handwritten signature in black ink, appearing to be 'Singha'.

Mr. Singha Nikornpun
Chairman of the Nominating

Executive Director

Details of Executive Director and Controlling Shareholders of the Company as of December 31st 2016

Name Last Name Position	Education / IOD	Percent of Shareholding	Previous Experience over the Past 5 Years		
			Period	Position	Company Name
 1. Dr. Pisit Leeahtam Chairman/Independent Director Chairman of the Audit Committee Being appointed to Director on July 5th. 2005 Age (67)	- Master of Economics The Netherlands School of Economics, Erasmus University, The Netherlands - Directors Certification Program(DCP),2002 - Corporate Governance for Capital Market Intermediaries (CGI2/2015)	0.016%	2010 - Present	- Chairman of the Board	Thai Tank Terminal Co., Ltd.
			2005 - Present	- Chairman of Audit Committee/ Director	Tirathai Public Limited
			2004 - Present	- Chairman of the Board	Prueksa Real Estate Plc.
			2004 - Present	- Chairman of Audit Committee/ Director	Global Connections Plc.
			2007 - Present	- Director	OHTL Plc.
			2001 - Present	- Vice Chairman of the Board/ Chairman of Audit Committee	KGI Securities (Thailand) Plc.
			2004 - Present	- Chairman of the Board/ Chairman of Audit Committee	Quality Mineral Plc.
			2006 - Present	- Director	Jardine Pacific (Thailand) Ltd.
			2008 - Present	- Director	P. Planner Co., Ltd.
			2006 - Present	- Director	Jardine Engineering Services Co., Ltd.
			2006 - Present	- Director	Amair Co., Ltd.
			2006 - Present	- Director	C. Liner Co., Ltd.
			2006 - Present	- Director	GS Property Plc.
			2006 - Present	- Director	Chaopraya Development Corporation Limited.
			2006 - Present	- Country Chairman	Jardine Matherson (Thailand) Ltd.
			2005 - Present	- Director	Dumex (Thailand) Limited
			2010 - 2010	- Nominating Committee	Tirathai Public Limited

Name Last Name Position	Education / IOD	Percent of Shareholding	Previous Experience over the Past 5 Years		
			Period	Position	Company Name
 2. Mr. Sumpun Vongphan Director (Authorized binding signature) Being appointed to Director on July 5th. 2005 Age (65)	- Bachelor of Engineering (Electrical) Chulalongkorn University - The Role of Chairman(RCM),2005 - Directors Accreditation Program(DAP),2004 - Directors Certification Program(DCP),2004 - Finance for Non-Finance Director(FN),2004 - Successful Formulation and Execution of Strategy (SEF), 5/2009 -The Role of Compensation Committee RCC12/2011 - How to Measure the Success of Corporate Strategy , HMS 2/2013	13.02%	2011 - Present	- Chairman of the Board	Tirathai Public Limited
			2005 - Present	- Managing Director	
			2005 - Present	- Executive Director	
			2014 - 2515	- Nominating Committee	
			2007 - 2007	- Chairman of Nominating Committee	Tirathai Public Limited
			2005 - -2007	- Engineering Department Manager	

Name Last Name Position	Education / IOD	Percent of Shareholding	Previous Experience over the Past 5 Years		
			Period	Position	Company Name
	- Bachelor of Engineering (Industrial) Chulalongkorn University - Directors Accreditation Program(DAP),2004 ^{was} - Directors Certification Program (DCP), 2004 - Audit Committee Program (ACP), 2008 - Developing Corporate Governance Policy, 2008 - Chartered Director Class (CDC), 2008 - Successful Formulation & Execution the Strategy, 4/2009 - Monitoring the System of Internal Control and Risk Management, 5/2009 - Monitoring the Internal Audit Function, 5/2009 - Monitoring the Quality of Financial Reporting, 7/2009 - M&A - Finding Opportunity during Crisis, 2009 - Thai Institute of Directors (IOD) - CEO Seminar: Understanding IFRS Financial Statement, Federation of Accounting Professions (FAP), 2012 - CEO/CFO Conference : Being AEC Professional, FAP, 2012 - KBANK Seminar – AEC Plus : Your Business to the New Frontier, 2012 - Financial Instruments for Director (FID), 3/2013 - CEO Forum 6/2013 (MAI) : Sustainable Business with CSR - Monitoring Fraud Risk Management, MFM 10/2013 - How to Measure the Success of Corporate Strategy , HMS 2/2013 - Risk Management Program for Corporate Leaders (RCL3/2016)	1.78%	2008 - Present	- Finance, Accounting and Information Technology Manager	Tirathai Public Limited
			2005 - Present	- Company Secretary	
			2011 - 2011	- Director	
			2005 - 2007	- Nominating Committee	
				- Deputy Managing Director (Finance and Marketing)	
			1992 - Present	- Finance and Accounting Manager	Bangkok Engineering Consultant Co., Ltd.
				- Director	

3. Mr. Upakrom Thaweephoke
Director
(Authorized binding signature jointly with Mr. Sumpun)
Being appointed to Director on July 5th. 2005
Age (65)

Name Last Name Position	Education / IOD	Percent of Shareholding	Previous Experience over the Past 5 Years		
			Period	Position	Company Name
	- Bachelor of Engineering (Industrial) Adamson University, Phillipine - Directors Accreditation Program(DAP),2004	2.77%	2005 - Present	- Executive Director	Tirathai Public Limited
			2005 - 2012	- Production Manager	

4. Mr. Charuvit Suanmalee
Director
(Authorized binding signature jointly with Mr. Sumpun); to
Being appointed to Director on July 5th. 2005
Age (67)

Name Last Name Position	Education / IOD	Percent of Shareholding	Previous Experience over the Past 5 Years		
			Period	Position	Company Name
	- Bachelor of Engineering (Electrical) King Mongkut's University of Technology Thonburi - Master of Arts Program in Integrated Conflict Management Kasetsart University - Directors Accreditation Program(DAP),2004 ^{UDC} Finance for Non-Finance Director(FN),2004	0.37%	2008 - Present	- Sales Manager	Tirathai Public Limited
			2005 - Present	- Executive Director	
			2006 - 2008	- Marketing Manager	

5. Mr. Ouichau Siriwanjana
 Director
 (Authorized binding signature
 jointly with Mr. Sumpun)
 Being appointed to Director
 on July 5th. 2005
 Age (63)

Name Last Name Position	Education / IOD	Percent of Shareholding	Previous Experience over the Past 5 Years		
			Period	Position	Company Name
	- Master of Business Administration Thammasat University - Bachelor of Engineering (Electrical) Chulalongkorn University - Directors Accreditation Program(DAP),2004 ^{UDC} - Directors Certification Program(DCP),2004	0.73%	2011 - Present	- Executive Director	Tirathai Public Limited
			2008 - Present	- Planning Procurement & Logistics Manager	
			2005 - 2007	- Deputy Managing Director (Operations) - Quality Assurance Manager	

6. Mr. Ampornrat Poolcharoen
 Director
 (Authorized binding signature
 jointly with Mr. Sumpun)
 Being appointed to Director
 on July 5th. 2005
 Age (66)

Name Last Name Position	Education / IOD	Percent of Shareholding	Previous Experience over the Past 5 Years		
			Period	Position	Company Name
	- Bachelor of Business Administration (Finance and Banking) Bangkok University - Directors Accreditation Program(DAP),2004/ - Company Secretary Program,2005 Anti-Corruption the Practical Guide (ACPG 20/2015)	2.27%	2008 - Present	- Human Resource and Office Administra Manager	Tirathai Public Limited
			2005 - 2007	- General Administration Manager	

7. Mrs. Sunan Santichotinan
 Director
 (Authorized binding signature
 jointly with Mr. Sumpun)
 Being appointed to Director
 on July 5th. 2005
 Age (66)

Name Last Name Position	Education / IOD	Percent of Shareholding	Previous Experience over the Past 5 Years		
			Period	Position	Company Name
	- Master Degree of Management D86 Sasin Graduate Institute of Business Administration Chulalongkorn University - Directors Accreditation Program(DAP),2006/	0.01%	2005 - Present	- Director	Tirathai Public Limited
			2012 - Present	- Nominating Committee	
			2009 - Present	- Executive Vice President	AIRA SECURITIES PUBLIC COMPANY LIMITED
			2010 - 2010	- Nominating Committee	Tirathai Public Limited
			2007 - 2008	- Nominating Committee	

8. Mr. Tai Chong Yih
 Director
 Being appointed to Director
 on July 5th. 2005
 Age (57)

Name Last Name Position	Education / IOD	Percent of Shareholding	Previous Experience over the Past 5 Years		
			Period	Position	Company Name
 9. Mr. Singha Nikornpun Independent Director Audit Committee Being appointed to Director On November 12th. 2012 Age (64)	- Master Degree of Business Administration, Abilene Christian University, Dallas, Texas, USA. - Bachelor Degree in Finance and Banking, Kasetsart University - Capital Market Academy Leadership Program - Politics and governance in Democratic Systems for Executive #8, King Pradjadhipok's Institute - Advanced Management for Bankers, Wharton School, University of Pennsylvania, U.S.A. - Financial Institution Governance Progame, FGP 3/2011 - Role of The Compensation Committee Program (RCC) - Director Certificate Program (DCP) - Improving Board Decisions (IBD) - Director Certification Program Update (DCPU 2/2014) - Advanced Audit Committee Program (AACP 15/2014) - Anti-Corruption for Executive Program (ACEP 10/2014) - Role of the Chairman Program (RCP 33/2014) - Successful Formulation and Execution of Strategy (SFE 25/2015) - Successful Formulation and Execution of Strategy (SFE 27/2016) - Ethical Leadership Program (ELP4/2016)	0.00%	2013 - Present	- Independent Director/ Audit Committee	TMB Public Company Limited
			2012 - Present 2008 - Sept. 2012	- Independent Director/ Audit Committee - President of Deposit Protection Agency Improtant Work Experiences - Deputy Secretary General (Investment) - Deputy General Manager - Senior V.P. Treasurer, Head of Correspondence Banking - Vice President/Chairman of Audit Committee - Chairman - Chairman - Chairmam - Director - Director - Director - Independent Director/ Audit Committee	Tirathai Public Limited Deposit Protection Agency Government Pension Fund Deutsche Bank, Bangkok Nakornthon Bank Thai Bond Market Assiciation Thai Administration Services Co., Ltd. Fitch Ratings Co., Ltd. GPF Property Management Co., Ltd. Saha Thai Steel Pipe Public Co., Ltd. Thai Property Advisory Co., Ltd. LMG Insurance Co., Ltd. IFS Capital (Thailand) Public Co., Ltd.

Name Last Name Position	Education / IOD	Percent of Shareholding	Previous Experience over the Past 5 Years		
			Period	Position	Company Name
 10. Mr. Annop Tagajarin Independent Director Being appointed to Director On November 8, 2016 Age (68)	- Bachelor of Engineering Chulalongkorn University	0.08%	2016 - Present	- Director/Independent Director	Tirathai Public Limited
			2009 - 22011 2009 - 2011	- Consultant - Managing Director	Siam Cement Group Concrete Product and Aggregate Co.,Ltd.

Event Calendar 2017

The 30th Anniversary Celebration of Tirathai Public Company Limited



At the ceremony, there are honorable guests and numerous companies attended this event.





Tirathai has been certified Green Label Transformer.

Prof. Ph.D. Phadhdasak Chariyapan, Acting Director of Thai Environment Institute welcoming the Green Label Transformer to the Managing Director on August 31, 2017, the first and only Transformer manufacturer to receive the green label certification.

Tirathai has been certified Green Industry Certification, Level 4

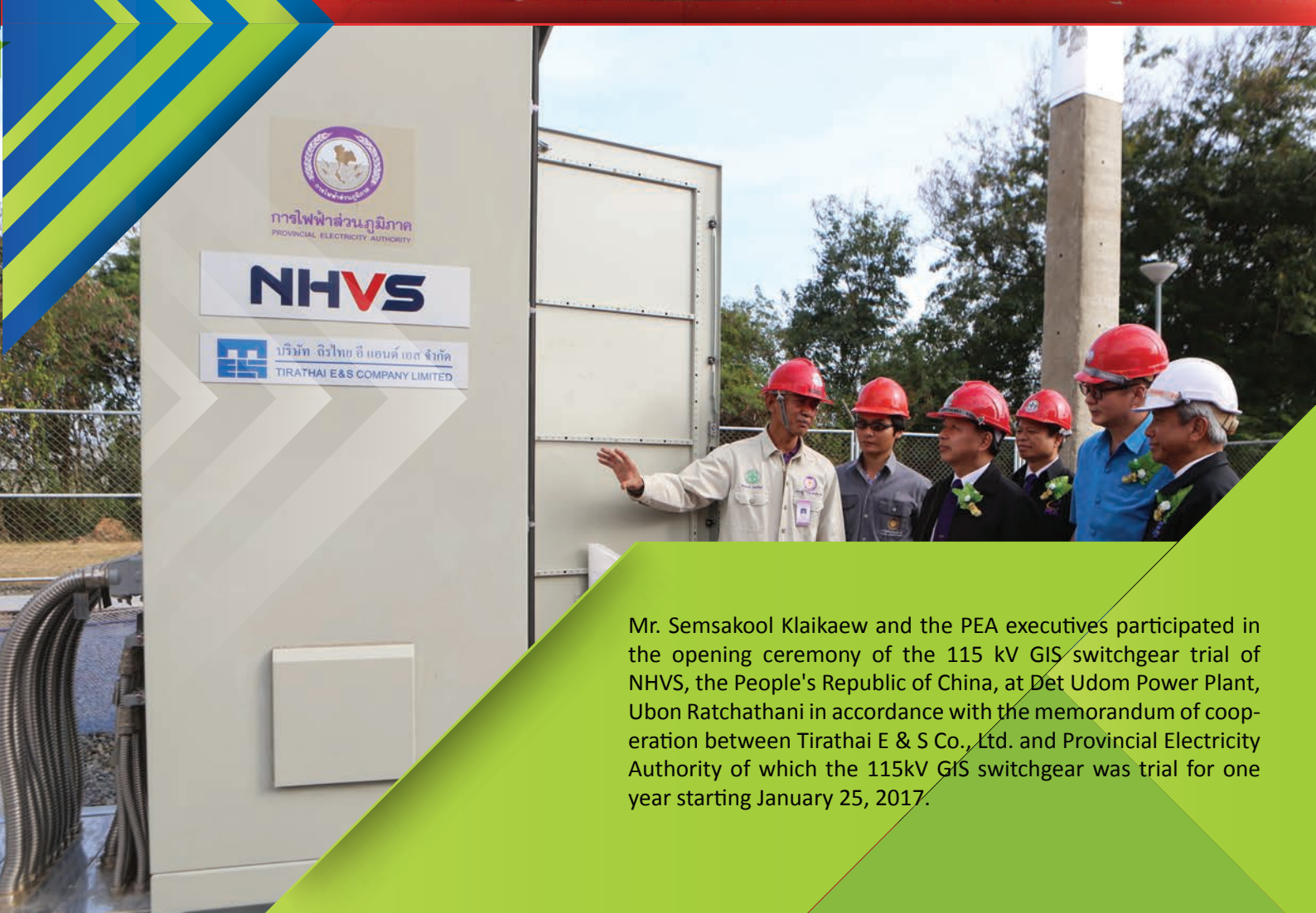
Mrs. Sunan Santichotinan, Director, Tirathai Public Company Limited, Thailand's leading transformer innovator and related energy industry has certified Green Industry Level 4 Green Culture. An all-in-one organization that works together in an environmentally friendly manner in all aspects of the business which, became part of the corporate culture, received from Mrs. Anong Pajichitprapapon. Deputy Director General of Department of Industrial Works, representing Deputy Minister of Industry at The Army Club on September 11, 2017.



**Receipt of the certificate
of entrepreneurs who
have registered the
carbon footprint of
the product.**

Greenhouse Gas Management Organization (Public Organization) held the ceremony to commemorate and award the entrepreneurs who have registered their carbon footprint and other greenhouse gas reduction activities under the theme "Centenary of Relieving the Global Warming of the Year 2017 on Tuesday, 19 September 2017 at Centara Grand at Central Plaza Ladprao, Bangkok. By Khun Sunan Santichotinan, Executive Director of Tirathai Public Company Limited received the donation from Dr. Kurujit Nakornthep, Chairman of the Management Organization Green House Gas Former Secretary of Energy.

GIS: Experiment with 115kV GIS Switchgear



Mr. Semsakool Klaikaew and the PEA executives participated in the opening ceremony of the 115 kV GIS switchgear trial of NHVS, the People's Republic of China, at Det Udom Power Plant, Ubon Ratchathani in accordance with the memorandum of cooperation between Tirathai E & S Co., Ltd. and Provincial Electricity Authority of which the 115kV GIS switchgear was trial for one year starting January 25, 2017.

Factory and Production Visits on June 15 and September 20, 2017





Various agencies and institutions such as Metropolitan Electricity Authority, Association of Electrical and Mechanical Contractors, Siam Yamato Co., MBA, Chulalongkorn University, IRPC College, Pathumwan Institute of Technology, Ubon Ratchathani University, etc. paid a courtesy visit.



Investors Visit

Welcome Investors to the factory visit as of June 15, 2017 and September 20, 2017





VISION

To be a leading transformer manufacturer, distributor and comprehensive services provider in Asia and Oceania and to seek opportunities of joint venture in related energy business. These will be supported with quality performance serving customer's demand on the basis of corporate good governance and social responsibility.

MISSION

1. BUSINESS

To utilize technical expertise to collaborate with customers in order to design and manufacture transformers of quality suitable for their system and nature of work. Also to develop a complete range of service system to support customers' electrical system maintenance.

To expand the market structure covering countries in Asia and Oceania.

To increase distribution channels of energy generating and distributing equipments and to enter joint ventures in energy generating system projects.

2. CUSTOMER

To serve customers' need by focusing on quality, reasonable price, in time delivery and good service.

To be strongly intent on being the first choice of customers at any time when they demand transformer products and services.

3. HUMAN RESOURCES

To encourage, develop and retain people to obtain their expertise and to build up their spirits of Teamwork, Quality, Integrity and Customer focus.

4. CORPORATE GOVERNANCE

To have credibility to the shareholders and treat all stakeholders with fairness.

5. CORPORATE SOCIAL RESPONSIBILITY

To be a good member of the society and perform business with responsible concern for the public.

Note: Vision issued at 9, February 2010

Mission issued at 31, March 2010

Major Shareholders and Dividend Policy

Top ten shareholders as of 31 December 2017

	Major Shareholders	# Shares	% share
1.	Mr. Sampan Vongphan	40,109,927	13.02%
2.	CIMB SECURITIES (SINGAPORE) PTE., LTD	23,834,870	7.74%
3.	Mr. Wiboon Wongserbchart	9,857,800	3.30%
4.	Mr. Charuvit Suanmalee	8,521,014	2.77%
5.	Mr. Sutthisak Mahitthivanicha	7,846,500	2.55%
6.	Mrs. Sunan Santichotinan	6,991,809	2.27%
7.	Mr. Upakrom Thaweephoke	5,488,558	1.78%
8.	Mr. Somchai Sukjittittayakarn	5,240,140	1.70%
9.	Mr. Somchai Patpai	4,639,050	1.51%
10.	Mr. Kanta Vongphan	4,407,241	1.43%
	Other Shareholders	191,071,363	62.03%
	Total	308,008,272	100%

Note: The 1st, 4th, 6th and 7th in the shareholders' list are the Executives and Directors of the Company.

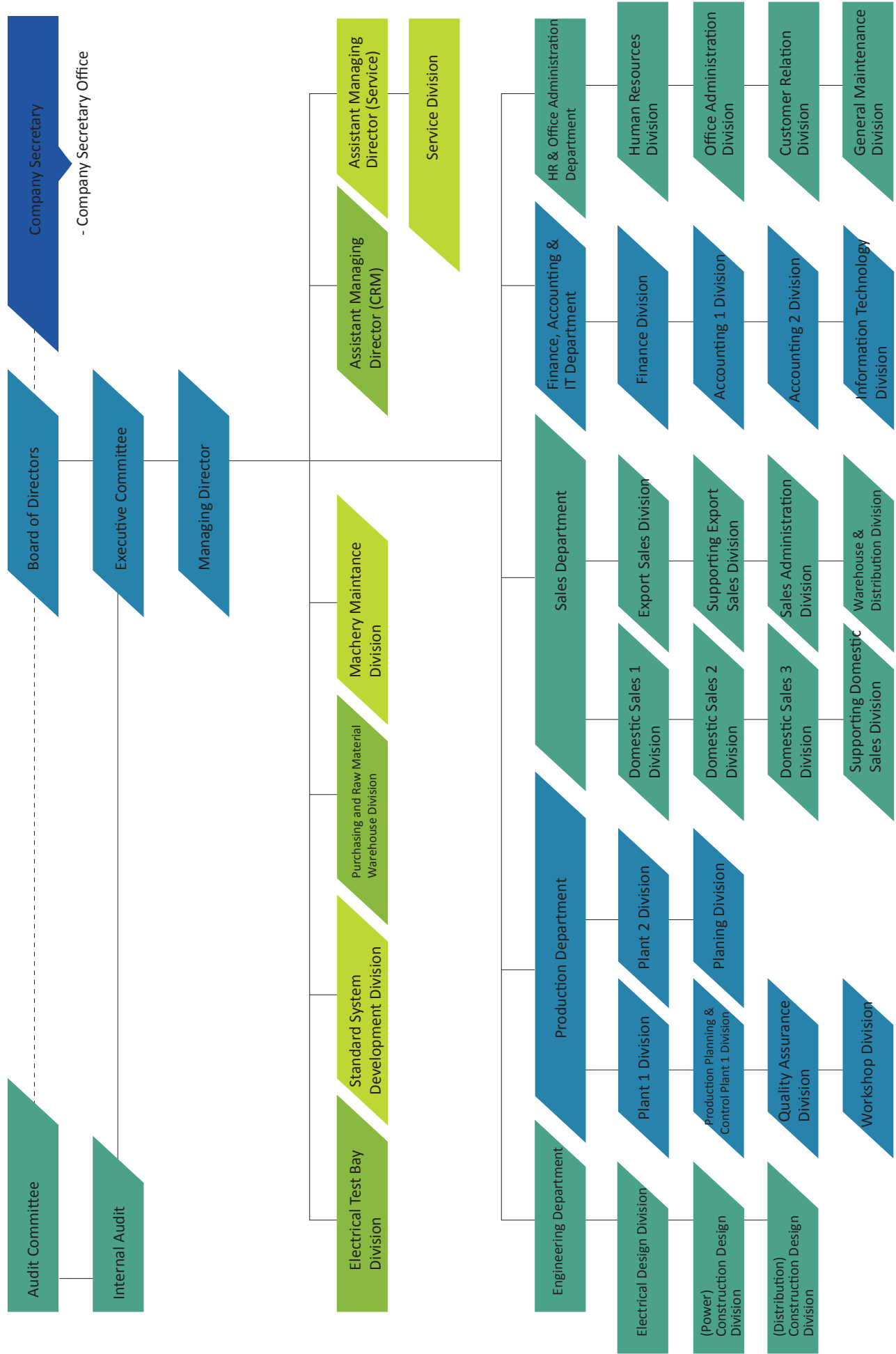
The 2nd is the custodian (foreign juristic company) of Mr. Tai Chong Yih, who is a director of the Company

Dividend Policy

The Company has the policy to pay dividend at the rate not less than 50% of net profit after tax and legal reserve.

However, the dividend payment has to pass the shareholders' resolution at the AGM.

Organization Chart



Management

Structure of the Company's committees consists of 4 committees including the Board of Directors, the Audit Committee, the Nominating Committee, and the Executive Committee, whose names and scope of authority are as follows:

Board of Directors

As of December 31st, 2017, the Board of Directors consists of 10 members; each of them shall assume the office for a term of three years:

			Term to be end by
1. Dr. Pisit	Leeahtam	Chairman/ Independent Director/ Chairman of the Audit Committee	21/4/2020
2. Mr. Sumpan	Vongphan	Vice Chairman	28/4/2018
3. Mr. Upakrom	Thaweephoke	Director	21/4/2019
4. Mr. Charuvit	Suanmalee	Director	21/4/2020
5. Mr. Ouichai	Siriwajana	Director	21/4/2019
6. Mr. Ampornrat	Poolcharoen	Director	28/4/2018
7. Ms. Sunan	Santichotinan	Director	21/4/2020
8. Mr. Tai	Chong Yih	Director	28/4/2018
9. Mr. Singha	Nikornpun	Independent Director/Audit Committee	21/4/2019
10. Mr. Annop	Tagajarin	Director /Independent Director	28/4/2018

By Mrs. Chotika Meewongvanich, Secretary to the Board of Directors

Authorized Directors

Authorized directors binding the Company include Mr. Sampan Vongphan; jointly sign their names with Mr. Upakrom Thaweephoke or Mr. Ampornrat Poolcharoen or Mr. Charuvit Suanmalee or Mr. Ouichai Siriawajana or Ms. Sunan Santichotinan, totally 2 persons, with the company common's seal being affixed.

Scope of Authority of the Board of Directors

1. Operate the Company's businesses in accordance with the law, objectives and regulations of the Company, as well as resolutions of the shareholders' meetings, with honesty, integrity, and carefully protect the interest of the Company
2. Make plans and determine policies on the business management of the Company, and audit the operating result of the Company
3. Prescribe rules and regulations of the Company
4. The Board of Directors may appoint the Executive Committee or authorize one or several director(s) or other person(s) to take any action(s) in lieu of the Board of Directors, thus, within the scope of the authority of the Board of Directors; and shall be entitled to terminate, revoke, amend, or change the said authorization
5. Consider and approve other significant deals in connection with the Company, or as it deemed appropriate to carry out such deals for the benefits of the Company

Exception to the authority of the following actions, which will be taking only after receiving a prior approval from the shareholders' meeting. Thus, any transactions which any director or parties who may have conflict of interests or being stakeholder(s) or may have conflict of interests in any other nature with the Company, the said director shall have no voting right over such transactions.

- Transactions which are required by law to receive resolutions from the shareholders' meeting such as transfer or sales of business, increase of capital, merger, etc.;

- Transactions in which any director is a stakeholder and being required by law or regulations of the Stock Exchange of Thailand to receive prior approval from the shareholders' meeting;

Audit Committee

As of December 31st, 2017, the Audit Committee of the Company consists of 2 members; each of them shall assume the office for a term of three years:

			Term to be end by
1. Dr. Pisit	Leeahtam	Chairman of Audit Committee	28/2/2020
2. Mr. Singha	Nikornpun	Audit Committee	28/2/2020

Mr. Amornphong Nuanvivat, Secretary to the Audit Committee

Remark: On 20th. February 2017, The Committee had appointed Mr. Mr. Annop Tagajarin as Audit Committee to replace Mr. Teeravut Supaviriyakul (Committee who has resigned from post on December 28th, 2017)

Authority of the Audit Committee

1. To review the Company's financial transactions to ensure that it is accurate and adequate.
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to consider an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of internal audit.
3. To review and ensure the company abide by laws and regulations of The Securities and Exchange, The Stock Exchange of Thailand, as well as, rules or laws relating to the Company's business.
4. To consider, select, and nominate an external auditor of the Company, Including recommendation of remuneration for the external auditor. In addition, to attend a meeting with the auditor without the presence of the management as least once a year.
5. To consider the Connected Transaction or transactions that may lead to conflict of interest. To comply with the laws and regulations of the Stock Exchange of Thailand. This is to ensure that the transaction is reasonable and maximize the benefit of the Company.
6. To prepare the report of the Audit Committee and disclose in the Company's annual report. The report must sign by the Chairman of the Audit Committee and should consist of the following:
 - (a) an opinion on the accuracy, completeness and creditability of the Company's financial report
 - (b) an opinion on the adequacy of the Company's internal control system,
 - (c) an opinion on the compliance with the law and regulations of The Securities and Exchange, and regulations of The Stock Exchange of Thailand or the laws relating to the Company's business,
 - (d) an opinion on the suitability of an auditor,
 - (e) an opinion on the transactions that may have conflicts of interests,
 - (f) The number of the Audit Committee meetings, and the attendance of each audit committee,
 - (g) an opinion or observation about the Audit Committee performance of duties in accordance with the charter and,
 - (h) Other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors
7. To perform any other duties assigned by the Company's board of director, with the approval of the Audit Committee.

Nominating Committee

As of December 31st, 2017, the Nominating Committee of the Company consists of the following members; each of them shall assume the office for a term of one year:

			Term to be end by
1. Mr. Singha	Nikornpun	Chairman of the Nominating Committee	28/2/2018
2. Mr. Charuvit	Suanmalee	Nominating Committee	28/2/2018
3. Mr. Tai	Chong Yi	Nominating Committee	28/2/2018

Authority of the Nominating Committee

1. Determine the qualifications of the Directors nomination according to structure, size and composition of the Board as specified by the Board of Directors
2. Recruit and nominate appropriate persons to be the directors according to the qualifications as specified by the Board and propose to the Board of Directors for consideration

Executive Committee

As of December 31st, 2017, the Executive Committee of the Company consists of 5 members; each of them shall assume the office for a term of one year:

		Term to be end by
1.Mr. Sumpan Vongphan	Chairman	28/2/2018
2.Mr. Upakrom Thaweepoke	Executive Director	28/2/2018
3.Mr. Charuvit Suanmalee	Executive Director	28/2/2018
4.Mr. Ouichai Siriwanjana	Executive Director	28/2/2018
5.Mr. Ampornrat Poolcharoen	Executive Director	28/2/2018

Authority of the Executive Committee

1. Oversee the business operations of the Company in accordance with its business policies, business plans, and business strategies as approved by the Board of Directors
2. Authorize the expenses or payments in related to the business operations or investment in new projects or new purchase or sale of fixed assets of the Company, loans; with the amount limit not over 200 million Baht
3. Authorize the order confirmation, quotations, execution of contracts or loans, guaranty, or any juristic act in normal course of business of the Company, with the amount limit not over 1,000 million baht
4. Determine the structure of organization and management covering the details of selection, training, employment, and termination of the employees
5. Determine the employees' welfare in accordance with circumstances, traditions, and the applicable law
6. Consider the execution of contracts of the Company and its subsidiary relating to finance, loans, and guaranty with the amount limit of 5 million Baht each
7. Consider each agenda prior to seek for Board of Directors' approval
8. Recommend the Board of Directors to give approvals on goals, business policies, business plans, business strategies, management power, annual expense budget, scope of authority of the Managing Director
9. Perform other duties as assigned by the Board of Directors
10. Supervise the business operations of the Company in accordance with the law, objectives and regulations of the Company, as well as resolutions of the shareholders' meetings

The above delegation to the Executive Committee must be under the criteria of law, and rules and regulations of the Company. In case of any actions which have or may have benefits or interests of any Executive Director or parties in conflict (as per the Announcement of the Securities and Exchange Commission), the Executive Committee shall propose the said transactions to the Board of Directors for further consideration. Whereas, such Executive Director and parties who may have conflicts of interest shall have no voting right in the Board of Directors' Meeting.

The Management

As of December 31st, 2017, the Management of the Company consists of 8 members, as follows:

1. Mr. Sumpan Vongphan	Managing Director
2. Mr. Yossagorn Burakamkowitz	Assistant Managing Director (CRM)
3. Mr. Chumporn Koopipat	Assistant Managing Director (Marketing)
4. Mr. Upakrom Thaweepoke	Finance, Accounting and Information Technology Manager/ Company Secretary
5. Mr. Ampornrat Poolcharoen	Production Manager
6. Mr. Ouichai Siriwanjana	Marketing Manager
7. Ms. Sunan Santichotinan	Human Resources & Office Administration Manager
8. Mr. Somsak Kooamornpatana	Engineering Manager

Authority of the Managing Director

1. Operate and manage the business operations of the Company in accordance with the business policies, business plans, and business strategies, as approved by the Board of Directors
2. Authorize the expenses or payments under projects or investment or buy or sale of fixed assets of the Company, as approved by the Executive Committee
3. Authorize the general expenses of the business operations of the Company within the amount limit not over 1.0 million Baht each; exception to Raw Material Purchase, Contractors, and temporary employees in order to fulfill the contract
4. Authorize or assign any other person as the Managing Director may see fit to perform the duties on his behalf in matters as deemed appropriate in accordance with the law, rules and regulations of the Company

5. Perform other duties as assigned by the Board of Directors and/or by the Executive Committee on a case-by-case basis
6. Approve and authorize the engagement of agreement binding the general business operations of the Company; whereas, the credit limit is in accordance with the approval authority, which have been approved by the Board of Directors; so as to the total amount limit may be adjusted as deemed by the discretion of the Board of Directors

The above authorization to the Managing Director must comply with the rules and regulations of the Company. In any case, the director who may have conflict of interests or parties who have been in conflict with the Managing Director shall have no authorization to do so. The Managing Director shall present the issue to the Board of Directors for further consideration.

Nomination of Directors and the Management

The selection of directors of the Company must be through the nomination process of the Nominating Committee. The Nominating Committee shall select candidates to assume the office of the Board of Directors by taking into the considerations of knowledge, abilities, and business-related experiences or may consider from the experienced major shareholders of the Company. However, the appointment of new directors shall be considered by the Board of Directors' meeting attended by the Audit Committee.

In addition, the appointment of the new Board of Directors shall be approved by the resolution of the shareholders' meeting according to the Company's Regulations prescribing that the shareholders' meeting shall elect the directors according to the criteria and procedures, as follows:

- (a) A shareholder shall have one vote per one share
- (b) Each shareholder shall use all of his/her votes under (a) to elect one or several person(s) as directors without dividing any portions of his/her votes to any person
- (c) The person who receives the highest number of votes in descending order is the one who has elected as the number of directors to be elected or elected at that time. In the case where a person who has elected in the next order has the same number of votes in excess of the number of directors to be elected, the Chairman shall have the casting vote.

At every Annual General Meeting (AGM), One-third of directors must be released from office. In case, the number of directors cannot be divided into three portions, the approximate number to one-third of the directors shall be released from office. Directors to be released from office in the first year and in the second year after the Company's registration shall be selected by drawing lots. Meanwhile, in the following years, directors who have longest been in office will be released from office. Retiring directors may be re-elected.

Criteria for Selection of Audit Committee/Independent Directors

The Audit Committee consists of three independent committees, with a term of office of three years. The Company has a policy to nominate a member of the Audit Committee whose qualifications shall be as follows:

1. Hold shares not exceeding 1% of the paid-up capital of the Company
2. A director who is not involved in the management of the Company and its related companies
3. A director who is not an employee, employee or advisor receiving a regular salary from the Company, related companies Or major shareholders of the Company.
4. A director who has no interest or either direct or indirect stake in the financial and management of the company, Affiliate Company, Or major shareholders of the Company.
5. A director who has no interest or stakes in accordance with Section 4. Prior to the past 2 years, to be appointed as a member of the Audit Committee.
6. A director who is not a related person or a close relative of the management or major shareholders of the Company.
7. A director who has not been appointed as a representative to protect the interests of the Company's directors, major shareholders or shareholders who are related to the major shareholders of the Company.
8. To perform the duty to express opinion or report the performance according to the duties assigned by the Board of Directors. It is not under the control of management or major shareholders of the Company, including those related or close relatives of such person.

In addition, the Company has considered other qualifications, such as experience, knowledge, expertise and ethics, to maximize benefit to the Company.

Nomination of the Management

The Board of Directors and the management comprehend the operations to ensure that the appropriate recruitment process for nomination of the top essential management are practical managed providing process and action plan under Concrete Human Resource Management.

Remunerations of the Management

1. Remunerations in Cash

Remuneration approved by the Annual General Meeting of Shareholders for the year 2017 on April 28, 2560 is as follows:

1.1 Monthly remuneration and meeting allowance

Board	Monthly Remuneration (Baht per person)	Meeting Allowance (Baht per time) (Only directors who attended the meeting)
Board of Directors		
- Chairman of the Board	25,000	30,000
- Committee	10,000	15,000
Audit Committee		
- Chairman of the Audit Committee	10,000	30,000
- Audit Committee	5,000	15,000

1.2 Bonus

According to the resolutions of the Annual General Meeting of Shareholders for the year 2017, the approval of Bonus, including monthly remuneration and meeting allowance for the year 2560 are not exceeding 5.5 million baht

2. Other compensation or benefits

-None-

Remunerations of the Board of Directors and Audit Committee

Name		2016			2017		
		Remuneration	Meeting Allowance	Bonus	Remuneration	Meeting Allowance	Bonus
1. Dr. Pisit	Leeahtam	266,499**	195,000	340,000	420,000**	300,000	296,000
2. Mr. Sumpun	Vongphan	540,000**	75,000	170,000	540,000**	90,000	148,000
3. Mr. Upakrom	Thaweephoke	180,000**	75,000	170,000	180,000**	90,000	148,000
4. Mr. Ampornrat	Poolcharoen	180,000**	75,000	170,000	180,000**	90,000	148,000
5. Mr. Charuvit	Suanmalee	180,000**	75,000	170,000	180,000**	90,000	148,000
6. Mr. Ouichai	Siriwajana	180,000**	60,000	170,000	180,000**	90,000	148,000
7. Ms. Sunan	Santichotinan	120,000	75,000	170,000	120,000	90,000	148,000
8. Mr. Tai Chong	Yih	120,000	75,000	170,000	120,000	90,000	148,000
9. Mr. Teeravut	Supaviriyakul	180,000*	135,000	170,000	180,000*	150,000	148,000
10. Mr. Singha	Nikornpun	180,000*	135,000	170,000	180,000*	150,000	148,000
11. Mr. Annop	Tegajarin	17,667*	-	-	120,000*	90,000	148,000
Total		2,394,166	1,005,000	1,870,000	2,400,000	1,320,000	1,776,000

Remark :

1. Inclusive of Total remuneration as Audit Committee
2. Inclusive Total remuneration as Executive Director Approved at the Board of Directors Meeting No. 1/2017
3. The Annual General Meeting of Shareholders for the year 2017 resolved to approve the directors' remuneration, bonus and meeting allowance for the year 2017 not exceeding 5.5 million baht.

Remunerations of the Management

1. Monetary remuneration

Remunerations	2016		2017	
	No. of person	Remunerations (baht)	No. of person	Remunerations (baht)
Total Remunerations*	8	22,031,580	8	22,252,920
Total Bonus	8	1,866,815	8	249,445
Total	8	23,898,395	8	22,502,365

Remunerations include salaries and other benefits.

2. Other compensation or benefits

1. Car to facilitate the execution of duty
2. Fuel Allowance for actual duty but not exceeding 10,000 baht / person / month
3. Annual Health Checkup
4. Life insurance, Health insurance, Accident insurance

Corporate Governance

The Company recognizes the significance of good corporate governance and has thus prescribed the code of conduct relating to the business ethics for transparency of operation of work of staff at all levels. The Company's management has pushed the establishment of corporate governance culture as a basis of sustainable growth and generation of benefit to all stakeholders (please see further information in Form 56-1).

Corporate Governance Policy

To achieve the Company's objectives of business operation; to create responsibilities for performance of work according to the duties; to generate honesty-based transparency; to increase sustainable business competitiveness; and to increase the confidence of stakeholders, the Board of Directors has determined its corporate governance policy, as follows:

1. Operate the business with transparency and accountability; and disclose adequate information for all stakeholders;
2. Manage the Company's affairs at its full capabilities for the maximum benefits of shareholders;
3. Provide the risk management and control system; operate the Company's businesses with reasonable care; evaluate the risks; and determine strategies for correction and monitoring of risk management on a regular basis;
4. Provide equal and fair treatment to shareholders and all stakeholders;
5. Clearly organize the structure of roles, duties, and responsibilities of each group of directors;
6. Encourage the management and all employees to perform their duties with business ethics and righteousness;

The Company has been registered with MAI on May 10th, 2006; whereas, the Board of Directors and the management of the Company has its policy to operate businesses with transparency, to adhere to the principle of merit and to comply with the law and the corporate governance policy of the Company; therefore, the Company has implemented its corporate governance policy for the purposes of transparency and accountability; and has disclosed adequate information to all related parties. The Company has reported the result of implementation of its good corporate governance policy in 2017 according to the principle of good corporate governance of registered companies, as follows:

Section 1 Right of Shareholders

The Board of Directors has given the priority to the right of shareholders; and the Company has implemented its corporate governance policy by taking account of shareholders' rights, as follows:

Structure of Shareholders

The Company has organized clear and transparent structure of shareholding between the Company and its subsidiaries; and has disclosed the names, no. of shares and proportion of shareholding of major shareholders of the Company and its subsidiaries in Form 56-1 and the Annual Report.

Encouragement on the Exercise of Shareholders' Rights

The Company has its practical procedures to maintain and to protect its shareholders' rights. The procedure began with determining the good corporate governance policy with concerns for shareholders' rights and encouraging of shareholders to exercise the rights and their fundamental rights after the trading of securities, rights to receive dividend, supervising the coordination between shareholders and the Registrar of Thailand Securities Depository Co., Ltd. (TSD), as well as establishing a work unit to handle inquiries and to facilitate shareholders regarding the registration work; moreover, the Company has promoted the active roles of shareholders in the shareholders' meetings, including the right of meeting attendance, the voting right, and the expression of opinions so that shareholders will have active participation in considering the crucial matters. Moreover, the company has policy to facilitate and encourage the shareholders and fund managers to join the shareholders' meeting.

Facilitation on the exercise of right of meeting attendance and the voting right of shareholders

The Company has facilitated its shareholders regarding the attendance and the exercise of the voting right in meetings and has refrained from any action which may impair their opportunities to attend meetings; and has managed to promote the exercise of right of shareholders before, during, and after the date of shareholders' meetings, in compliance with principles and guidelines specified in "AGM Checklist", prescribed by the Thai Investors Association, the Limited Companies Association, and the Securities and Exchange Commission. The Company has been evaluated by the Thai Investors Association, the Limited Companies Association, and the Securities and Exchange Commission in the AGM 2017 at the level of 95%.

Section 2 Fair Treatment to Shareholders

The Company has taken account of equality among all groups of shareholders so that shareholders shall have opportunities to participate in its administration of work; and has promoted the mechanism for balance of power and audit of the company's operations; whereas, the principle of fair treatment to shareholders shall be as follows:

Shareholders' Meeting

The Company has realized that shareholders' meeting is a channel that shareholders shall be able to exercise their right of audit and control of the company's operations; therefore, the Company has created the supportive environment of shareholders' meeting so that shareholders shall have an opportunity to exercise their rights and to receive equal treatment. In 2017, the Company has convened shareholders' meeting (AGM) on 28 April 2017, whereas, the Board of Directors has supervised the arrangement of shareholders' meeting and has invited all shareholders, and has notified them of the date, time, venue, as well as agenda of the meeting.

The Board of Directors has duly convened the shareholders' meeting within adequate time and has promoted the equal opportunities for inquiries, expression of opinions, and recommendations to all shareholders; moreover, the Company has safely kept the approved minutes of shareholders' meeting systematically for easy and convenient accesses.

Provision of the Protection System and Audit of Internal Data Use

The Board of Directors has given the priority to the provision of protection system and audit of internal data use to prevent from exploiting the internal data for the purpose of trading of securities; and has prescribed guidelines for keeping and prevention of internal data use, which shall be strictly observed throughout the organization.

Moreover, directors and the management have recognized the obligations and responsibility to prepare and disclose the report on the holding of the Company's securities to the Office of Securities and Exchange Commission, as per Clause 59 of the Securities and Exchange Act 1992.

Section 3 Awareness of the Stakeholders' Roles

The Board of Directors is aware of rights and roles of inside and outside stakeholders and has prescribed the Company's mission to become a reliable organization that provides maximum returns to stakeholders; and has also prescribed the written policy and ethical standards on fair treatment to stakeholders to be complied with by the Board of Directors and employees at all levels.

The Board of Directors has given the priority to the rights of all groups of stakeholders through its "core value" project, which consists of TQIC (Team work, Quality, Integrity and Customer Focus), established by means of brainstorming between the management and employees at all levels and being created from the insiders' selfness for practical implementation. This core value was communicated to staff at all levels and was applied to the recruitment of new staff for clear understanding of guidelines of the Company's business operations.

The Board of Directors and the top management are confident that the organizational values and culture, which are determined by the demand and directions of personnel within the organization, shall lead to practical implementation and implantation of good consciousness in accordance with the ethical principle of business operation of the Company, which emphasizes the transparency and fair treatment to all groups of stakeholders in order to achieve the goal of the organization and is simultaneously used as a mechanism to protect rights and benefits of all groups of stakeholders; therefore, it can be trusted that the Company has equally given the priority to all groups of stakeholders including shareholders, employees, business partners and creditors, customers, competitors, communities, society, and the environment; moreover, it has prescribed the procedures covering the rights and benefits that the stakeholders should be given, as follows:

Shareholders

The Company has its policy to take care of the shareholders' right regarding the obtainment of information, voting rights, right to receive fair treatment; moreover, the Company has continuously produced its satisfactory operating result and has given the benefit and satisfactory returns to its shareholders without complicate and cross structure of shareholder. Moreover, the Company also has policy to give an opportunity for the all of shareholders to communicate freely among themselves and will not ignore to disclose any significant conditions in the Shareholders Agreement, which have the big impact to the Company, or any other shareholders (if any). Regarding related transactions, it will be considered carefully by Audit Committee before submission to Board of Directors for consideration and approval; meanwhile, directors who are stakeholders shall refrain from voting for approval of the said transactions; moreover, the Board of Directors shall strictly supervise the related transactions and acquisition and disposal of assets in accordance with the regulations of the Stock Exchange of Thailand (SET).

Employees

The Company has considered that employees are one of the crucial factors to the organization's successes, and has thus determined to develop various factors, for being organizations of learning, to strengthen the organizational structure, to promote team working, to give reasonable returns, which is in line with short and long term of the company operation. The Company has also provided the company's welfare including group insurance, personal accident insurance, and provident fund and saving and credit cooperation, etc. The company is also accredited with TIS/OHSAS 18001 Standard for occupational health and safety management and also to give priority to its employees' potential development, to pass on the knowledge, and to welcome all opinions and suggestions from employees by way of establishing its core value, which includes its adherence to the integrity.

Business Partners and Creditors

The Company has its policy of fair treatment to business partners; especially in terms of vendor selection process, vendor evaluation process, price comparing process which are written in the company procedure, and creditors strictly in compliance with the law and commercial conditions under the agreements mutually executed, including business ethics and guidelines of good and fair practices relating to borrowing of money from creditors and repayments of debts, negotiating with the bank to get the best and fair guarantee condition and also monitoring Debt and Equity structure to be in a proper proportion in order to cope up with the company's growth ; whereas, in the previous year, the Company had no disputes with its business partners or creditors.

Customers

The Company has taken good cares and responsibilities for its customers by manufacturing standard quality products that meet the customers' demands and emphasizing the quality of products and services as well as reasonable prices, and punctual delivery of products. In case, there are obstacles preventing the delivery of products according to the scheduled time, the Company shall notify its customers in advance to discuss and find collective solutions to the problems.

Competitors

The Company has complied with the rules of fair competitions to maintain the code of conduct for competitions; whereas, in the previous year, the Company had no disputes with its commercial competitors.

Communities, Society, and Environment

The Company has taken its great cares for environmental protection and has prevented any potential environmental impacts to

communities and the society. According to implementation of the said policy, the Company has been accredited with ISO 14001 Standard in 2006 and was accredited with TIS/OHSAS 18001 Standard for occupational health and safety management on 11 September 2009.

Whistleblower Policy

The Company has set a function to acknowledge incidence, grievance or suggestion from stakeholders affected from the Company's operation. This can be done via electronic mail and post mail. Shareholders and stakeholders may provide a lead in the case where there is an offense committed against the law or the regulation of the Company or an incident, which may be damaging to the Company. This can be brought to the attention of the Board of Directors through the specified channels. The Company will keep such information confidential in order that the informants may not suffer any trouble from such an outcome. The company has a guideline for the protection of rights of stakeholders who are affected by the violation of rights by the conduct of business of the Company. Compensation of an amount not lower than that required by the law will be considered.

The incidence, grievance or suggestion can be sent to the following channels:

Email: secretaryoffice@tirathai.co.th

Post mail: Office of Company Secretary
Tirathai Public Company Limited
516/1 Moo 4 Bangpoo Industrial Estate Soi 8 D
Sukhumvit Road, T. Praksa, A. Muang
Samutprakran 10280
Tel: 02 – 769-7699

Section 4 Disclosure of Information and Transparency

The Company is aware of complete, reliable, transparent, adequate and immediate disclosure of information, including financial and non-financial data of the Company so that all stakeholders shall have equal and convenient accesses to the information. For transparent disclosure of information within the organization, the Company has organized meetings between the management and department heads to acknowledge the directions of the Company's business operations and to exchange the information and to pass on the policy implementation to their direct subordinates and to provide channels for employees' knowledge sharing; for disclosure of information outside the organization, the Company has complied with the Requirements of the Stock Exchange of Thailand (SET) and has disclosed the information both in Thai and English languages through SET channels and the Company's website.

The Board of Directors has given the priority to the quality of financial statements and accuracy of information given therein in accordance with the standard of accounting. The Company has supervised and managed the financial statements to be audited by an independent auditor and by the Audit Committee. The Board of Directors has given a report on its responsibilities to prepare financial statements in the Annual Report.

Moreover, in 2017, the Company has given the priority to regular publication of its operating results in overview and its progress through Opportunity Day activities and the media to provide another channel for distribution of the Company's information to the public.

Relationship with Investors

The Company has established the Investor Relations Section as a direct channel to communicate with shareholders, small investors and institutional investors, analysts, and other related parties such as the Stock Exchange of Thailand and Office of the Securities and Exchange Commission. For duly compliance with the law and regulations, the Company has prepared the investor relations work plans throughout the year; meanwhile, the top management of the Company and the Investor Relations Section have opportunities to give information on business activities; provided that shareholders, investors, analysts, and interest persons may directly contact the Investor Relations Section at Tel.02-769-7699 Ext.1220 or email: ir@tirathai.co.th

Section 5 Responsibilities of the Board of Directors

Structure of the Board of Directors

The Board of Directors, which is regarded as the key element of good corporate governance, must consist of personnel with knowledge, expertise, and experiences in favor of the Company's operations. Over a half of the Board of Directors of the Company have the required knowledge and direct experience in transformer business management; meanwhile, the rest of them have the abilities and knowledge in other business fields such as finance, economics, etc.; and all directors have already taken the training course from the IOD; moreover, the term in office of directors, and qualifications of the Company's directors, including appointment and removal of directors must be approved by shareholders at AGM.

The Company has balanced the power of non-executive directors by not giving any person or group of persons the sole decision-making power, in order to establish the mechanism of balance of power and effective management. The Board of Directors consists of 11 members, including 5 executive directors, 3 non-executive directors (including 1 independent director), and 3 independent/audit directors. The Company has totally 4 independent directors or equal to 36% of the total directors; and the Board of Directors has considered that the said proportions are suitable. Executive directors are able to give in-depth comments; meanwhile, non-executive directors are industrial experts; therefore, creative opinions are expressed in the Board of Directors' meetings; and the Board of Directors' decisions are based on the overall benefits of the Company.

Components of the Board of Directors

The Board of Directors shall have their full qualifications as prescribed by law and shall be the qualified persons from different

business fields so as to integrate their necessary knowledge and abilities and to devote their efforts and time to perform the duties of directors of the Company; whereas, the procedures of appointment of directors are clear and transparent; and personal records of all directors are disclosed; and at each time of director replacement, the newly appointed directors shall promptly receive the information, which is necessary and beneficial to perform the duties of directors of the Company or not later than 3 months after the date of appointment.

Chairman of the Board of Directors shall not be the same person as the Managing Director and the duties of determination of corporate governance policy and administration of regular work must be clearly separated; the Chairman shall have independence to express opinions and shall have a casting vote, in case of equal votes in the Board of Directors' meeting, according to the Company's Regulations.

Vice Chairman of the Board of Directors shall have duties, according to the Company's Regulations, in any affair assigned by the Chairman of the Board of Directors; and shall perform the duties in lieu of the Chairman of the Board of Directors in the event that the Chairman of the Board of Directors is unable to perform the duties on a temporary basis or when the position of Chairman of the Board of Directors is vacant.

Independent Directors the Company has determined the qualifications of independent directors according to the Regulations of the Office of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) so that the independent directors of the Company shall have their genuine independence, which is suitable for characteristics of the Company. **(Please see details of qualifications of independent directors in "Criteria for Selection of Audit Director/ Independent Director" Page 25).**

Managing Director shall be appointed and determined with the scope of power according to the period of time and amounts for entering into juristic acts by the Board of Directors' meetings; and shall have the power to take actions according to the resolutions of the Board of Directors; whereas, power, duties, and responsibilities for normal business operations of the Company shall be in accordance with the policy of the Board of Directors and with the principle of good corporate governance.

Company Secretary shall be obliged to handle the Board of Directors' meeting and shareholders' meeting effectively by taking account of rights and equality of shareholders, to give recommendations and supports to the Board of Directors' affairs governing the law, rules, regulations, requirements, and related procedures, and to give information that the Board of Directors and the newly appointed directors should be informed, and to supervise the compliance with the principle of corporate governance and to communicate/to take care of shareholders properly.

Subcommittees In compliance with the principle of good corporate governance, the Board of Directors has set up 2 subcommittees to consider and review specific crucial operations carefully and effectively; whereas, the components and rules/duties of the subcommittees are clearly determined. 2 Subcommittees consist of:

Audit Committee

In 2017, the Audit Committee has convened 4 meetings. Each member of the Audit Committee shall assume the office for a term of three years and shall always report to the Board of Directors. The Audit Committee has performed its duties in accordance with the Audit Committee's charters approved by the Board of Directors; moreover, the Audit Committee has prepared the report of the Audit Committee in the Annual Report. **(Please see details of components, roles, and duties of the Audit Committee on Page 23).**

Records of attendance of each director of the Audit Committee are as follows:

Names of the Audit Committee/ Independent Director	Attendance/Total Meetings 2016 (Time)	Attendance/Total Meetings 2017 (Time)
1. Dr. Pisit Leeahtam	4/4	4/4
2. Mr. Teeravut Supaviriyakul	4/4	4/4
3. Mr. Singha Nikornpun	4/4	4/4

Nominating Committee

The Nominating Committee consists of 3 Board of directors' members and 2 out of 3 are the independent directors, each of them shall assume the office for a term of 1 year. In 2017, the Nominating Committee has convened a meeting to nominate persons to assume the post in place of the retiring directors and to propose their names to the Board for consideration as per the criteria for nomination of directors, with fairness and transparency; and has prepared a report of the Nominating Committee in the Annual Report. **(Please see details of roles and duties of the Nominating Committee on Page 23).**

Records of attendance of each director of the Nominating Committee are as follows:

Names of the Nominating Committee	Attendance/Total Meetings 2017 (Time)	Term in office will expire in (Year)
1. Mr. Sirigha Nikornpun	1/1	2018
2. Mr. Charuvit Suanmalee	1/1	2018
3. Mr. Tai Chong Yih	1/1	2018

Roles, Duties, and Responsibilities of the Board of Directors

The Board of Directors is aware of its obligations to supervise the business for the maximum benefits of the Company and has its es, duties, and responsibilities to consider the principle of law, the Company's regulations, resolutions of the shareholders' meetings, and the principle of good corporate governance in an honest and responsible manner, to disclose the information transparently, and to supervise the administration of work of the Management according to the goals and for the maximum benefits of shareholders, as well as benefits of all stakeholders.

All members of the Board of Directors have the leadership, visions, and independence in their decision making for the maximum benefits of the shareholders. To strengthen the good corporate governance principle effectively, the Board of Directors has approved and determined the policy and principle of good corporate governance in writing; and the implementation of the said policy shall be reviewed on a regular basis.

Board of Directors' Meetings

The Company has its policy to convene the Board of Directors' meetings in every 3 months; and to convene the Executive Committee's meetings in every month; whereby, the date/time of the Board of Directors' meeting shall be fixed in advance throughout the year and shall be notified to all directors so that the directors shall be able to manage their time to attend the meetings; and special and extraordinary meetings may be convened as may be necessary; provided that half of the total directors shall attend the meeting to constitute a quorum. Regarding the determination of agendas, the Chairman shall approve the agendas after discussion with the Managing Director; whereby, each director shall have independence to propose matters to be included in agendas; provided that the Company shall submit invitations to the meeting, agendas and meeting documents for 7 days prior to the date of meeting so that the Board of Directors shall have enough time to study the information thoroughly before the meeting; and after the meeting, the company secretary shall prepare the minutes of the meeting with complete details thereof; and minutes certified and signed by the Chairman of the Meeting shall be systematically kept as reference for inspection by directors and related parties. In 2017, the Board of Directors has convened 6 ordinary meetings; whereas, the records of attendance of each director can be summarized, as follows:

Names of the Nominating Committee		Attendance/Total Meetings 2016 (Time)	Term in office will expire in 2017 (Year)
1. Dr. Pisit	Leeahtam	5/5	6/6
2. Mr. Sampan	Vongphan	5/5	6/6
3. Mr. Upakrom	Thaweephoke	5/5	6/6
4. Mr. Charuvit	Suanmalee	5/5	6/6
5. Mr. Ouichai	Siriwajana	4/5	6/6
6. Mr. Ampornrat	Poolcharoen	5/5	6/6
7. Mrs. Sunan	Santichotinan	5/5	6/6
8. Mr. Tai Chong	Yih	5/5	6/6
9. Mr. Teeravut	Supaviriyakul	5/5	6/6
10. Mr. Singha	Nikornpun	5/5	6/6
11. Mr. Annop	Tegajarin	-	6/6

Self-Evaluation of the Board of Directors

The Board of Directors has realized the significance of self-evaluation of work performance to be used as guidelines for the audit of the Board of Directors' performance of duties, thus, in accordance with the principle of good corporate governance. In 2017, the Board of Directors has approved the self- evaluation of its work performance by using the Self-Evaluation Form prescribed by the Corporate Governance Development Center for the Registered Companies.

The result of overall evaluation of 2017, including recommendation and additional comments obtained from the result of performance evaluation of the Board of Directors, shall be considered to find guidelines for improvement of operations in order to support the Board of Directors' operations more effectively.

Business Ethics

The Company has prepared the code of conduct relating to the business ethics of the Board of Directors, the Management, and employees, to be adhered by all related parties as the guidelines for performance of duties in accordance with the Company's missions with honesty and fair treatment to the Company, all groups of stakeholders, and the society as a whole.

Policy on Remunerations for Directors and the Management

The Company has clearly and transparently determined the policy on remunerations for its directors at reasonable levels and in accordance with the situations of the industry in order to attract and maintain the directors with required qualifications. Remunerations must be approved by the shareholders' meeting.

The Company has fixed the remunerations for the Management in accordance with the principle and policy prescribed by the Board of Directors, which is in connection with the operating result of the Company and the performance of work of each of the management. At present, the Company still does not have the Remuneration Committee but has proper remuneration consideration procedures based on the data of remunerations of companies of similar sizes within the industry, as well as the operating result of the Company. (Please see details in Remunerations of Directors and Management)

Development of Directors and the Management

The Company has promoted and facilitated the training sessions and knowledge dissemination to personnel involved in the corporate governance system at all levels including Chairman, directors, independent directors, audit directors, the management, and the

company secretary for continuous self-development and self-improvement. At present, personnel involved in the said corporate governance system has passed several training programs organized by IOD, the Stock Exchange of Thailand, and the Office of Securities and Exchange Commission. In 2017, 1 director have trained with Thai Institute of Director namely. Mr. Singha Nikornpun who participated in Strategic Board Master Class (SBM 2/2017) at Thai Institute of Directors (IOD).

Succession Plan

Regarding the succession plan and nomination of the top management, the Board of Directors and the management are aware of actions to ensure that the Company shall be able to select personnel to assume responsibilities in the managerial posts properly; if concrete processes and action plans shall be provided in accordance with the principle of human resources management.

Control System and Internal Audit

The Company has given the priority to the internal control system both at the managerial level and the operational level, and has determined the obligations and powers of operators, committees, and the management team clearly in writing, and has supervised the utilization of the Company's assets, and has separated the duties of operators, controllers, and evaluators for balance of powers and cross-examinations, and has also determined the internal control relating to the financial system and has provided the financial reporting system to be proposed to the responsible line management.

The Audit Committee, in cooperation with the Management, has reviewed the internal control system of the Company and agreed that the internal control system of the Company is adequate and suitable.

Since, November 30th, 2004, the Company has entered into an agreement with ANS Business Consultant Co., Ltd., who is not an audit firm, which shall be renewed in every 2 years, to perform an internal audit for the Company with the Company Secretary Office as coordinator, thus, to ensure that the operation of main work and significant financial activities of the Company shall be in accordance with the prescribed guidelines and to audit the compliance with the law and provisions in connection with the Company and to ensure that the said outside auditor shall have its full independence to perform the audit and to balance the power; the Board of Directors has thus determined that the said audit company shall directly report the audit result to the Audit Committee and shall determine the scope of such aid in cooperation with the Audit Committee. (Please see details of the internal audit system in Internal Control)

Conflict of Interests

The Board of Directors shall have to deal with transactions, which may have conflict of interests and shall carefully consider the suitability of the said transactions based mainly on the Company's benefits. In case, the Company has any transactions which may have conflict of interests, the Company shall submit the said transactions to the Audit Committee for comments and shall then propose the said transactions for the Board of Directors' consideration. The Company shall strictly comply with criteria prescribed by the Stock Exchange of Thailand. The Board of Directors has prescribed that any stakeholder shall not be allowed to take part in the decision-making process to consider the transactions between the Company and the said stakeholder. In 2017, the Board of Directors has not received any report on conflict of interests; therefore, it has not submitted the said matter to the Audit Committee for consideration and comments.

Use of Internal Data

The Board of Directors has determined guidelines for data storage and protection, which shall be strictly complied with throughout the organization, as follows:

1. The Company has prescribed the protection of internal data use and prohibited the organizations involved from disclosing the internal data to non-related persons or organizations;
 2. The management of the Company who has received any significant data, which may have potential impacts on stock price changes, shall not make use of the data before disclosing such data to the general public; moreover, the management shall not be allowed to trade the Company's stocks for 1 months and within 24 hours before and after the period when the financial statements or the significant data have been disclosed to the general public; and shall not be allowed to disclose such significant data to the third persons;
 3. Directors and the management of the Company shall be obliged to report their stockholding as per Clause 59, thus, to be in accordance with the Announcement of the Office of Securities and Exchange Commission No.Sor.Jor.12/2552 on the preparation and disclosure of stockholding reports;
 4. Punishments shall be prescribed and imposed on any person who violates the measures of internal data protection; and circular letters thereof shall be given to employees and the management;
- In the previous year, the Company has not received any report or complaint on commission of offences or any punishment of violators of internal data protection measures issued by directors, the management, and the related persons;

Personnel

Year 2017 from 1 January – 31 December 2017, the Company has totally 592 employees, dividing into 185 office employees and 407 line production employees.

In 2017, the Company had no labor disputes.

Remunerations for Employees

As of December 31, 2017, the Company has paid the remunerations to its employees in terms of salaries, wages, provident funds, bonuses and other benefits totally 222,739,170.13 Baht.

Remunerations of Auditor Fee

1. Auditor Fee

The Company and its subsidiaries paid the auditor fee to ATM Association Co., Ltd that is an audit firm of the company's auditor appointed in 2017 for the amount of 2,810,000 baht of which 1,980,000 baht being the fee for the Company and 830,000 baht for its

subsidiaries.

2. Other Fee

None

Personnel Development Policy

The Company's policy on employee development has aimed to provide employee with knowledge and competency and retain the skill and qualified employees to be with the company in a long-term period with a career path. The company has provided the training that is suitable for their positions according to each line of activities.

The company always strives for the best by focusing on promoting our top-tier personnel and collectively developing prowess and expertise among our invaluable human resources while simultaneously observing the value of teamwork, quality, customer satisfaction as well as integrity and honesty. We aim at growth and proliferation, as well as sustainable development in terms of business and commerce. Thus, we ensure that a wide variety of training and skill-set developments be provided for our staff member based on years of their professional association, the position being held, their duties and responsibilities such as being particularly witnessed in the executive officers, middle management team and supervisory personnel as well as operational staff members.

Skill Enhancement Training

As of year 2017, the company has 506 employees as of 31 December 2017, 369 members of whom successfully underwent a variety of training session, accounting for 72.92%,

The 94 persons from the executives, middle management team and supervisory personnel, all accounting for 72.31% and the 275 persons, were on operational level, accounting for 73.14 %

In 2017, the company organized 516 hours training courses on knowledge development, 496 hours training on skills development and 15 hours training on attitude development.

Personnel level	Average Hours Spent	Course Objective
Executive Officers, Manager and Supervisors	28.05	Focusing on developing skills and capacity in terms of organization management and personnel management via instrument of classroom workshop and coaching
Operational officers	12.53	Focusing on 'Technical' and 'Operational' skills development, via instrument of on the job training and coaching to ensure optimal performances at work during the period of assignment.

Intellectual Property and the use of Information Technology and Communication Policy

Intellectual Property, information technology and communication are key factors contributing to the conduct of business and to operational efficiency. Therefore, it is the shared responsibility of all employees to respect the rights of the owners of intellectual property and to carefully use information technology and communication within the requirements of the law, the announcements and the standard of the Company. In case, any employees have done anything illegally on intellectual property or the use of information technology and communication. After investigation, it is true, the punishment will be depending on the company rule and regulation/or law where it is appropriate. In 2017, there is no any claim on this matter.

Shareholding of Directors and Management of TRT as of 31.12.2017 compared to 31.12.2016

No.	Name	As of 31.12.2016	As of 31.12.2017	Change in shareholding Increase (Decrease) in 2017	% of shareholding in 2017
1	Dr. Pisit Leeahtam Spouse and minor child	10,000 -	50,000 -	40,000 -	0.016% -
2	Mr. Sumpun Vongphan Spouse and minor child	40,109,927 -	40,109,927 -	- -	13.02% -
3	Mr. Upakrom Thaweephoke Spouse and minor child	5,488,558 -	5,488,558 -	- -	1.78% -
4	Mr. Charuvit Suanmalee Spouse and minor child	8,421,014 1,579,500	8,521,014 250,000	100,000.00 -1,329,500	2.77% 0.08%
5	Mr. Ouichai Siriwanjana Spouse and minor child	1,000,000 -	1,150,000 -	150,000 -	0.37% -
6	Mr. Ampornrat Poolcharoen Spouse and minor child	2,253,900 -	2,253,900 -	0 -	0.73% -
7	Mr. Sunan Santichotinan Spouse and minor child	6,991,809 -	6,991,809 -	0 -	2.27% -
8	Mr. Tai Chong Yih Spouse and minor child	33,000 -	33,000 -	0 -	0.01% -
9	Mr. Singha Nikornpun Spouse and minor child	- -	- -	- -	- -
10	Mr. Annop Tegajarin Spouse and minor child	- -	239,700 -	- -	0.08% -
11	Mr. Yossagorn Burakamkowitz Spouse and minor child	- 77	- 77	- 0	- 0.00%
12	Mr. Chumporn Koopipat Spouse and minor child	- -	- -	- -	- -
13	Mr. Somsak Kooarmornpatana Spouse and minor child	220,000 60,000	220,000 60,000	0 0	0.07% 0.02%

Internal Control/Risk Management

Internal Control and Checking

From the first meeting of the Board of Directors in 2018 which is attended by 2 Audit Committee, the Board of Directors and the Audit Committee all agreed that the Company has adequate and appropriate internal control system as general and regular practices, which is summarized as follows:

Organization and its Environment

The Company has set the organizational structure and determined the authority and responsibility that conform to the efficient business operations. The company has set up policies, target, and action plan by considering the fairness to the partners, customers, society and environment. The Board of Director, which is independent from the management, has managed the corporate governance practices according to the policy by determining a clear and measurable business operations to achieve the objectives and for the long-term benefits of the company and all stakeholders well as the value and morality of the company and its subsidiaries.

Risk Management

The Company has indicated the risks at the organizational level and operational level or work in process, which is managed by the executive and those who perform their duties in the process. There is also checked by the internal audit to assess, control, and coordinate to control the existing risk measure.

Operational Control of the administrative section and Operational level

The Company has made the overall operational plan as well as sectional plan. The report of operation result in comparison with the target plan will be made periodically. The Executive Committee and Board of Director shall also monitor and control on monthly and quarterly basis. The Company has set the authority and the financial limit amount clearly for each level in writing and monitor of its subsidiary regularly by having monthly board meeting.

For the operation in the operational level, the company has assigned a consulting firm working as an internal auditor. They will check the operation in each procedure with the annual checking plan approved by the Audit Committee. The report concluded that there is no sign of cheating or defect that can cause a serious damage and there is no using of the company's assets improperly. If the internal auditor has found any deviation from the regulation or work instructions or having chance to improve the work efficiency, they will provide a recommendation to the manager who is responsible for that operation to make it more circumspect, correct and more effective.

Information System and Communications

The Company has provided the important information to the Board of Directors and the management to make necessary decisions. There are always record and conclusion of the minutes in every meeting. There is the information system for effective communication in every level within the organization. There is the filing of documents of the accounting as prescribed by law and meeting between the Audit Committee and the CPA (Certified Public Accountant) to review the accounting policy according to the GAAP (Generally Accepted Accounting Principles) and to consider all the main points from the CPA's report. The Company has developed and used internal information and communication systems. The Company has been continuously developing to ensure that the management of the Company is in the right direction, faster and more efficient to exploit the appropriate control in both Preventive Control and Detective Control.

In addition, the Company has expanded its use of Enterprise Resource Planning (IT) systems for its various activities in the company and its subsidiaries, such as financial accounting system and Inventory Management System. Therefore, the control and management of the company is more efficient.

In the development and supply of information technology, the Company has selection process and use appropriately and concisely.

Monitoring System

The Company has regular Board of Director's meeting 4 times a year with extraordinary meeting depending on the necessity and the propriety. There is regular monthly Executive Committee's meeting to consider and follow the results of operation of the administrative section if it whether or not achieved the target. In the Board of Director's meeting and Executive Committee's meeting, if the results of operations do not achieve the target, there will have a resolution to the responsible unit to proceed all necessary corrections.

In addition, the company has provided the monitoring and checking the operation according to the company's regulation, ethical standards and the good internal controlling system. The company has assigned the Internal Checking Consulting Firm to proceed the internal checking according to the checking plan approved by the Audit Committees. If the internal checker find a fault or something that should be improved in the internal control system, they will report to the internal checker find a fault or something that should be improved in the internal control system, they will report to the chief Executive, and the responsible manager will do the improvement immediately and report to the Audit Committee every trimester.

The Audit Committee convene the regular meeting 4 time per year; will report the checking result to the Board of Directors every trimester.

For 2017, the Internal Checker found that there is no sign of cheating or no defect that can cause a serious damage and there is no using of the company's assets improperly. If the Internal Checker fined these things, the Internal Checker must report to the Audit Committee immediately in order to let the Audit Committee check the report and precede improvement in advance.

The auditor of the company is Mr. Chaikut Augsuwittaya, the CPA number 3885 which is the auditor of the consolidated of company financial statements for ending year date: 31 December 2017 has checked the internal controlling system of the accounting of the company to make a checking and a limit of operation for the time as over and has found no defect that is subject matter to give recommendation to the company and improve the internal controlling anyhow.

Corporate Social Responsibility (CSR)

Electric transformers manufacturing industry is a downstream industry, which related to electricity because electric transformers are products used in transmitting and distributed electricity. It is a kind of fundamental energy crucial for the well-being of the people and drive the economy as a whole.

Tirathai Company has realized the importance and determined to be part of sustainable electric energy with good member of the society. The company also operate the organization with responsibility to the public, caring to the community, society, and environment. Cooperation with public participants and stakeholders will be company main concerns for continuously and sustainable growth. As a result, the company projects the CSR operation as follows,

1. Good Corporate Governance

The company operates legitimately and strictly follow related regulations with transparency, important information disclosure, and verifiable. The Compliance Policy with Good Corporate Governance, the company is taking into account the benefits of shareholders, employees, community, society, business partners, clients, competitors, creditors, and all stakeholders.

In 2017, the company were evaluated with a very good CG score and was assessed in the Annual General Meeting in 2017 with 95 score.

2. Business Operation with fairness

The company prioritize the business operation with fairness and abide continuously by treating partners equally and fairly. The company also operate business with integrity, respect Intellectual property, promote political rights, and follow the commitment with stakeholders equally and reasonably.

2.1 Fair Competition

Practice and Guidance

1. Specify all terms and conditions in the agreements and strictly follows the agreement. In case the company cannot follow any conditions, the company will immediately inform customer for further discussions and mutually consider the resolution.
2. Provide necessary information and being good consultants to clients. Offering good, adequate, and updated advices to clients about the products and services.
3. Understand and respond needs and expectations of customer appropriately and timely manner.
4. Deliver good quality products, according to specifications, and reasonable prices.

2.2 Promoting social responsibility with trading partners.

The company do not yet operate the official promotion of social responsibility within the business chain of the stakeholders.

2.3 Respects the property rights

Practice and Guidance

1. Encouraging both executives and employees to use all company's assets and resources efficiently in order to increase the competitive edge and provide good service to customers. Promote copyright products and discourage the Intellectual property infringement.
2. The company aims to protect and preserve the company's Intellectual property from any infringement without permission, also respects other companies' Intellectual properties.

2.4 Involvement with political responsibility

Practice and Guidance

1. The company runs business without bias and have no interests in any political parties or political authorities. Financial supports or resources of the company will not be brought to support any political parties both direct and indirect ways.
2. Motivating and supporting employees to have freedom in political appreciation without domination, threat, force, or participation.

3. Anti-Corruption

According to the resolution of the company executives meeting, 1/2015 on 18th February 2015, The resolution was to announce the policy and intention about not to involve in corruption, as well as appointed subcommittees including Mr. Singha Nikornpun, Mr. Upakrom Thaweepoke, and Mrs. Sunan Santichotinan to act as follows,

1. Draft policies concerning prevention in any corruption involvement.
2. Announce policies concerning prevention in any corruption involvement.
3. Declare intention to participate in the anti-corruption campaign (Collection Action Coalition Against Corruption : CAC)

The company notify the first postponement targeting to achieve Anti-Corruption Progress Indicator in level 2 declared level within 3rd quarter of the year 2018.

Later on, the company could not yet apply for certification within 18 months from the date on which the Company has signed the declaration of intention. The company must submit an application within June 15, 2017. The company will be able to re-announce its intention in 2018.

4. Respect Human Rights

The company stimulates the significance of respects to the human rights and dignity and treats all the participants, employees, community, and neighboring society with respect in values and do not offend any fundamental rights, which is the foundation in managing and developing human resources. These actions associate with business in increasing its values by linking the value added to the products and productivity.

Practice and Guidance

1. The company promotes the practices of human rights mandate including to the operation of its subsidiaries, joint venture, and business partners.
2. Protect personal information of the company's administered and caring employees, to the public without employees' consent.
3. The company promote and open opportunity to the employees, community, and society to participate in expressing any actions that may violate the human rights.

5. Fair Labour Practices

The company comprehends and places importance on fair labor practice with respect and abide by the laws and principles of ethics without discrimination in employment, no force labor, nor child labors. Employees are able to have freedom in associations along with concerning health and safety in workplace of the employees. Therefore, the improvement of the working environment, providing good quality of life, and opportunity to express personal potentials, as well as equal opportunity in practicing and training, which are the Values of the company continuously operate for long-time period.

1. The company emphasizes on employment without discrimination and bring indifferences in nationality, religion, gender, age, disability, social status, education, or educational institutes in considering and judging for the employment.
2. The company will treat all employees fairly in providing returns, promotion, and capability development as well as moral development in order to promote qualified and moral employees such as, proper potential remuneration, taking care of and in consideration of maternity health and safety as priorities.
3. The company cares for health and sanitation of the employees and related employees by promoting and raising awareness on safety, sanitation, and environment in workplace. According to the Occupation Health and Safety Policy with the target to prevent any incidents of loss and sickness, the plan has put in place for Incident Prevention, promoting participation, risk avoidance, and continuously improvement to create the Safety Culture to all employees and the associated.

3.1 The company defines specific unit to control and push for the operation of safety, sanitation, and environment in workplace. According to the Occupation Health and Safety Policy (Safety, health, and environment at work), there shall be a meeting once a month to provide improvement guidance, mistakes, diagnosis of risk and risk assessment as well as follow up the progress of the operation as planned.

3.2 The company performed the Health Risk Assessment (HRA) in order to observe risk level of health in employees in order to assure that the employees will be taking care of and manage the risk to health for instance, the examining of lead in blood level, volatile matters in urine, lungs conditions, and hearing capability. The results of the HRA report in 2017 found no abnormal employees except the abnormal hearing capacity of 6 employees. The company has set up the measures to retest for verification and the results showed the abnormal hearing capacity did not affect the work and daily life. The company proceeds the preventive action with protection gears for employee to wear at all working time and check the environment condition up to the standards on yearly basis. Besides, the company established the "Hearing preservation campaign" to the affected employees.

3.3 The company has campaigning "Safety Campaign Program" to follow up and examine the safety plan and the environment suitable for working standards and regulations. In 2017, the company has rewarded "Zero Accident" to high risks accidents target to 21 units out of 25 units, achieved the target as expected.

4. The company focus on development and enhancement all levels of employees to be expertise along with team spirit, quality, virtue, and customer concern, which will lead to company growth and economic sustainability. Therefore, the company had held various training programs that suits for positions, experiences, and responsibilities, such as executives and engineering manager, operating employers, etc.

In 2016, total employees are 508 people, enrolled the training programs 369 people accounted for 72.92% under Training Budget totalling 937,183 baht divided into

: Executives, Division Managers, Section Heads, and Engineers 130 people being trained 94 people, accounted for 72.31%

: Operating employees 376 people being trained 275 people, accounted for 73.14%.

The training session were:

Knowledge 516 hours;

Skill 496 hours; and

Attitude 15 hours.

5. The company provided welfares, such as group insurance, organ loss insurance from accidents, health insurance, Provident Fund (PVD), employees' transportation, free lunches and dinners for over-time working (OT), and health examination according to the risks involved, etc. In 2017, there were Health Check of employees by risk factors 48 people, total 17,640 baht, a financial support in funerals of the employees' family totally 11 employees, total 45,000 baht. In addition, there was the "Caring and Sharing Tirathai Family" campaign, which provide necessity to childbirth employees and sick employees in total of 20 people, total 19,007 baht.

6. The company promote and support the education of all levels of employees by regulating the leave for further study by the human resources guidance plan in 2008 in order to enhance employees' knowledge and skills and good quality of life, to take leave for further study or short-term and long-term training session.

7. The company established Tirathai Cooperatives in order to encourage employees to save and plan for money spending following the Sufficiency economy by His Majesty King Bhumibol Adulyadej. Tirathai Cooperatives established on 29 March 2006. In 2017, the current members are 261 people with capital stock of 30,784,200 baht.

8. The company provided the petition for those employees who were treated unfair from the working regulations in 2008 in order to build employees-company relationship and among employees themselves. The petition will be inquired, investigated and considered the resolution which those petitioner and associated will be receiving protection.

The total number of employees in the company and its subsidiaries as of 31th December 2017 and 31th December 2016 are as follows:

Company	Population (People)			
	31th December 2017		31th December 2016	
	Male	Female	Male	Female
1. Tirathai Public Co., Ltd.,	357	144	411	146
2. Thai Fin Co., Ltd.,	55	8	57	12
3. Tirathai E&S Co., Ltd.,	32	6	30	7
4. L.D.S Metal Work Co., Ltd.	307	66	281	60
5. L.D.S-N.D.P (JV)	391	45	351	35
Total	1142	269	1130	260
Employee numbers categorized by employment				
Full-time employees	717	218	770	222
Contract employees	425	51	360	38

9. The company provides the employees freedom to express opinions without interruption, and allowing employees to be participate in the welfare committee in order to inform the progress and status of the company regularly. The company also supports discussion and collaboration with the welfare committee to enhance working standard of the employees

6. Responsibility to Consumers

The company set up policies to respond to customer satisfaction. Consumers who directly purchase products and services from the company will obtain quality products up to international standards at fair and reasonable price. The company pays close attention to the needs and expectation of consumers' responses appropriately and in a timely manner. In addition, the information gathering will be utilized to improve quality of products and services in order to build trusts from customers.

Practices and Guidance

6.1 Assurances of quality and safety of electric transformers

Every transformer will be tested with electric properties before distribution because transformers are peripheral devices in electric transmitting system with high pressure. If there is any defective caused by the transformer will cause damage to the property, business opportunity including the danger to users and people involved. The company realized the impact and pay close attention to every process from design, production process, and testing processes of which TRT is capable of testing the transformer in every single process from Routine Test, Type Test, or Special Test in accordance IEC60076 IEEE C57.12.90 standard and 384-2543. Only in short-circuit with-stand test will be sent to the KEMA testing laboratory in Netherlands. The testing laboratory of the company were appointed by Thai Industrial Standards Institute (TISI) to insure standards of TIS 384-2543 ISO 9001, OHSAS/TIS 18001, ISO 14001 and ISO/IEC 17025 Electrical Testing Laboratory and Calibration Laboratory. In order to guarantee the quality of design, production and ability to examine electric transformers with international standard before distribution to customers.

6.2 Confidentiality and customer rights

The company has measures to keep customer's information confidentiality and secret, such as technical information, testing results or other confidential information. The company has procedures in collecting and sending the information in consideration of customer's confidentiality as a main concern, and maintain customer's rights. For example, customers can attend in the Witness Test for their own transformers in order to insure the results of the test. In 2017, there were 52 customers attend the Witness test.

6.3 Provision of sufficient and correct information to customers

Tirathai's transformers that passed the testing will be labelling with the Name Plate (Labels). Labels will be placed on the body of transformers to show the details and components of the transformers according to IEC60076-1 and TIS 384-2543 standards including transformer type, standard number, manufacturer name, manufacturer serial number, production year, phase number, electric power, frequency limit, highest current, insulator level, weight, etc. These labels inform customers all the details of each transformers. Besides, the user manual and the training about instructions, cautions, and maintenance in using transformers will be provided to customers.

6.4 Knowledge training to customers

In 2017, the company had provided technical expertise engineers to train about instructions, cautions, and maintenance in using transformers in order to provide knowledge to customers both domestic and overseas totaling 14 agencies with total number of 228 participants. For instance, Provincial Electricity Authority (PEA), Company CPF (Thailand) Co., Ltd. (Thailand), Siam Yamato Steel Company Limited, Loxley Public Company Limited, Process Engineering Supply Co., Ltd., ItalThai Engineering Co., Ltd., Fuji Furukawa E&C Co., Ltd., AI Engineering Services Co., Ltd., Demco Public Company Limited (Thailand), Toyo Engineering Corporation Co., Ltd., TPSC (Thailand) Co., Ltd., Ensis Co., Ltd., etc.

6.5 Knowledge Publication in Transformers Engineering

The company published an academic journal "Tirathai Journal" in order to publicize the knowledge in Transformers Engineering for those who interest. There is no commercial purpose for this journal and the copyright is not reserved which is free to distribute further. The Editor and team are TRT's own employees. Presently, the publication is the 7th year and 19th journal publication, which contains knowledge about electrical engineering, valuable thesis to engineering students' universities, including techniques of usage and maintenance of transformers, along with knowledge management and concept of business administration philosophy that are not in the university, etc. Besides, the company hope the journal will be environmental and care for the reader's health. The cover and the papers made out of agricultural non-toxic leftover; also, the printing ink was made from soybean oil. In 2017, journals distributed to employees, customers, universities' libraries, the PEA, EGA, MEA, and general people totaling 8,000 copies. There was also the information posted in the website www.tirathai.co.th

6.6 Hearing Comments

In order for customer to assure of quality of our transformers, the company had opened for customer visits over the Production Process, Testing Process, as well as to listen the hearing comments and exchange between the company and customer. The comments will be analyzed and diagnose for improvement for better customer satisfaction. In 2017, there were customers from domestic and overseas paid a courtesy visit the capabilities of Electric Transformer totaling 397 people, such as Metropolitan Electricity Authority, Provincial Electricity Authority, Sri Lanka Electricity Authority, SCG Cement Company Limited., Thai Electrical & Mechanical Association EIT, and Asia Pacific Logistic Federation, etc.

6.7 Satisfaction survey the company had conducted the satisfaction survey from customers who attended the Witness test in the topic of satisfaction in services of sales, testing personnel, production and testing processes, products, and the environment, In 2017, the satisfaction survey showed satisfactorily results in accordance with the target 80%.

6.8 Complaints the company has the process to receive complaints about quality of products and services through many channels as such; 30 lines of call center, e-mail, and faxes. The company operate 24 hours call center is 24 hours in order to respond customer complaint and solve problems spontaneously.

7. Participation of Community and Society Development

The company commit to be good member to the society and operates its business by recognizing social responsibilities, profit sharing, and return to creative community at large in order to drive the business, community, and society to grow up sustainably through the following activities and programs:

Practices and Guidance

Outside Learning Source

The Company has a policy to provide the organization as a learning resource outside of the classroom for transformer production engineering. The students can experience the transformer production process from Distribution Transformer to Power Transformer. In 2017, there were college students from various institutes visited the production line and quality management, environment and safety totaling 386 students from Faculty of Engineering Ubon Ratchathani University, Faculty of Engineering Rangsit University, Faculty of Engineering Pathumwan Institute of Technology, Faculty of Engineering Rajamangala University of Technology Krungthep, Faculty of Commerce and Accountancy Chulalongkorn University, King Mongkut's University of Technology Thonburi, King Mongkut's University of Technology North Bangkok, Kasetsart University, Sriracha Campus, IRPC Technology College, and Don Bosco Technology College, etc.

Besides, the company has collaboration program on in-turn and coop from universities proposing to support students to have real life operations experience. In 2017, there were 77 internship, total cost allowance for 864,217.25 baht.

Public Benefit Activities

On April 4th., 2017, the company has supported the study by giving a test voltage transformer (7.5 kVA 1Ph 100 kV voltage 220 V 50 Hz) to the Institute of Technology, Pathumwan. In order use in practical teaching for students allowed the students and teachers of the institute participated in the design process, production process, including the testing process.

On April 21, 2017, the company sponsored the study by providing a 10 kVA 1 Ph. 100 kV voltage tester, 220 V 50 Hz voltage tester, to the College of IRPC to use as training and practical training equipment for students

8. Environmental Management

Environmental management must be operating along with business operation. The Company has conducted policy to administer the environment in consideration of impact from the production process or any activities by abiding the environmental friendly practices, laws, and regulations strictly which leads to true sustainable growth of community and business.

Practices and Guidance

1. The company obtained the certificate of ISO14001 standard for all the area in the company by an assessment of independent outside evaluator. According to the latest assessment in 2017, Major Non-compliance are not detected, only Minor Non-compliance.

2. The company complies with environmental laws and also investigates environmental effects found that any pollution levels are normal based on environmental standard as follows,

Air pollution

The company has installed a Bag House Filter to vacuum dust caused by the process of producing insulation paper. The quality of air released from the insulating paper production process and other areas of the process are monitoring in order not to affect the environment and neighboring communities.

Water pollution

The company completely controlled the wastewater system. When water were consumed and used, it will be transferred to waste-water system. The wastewater will be examined monthly, such as pH, BOD, COD, Oil & Grease, SS, TDS, and TKN are used as examining methods. Terms and conditions as designated by laws.

Noise pollution

The company regularly checks noise volume. The source of noise is from the working machine. Therefore, in consideration of effects, which will affect employees, and nearby community, noise volume will be checked at least yearly by taking the average of 8 working hours. Terms and conditions as designated by laws

Industrial waste

The company adopted the process to dispose of industrial waste from the production process be segregating waste into 3 types;

1. Common waste;
2. Recycling waste; and
3. Hazardous waste.

The company has hired the agency who has the license to collect hazardous waste, transport, treatment, and dispose of and or unused materials as according to the waste type. Besides, the company is making sure of the waste management process out of the factory, the company has sent the safety representative to double check the landfills and segregate the contaminated materials. On Mar 10, 2017, the safety representative has checked up at the Pro waste Co., Ltd. and AK Mechanical & Recycling, Ltd.

3. The company received the Green Industry certification in 4th. Level (Green Culture) from Green Industry Promotion and Development Office Ministry of industry. The goal is to create a green culture under the project "Garbage Smuggled" to encourage all employees to be conscious of waste separation and environmental protection.

4. In 2017, the company had no complaints about environmental issues or misconduct from any inside and outside the company.

9. Innovation and publicize Innovative Corporate Social Responsibility (CSR)

The company has adopted the knowledge, creativity, and experience in business administration combined with socio-economic Sufficiency Economy that beneficial to the economic and society adapting to utilize the invention of innovative business to increase competitive edge, value added to the company as well as the society.

Practices and Guidance

Transformer Testing is the crucial process to determine the quality of Transformers in order to build confidence and acceptance from customers. Tirathai has brought knowledge, creativity, and experience from the long-term business and integrated with the philosophy of sufficiency economy to implement and innovate by developing transformer testing and calibration laboratory according to international standards, such as IEC, IEEE, ANSI, etc. At present, Tirathai's Testing Laboratory is capable of maximum testing for 900 MVA 3 Ph. 50 Hz 550 kV. In addition, the lab extends the testing certificate to;

- Lightning Impulse Tests
- Line Terminal AC withstand test
- Switching Impulse Test

In addition, according to IEC 60076 standard, it is considered that the company's Electric Testing Laboratory has been certified a fully testing capability. In addition, Tirathai Electric and Test Laboratory has accredited by ISO / IEC 17025: 2005 from the Thai Industrial Standards Institute (TISI). This will create opportunities for business competition in both domestic and international.

The Development of transformer testing capability of Tirathai is the investment in human resources development of the company up to the potential of high voltage knowledge. It can apply for testing other devices such as wires, over voltage devices, etc., to support research and development in other industries. Tirathai's testing and Calibration Laboratory had appointed by the Thai Industrial Standard Institute (TIS) as the third party testing center for transformer testing.

10. Publication of Corporate Social Responsibility Report (CSR report)

The company emphasizes on the exposure of information, which reflects the practice of Corporate Social Responsibility (CSR) as stated earlier. From the publication of information, not only it will be advantageous for stakeholders, every respondents will have feedback to the company about the CSR quality that it reaches the goal or not.

Practices and Guidance

1. The company has published CSR report in the annual report and through the website www.tirathai.co.th, stating the information as follows,

1.1 Business administration. The Company operates in accordance with the laws and regulations. Transparent Disclosure of important information is subject to good corporate governance policy taking into account of the benefits to shareholders, employees, community and society, partners, customers, competitors, creditors and all stakeholders as well as being a good member of the society and doing business by recognizing the collective responsibility.

1.2 Environment and Safety Plan. The company focus on working environment and safety by concerning safety in works, health, and suitable environment for employees. These are main concerns in business administration which lead to the organization of the environment (ISO 14001), occupational health safety and environment master plan (OHSAS /TIS 18001), and waste disposal process which designated as laws and another regulations.

1.3 Social Organization The company treats employees equally in unbiased employment (without violating human rights), reasonable profits, workplace welfare suitable for employees' needs, and employee's enhancement in sufficient to company's values. Furthermore, the company makes itself as an external learning source about the electric transformer production engineering of the country by allowing students from many education institutes to participate in the transformer production process. Also the collaboration with the financial supports and tools for building high-voltage laboratory, combining with the permission of internship and co-operative education. These shows that Tirathai is more than Thai electric transformers manufacturer, with dedication of stimulating the education of Thai citizens.

2. The company offered numerous ways of information distribution in order to easily access. The company published the CSR report in both Thai and English through the following media: annual report, and the information distribution on website www.tirathai.co.th, 56-1, and CD-ROMs.

Nature of Business Operation



Tirathai Public Co., Ltd. is a manufacturer of made-to-order transformers for domestic and overseas distribution and service provider of transformer installation, maintenance, and testing. During 2011-2015, the Company and its subsidiaries have generated over 70% of the total incomes from domestic markets. The Company has 2 manufacturing plants: one for manufacturing power transformer and the second one for distribution transformer. At present, the Company is the sole local manufacturer of transformers in Thailand, which has manufactured both power transformers and distribution transformers and has received the transfer of manufacturing technology from Siemens Transformers Austria GmbH & Co KG (VA TECH EBG Transformatoren GmbH & Co) of Austria; and Fuji Electric Systems Co., Ltd. of Japan, the world's leading manufacturers of transformers. Currently, the Company is holding shares in 3 subsidiary companies that supply the transformer's components to the Company as follows:

Thai Fin Co., Ltd., located in Bangpu Industrial Estate, is operating a business of manufacturing, distribution, repairs, and maintenance of transformer tank body and accessories including cover, fins, clamps, etc., and has manufactured and distributed the products solely to the Company. The Company has increased its investments in Thai Fin Co., Ltd., totally 5 million Baht in September 2006 for purchase and improvements of tools, machineries, and factory buildings in order to meet the expansion of production capacity. As a result, Thai Fin Co., Ltd. has its paid-up registered capital of totally 15 million Baht, which TRT holds 99.99% of Thai Fin's common shares.

Tirathai E&S Co., Ltd. is providing distribution, installation and maintenance services of electrical power equipment and establishing under the business plan as a separated business unit in order to increase the flexibility of management and competitions in the markets. Tirathai E&S Co., Ltd. had now started its operation since 3rd quarter 2010. TRT E&S currently has its paid-up registered capital of 5 million baht, which TRT holds 99.99% of TRT E&S common shares. Currently, the company assemble and distribute Aerial Crane Device and Digger Derrick Unit and Electrical maintenance for Metropolitan Electricity Authority and Provincial Electricity Authority.

L.D.S Metal Work Co., Ltd. Located in Bangpu Industrial Estate. Its nature of business provides general custom metal-work service, specialized in large casing transformer. The largest casing transformer LDS currently produced is 300 MVA. TRT had approved to enter into the transaction to purchase 85% of common share in L.D.S Metal Works Co., Ltd by EGM No.1/2012 held on 5 October 2012 in order to secure the procurement of main raw material and to cope up with the business expansion as specified in 5-year business plan. LDS has increased its capital from 20 million baht to 120 million baht as per the TRT Board's resolution No.3/2015 dated 9 August 2015, as a consequent the shareholding of the company has increased from 85% to 92.50%.

During the fourth quarter of 2013, LDS had won the auction and signed contract for Engineering Procurement and Commissioning (EPC) over The Conveyor Belt System to transport Ashes

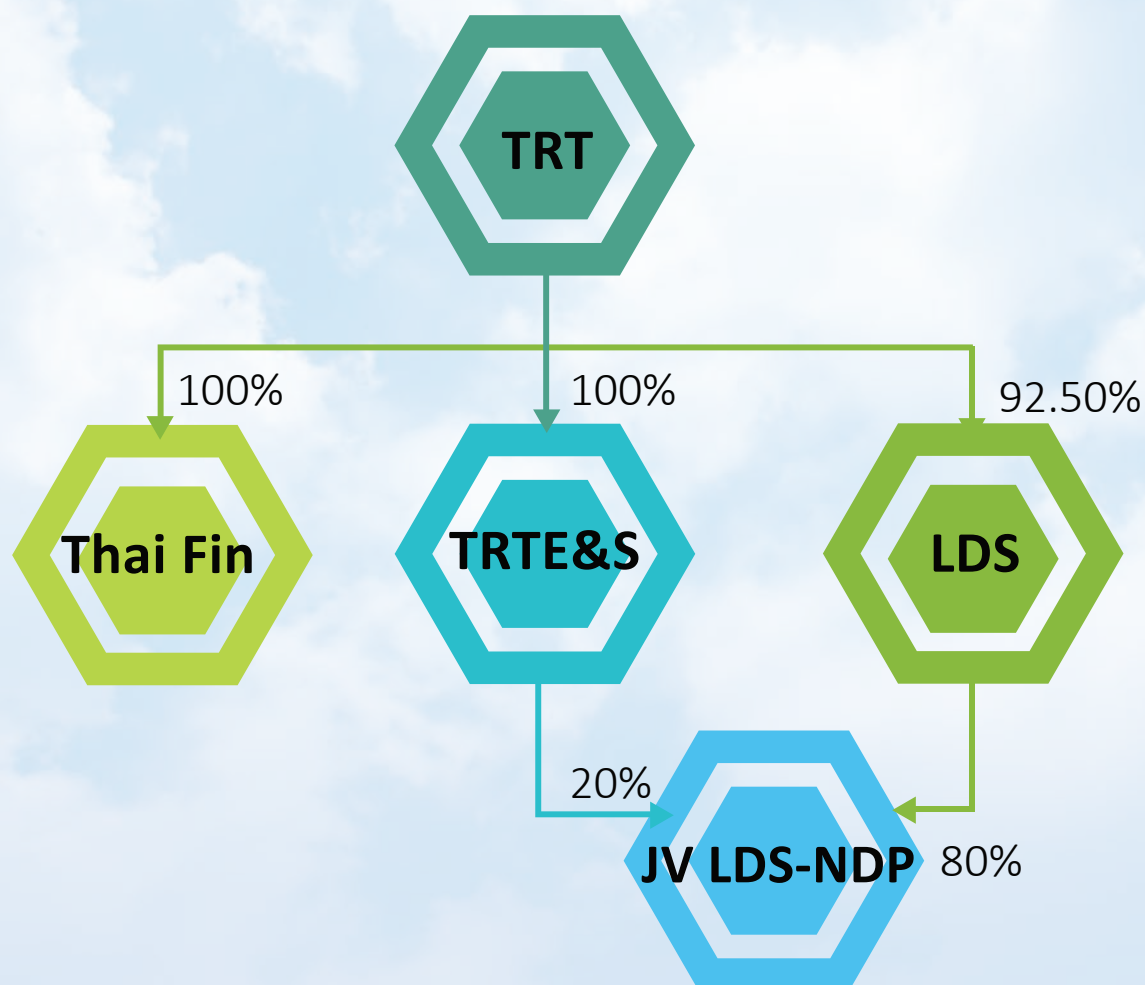


and Gypsum for Hongsa Power plant at The Laos People's Democratic Republic worth 448 million baht. The project had completed in the third quarter of 2015. In compensation for on-going quality of the delivered work, on December 2014 LDS had rewarded and signed the second contract, called the contract for Operation and Maintenance of the Conveyor Belt System to unloading soil (Waste Line 2) under the name of JV – N.D.P. (JV). This was worth 1,315 million baht over the 4.5 years contract. These projects have enlarged the capability of the Company in business expansion into EPC of The Conveyor Belt System including services over the Operating and Maintenance for Power Plants, Mine, and, every industry who uses Conveyor Belt System to support the growth potential to achieve the target of the Company.

JV L.D.S.-N.D.P. (JV) (LDS hold shares 80% and TRT E&S 20%) established in 2014 according to new business expansion policy of the Company and its subsidiaries regarding the Operation and Maintenance Service, located at the same address as LDS. The core business is Operation and Maintenance of Conveyor Belt System that JV had entered in to an agreement with Hongsa Power Co., Ltd in 2016. This is for the Operation and Maintenance of Waste Line 2 with total project value of 1,315 million baht, or 300 million baht per year, and Operation and Maintenance of Ash and Gypsum Conveyor Belt System with value of 29 million per year. The project term is 4.5 years under the condition to renew the contract every 5 years throughout the project life. In September 2016, The JV had signed contract

for Coal Conveyor System Service Agreement in relation to Hongsa Mine-Mount Power Project worth 24 million baht per year under the condition to renew the contract on a yearly basis throughout the project life.

Structure of Shareholding of Tirathai Group of Companies



Products and Services of TRT Group

Products, businesses, and services of Tirathai Group of Companies consist of two groups:

1. Transformer Group, manufacture and distribute by the Company
 - Distribution Transformer
 - Power Transformer
 - Service
2. Non-Transformer Group, operate by companies in Tirathai Group
 - Aerial / Digger Derrick Crane for maintenance of Electrical System
 - Steel fabrication, Engineering Procurement and Construction (EPC) and Construction Project.
 - Operation and Maintenance of Conveyor System, Hongsa Power Co Ltd at The Laos People's Democratic Republic

Nature of Business Operation

Transformer Group

The Company's products and services categorize into 2 types as follows:

Transformers

The Company's transformer products classifies into 3 types, according to the electrical power and voltage, as follows:

Power Transformers

Transformers that have the electrical power of over 10 MVA or having the voltage of over 36 kV (maximum electrical power is 300 MVA; and maximum voltage is 230 kV) or massive MVA shall be able to supply more electricity. This type of transformer uses oils as an insulator to prevent short circuits in transformers. The Company has manufactured the power transformers under the technology of Siemens Transformers Austria GmbH & Co KG (VA TECH EBG Transformatoren GmbH & Co) of Austria and Fuji Electric Systems Co., Ltd. of Japan.

Since power transformers are of large sizes; therefore, before delivering the products to customers, the Company shall disassemble components of transformers as may be necessary, thus, to facilitate the transportation. Regarding the assembling and installation of power transformers, the Company shall calculate the service fees separately from the prices of transformers; and experts must provide such services. The majority of users of power transformers are manufacturers and suppliers of electrical energy such as the Electricity Generating Authority of Thailand (EGAT), the Provincial Electricity Authority (PEA), the Metropolitan Electricity Authority (MEA), industrial estates and large-size industrial factories, which use the electricity from the transmission line, etc. At present, the Company is regarding as one of the three manufacturers in Thailand who can manufacture power transformers of 200 MVA 230 kV, and one of the three manufacturers in Thailand that can manufacture power transformers of 300 MVA 230 kV.

Distribution Transformers

Distribution transformers are the transformers that receive the electricity from the distribution line of the Electricity Generating Authority. Normally, power transformers will have the electric power of not more than 10 MVA, and the voltage of not more than 36 kV.

Special Transformers

The Company has its own strengths in manufacturing special transformers, which are special designed and manufactured according to the objectives of use and specifications prescribed by the customers. Parts of the design and the manufacturing technology are different from the production process of normal transformers, which require a lot of expertise of the manufacturers. Special transformers include rectifier transformers, which use in chemical industrial factories, induction furnace transformers, which use in metals smelting industry; or transformers using other insulators such as silicone oil, etc. The Company has manufactured this type of transformers under the technology of Fuji Electric Systems Co., Ltd. from Japan.

Nature of Business Operation

Services

The Company's services diversify and provide in connection with transformers, 24 hours a day in order to meet the customers' demands and to provide convenience to customers. The Company has emphasized its service provision to customers by using specialized personnel and modern tools and equipment. Our service includes erection and installation of transformers, oil filling services, maintenance services, modification and repairs services, testing services, and transformer rental services.



Non-Transformer Group

Products and business of Non-Transformer group consist of:

Aerial / Digger Derrick Crane for maintenance of Electrical System for the Metropolitan Electricity Authority (MEA) and the Provincial Electricity Authority (PEA) for instance, which assembled and distributed by Tirathai E&S Company Limited. The market share is about 30%. As TRT E&S's business is a project base, so the revenue will be depending on the state enterprise budget. The Company has studied the possibilities to distribute new product, which fulfill the demand of the others government units including private sector, in order to recognize the revenue constantly.

Nature of Business Operation

Steel fabrication work for Engineering Procurement and Construction (EPC) project and Construction project operate by L.D.S. Metal Work Co., Ltd.

Steel fabrication for general structural steel for instance; transformer casing, vacuum oven for transformer production, power plant's structures such as stacker, steel duct and etc., E-house structure, material handing conveyor structure and other general structure or part.



Construction Project of building or material handling system which contains more than 50% of steel comparing to the whole project for instance; turbine building for biomass or RDF power plant, warehouse, office, material handling equipment (mechanical only) or other building structures for both local and overseas market.

Engineering Procurement and Construction (EPC) Project of design, procurement, installation, and testing material's conveyor system for Power Plant, Coal Mining, for both local and overseas Belt Conveyor System.



Nature of Business Operation

Operation and Maintenance (O&M) work of conveyor system at Hongsa Mine Mouth Power Plant, Hongsa; Lao PDR that is responsible by JV L.D.S.-N.D.P. consists of:

Operation and Maintenance Agreement relating to the Waste Line 2 at Hongsa Mine Mouth Power Project dated 28 April 2015 at total contract price of 1,315 million baht which incomes from excavated overburden volume each year (or approximated income of 300 million baht per year). The contract period is 4.5 years, which will be renewal every 5 years until the end of power plant project (25 years).



Operation and Maintenance of Ash and Gypsum Conveyor System Agreement for Mine Mouth Power Project dated 18 May 2015 at amount of 29 million baht per year and contract period of 4.5 years, which will be renewal every 5 years until the end of power plant project (25 years).

Coal Conveyor System Service Agreement in relation to Hongsa Mine Mouth Power Project dated 19 September 2016 at amount of 24 million baht per year and contract period of 1 year, which will be renewal every year until the end of power plant project (25 years).

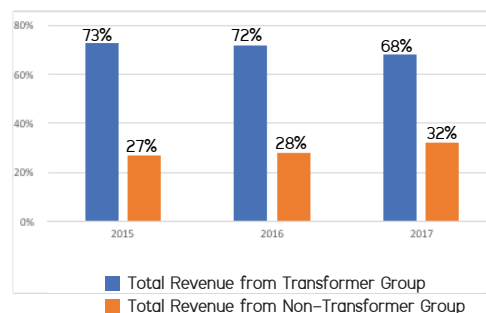
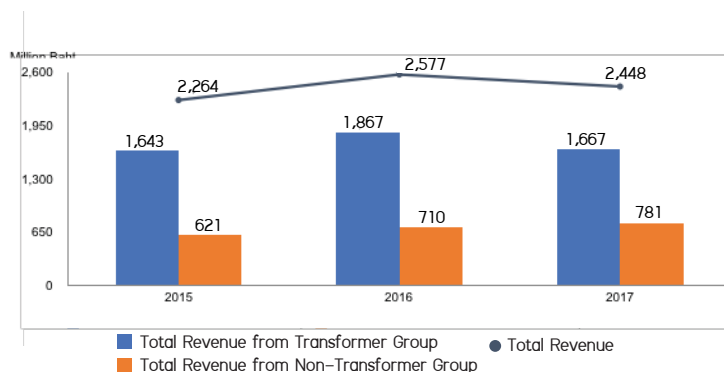


Structure of Revenue

Structure of Income (Million Baht)	2015	%	2016	%	2017	%
Transformer Group						
1. Revenue of Transformer - Domestic						
Power Transformer	611	27%	1,006	39%	652	27%
Distribution Transformer	318	14%	287	11%	530	22%
Transformer Components	9	0%	14	1%	13	1%
Total	937	41%	1,306	51%	1,195	49%
2. Revenue of Transformer - Export						
Power Transformer	470	21%	372	14%	286	12%
Distribution Transformer	178	8%	105	4%	109	4%
Transformer Components	2	0%	2	0%	6	0%
Total	650	29%	479	19%	401	16%
3. Revenue of Transformer Services	56	2%	82	3%	71	3%
Total Revenue of Transformer Group	1,643	73%	1,867	72%	1,667	68%
Non-Transformer Group						
4. Revenue of Steel Fabrication/EPC	370	16%	161	6%	357	15%
5. Revenue of Airal Derrick Truck and Service	99	4%	209	8%	70	3%
6. Revenue of Opeation and Maintenance (O&M)	111	5%	299	12%	336	14%
7. Revenue - Others	621	27%	710	28%	781	32%
Total Fevenue from Non-Transformer Group	2,264	100%	2,577	100%	2,448	100%

Total Revenue

* Revenue-Others composed of interest income, gain(loss) from FX, Tax Certificate and other revenues



Received Orders and Backlog for the Year 2015-2017

Table of Received Orders and Backlog	2015		2016		2017	
	Amount (Million Baht)	%	Amount (Million Baht)	%	Amount (Million Baht)	%
Total Revenue	2,264.09	100%	2,577.33	100%	2,448.03	100%
Received Orders – Local						
Transformer Group						
Distribution Transformers	316.58	8.34%	282.00	15.11%	709.92	32.26%
Power Transformers	1,039.04	27.36%	643.29	34.48%	915.46	41.60%
Total Received Orders – Transformer Group	1,355.62	35.70%	925.29	49.59%	1,625.38	73.86%
Received Orders –Non–Transformer Group	460.09	12.11%	268.09	14.37%	303.93	13.81%
Total	1,815.71	47.81%	1,193.38	63.96%	1,929.31	87.67%
Received Orders – Export						
Transformer Group						
Distribution Transformers	162.14	4.27%	120.38	6.45%	52.97	2.41%
Power Transformers	475.88	12.53%	261.80	14.03%	120.87	5.49%
Total Received Orders – Transformer Group	638.02	16.80%	382.18	20.48%	173.84	7.90%
Received Orders –Non–Transformer Group	1,344.00	35.39%	290.29	15.56%	97.60	4.43%
Total	1,982.02	52.19%	672.47	36.04%	271.44	12.33%
Total Received Orders both Local & Export	2015		2016		2017	
Transformer Product						
Distribution Transformers	478.72	12.61%	402.38	21.57%	762.89	34.67%
Power Transformers	1,514.92	39.89%	905.09	48.51%	1,036.63	47.09%
Total Received Orders – Transformer Group	1,993.64	52.50%	1,307.47	70.07%	1,799.22	81.76%
Received Orders –Non–Transformer Group	1,804.09	47.50%	558.38	29.93%	401.53	18.24%
Total	3,797.73	100.00%	1,865.85	100.00%	2,200.75	100.00%
Backlog Orders – Local (as of December 31st)	2015		2016		2017	
Transformer Product						
Distribution Transformers	78.00	2.63%	166.85	7.54%	286.33	14.43%
Power Transformers	952.00	32.07%	486.48	21.97%	870.76	43.88%
Total backlog – Transformer Group	1,030.00	34.70%	653.33	29.51%	1,157.09	58.30%
Backlog – Non transformer Group	296.70	9.99%	60.02	2.71%	92.67	4.67%
Total	1,326.70	44.69%	713.35	32.22%	1,249.76	62.97%
Backlog Orders – Export (as of December 31st)	2015		2016		2017	
Transformer Product						
Distribution Transformers	50.00	1.68%	71.03	3.21%	35.13	1.77%
Power Transformers	388.00	13.07%	288.09	13.01%	35.88	1.81%
Total backlog – Transformer Group	438.00	14.75%	359.12	16.22%	71.01	3.58%
Backlog – Non transformer Group	1,204.00	40.56%	1,141.66	51.56%	663.80	33.45%
Total	1,642.00	55.31%	1,500.79	67.78%	734.81	37.03%
Total Backlog Orders of both Local & Export	2015		2016		2017	
Transformer Product						
Distribution Transformers	128.00	4.31%	237.88	10.74%	321.46	16.20%
Power Transformers	1,340.00	45.14%	774.57	34.98%	906.64	45.68%
Total backlog – Transformer Group	1,468.00	49.45%	1,012.45	45.73%	1,228.10	61.88%
Backlog – Non transformer Group	1,500.70	50.55%	1,201.68	54.27%	756.47	38.12%
Total	2,968.70	100.00%	2,214.13	100.00%	1,984.57	100.00%

Situation of the Industry and Competitions

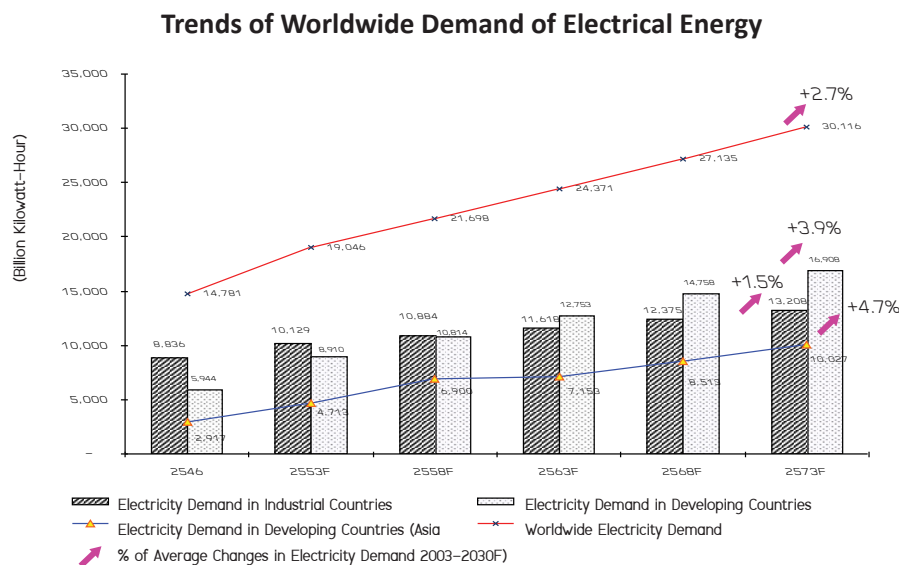
Situation of the Industry

Transformer manufacturing industry is a linkage industry in connection with the electrical energy, which regards as a fundamental energy of all countries and of great importance to the living condition of people and business operations of industries as transformers utilize in the power supply and distribution system.

The transformer industry shall expand according to the increasing demand of electricity, increasing of population, economic expansion, and expansion of the industrial sectors. Whereas, the management of the Company has evaluated that every 1 megawatt of increasing demand of electricity, the demand for power transformer shall be approximately 2 MVA, and the demand for distribution transformer shall be approximately 4 MVA for use in the power supply and distribution system. Providing that the expansion of the transformer industry shall include the market of replacement transformers.

Trends of Transformer Industry Worldwide

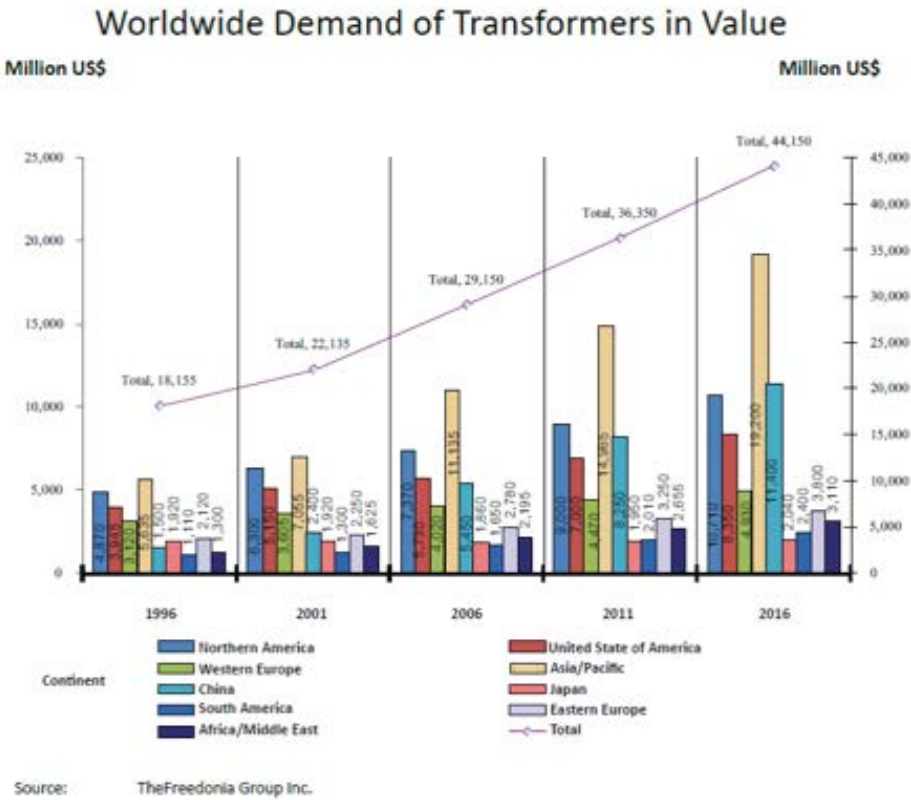
According to the expansion of the transformer industry, which is in accordance with the increasing demand of electricity, the trends of demand for electrical energy shall imply the trends of transformer industry. According to the estimation of the Energy Information Administration (EIA) of the United States of America, the trends of demand of electrical energy worldwide during 2010-2030 shall be as follows:



Source: Energy Information Administration (EIA) of the United States of America

Remarks : "Worldwide Electricity Demand" consists of the electricity demands in industrial countries, developing countries, Soviet Union, and Eastern Europe; whereas, developing countries consist of developing countries in Asia, the Middle East, Africa, Central America and South America. Meanwhile, industrial countries consist of United States of America, Canada, Mexico, Western Europe, Japan, Australia, and New Zealand; and developing countries in Asia consist of China, India, and other developing countries.

According to the data of worldwide electricity demand, the worldwide electricity demand tend to increase from 14,781 billion Kilowatt-Hour in 2003 to 30,116 billion Kilowatt-Hour in 2030, or increased by 2.7 % p.a. Whereby the electricity demand in developing countries tends to be higher than those in the industrial countries as from 2015, and the majority of highest electricity demand is from countries in Asia such as China, India, and other developing countries in Asia of which the annual increase rates of electricity use are 4.8%, 4.6%, and 4.4% respectively. Meanwhile, the annual increase rates of electricity use of developing countries in Asia and in the industrial countries are 4.7% and 1.5% respectively. Therefore, the Company has given the priority to the transformer markets of developing countries in Asia, particularly India, Malaysia, Vietnam, Brunei, etc., which have good economic growth rates, and other Asian countries which cannot produce transformers or demanding quality power transformers at reasonable prices. This factor is considering in determining the directions of overseas customer base expansion in both the short-term and the long-term.



Source : The Freedonia Group Inc.

According to the trends of worldwide demand of electrical energy and the quantity of worldwide demand of transformers, it obviously seen that the trends of growth are relevant, i.e., when the worldwide demand of electrical energy increases, the demand of transformers shall also increase; therefore, in the future, the transformer industry worldwide tends to be growing continuously.

Domestic Demand of Electrical Energy

Since 2003, the demand of electrical energy in Thailand has continuously increased. When compared to the worldwide demand of energy, the demand of electrical energy in Thailand has increased in accordance with the increases of population, economic expansion, and expansion of the industrial sector. The structure of power generation businesses and the demand of electricity in Thailand are as follows:

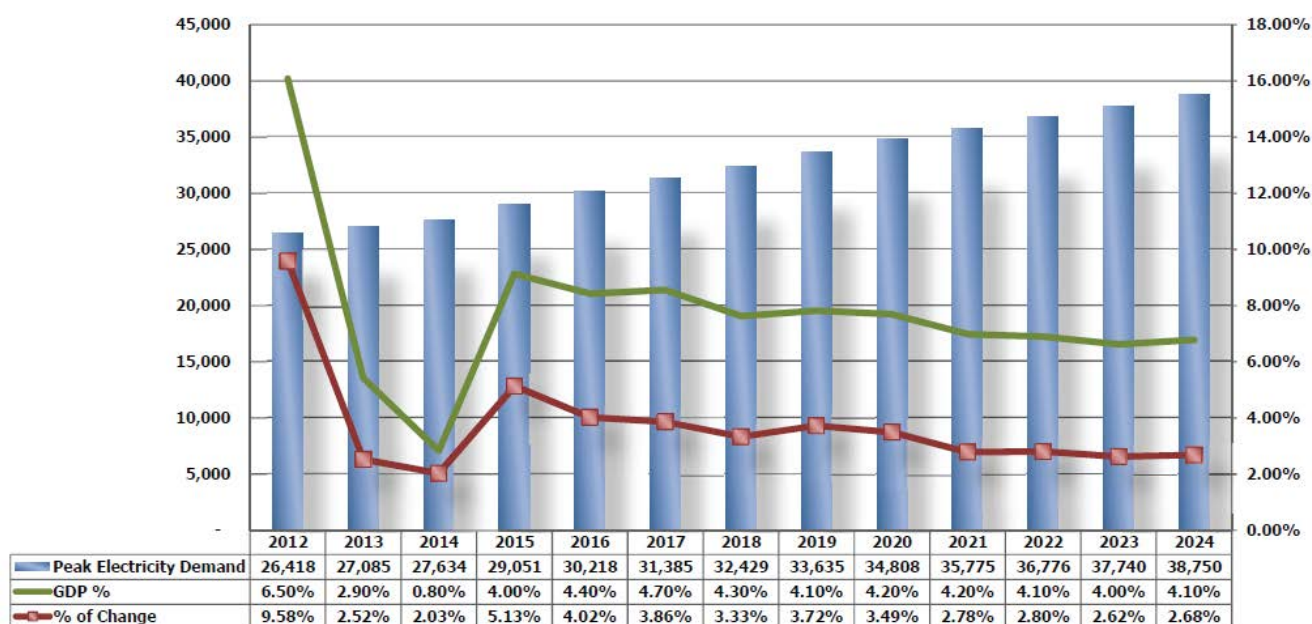
Structure of Domestic Electricity Businesses

At present, the structure of electricity businesses in Thailand starts from power plants located far away from sources of electricity generation, then, the voltage will be hence increasing by transformers; and the electric current will send through the high-voltage transmission system along the transmission lines. When having reached the areas, which have demand of electricity or communities, the voltage, will be adjusted by transformers as deems appropriate, then, the electric current will be through the distribution system along the transmission lines; and the voltage will be suitably decreased once again before distributing electricity to users. Structure of electricity businesses in Thailand classify into 3 systems, including:

1. Generation System;
2. Transmission System;
3. Distribution System;

The Electricity Generating Authority of Thailand (EGAT) operates the majority of the generation system and the whole transmission system in Thailand, while the distribution system operates by the Metropolitan Electricity Authority (MEA) and the Provincial Electricity Authority (PEA); MEA shall supply electricity to users in Bangkok, Nonthaburi, and Samut Prakarn; while, PEA shall supply electricity to users in other provinces.

Electricity Demand Forecast



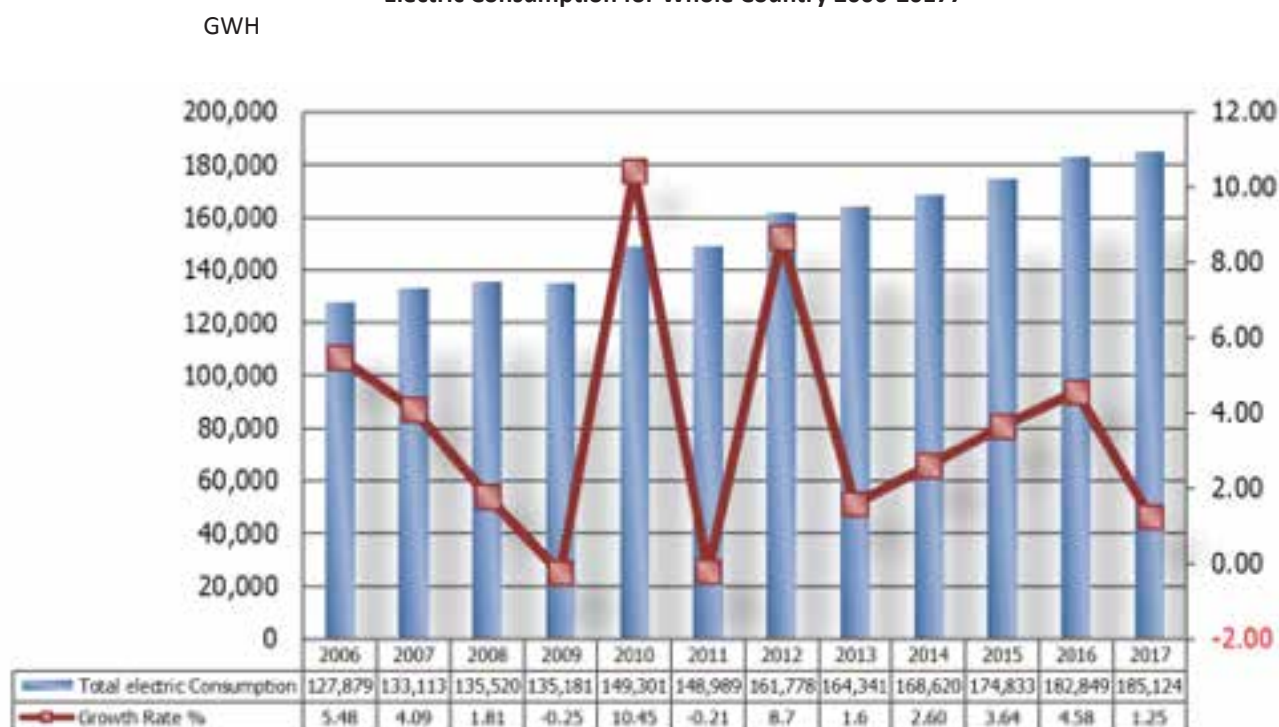
Source: Table of Electricity Demand Forecast, February 2010 according to PDP 2010

According to PDP 2015 - 2036, in year 2036 the peak electricity demand forecast is at 49,655 Mega Watt and the average peak demand forecast during 2014-2036 is at 1,001 Mega Watt, the average increasing rate at 2.67% compare to average GDP growth rate the same period of 2.68% which the average growth rate will be the same direction, resulted in the growth in transformer demand, averaged at 2.67%. However Utilities sector has budget for procurement of transformer approx.. 3,000 – 4,000 million baht per year in order to cope up with the PDP 2015.

Trends of Transformer Industry in Thailand

Regarding the trends of transformer industry in Thailand, the structure has changed from importation to import-substitution industry. Ratios of domestic use/exportation have changed from 80:20 in 2006 to 70:30 from 2007 and the exportation growth rate seems to be increased continuously because the local manufacturer of transformer could increase their production capacity and could produce a variety of products that meet the demand of foreign customers more effectively. The quality of products is more acceptable to foreign markets.

Electric Consumption for Whole Country 2006-2017



Source: EPPO

In 2017, the electric consumption of the whole country increases from 182,848 GWH in 2016 to 185,124 GWH in 2017 or 1.25% increase, mostly from industry sector both in metropolitan and provincial areas, which represent 47% of total electrical consumption of the whole country. This means the trend of electrical consumption still increase continuously.

In 2017, the transformer industry outlook of utilities and private sectors were improved especially the outlook of the second half of Year 2017 because the utilities sector spent its outstanding budget up to current fiscal year budget, while export has decreased. As a result, domestic receipt order amount for transformer by utilities and private sectors increased from 925 million Baht in 2016 to 1,625 million Baht in 2017 and the transformer backlog as of December 31st, 2017 is about 1,228 million Baht which 1,199 million Baht and 29 million Baht will be delivered in 2018 and 2019 respectively. Moreover, in quarter 4th, 2017, the Company delivered high gross profit margin products which resulted in gross profit margin of transformer improved from 10% for 9 months YTD to September 30' 2017 to 25% in quarter 4th, 2017 for 3 months YTD to December 31st, 2017. Consequently, average gross profit of transformer of year 2017 is at 15% compared to 21% of Year 2016.

In 2018, the company and its subsidiaries expect that the domestic transformer demand for utilities and private sectors will improve because the spending of utilities' budget expect to be back to normal condition. For the transformer export market, the company and its subsidiaries plan to expand its market to CLMV while the existing market will emphasis on engineering solution market which is less competition. Besides, the announcement of PDP 2015 to be effective from June 30th, 2015, enhances the demand for transformer substantially due to building new power plants including an increase demand of high voltage of transmission tower to support ASEAN GRID that requires power transformers rated 500/230/115 KV. Based on the government's investment budget of high voltage of transmission tower projects of Electricity Generating Authority of Thailand over the year 2016-2020 for 10,000 million baht or average 2,500 million baht, TRT shall have market shares around 25%-30%. In addition, TRT has increased the production capabilities by building new factory which already started production line in December 2016 to support the existing production line. This enhances overall TRT capabilities from 5,000 MVA to 9,000 MVA to support the progression growth of production line to the next 5-7 years. As a result of utilities sector's plan to use more transformers in accordance with PDP 2015, the price competition will finally relieve.

However, in 2018 the company expected that price competition has still remained in the middle to high level, caused by the

impact of a long delay in bidding and using utilities budget in the last few years. To reduce this risk, the company must execute all procedures to manage cost effectively so that average gross profit margin will remain at 18% to 20%.

As of December 31st 2017, the company and its subsidiaries had total backlog of 1,984 million baht of which 1,655 million baht will be delivered in 2018, and 329 million baht in 2019. The bid and quotation in hand of the company and its subsidiaries as of December 2017 worth 8,650 million baht with 20%-25% succession rate in 2018. In 2018, the company and its subsidiaries will manage cost efficiently in order to maintain average gross profit margin of the group for 18% to 23% as well as other procedures to manage risk at controllable level and ensure that the company and its subsidiaries will run the business as plan with appropriated control.

Competition

Competition in the transformer industry, the company has divided the market into the transformer distribution system and power transformer market. The distribution transformer market has 25 manufacturers, which are Thai companies. There are 8 competitors who are capable of manufacturing and testing in accordance with the ISO 9000 industry standard and the Short Circuit Test. Other than this is medium and small manufacturers with the main selling point of pricing. The customer groups of each size of the manufacturer are different.

Meanwhile, the market of transformers is an industry that requires knowledge, ability, expertise, experience of manufacturers and advanced technology in production including intensive research and development to produce high quality and meet standards criteria including the stability in customer's electrical systems. The new comers of the competitors are more difficult. Currently, the company is the manufacturer and distributor of the only transformer that can produce power transformers and transformers distribution system. The company is one of the three transformer manufacturers in the country for size not exceeding 100 MVA 230 kV and is one of the three manufacturers of power transformers ranging in size from 100-300 MVA 230 kV.

For the international market, since the company has the ability to produce 230 KV power transformers for domestic market, this enables the expansion of the same transformers to Vietnam, India, Sri Lanka and Pakistan markets, with a market value of several hundred million US dollars. Meanwhile, the current target market of the company for both transformer distribution system and power transformers up to 132 KV can still maintain market coverage to Vietnam, Malaysia, Singapore, Philippines, India, Nepal, Sri Lanka and Australia. The Company has been recognized by multinational companies to participate in large-scale projects such as many countries' Petrochemical Projects including Fuji Electric System Co., Ltd and Samsung Co., Ltd., which represent the competitive advantage of the company internationally. This is in line with the Company's policy to target the export market to account for 30-35% of total sales.

Risk Factors

Risks from Business Operation

Risks of Incomes from Bids

The Company and its subsidiaries have the main incomes from bids invited by State Enterprise power producers in Thailand, including Metropolitan Electricity Authority (MEA), Electricity Generating Authority of Thailand (EGAT) and the Provincial Electricity Authority (PEA). In 2017, the Company and its subsidiaries had orders from MEA, EGAT and PEA equivalents to 15%, 9% and 10% of total revenue respectively; therefore, the said amounts of incomes depended on uncertain opportunities of the Company to win the bids, and on the economic condition, and budgets of the said organizations. As of 31 December 2017, the Company and its subsidiaries had its remaining projects on hand to be handling over to this group, totally 597.09 million Baht.

In addition, the Company have increased its production capacity of up to 300 MVA 230 kV. , As a result, the Company has become one of the three manufacturers in Thailand that can manufacture power transformers of 300 MVA 230 kV; therefore, the Company expects to generate its incomes consistently.

Risks from Fluctuations of Prices of Main Raw Materials

Main raw materials for the manufacturing of transformers including, insulated copper wire, silicon steel, transformer body, and transformer oil, in 2017 were equal to 22%, 11%, 14%, and 7% of the cost of sales and services, respectively. Prices of the said raw materials shall be vary according to demands and supplies in the world markets; in particular, copper prices in the world markets have been fluctuated significantly since 2006. In 2017, copper prices in the world markets have been fluctuated from time to time. The Company and its subsidiaries have kept an eye on situation of copper prices and have adjusted the strategy to uphold the selling prices in conformity with the cost and have managed the purchasing of raw materials effectively. The Company and its subsidiaries have continued to apply the existing measures in 2018 including keeping a close watch on the situation of prices of raw materials and revising the strategies, as may be suitable. The Company expected that the risks on prices of raw materials would be at a controllable level.

Risks from Dependency on Key Account Customers

In 2017, the proportion of sales for private, export and state enterprise sectors were equivalents to 41%, 25% and 34% respectively. The Company and its subsidiaries have not sold the products to any particular customer for over 30% of the total sales. In 2018, the Company and its subsidiaries have continued to apply the existing marketing policy and have adjusted the strategies according to the situations and suitability. Moreover, the Company has increased its production capacity of up to 300 MVA 230kV, giving, the Company has an opportunity to expand its market base both local and overseas. The Company, therefore, is confident that it will be able to manage the risks from dependency on a key account customer efficiently.

Risks from reliance on particular businesses

The core business of the company is transformers business. In 2013, the total revenue of the company accounted for 84% of which the demand for transformer is in correlation with the state enterprise demand. According to the plan of the PDP, both domestic and foreign private sector depends on the economic climate and investments in both the private and public sectors. In order to reduce the risks, the company has taken up new lines of businesses as stated in the “Nature of Business Operation” Since 2015, such businesses have had few competitors but demanding from both domestic and overseas markets especially AEC Group, these will be distributed proportionately into the revenue structure of the high growth businesses. As a result, The Company is enable to conduct the businesses stably and sustainably. As of December 2017, the proportion of revenue from transformer group and non-transformer group is 68% and 32% respectively.

Risks from Price Competition

The Price competition during the economic slowdown and the Government Auction System is not in the normal stage can cause supply over Demand, which considers as an inevitable risk factors. The Company has measures to reduce the risk as follows:

1. Pricing Method Cost Plus. The Cost Plus pricing provides management with the flexibility to bid and administer the gross margin in the average of 18%-23%.
2. Focus Market for products with higher margin that require engineering design and high standard.
3. Improve the management system of the organization to be more efficient and reduce unnecessary waste of supply chain from inside and outside the organization in order to gain a competitive advantage.

Financial Risks

Risks from Exchange Rates

The Company and its subsidiaries have had incomes from sales and costs in foreign currencies (costs include cost of sales and services, selling and administrative expenses, and interest), mostly in US dollars, Singapore dollars, and Euro, and other minor currencies. Therefore, the Company and its subsidiaries have the risks from the aforementioned exchange rates.

However, the Company has set up a hedging policy for foreign currency denominated in foreign currencies. The Company has opened a US Dollar deposit account to make a natural hedge. The Company was able to settle the payments of raw materials in US dollars and using it for the estimation of transformer prices. The Company has provided an allowance for fluctuation of exchange rates at a certain level.

Nevertheless, the current currency fluctuates around the world economy. The Company recognizes the significance of such risks. The Company has entered into forward contracts with financial institutions in accordance with the economic situation in each period to prevent the risk as well

Related Transactions

Related Transactions with Parties in Conflict

As at 31 December 2017, the Company has no related transactions with parties in conflict as defined in Clause no.15 “Parties in Conflict” in the Notification of SEC and SET No. Kor Chor: 17/2551 dated 15 December 2008

In the event of a related transaction with a person who may have a conflict of interest in the future.

The Company has the procedure and policy in dealing with the related transactions as follows:

1. Procedures of Related Transaction Approval

Concerning the related transactions of the Company that may occur to have conflict of interest, the Company has the policy not to involve or enter into any related transactions with parties who may have conflict of interest. , except for inevitable cases, thus, to ensure the transparency and confidence to investors; whereby, the Company shall consider only normal business transactions for the maximum benefits of the Company under the same conditions as other business partners. The Company shall assign the Audit Committee to give comments on the necessity and suitability of such transactions. In case, the Audit Committee has no expertise in considering the related transactions which may occur, the Company shall assign independent expert or auditor of the Company to give comments on the said transactions for decision making of the Audit Committee or shareholders, as the case may be.

2. Policy and Trends on Related Transactions

The Company, in cooperation with the Audit Committee, shall consider the reasonable and fair rate of returns of such related transactions that may occur; and shall give its approval according to the related procedures and regulations. The company shall disclose the types and value of related transactions of the Company with parties in conflict under the announcements and regulations of the Securities and Exchange Commission.

Regarding the related transactions that may occur to parties in conflict of interest or stakeholders, the Company has its policy to assign the Audit Committee to give comments on the rate of returns, including necessity and suitability of such transactions by casting votes in such meetings; provided that any directors who are stakeholders shall have no voting rights.

3. Investor Protection Measures

For the purpose of investor protection, in case, there are related transactions of the Company occurring to parties in conflict of interests or stakeholders or may have conflict of interests in the future, the Company shall propose such related transactions to the Board of Directors’ Meeting attended by the Audit Committee. The consideration of such related transactions shall be with fair treatment; and shall have its policy to determine reasonable prices. In case, the Audit Committee has no expertise in considering the related transactions which may occur, the Company shall assign independent expert or auditor of the Company to give comments on the said transactions for decision making of the Board of Directors or shareholders, as the case may be. The Board of Directors shall comply with the law governing securities and stock market, and regulations, announcements, orders, or requirements of the Stock Exchange of Thailand (SET). The company shall comply with the regulations on the disclosure of information on such related transactions, and acquisitions or disposal of major assets of the Company, except for related transactions which are within the normal course of business; and shall have its policy to determine prices and conditions which are the market prices or indifferent to the third parties.

The Company shall disclose the related transactions in the Notes to Financial Statements which have been audited by the Company’s auditor, whereas, the Company shall have its policy to enter into related transactions only in connection with the main businesses of the Company. At present, the Company has assigned the Audit Committee to audit the related transactions and the internal control system of the Company. Thus, to ensure the transparency and confidence to investors; moreover, the Company has adhered to the principle of reduction of all risks to the businesses; and has assigned the Audit Committee to supervise the said risk factors in detail.

Management Discussion and Analysis: MD&A

The main business of the company and its subsidiaries consists of:

Transformer Group

Transformer Business

In 2017, the transformer industry outlook of utilities and private sectors were improved especially the outlook of the second half of Year 2017 because the utilities sector spent its outstanding budget up to current fiscal year budget, while export has decreased. As a result, domestic receipt order amount for transformer by utilities and private sectors increased from 925 million Baht in 2016 to 1,625 million Baht in 2017 and the transformer backlog as of December 31st, 2017 is about 1,228 million Baht which 1,199 million Baht and 29 million Baht will be delivered in 2018 and 2019 respectively. Moreover, in quarter 4th, 2017, the Company delivered high gross profit margin products which resulted in gross profit margin of transformer improved from 10% for 9 months YTD to September 30' 2017 to 25% in quarter 4th, 2017 for 3 months YTD to December 31st, 2017. Consequently, average gross profit of transformer of year 2017 is at 15% compared to 21% of Year 2016.

In 2018, the company and its subsidiaries expect that the domestic transformer demand for utilities and private sectors will improve because the spending of utilities' budget expect to be back to normal condition. For the transformer export market, the company and its subsidiaries plan to expand its market to CLMV while the existing market will emphasis on engineering solution market which is less competition. Besides, the announcement of PDP 2015 to be effective from June 30th, 2015, enhance the demand for transformer substantially due to building new power plants including an increase demand of high voltage of transmission tower to support ASEAN GRID that requires power transformers rated 500/230/115 KV. Based on the government's investment budget of high voltage of transmission tower projects of Electricity Generating Authority of Thailand over the year 2016-2020 for 10,000 million baht or average 2,500 million baht, TRT shall have market shares around 25%-30%. In addition, TRT has increased the production capabilities by building new factory, which already started production line in December 2016 to support the existing production line. This enhances overall TRT capabilities from 5,000 MVA to 9,000 MVA to support the progression growth of production line to the next 5-7 years. As a result of utilities sector's plan to use more transformers in accordance with PDP 2015, the price competition will finally relieve.

However, in 2018 the company expected that price competition has still remained in the middle to high level, caused by the impact of a long delay in bidding and using utilities budget in the last few years. To reduce this risk, the company must execute all procedures to manage cost effective so that average gross profit margin will remain at 18% to 20%.

Repair and services of Transformer

Transformer is the durable product with shelf life around 25 years and require slightly maintenance. Therefore, the workloads and gross profit margin of repairing and services each year depend on the requirement of user and product damage. In 2017, the repairs and services revenue decreased from 82 million baht in 2016 to 71 million baht in 2017 and the gross profit margin gained from 51% in 2017 to 45% in 2016.

Non-Transformer Business managed by TRT group of companies consists of:

Assembly and distribution of Aerial Crane Device and Digger Derrick Unit for Electrical system maintenance of Electricity Authority managed by TRT E&S

In 2017, the Electricity Authorities slowed down large project bid which resulted that TRT E&S had awarded the aerial crane device project for only 24 million baht in quarter 4th of 2017 which this order will be delivered in quarter 2nd, 2018 so the revenue recognition of TRT E&S of 70 million baht in 2017 composed of aerial crane device revenue of 33 million baht (as being backlog at the end of December 2016 that is delivered in 2017) and service revenue of 37 million baht. The company anticipates that the bidding will recover in 2018, which the amount in 2017 was about 1,500 million baht with 20% to 25% succession rate of which the awarded projects to be delivered in 2018 to 2020.

Steel Fabrication, Engineering Procurement and Construction (EPC) Project and Construction Project managed by LDS

2015, LDS initially reorganized to prepare for business expansion for EPC, the Construction Project with steel structure more than 50%, including labor skill development certified by ASME (accredited in 2017) in order to prepare itself for high quality steel fabrication, such as Vessel Pressure besides general steel fabrication that LDS already has had skills in manufacturing quality products. As a consequent, the expenses had been high. In November 2016, LDS had signed contract with Hongsa Power Co., Ltd, Lao PDR worth 201 million baht for the expansion projects of 1) Conveyor Belt System of Ash and Gypsum and 2) the Conveyor Belt System of Waste Line 2 which to be delivered in 2017. Subsequently, the revenue recognition of LDS did not catch up with the increase of expenses since 2015, so LDS had net loss 34 million baht in 2016. Moreover, LDS had net loss 47 million baht in 2017 which sale growth was not as high as expense growth. However, LDS had backlog amount of 132 million baht as of December 31st, 2017 to be delivered all in 2018 while the pending bid and quotation in hand amount as of December 31st, 2017 was 1,225 million baht expected an opportunity to get more orders by 20%-25%.

LDS believed that in 2018, the readiness in increasing capabilities over the past years as well as the monthly review and follow up process to ensure proper management will return sale growth reaching the target and meet break even in 2018, which bases for profit making in the following year.

Conveyor Belt Operation and Maintenance at Hongsa Power Plant managed by JV L.D.S-N.D.P. (JV)

In 2018, JV renewed the contract for Coal Conveyor System Services Agreement dated 1st January 2018 for the maintenance of Coal Conveyor Belt System at Hongsa Power plant worth 24 million baht per year (Average 1.98 million baht per month). From 2018-2019, JV should earn income and relocation/shift by 300 to 330 million baht per year.

In 2018, JV is in the reconsideration of the extension of the contract for Operation and Maintenance of Waste Line 2 (O&M WL2) of which the company anticipates that due to the readiness of skill and expertise personnel and efficient machineries along with reasonable price, the company can renew the contract throughout the 25 years of project period.

Conclusion

As of December 31st 2017, the company and its subsidiaries had total backlog of 1,984 million baht of which 1,655 million baht will be delivered in 2018, and 329 million baht in 2019. The bid and quotation in hand of the company and its subsidiaries as of December 2017 worth 8,650 million baht with 20%-25% succession rate in 2018. In 2018, the company and its subsidiaries will manage cost efficiently in order to maintain average gross profit margin of the group for 18% to 23% as well as other procedures to manage risk at controllable level and ensure that the company and its subsidiaries will run the business as plan with appropriated control.

Performance Analysis

Overview of Operating Result of year 2018

(Million Baht)	2016		2017		% Change
Total Revenue	2,577.33		2,448.03		-5.02%
Sale & Service Revenue	2,536.52	100%	2,429.77	100%	-4.21%
Net Profit Margin	642.75	25%	488.45	20%	-24.01%
EBITDA	192.89	8%	50.95	2%	-73.59%
EBIT	125.81	5%	(32.33)	-1%	-125.69%
Net Profit / (Net Loss) attributable to equity shareholders	61.22	2%	(68.70)	-3%	-212.22%

In 2017, the Company and its subsidiaries had net loss attributable to equity shareholders of 68.70 million baht compared to net profit attributable to equity shareholders of 61.22 million baht as followings.

1. The gross profit margin of revenue from sales and service in 2017 was at 20.10% million baht compared to last year at 25.34%. The decrease in gross profit margin was resulted by the decrease in gross profit margin of Transformer business, which was decreased from 22% in 2016 to 17% in 2017. In addition, gross profit margin of Non-Transformer business decreased from 38% in 2016 to 27% in 2017 due to high competition.

2. Selling Expenses in 2017 in line with the budget was equal to 152.45 million baht or 6.23% of total revenue compared to 180.69 million baht or 7% of total revenue in 2016, which is prorated due to the decrease in Sale.

3. The administrative expenses in 2017 was in line with the budget equal to 378.08 million baht or 15.44% of total revenue, compared to 377.05 million baht or 15.00% of total revenue in 2016.

4. Financial cost as percentage of total revenue in 2017 was at 2.43% compared to 1.64% in 2015 which financial cost in 2017 increased due to the increase in interest rate of long-term debt instrument in 2017.

Structure of Revenue

Structure of Income (Million Baht)	2015		2016		2017	
		%		%		%
Transformer Group						
1. Revenue of Transformer - Domestic						
Power Transformer	611	27%	1,006	39%	652	27%
Distribution Transformer	318	14%	287	11%	530	22%
Transformer Components	9	0%	14	1%	13	1%
Total	937	41%	1,306	51%	1,195	49%
2. Revenue of Transformer - Export						
Power Transformer	470	21%	372	14%	286	12%
Distribution Transformer	178	8%	105	4%	109	4%
Transformer Components	2	0%	2	0%	6	0%
Total	650	29%	479	19%	401	16%
3. Revenue of Transformer Services	56	2%	82	3%	71	3%
Total Revenue of Transformer Group	1,643	73%	1,867	72%	1,667	68%
Non-Transformer Group						
4. Revenue of Steel Fabrication/EPC	370	16%	161	6%	357	15%
5. Revenue of Airal Derrick Truck and Service	99	4%	209	8%	70	3%
6. Revenue of Opeation and Maintenance (O&M)	111	5%	299	12%	336	14%
7. Revenue - Others	41	2%	41	2%	18	1%
Total Fevenue from Non-Transformer Group	621	27%	710	28%	781	32%
Total Revenue	2,264	100%	2,577	100%	2,448	100%

* Revenue-Others composed of interest income, gain(loss) from FX, Tax Certificate and other revenues

In 2017, the company and its subsidiaries reported total revenue of 2,448 million baht, which consisted of 1) Transformer business revenue of 1,667 million baht or 68% and 2) Non-Transformer business revenue of 781 million baht or 32% as details.

1. Transformer business revenue consisted of 2 sources as follows.

1.1 Sale of Power Transformer and of Distribution Transformer in 2017 was equal to 1,596 million baht derived from the utilities sector at 34%, domestic private sector at 41%, and export sector at 25% compared to those of 1,785 million baht in 2016 derived from the government sector, domestic private sector, and export sector at 16%, 58%, and 26% respectively. Besides, Power Transformer and Non-Power Transformer sale in 2017 decreased by 189 million baht or 10.59% from 2016 since transformer deliveries of 126 million baht were postponed from quarter 4th in 2017 to quarter 1st and 2nd in 2018 which most customers' sites were not ready to accept transformers.

1.2 Service Business: Revenue of Service Business in 2017 composed of the revenue from installation, repair, testing, maintenance, and other transformer related services was 71 million baht, which was recognized by TRT.

2. Non-Transformer business revenue of 781 million baht in 2017 consisted of followings.

2.1 Revenue from Fabricate Steel / EPC of 357 million baht.

2.2 Revenue from assembly and distribution of Aerial Crane Device and Digger Derrick Unit and Services of 70 million baht.

2.3 Revenue from JV O&M WL2 and O&M Ash projects of 336 million baht.

2.4 Revenue from others of 18 million baht.

Statements of Financial Position

(million baht)	As of Dec 31'16		As of Dec 31'17		Change	% Change
Current Assets	2,041.76	62%	1,839.95	58%	(201.82)	-9.88%
Non-Current Assets	1,261.86	38%	1,307.35	42%	45.49	3.60%
Total Assets	3,303.62	100%	3,147.29	100%	(156.33)	-4.73%
Current term Liabilities	1,608.65	49%	1,416.36	45%	(192.30)	-11.95%
Long-term Liabilities	568.18	17%	696.15	22%	127.98	22.52%
Total Debt	2,176.83	66%	2,112.51	67%	(64.32)	-2.95%
Total equity of parent Company's shareholders	1,134.33	34%	1,044.78	33%	(89.55)	-7.89%

Total Asset: As of December 31st 2017, the Company and its subsidiaries' total asset of 3,147.29 million baht decreased by 156.33 million baht from those of 3,303.62 million baht or 4.73% in 2016 as followings.

1. Current Asset decreased by 201.82 million baht or 9.88% from those in 2016 as the following details:

1.1 Trade Account Receivable increased by 144.18 million baht because domestic and foreign trade account receivable paid of 331 million baht in 2017.

1.2 Average account receivable collection period in 2017 was 119 days compared to 116 days in 2016 since the Company delivered 2-type transformer amount of 1,596 million baht, which was power transformer amount of 938 million baht and was distribution transformer amount of 638 million baht. The collection days increased because collection period of customer was extended and the Company must wait the completion of delivery condition, which most account receivable quality was good at 88.19% of net account receivable.

1.3 The Company has a policy to set an allowance for doubtful account for the debt, which is overdue over 1 year under the review by both auditor and management on a quarterly basis. As of December 31st 2017, the Company and subsidiaries had allowance for doubtful account of 5.20 million baht and debt collections 1.00 million baht, therefore the allowance for doubtful account by the end of 2017 was 18.19 million baht compared to 13.99 million baht last year.

1.4 Inventory decreased by 32.96 million baht or 3.97% because of management of raw materials and finished goods in order to reserve production for delivery in 2017. Auditor and management agreed to set the allowance for devaluation of inventories more than 10 years (abided by Accounting Standard-TAS 2: Inventory), so the allowance for devaluation of inventories in 2017 increased by 7.18 million baht and amortized inventory was 0.22 million baht resulted in the allowance for devaluation of inventories as of December 2017 increased to 23.54 million baht compared to 16.35 million baht as of December 2016.

1.5 Other current asset decreased by 14.14 million baht.

2. Non-Current Asset as of December 31st 2017 increased by 45.48 million baht or 3.60% mainly resulted from deferred income tax and withholding tax receivable increased by 35.63 million baht.

Total Liability: as of December 31st 2017 of the company and its subsidiaries was equal to 2,112.50 million baht, decreased by 64.32 million baht or 2.95%. Most of the current liability was decreased by 192.30 million baht or 11.95% due to the decrease in short term loan from financial institution.

Shareholders' Equity: as of December 31st 2017 of the company and its subsidiaries was to 1,044.78 million baht, decreased by 89.55 million baht or 7.89% from last year because of net loss attributable to equity shareholders in 2017 of 68.70 million baht and dividend payment for 2016 business performance at rate of 0.13 baht per share totally 40.04 million baht.

Capital Structure as of December 31st 2017

- As of December 31st 2017, the Company and its subsidiaries had Total Debt to Equity for shareholders ratio at 2.02 times higher than 1.92 times in 2016, which resulted from decreased in Equity due to net loss in 2017. However, interest bearing debt to equity for shareholders as of December 31st 2017 was 1.40 times, which represented the well managed the interest-bearing debt to be in appropriate proportion which was lower than 1.5 times as specified in the condition of existing debenture bond.

- The Liquidity ratio of the company and its subsidiaries was 1.30 times in 2017 compared to 1.27 times in 2016 which mainly resulted from the decrease by 140.0 million baht in debenture due within one year and the decrease by 186.89 million baht in short term loan from financial institutes.

- Interest coverage ratio was at 0.86 times higher in 2016 compared to 4.56 times in 2016 and DSCR was at 0.16 times in 2017 compared to 0.44 times in 2016. The decrease resulted from the decrease in EBITDA from 192.89 million baht in 2016 to 50.94 million baht in 2017.

In conclusions, although Interest Coverage ratio and DSCR were a bit lower than those of last year, interest bearing debt to equity for shareholders not over 1.5 times. In 2017, the Company and its subsidiaries carefully managed this issue and had policy to reserve short term financing from financial institutes under the conditions to call for short term loans not over 3-5 days and be able to repay before due date without fine. The limit review by the end of December 2017 of the company and its subsidiaries was 370 million baht in order to reserve liquidity under strict control to keep the Capital Structure appropriately by controlling the interest bearing debt to shareholder equity ratio not be more than 1.5 times and an appropriate EBITDA to be in line with principal and interest payment.

The Liquidity

Liquidity (million baht)	2017
Net cash inflow (outflow) from operating activities	378.37
Net cash inflow (outflow) from investing activities	(96.25)
Net cash inflow (outflow) from financing activities	(286.39)
Net increase (decrease) in cash and cash equivalent	(4.27)
Beginning balance Cash and Cash Equivalent	317.95
Foreign Exchange Gain (Loss)	(0.26)
Ending balance Cash and Cash Equivalent	313.42

Ending Balance Cash and Cash Equivalent of the Company and its subsidiaries as of December 31st 2017 was equal to 313.42 million baht lower than the one of 317.95 million baht as of December 31st 2016 because of having net cash inflow from operating activities of 378.37 million baht and net cash outflow from financing and investing activities of (382.64) million baht. It shows that the Company and its subsidiaries have well managed its liquidity which still having cash ending of year 2017 of 313.42 million baht.

Report of the Board of Directors' Responsibilities for Financial Statements

To Shareholders

The Board of Directors is responsible for the consolidated financial statement of the Company and its Subsidiaries, including financial information in the Annual Report and the Company's financial statements. The Board of Directors is of the opinion that the Company's financial statements for the year ended 31 December 2017 have been prepared in accordance with generally accepted accounting principles, with appropriate accounting practices applied on a conservative and consistent basis. Where judgment and estimates were required, these were made with careful and reasonable consideration, and adequate disclosures have been made in the notes to the financial statements. These financial statements have been audited by independent certified auditors who have given their unqualified opinions.

The Board of Directors supports the practice of good corporate governance in the Company and endeavors to improve the structure of the Board of Directors accordingly so that the Company's operation is efficient, transparent and reliable. The Board of Directors has appointed an Audit Committee which comprises three independent directors who are responsible for reviewing the financial reports and the internal control and audit system of the Company. The Audit Committee has expressed its opinion with regard to the stated matters in the Report of the Audit Committee which is presented in this Annual Report.

The Board of Directors is of the opinion that the Company's internal control system is adequate and appropriate and can reasonably assure the creditability of the Company's financial statements for the year ended 31 December 2017.



Dr. Pisit Leeahtam
Chairman of the Board of Director



Mr. Sumpun Vongphan
Managing Director

Independent Certified Public Accountant's Report

INDEPENDENT AUDITOR'S REPORT

To The Shareholders and Board of Directors of Tirathai Public Company Limited

Opinion

I have audited the consolidated financial statements of Tirathai Public Company Limited and its subsidiaries (the “Group”) and the separate financial statements of Tirathai Public Company Limited (the “Company”) which comprise the consolidated and separate statements of financial position as of December 31, 2017, and the related consolidated and separate statements of changes in equity, income, comprehensive income, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Tirathai Public Company Limited and its subsidiaries and of Tirathai Public Company Limited as of December 31, 2017, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (“TSAs”). My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Group in accordance with the Federation of Accounting Professions’s Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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, and I do not provide a separate opinion on these matters.

Key Audit Matters included Audit Procedures are as follows:

Presentation of inventory valuation (the consolidated and separate financial statements)

As describe in Note 2.6 and 7 to the financial statement, inventories which stated at the lower of cost and net realizable value are significant amount. And the management used information from inventory aging analysis report and individual obsolete stock analysis report to consider the allowance for inventories declining value, therefore, I have identified that the valuation of inventories is the significant matter that requires special attention in the audit.

My audit procedure on such matter

I assessed and tested the internal control related to the calculation of inventory cost, observed the inventory count, checked the aging report of inventories, inquired the management, and considered reasonableness of the policy regarding setup allowance for inventories declining value, and tested compliant of the allowance for inventories declining value to the policy. Including test the calculation of the allowance for inventories declining value by comparing cost of inventories and net realizable value. Additionally, I considered the adequacy of the information disclosure related to the measurement of inventories.

Other Matter

The consolidated financial statements of Tirathai Public Company Limited and its subsidiaries and the separate financial statements of Tirathai Public Company Limited for the year ended December 31, 2016, presented herein as comparative information, were audited by another auditor in my office, whose report thereon dated February 21, 2017 expressed an unmodified opinion on those statements.

Other Information

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

My opinion on the consolidated and separate 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year 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.


 (CHAIYUTH ANGSUWITHAYA)
 Certified Public Accountant
 Registration No. 3885

A.M.T. & ASSOCIATES
 Bangkok, Thailand
 February 20, 2018

Statements of Financial Position

TIRATHAI PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2017

		BAHT			
		CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As of	As of	As of	As of
	NOTE	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		313,415,181.24	317,948,782.25	274,250,779.13	259,329,623.24
Current investments - investments units		801,860.00	700,810.00	801,860.00	700,810.00
Trade receivables - net	3 and 24	645,120,356.18	789,305,670.87	488,670,169.79	678,455,191.48
Unbilled contract revenue	4	8,111,496.22	13,473,688.80	-	-
Other receivables	5 and 24	22,074,823.67	22,808,883.38	22,321,790.20	17,608,036.86
Short - term loan to related party	6 and 24	-	-	55,000,000.00	30,500,000.00
Current portion of long - term loans					
to related parties - net	10 and 24	-	-	-	89,734,684.93
Inventories - net	7	797,589,310.99	830,551,414.25	712,398,998.99	744,203,247.41
Other current assets					
- Advances payment for goods and services		3,957,360.00	4,791,322.70	2,767,500.00	750,416.16
- Retention		16,304,020.00	1,916,801.33	-	-
- Refundable input tax		30,818,818.43	57,848,016.55	6,019,275.97	45,868,384.52
- Others		1,752,090.79	2,419,282.03	731,452.98	1,291,689.86
Total current assets		1,839,945,317.52	2,041,764,672.16	1,562,961,827.06	1,868,442,084.46
NON - CURRENT ASSETS					
Investments in subsidiaries	8	-	-	138,188,700.00	138,188,700.00
Other long - term investments	9 and 13	37,429,820.36	40,444,887.85	37,138,248.56	40,155,757.86
Long - term loans to related parties - net	10 and 24	-	-	209,734,684.93	120,000,000.00
Property, plant and equipment - net	11 and 13	1,109,271,650.30	1,092,872,062.66	957,962,048.78	932,233,566.09
Goodwill		19,772,301.79	19,772,301.79	-	-
Intangible assets - net	12	8,089,811.82	10,710,551.77	3,757,994.09	6,990,394.67
Deferred tax assets	21	78,946,204.68	56,072,714.15	33,656,025.41	23,318,407.31
Other non - current assets					
- Refundable withholding income tax		30,685,852.75	17,923,120.17	11,779,285.51	3,833,008.69
- Advance payment for assets		15,756,000.00	16,690,963.80	15,756,000.00	16,690,963.80
- Others		7,393,392.87	7,373,172.47	4,005,784.02	4,477,205.69
Total non - current assets		1,307,345,034.57	1,261,859,774.66	1,411,978,771.30	1,285,888,004.11
TOTAL ASSETS		3,147,290,352.09	3,303,624,446.82	2,974,940,598.36	3,154,330,088.57

The accompanying notes to financial statements
are an integral part of these financial statements.

Statements of Financial Position

TIRATHAI PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017

		BAHT			
		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	NOTE	As of December 31, 2017	As of December 31, 2016	As of December 31, 2017	As of December 31, 2016
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short - term loans					
from financial institutions	13	601,930,036.89	788,827,753.82	481,788,582.11	702,052,451.77
Trade payables					
- Related parties	24	-	-	35,358,520.68	34,578,968.54
- Others		361,375,326.19	230,593,960.62	284,490,578.69	166,715,794.09
Other payables					
- Accrued expenses		108,672,800.29	129,889,695.29	84,974,055.04	107,471,360.99
- Payable on purchase of assets		-	5,361,903.30	-	4,602,364.34
Current portion of debentures	14	259,858,653.05	399,844,174.42	259,858,653.05	399,844,174.42
Income tax payable		4,920,434.75	5,814,393.87	-	-
Current portion of employee benefit obligation	15	1,682,580.00	-	1,682,580.00	-
Other current liabilities					
- Advances received for goods and services		51,996,122.35	34,537,071.76	47,760,960.84	19,307,081.40
- Accrued dividend payment		226,817.83	216,257.70	226,817.83	216,257.70
- Others		25,693,099.26	13,567,431.14	17,072,683.96	7,191,358.27
Total current liabilities		1,416,355,870.61	1,608,652,641.92	1,213,213,432.20	1,441,979,811.52
NON - CURRENT LIABILITIES					
Debentures - net of current portion	14	597,969,042.74	459,025,479.51	597,969,042.74	459,025,479.51
Employee benefit obligation - net of current portion	15	98,184,739.70	109,153,217.70	72,845,671.00	87,256,934.00
Total non - current liabilities		696,153,782.44	568,178,697.21	670,814,713.74	546,282,413.51
Total liabilities		2,112,509,653.05	2,176,831,339.13	1,884,028,145.94	1,988,262,225.03
SHAREHOLDERS' EQUITY					
Share capital					
Authorized share capital					
359,202,865 ordinary shares of Baht 1.00 each		359,202,865.00	359,202,865.00	359,202,865.00	359,202,865.00
Issued and fully paid - up share capital					
308,008,272 ordinary shares of Baht 1.00 each		308,008,272.00	308,008,272.00	308,008,272.00	308,008,272.00
Share premium		260,145,145.84	260,145,145.84	260,145,145.84	260,145,145.84
Retained earnings					
Appropriated - legal reserve	17	35,920,286.50	35,920,286.50	35,920,286.50	35,920,286.50
Unappropriated		440,708,745.17	530,259,682.25	486,838,748.08	561,994,159.20
Total equity of parent Company's shareholders		1,044,782,449.51	1,134,333,386.59	1,090,912,452.42	1,166,067,863.54
Non - controlling interests		(10,001,750.47)	(7,540,278.90)	-	-
Total shareholders' equity		1,034,780,699.04	1,126,793,107.69	1,090,912,452.42	1,166,067,863.54
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,147,290,352.09	3,303,624,446.82	2,974,940,598.36	3,154,330,088.57

Statements of Changes in Equity

TIRATHAI PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

BAHT										
		Equity holders of parent company					Other components of equity			
Note	Issued and fully paid – up share capital	Share premium	Retained earnings		Other comprehensive income (loss)		Total equity of parent Company's shareholders	Non - controlling interests	Total shareholder's equity	
			Appropriated - legal reserve	Unappropriated	Actuarial gains (losses) on defined employee benefit plans					
Balances as of January 1, 2017	308,008,272.00	260,145,145.84	35,920,286.50	530,259,682.25	-	-	1,134,333,386.59	(7,540,278.90)	1,126,793,107.69	
Total comprehensive income (loss) for the year	-	-	-	(68,700,560.41)	19,190,438.69	19,190,438.69	(49,510,121.72)	(2,461,471.57)	(51,971,593.29)	
Transferred to retained earnings	-	-	-	19,190,438.69	(19,190,438.69)		-	-	-	
Dividend paid	-	-	-	(40,040,815.36)	-	-	(40,040,815.36)	-	(40,040,815.36)	
Ending balances as of December 31, 2017	308,008,272.00	260,145,145.84	35,920,286.50	440,708,745.17	-	-	1,044,782,449.51	(10,001,750.47)	1,034,780,699.04	
Balances as of January 1, 2016	308,008,272.00	260,145,145.84	35,920,286.50	484,440,598.46	-	-	1,088,514,302.80	(11,370,292.68)	1,077,144,010.12	
Total comprehensive income (loss) for the year	-	-	-	61,219,397.39	-	-	61,219,397.39	(2,169,986.22)	59,049,411.17	
Dividend paid	-	-	-	(15,400,313.60)	-	-	(15,400,313.60)	-	(15,400,313.60)	
Investment in subsidiary	-	-	-	-	-	-	-	6,000,000.00	6,000,000.00	
Ending balances as of December 31, 2016	308,008,272.00	260,145,145.84	35,920,286.50	530,259,682.25	-	-	1,134,333,386.59	(7,540,278.90)	1,126,793,107.69	

Statements of Changes in Equity

TIRATHAI PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	Issued and fully paid - up share capital	Share premium	Retained earnings		Other components of equity		Total shareholder's equity
				Appropriated - legal reserve	Unappropriated	Other comprehensive income (loss) on defined employee benefit plans	Actuarial gains (losses)	
Balances as of January 1, 2017		308,008,272.00	260,145,145.84	35,920,286.50	561,994,159.20	-	-	1,166,067,863.54
Total comprehensive income (loss) for the year		-	-	-	(53,947,247.76)	18,832,652.00	18,832,652.00	(35,114,595.76)
Transferred to retained earnings		-	-	-	18,832,652.00	(18,832,652.00)	(18,832,652.00)	-
Dividend paid	18	-	-	-	(40,040,815.36)	-	-	(40,040,815.36)
Ending balances as of December 31, 2017		308,008,272.00	260,145,145.84	35,920,286.50	486,838,748.08	-	-	1,090,912,452.42
Balances as of January 1, 2016		308,008,272.00	260,145,145.84	35,920,286.50	533,610,654.83	-	-	1,137,684,359.17
Total comprehensive income (loss) for the year		-	-	-	43,783,817.97	-	-	43,783,817.97
Dividend paid	18	-	-	-	(15,400,313.60)	-	-	(15,400,313.60)
Ending balances as of December 31, 2016		308,008,272.00	260,145,145.84	35,920,286.50	561,994,159.20	-	-	1,166,067,863.54

Statements of Income

TIRATHAI PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017

	NOTE	BAHT			
		CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		FOR THE YEARS ENDED DECEMBER 31,		FOR THE YEARS ENDED DECEMBER 31,	
		2017	2016	2017	2016
REVENUES					
Revenues from sales		1,730,271,833.50	2,040,107,027.28	1,595,452,074.83	1,785,128,895.81
Revenues from services		445,175,641.11	411,401,972.48	71,061,407.65	81,996,097.84
Revenues from construction contracts		254,318,516.22	85,006,425.72	-	-
Others income					
- Gain on exchange rate		-	13,212,791.69	-	10,951,321.82
- Reversal of allowance for doubtful accounts	3 and 10	-	13,020,999.69	-	11,285,524.76
- Others		18,267,358.01	14,578,849.05	28,474,183.27	25,038,270.30
Total revenues	24	2,448,033,348.84	2,577,328,065.91	1,694,987,665.75	1,914,400,110.53
EXPENSES					
Cost of sales	7	1,430,878,032.20	1,602,101,897.88	1,351,658,091.22	1,430,717,976.12
Cost of services		266,686,988.36	216,746,698.67	35,442,097.32	45,318,980.33
Cost of construction contracts		243,747,190.13	74,921,620.02	-	-
Selling expenses		152,458,445.46	180,691,278.39	138,127,183.27	166,726,173.33
Administrative expenses		378,080,388.60	377,053,353.88	177,414,714.90	176,891,209.07
Other expense					
- Loss on exchange rate		4,308,421.38	-	5,133,747.30	-
- Doubtful accounts	3	4,199,580.00	-	4,199,580.00	-
Finance cost		59,506,958.11	42,329,143.51	52,005,280.60	35,369,932.55
Total expenses	20 and 24	2,539,866,004.24	2,493,843,992.35	1,763,980,694.61	1,855,024,271.40
PROFIT (LOSS) BEFORE INCOME TAX EXPENSES		(91,832,655.40)	83,484,073.56	(68,993,028.86)	59,375,839.13
TAX EXPENSES (INCOME)	21	(20,643,740.31)	24,434,662.39	(15,045,781.10)	15,592,021.16
PROFIT (LOSS) FOR THE YEARS		(71,188,915.09)	59,049,411.17	(53,947,247.76)	43,783,817.97
PROFIT (LOSS) FOR THE YEARS ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE PARENT		(68,700,560.41)	61,219,397.39	(53,947,247.76)	43,783,817.97
NON - CONTROLLING INTERESTS		(2,488,354.68)	(2,169,986.22)	-	-
		(71,188,915.09)	59,049,411.17	(53,947,247.76)	43,783,817.97
PROFIT (LOSS) PER SHARE					
BASIC EARNINGS (LOSS) PER SHARE	22				
PROFIT (LOSS) EQUITY HOLDERS OF THE PARENT		(0.22)	0.20	(0.18)	0.14

The accompanying notes to financial statements
are an integral part of these financial statements.

Statements of Comprehensive Income

TIRATHAI PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017

		BAHT			
		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		FOR THE YEARS ENDED DECEMBER 31,		FOR THE YEARS ENDED DECEMBER 31,	
NOTE		2017	2016	2017	2016
	PROFIT (LOSS) FOR THE YEARS	(71,188,915.09)	59,049,411.17	(53,947,247.76)	43,783,817.97
	OTHER COMPREHENSIVE INCOME (LOSS):				
	Items that will not be reclassified subsequently to profit or losses:				
	Actuarial gains (losses) on defined employee benefit plans	15	24,021,652.25	-	23,540,815.00
	Deferred tax relating to other component of equity	21	(4,804,330.45)	-	(4,708,163.00)
	Total items that will not be reclassified subsequently to profit or losses		19,217,321.80	-	18,832,652.00
	OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEARS		19,217,321.80	-	18,832,652.00
	TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEARS		(51,971,593.29)	59,049,411.17	(35,114,595.76)
	TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEARS				
	ATTRIBUTABLE TO:				
	EQUITY HOLDERS OF THE PARENT		(49,510,121.72)	61,219,397.39	(35,114,595.76)
	NON - CONTROLLING INTERESTS		(2,461,471.57)	(2,169,986.22)	-
			(51,971,593.29)	59,049,411.17	(35,114,595.76)

The accompanying notes to financial statements
are an integral part of these financial statements.

Statements of Cash Flows

TIRATHAI PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	BAHT			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	FOR THE YEARS ENDED DECEMBER 31,		FOR THE YEARS ENDED DECEMBER 31,	
	2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) for the years	(71,188,915.09)	59,049,411.17	(53,947,247.76)	43,783,817.97
Adjustments to reconciles net profit (loss) for the year to net cash provided by (use in) operating activities:				
Depreciation and amortization expenses	83,272,881.01	67,074,546.19	54,387,619.64	43,733,683.89
Withholding tax write - off	-	3,588,320.37	-	-
Unrealized loss (gain) on exchange rate	2,548,300.67	1,047,722.46	2,626,128.75	861,104.38
Loss on inventories declining value (reversal)	7,183,559.85	(237,596.44)	7,325,802.88	(323,908.23)
Loss (gain) from decline in value of marketable securities	(101,050.00)	(89,090.00)	(101,050.00)	(89,090.00)
Loss (gain) on sale property, plant and equipment	(353,370.80)	(94,627.13)	(72,049.02)	(79,529.90)
Provision for loss on sale order for undelivered goods (reversal)	2,399,791.15	-	1,884,652.76	-
Bad debt and doubtful accounts (reversal)	4,199,580.00	(13,020,999.69)	4,199,580.00	(11,285,524.76)
Employee benefit obligation	16,035,420.25	15,111,562.00	11,718,445.00	10,688,179.00
Interest income	(1,428,706.87)	(1,574,465.81)	(12,562,077.29)	(15,452,010.11)
Finance costs	59,506,958.11	42,329,143.51	52,005,280.60	35,369,932.55
Tax expenses (income)	(20,643,740.31)	24,434,662.39	(15,045,781.10)	15,592,021.16
Decrease (increase) in trade receivables	134,343,465.98	1,981,187.71	179,944,537.64	(62,492,063.75)
Decrease (increase) in unbilled contract revenue	5,362,192.58	(8,866,206.56)	-	-
Decrease (increase) in other receivables	283,825.53	11,636,367.15	17,533.88	8,608,103.89
Decrease (increase) in loan to related party	-	11,488,443.94	(24,500,000.00)	103,428,974.76
Decrease (increase) in inventories	25,778,543.41	(92,854,807.26)	24,478,445.54	(76,813,553.25)
Decrease (increase) in other current assets	14,143,133.39	4,979,886.66	38,392,261.59	(6,263,960.86)
Increase (decrease) in trade payables - related parties	-	-	779,552.14	5,420,878.37
Increase (decrease) in trade payables - others	131,567,578.37	(57,528,428.53)	118,481,804.66	(69,328,944.91)
Increase (decrease) in other payables	(18,416,951.89)	45,378,721.88	(18,641,737.34)	52,302,527.73
Increase (decrease) in other current liabilities	25,866,563.43	(49,536,479.22)	35,132,188.24	(48,263,654.35)
Employee benefit obligation paid	(1,299,666.00)	(2,546,286.00)	(906,313.00)	(1,034,994.00)
Income tax paid	(20,690,772.37)	(40,385,860.42)	(7,946,276.82)	(21,677,138.33)
Net cash inflow (outflow) from operating activities	378,368,620.40	21,365,128.37	397,651,300.99	6,684,851.25

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The accompanying notes to financial statements are an integral part of these financial statements.

Statement of Cash Flows

TIRATHAI PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

	BAHT			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	FOR THE YEARS ENDED DECEMBER 31,		FOR THE YEARS ENDED DECEMBER 31,	
	2017	2016	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	1,878,941.05	1,541,683.91	7,830,790.07	14,857,833.08
Proceeds from sale of property, plant and equipment	519,525.49	597,891.41	72,163.02	79,593.93
Acquisition in property, plant and equipment	(94,462,135.80)	(301,281,428.18)	(75,621,634.33)	(254,557,685.46)
Cash paid for payable on purchase of assets	(5,361,903.30)	(28,697,266.25)	(4,602,364.34)	(28,697,266.25)
Cash paid for investment in subsidiary	-	-	-	(94,000,000.00)
Decrease (increase) in other long - term investments	3,015,067.49	27,759,406.59	3,017,509.30	27,761,975.41
Decrease (increase) in intangible assets	(1,820,783.79)	(2,258,865.39)	(327,217.62)	(147,000.00)
Decrease (increase) in other non - current assets	(20,220.40)	(16,778,629.09)	471,421.67	(16,707,784.80)
Net cash inflow (outflow) from investing activities	(96,251,509.26)	(319,117,207.00)	(69,159,332.23)	(351,410,334.09)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Finance costs paid	(60,285,954.56)	(41,074,084.08)	(53,839,902.55)	(33,201,525.21)
Increase (decrease) in bank overdrafts and short - term loans				
from financial institutions	(183,891,943.53)	385,095,469.61	(217,258,096.26)	455,595,603.00
Increase (decrease) in short - term loans from others	-	(450,000,000.00)	-	(450,000,000.00)
Cash received from non - controlling interests				
for investment in a subsidiary	-	6,000,000.00	-	-
Cash received from debenture issuance - net	397,820,000.00	358,980,000.00	397,820,000.00	358,980,000.00
Redemption	(400,000,000.00)	-	(400,000,000.00)	-
Dividend paid	(40,030,255.23)	(15,422,204.79)	(40,030,255.23)	(15,422,204.79)
Net cash inflow (outflow) from financing activities	(286,388,153.32)	243,579,180.74	(313,308,254.04)	315,951,873.00
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,271,042.18)	(54,172,897.89)	15,183,714.72	(28,773,609.84)
CASH AND CASH EQUIVALENTS, BEGINNING	317,948,782.25	371,682,141.14	259,329,623.24	287,663,694.08
EFFECT FROM EXCHANGE RATE CHANGES ON BALANCES				
HOLD IN FOREIGN CURRENCIES	(262,558.83)	439,539.00	(262,558.83)	439,539.00
CASH AND CASH EQUIVALENTS, ENDING OF	<u>313,415,181.24</u>	<u>317,948,782.25</u>	<u>274,250,779.13</u>	<u>259,329,623.24</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION

Activities not affecting cash :

For the year ended December 31, 2017

- Decrease in advance payment amounted of Baht 0.93 million from purchases property, plant and equipment in consolidated financial statement and separate financial statement.

For the year ended December 31, 2016

- Increase in other payables amounted of Baht 5.36 million and decrease in advance payment amounted of Baht 27.69 million from purchases property, plant and equipment in consolidated financial statement and increase in other payables amounted of Baht 4.60 million and decrease in advance payment amounted of Baht 14.65 million from purchases property, plant and equipment in separate financial statement.

The accompanying notes to financial statements are an integral part of these financial statements.

Notes to Financial Statements

TIRATHAI PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

1. GENERAL INFORMATION

1.1 General matter

The Company was incorporated as a limited company under the Thai Civil Commercial Code on August 20, 1987, and changed its status to a public limited company under the Public Limited Company Act on July 13, 2005 and the Company's share had been approved to be listed in the Market for Alternative Investment (MAI) on May 10, 2006. The address of its registered office is 516/1 Moo 4 Bangpoo Industrial Estate, Sukhumvit Road Samutprakarn. The Company operates in Thailand, with the principal activity in manufacturing, repairing and maintenance service of transformer and sales transformer equipment.

1.2 Basis for preparation of financial statements

1.2.1 These financial statements have been prepared in accordance with financial reporting standards and guidelines promulgated by the Federation of Accounting professions.

These financial statements are presented in Thai Baht, which is the functional currency of the Company and its subsidiaries.

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

An English language version of the financial statements has been prepared from the statutory financial statements that were issued in Thai language. In case of conflict or difference in understanding, the financial statements in Thai language shall prevail.

1.2.2 Basis of consolidation

1) These consolidated financial statements include the financial statements of Tirathai Public Company Limited and its subsidiaries ("the Group" and "the Company and its subsidiaries") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended December 31, 2016 as follow:

Company	Type of Business	Relationship	Holding of investment (%)	
			2017	2016
<u>Direct Subsidiaries:</u>				
Tirathai E&S Co., Ltd.	Distribution, installation and maintenance service of electrical power equipment	Direct shareholding and joint directors	99.99	99.99
Thaifin Co., Ltd.	Manufacturing, repairing and maintenance service of transformer equipment	Direct shareholding and joint directors	99.99	99.99
L.D.S. Metal Work Co., Ltd.	General custom metal work service	Direct shareholding	92.50	92.50
<u>Indirect Subsidiary:</u>				
Joint Venture L.D.S. - N.D.P. (L.D.S. Metal Work Co., Ltd's holding is 80% and Tirathai E&S Co., Ltd's holding is 20%)	Submit tenders or offer to work for a foreign country (Obtained the tax ID number with the Revenue Department on January 27, 2015)	Indirect shareholding	-	-

Notes to Financial Statements

In September 2016, the Company made an additional investment in L.D.S. Metal Work Co., Ltd. amounted Bath 94 million, resulting the proportion of the Company increased from 85% to 92.50% of share capital.

As of December 31, 2017 and 2016, Joint Venture L.D.S - N.D.P's capital amount Baht 100 million.

- 2) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- 3) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- 4) Significant intercompany transactions are eliminated from the consolidated financial statements.

1.3 Related parties

Through shareholding and/or director are as follow:

- Tirathai E&S Company Limited
- Thaifin Company Limited
- L.D.S. Metal Work Company Limited
- Joint Venture L.D.S. - N.D.P.
- Fuji Tusco Corrugate Company Limited

1.4 Adoption of new financial reporting standards

1.4.1 Financial reporting standards which are effective for the current year

During the year, the Company adopted a number of revised and new accounting standards and financial reporting standards including their interpretations, issued by the Federation of Accounting Professions, which are effective for financial statements year beginning on or after January 1, 2017. Adoption of the above financial reporting standards in the current year do not have material effect on the financial statements.

1.4.2 Financial reporting standards which are not effective for the current year

During the year, the Federation of Accounting Professions has issued the revised and new accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations, which are effective for financial statements period beginning on or after January 1, 2018 as follows.

Accounting Standards

- | | | |
|-----|----|---|
| TAS | 1 | Presentation of Financial Statements (revised 2017) |
| TAS | 2 | Inventories (revised 2017) |
| TAS | 7 | Statement of Cash Flows (revised 2017) |
| TAS | 8 | Accounting Policies, Changes in Accounting Estimates and Errors (revised 2017) |
| TAS | 10 | Events after the Reporting Period (revised 2017) |
| TAS | 11 | Construction Contracts (revised 2017) |
| TAS | 12 | Income Taxes (revised 2017) |
| TAS | 16 | Property, Plant and Equipment (revised 2017) |
| TAS | 17 | Leases (revised 2017) |
| TAS | 18 | Revenue (revised 2017) |
| TAS | 19 | Employee Benefits (revised 2017) |
| TAS | 20 | Accounting for Government Grants and Disclosure of Government Assistance (revised 2017) |

Notes to Financial Statements

Accounting Standards

TAS	21	The Effects of Changes in Foreign Exchange Rates (revised 2017)
TAS	23	Borrowing Costs (revised 2017)
TAS	24	Related Party Disclosures (revised 2017)
TAS	26	Accounting and Reporting by Retirement Benefit Plans (revised 2017)
TAS	27	Separate Financial Statements (revised 2017)
TAS	28	Investments in Associates and Joint Ventures (revised 2017)
TAS	29	Financial Reporting in Hyperinflationary Economies (revised 2017)
TAS	33	Earnings per Share (revised 2017)
TAS	34	Interim Financial Reporting (revised 2017)
TAS	36	Impairment of Assets (revised 2017)
TAS	37	Provisions, Contingent Liabilities and Contingent Assets (revised 2017)
TAS	38	Intangible Assets (revised 2017)
TAS	40	Investment Property (revised 2017)
TAS	41	Agriculture (revised 2017)

Financial Reporting Standards

TFRS	2	Share - based Payment (revised 2017)
TFRS	3	Business Combinations (revised 2017)
TFRS	4	Insurance Contracts (revised 2017)
TFRS	5	Non - current Assets Held for Sale and Discontinued Operations (revised 2017)
TFRS	6	Exploration for and Evaluation of Mineral Resources (revised 2017)
TFRS	8	Operating Segments (revised 2017)
TFRS	10	Consolidated Financial Statements (revised 2017)
TFRS	11	Joint Arrangements (revised 2017)
TFRS	12	Disclosure of Interests in Other Entities (revised 2017)
TFRS	13	Fair Value Measurement (revised 2017)

Accounting Standard Interpretations

TSIC	10	Government Assistance - No Specific Relation to Operating Activities (revised 2017)
TSIC	15	Operating Leases - Incentives (revised 2017)
TSIC	25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders (revised 2017)
TSIC	27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2017)
TSIC	29	Service Concession Arrangements : Disclosures (revised 2017)
TSIC	31	Revenue - Barter Transactions Involving Advertising Services (revised 2017)
TSIC	32	Intangible Assets - Web Site Costs (revised 2017)

Notes to Financial Statements

Financial Reporting Standard Interpretations

TFRIC	1	Changes in Existing Decommissioning, Restoration and Similar Liabilities (revised 2017)
TFRIC	4	Determining whether an Arrangement contains a Lease (revised 2017)
TFRIC	5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2017)
TFRIC	7	Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economies (revised 2017)
TFRIC	10	Interim Financial Reporting and Impairment (revised 2017)
TFRIC	12	Service Concession Arrangements (revised 2017)
TFRIC	13	Customer Loyalty Programmes (revised 2017)
TFRIC	14	TAS 19 (revised 2017) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (revised 2017)
TFRIC	15	Agreements for the Construction of Real Estate (revised 2017)
TFRIC	17	Distributions of Non - cash Assets to Owners (revised 2017)
TFRIC	18	Transfers of Assets from Customers (revised 2017)
TFRIC	20	Stripping Costs in the Production Phase of a Surface Mine (revised 2017)
TFRIC	21	Levies (revised 2017)

The management of the Company has assessed that TAS 1, TAS 2, TAS 7, TAS 8, TAS 10, TAS 11, TAS 12, TAS 16, TAS 17, TAS 18, TAS 19, TAS 21, TAS 23, TAS 24, TAS 27, TAS 28, TAS 33, TAS 34, TAS 36, TAS 37, TAS 38 and TFRS 8, TFRS 10, TFRS 11, TFRS 12 and TFRS 13 will not have material impact on the financial statements when it is applied. For the other TAS, TFRS, TSIC and TFRIC are not relevant to the Group's business, therefore they do not have impact on the financial statement when they are applied.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Revenue recognition

Revenues from sale are recognized as revenue when goods are delivered and the risk and reward of goods ownership are transferred to customers.

Revenues from services are recognized by reference to the stage of completion.

Revenues from construction contracts are recognized using the percentage - of - completion method by refer to the completion of a physical proportion of the contract work performed as assessed by the project engineers and customers or by refer to the proportion that actual construction costs incurred for work performed up to the end of the period to the estimated total construction costs to be incurred to completion depending on the nature of the contract. When the outcome of a construction contract cannot be estimated reliably, the revenue shall be recognized only to the extent of construction costs incurred that it is probable will be recoverable and the construction costs shall be recognized as an expense in the period in which they are incurred. When it is probable that total construction costs will exceed total contract revenue, the expected loss shall be recognized immediately as an expense in the statements of income.

Notes to Financial Statements

2.2 Cash and cash equivalents

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

2.3 Unbilled contract revenue

Unbilled contract revenue comprises the aggregate amount of costs incurred that relate to the specific contract in progress and recognized profit to date; less the sum of recognized loss and the progress billings. The value of progress billings exceed the value of the work in progress is presented as “Advance received” under current liabilities.

2.4 Current investments - investment units

Investment units are stated at fair value.

2.5 Allowance for doubtful accounts

The Company provides allowance for doubtful accounts by reviewing the current status of existing receivables and losses were estimated on the amounts anticipated uncollectable.

2.6 Inventories

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

Finished goods and work in process are stated at standard cost (which approximates actual cost by weighted average method). Standard cost includes all production costs and appropriate share of production overheads base on normal operating capacity.

Raw materials, spare parts and factory supplies are stated at cost (FIFO) and charged to production costs whenever consumed.

The Group provides allowance for inventories declining value for inventories which cost exceeded net realizable value, for deteriorated, damaged, obsolete and slow - moving inventories.

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

2.7 Investments in subsidiaries

Investments in subsidiaries in the separate financial statements are recorded under the cost method.

Allowances for impairment of investment have been provided by considering the operating result and the future business plan of the subsidiaries.

2.8 Other long - term investments

Investments in ordinary shares of a related company are presented as the general investment at book value. The investment had been transferred from investment in a subsidiary. As at the transferred date, the book value of investments is zero. And the investments which additionally invested from the increased share capital are stated at cost.

Allowance for impairment of investments shall be provided by taking the net book value and other relevant factors into consideration.

Notes to Financial Statements

2.9 Borrowing Costs

Borrowing costs comprise interest and other costs associated with the borrowings. Borrowing costs incurred on qualifying assets are capitalized as a cost of the qualifying property until all the activities necessary to prepare the property for their intended uses are substantially completed. When funds are specifically borrowed for the construction or the production of asset, the amount of borrowing costs capitalized is determined from the actual borrowing costs during the year less any income on the temporary investment of those borrowings. When funds are borrowed for general purpose, the Group multiplies the capitalization rate by the capital expenditure in allocating borrowing costs to costs of assets.

All other borrowing costs are expensed in the period they incurred.

2.10 Property, plant and equipment

Land is stated at cost and other fixed assets are stated at cost net of accumulated depreciation.

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

	YEARS
Building and construction	3 - 20
Machineries, tools and equipment	5 - 20
Furniture and office equipment	3 - 10
Vehicles	5 - 10

2.11 Intangible assets

Intangible asset is stated at cost less accumulated amortization. Amortization of intangible asset is calculated by reference to its cost on the straight - line basis over 5 years.

2.12 Deferred cost of issued debentures

Deferred cost of issued debentures is amortized by using the approximate effective rate over the term of the debentures.

The amortization of deferred cost of issued debentures is included in finance cost.

2.13 Foreign currency transactions

Foreign currency transactions are translated into Baht at the exchange rate ruling on the transaction date. Assets and liabilities denominated in foreign currencies outstanding the statements of financial position date are translated into Baht at the exchange rates ruling on the statements of financial position date.

Gains and losses on exchange are included in determining earnings.

2.14 Financial instruments

Financial instruments carried in the statements of financial position include deposits with financial institutions, investment, trade receivables and trade payables, lending and borrowings. The particular recognition methods adopted are disclosed in the individual policy associated with each item.

Notes to Financial Statements

2.15 Finance lease agreement

Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lower of the fair value of the leased property or the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long - term payables, while the interest element is charged to the statements of income over the lease period. If there is no reasonable certainty that the lessees will obtain ownership by the end of the lease term, the asset acquired under finance lease shall be fully depreciated over the shorter of the useful life of the asset or the lease term.

2.16 Use of estimates and judgments

The preparation of financial statements in conformity with financial reporting standards requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. The significant areas of estimation uncertainty and critical judgments related to allowance for doubtful accounts, allowance for inventories declining value, allowance for impairment of investment, depreciation, employee benefit obligation, and recognition of revenue by using the percentage of completion method.

2.17 Employee benefits

Salaries, wages, bonuses, contributions to the social security fund, provident fund and other benefits are recognized as expenses when incurred.

Severance Payment as specified in Thai Law are recognized as expenses in the income statement along the service period of employees. The Company and its subsidiaries's post - employment benefit obligations are estimated by a qualified actuary under the actuarial assumption using the Projected Unit Credit Method.

However, the actual benefit obligation may be different from the estimate.

The Company and its subsidiaries recognized the actuarial gains or losses arising from defined benefit plan in the period incurred in other comprehensive income.

2.18 Income tax

Income tax for the year comprises current and deferred tax. Current and deferred tax are recognized in the statement of income except to the extent that they relate to business combination or items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date.

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

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

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

2.19 Basic earnings per share

Basic earnings per share are determined by dividing profit (loss) for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding.

Notes to Financial Statements

3. TRADE RECEIVABLES - NET

	BAHT			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Trade receivables				
- Related party	-	-	543,262.54	1,666,958.03
- Others	663,313,343.64	803,299,078.33	505,349,994.48	689,811,740.68
Total	663,313,343.64	803,299,078.33	505,893,257.02	691,478,698.71
<u>Less</u> Allowance for doubtful accounts	<u>(18,192,987.46)</u>	<u>(13,993,407.46)</u>	<u>(17,223,087.23)</u>	<u>(13,023,507.23)</u>
Trade receivables - net	<u>645,120,356.18</u>	<u>789,305,670.87</u>	<u>488,670,169.79</u>	<u>678,455,191.48</u>

As of December 31, 2017 and 2016, the trade receivables are classified by aging as follows:

	BAHT			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Current	573,594,189.07	681,786,544.13	435,025,504.68	584,400,272.13
Overdue				
Less than 3 months	42,238,928.91	43,538,937.55	24,660,080.85	30,740,947.26
Over 3 months to 6 months	677,153.94	17,088,791.10	374,500.00	16,422,574.00
Over 6 months to 12 months	529,175.12	30,743,750.08	529,175.12	30,123,150.08
Over than 12 months	46,273,896.60	30,141,055.47	45,303,996.37	29,791,755.24
Total	663,313,343.64	803,299,078.33	505,893,257.02	691,478,698.71
<u>Less</u> Allowance for doubtful accounts	<u>(18,192,987.46)</u>	<u>(13,993,407.46)</u>	<u>(17,223,087.23)</u>	<u>(13,023,507.23)</u>
Trade receivables - net	<u>645,120,356.18</u>	<u>789,305,670.87</u>	<u>488,670,169.79</u>	<u>678,455,191.48</u>

The change in the allowance for doubtful accounts for the year ended December 31, 2017 is as follow:

	BAHT	
	CONSOLIDATED	SEPARATE
	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
Beginning balance	(13,993,407.46)	(13,023,507.23)
Increased during the year	(5,199,580.00)	(5,199,580.00)
Received during the year	1,000,000.00	1,000,000.00
Decreased due to write - off	-	-
Ending balance	<u>(18,192,987.46)</u>	<u>(17,223,087.23)</u>

Notes to Financial Statements

4. UNBILLED CONTRACT REVENUE / ADVANCE RECEIVED

As of December 31, 2017 and 2016, unbilled contract revenue and advance received are as follows:

	BAHT			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
<u>Unbilled contract revenue</u>				
Project value as per contract	172,029,880.00	167,452,672.50	-	-
Accumulated amount recognized as revenue on percentage of completion basis	135,735,346.22	44,548,884.40	-	-
<u>Less</u> Value of progress billings	(127,623,850.00)	(31,075,195.60)	-	-
Unbilled contract revenue	8,111,496.22	13,473,688.80	-	-
<u>Advance received</u>				
Project value as per contract	-	-	-	-
Value of progress billings	-	-	-	-
<u>Less</u> Accumulated amount recognized as revenue on percentage of completion basis	-	-	-	-
Advance received	-	-	-	-

As of December 31, 2017, the contract in progress costs incurred and recognized loss to date amounted Baht 142.83 million and Baht 7.09 million, respectively (As of December 31, 2016 amounted Baht 43 million and Baht 1.54 million, respectively) and the retentions amount Baht 12.29 million (As of December 31, 2016 amounted Baht 1.78 million).

5. OTHER RECEIVABLES

Other receivables, as follows:

	BAHT			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Accrued incomes	785,169.02	700,125.39	10,078,062.58	5,773,525.78
Advances payment	2,473,952.01	1,820,515.11	393,123.89	290,357.22
Prepaid expenses	18,815,702.64	20,288,242.88	11,850,603.73	11,544,153.86
Total	22,074,823.67	22,808,883.38	22,321,790.20	17,608,036.86

Notes to Financial Statements

6. SHORT - TERM LOAN TO RELATED PARTY

	BAHT			
	SEPARATE FINANCIAL STATEMENTS			Balance as of December 31, 2017
	Balance as of December 31, 2016	Increase	Decrease	
Loan to subsidiary	<u>30,500,000.00</u>	55,000,000.00	30,500,000.00	<u>55,000,000.00</u>

As of December 31, 2017, Loans to a subsidiary are 3 promissory notes due within 1 year with interest at the rate of 5.50% p.a., which are unsecured.

As of December 31, 2016, Loans to a subsidiary are 4 promissory notes due within 1 year with interest at the rate of 4.50% p.a., which are unsecured.

7. INVENTORIES - NET

	BAHT			
	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Finished goods	202,552,600.51	117,546,652.41	204,690,094.82	122,271,080.23
Work in process	185,903,505.23	219,103,352.99	167,952,763.70	202,466,849.68
Raw materials	339,111,131.40	465,741,953.54	300,653,174.98	422,389,972.55
Spare parts and factory supplies	31,119,233.46	26,852,051.03	-	-
Raw materials in transit	<u>62,441,173.67</u>	<u>17,662,177.71</u>	<u>62,441,173.67</u>	<u>13,087,750.25</u>
Total	821,127,644.27	846,906,187.68	735,737,207.17	760,215,652.71
<u>Less</u> Allowance for inventories declining value	<u>(23,538,333.28)</u>	<u>(16,354,773.43)</u>	<u>(23,338,208.18)</u>	<u>(16,012,405.30)</u>
Inventories - net	<u>797,589,310.99</u>	<u>830,551,414.25</u>	<u>712,398,998.99</u>	<u>744,203,247.41</u>

Inventories recognized as an expense in cost of sales.

	BAHT			
	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Cost of goods sold	1,423,694,472.35	1,602,339,494.32	1,344,332,288.34	1,431,041,884.35
Increase (decrease) allowance for inventories declining value	<u>7,183,559.85</u>	<u>(237,596.44)</u>	<u>7,325,802.88</u>	<u>(323,908.23)</u>
	<u>1,430,878,032.20</u>	<u>1,602,101,897.88</u>	<u>1,351,658,091.22</u>	<u>1,430,717,976.12</u>

Notes to Financial Statements

Movement of allowance for inventories declining value for the year ended December 31, 2017 is as follows:

	BAHT	
	CONSOLIDATED FINANCIAL STATEMENTS	SEPARATE FINANCIAL STATEMENTS
Beginning balance	(16,354,773.43)	(16,012,405.30)
Allowance increased during the year	(7,407,641.08)	(7,549,884.11)
Allowance decreased due to sale inventories	224,081.23	224,081.23
Allowance decreased due to write - off	-	-
Ending balance	<u>(23,538,333.28)</u>	<u>(23,338,208.18)</u>

Notes to Financial Statements

8. INVESTMENTS IN SUBSIDIARIES

	Type of Business	Relationship	Million Baht		Holding of investment		BAHT SEPARATE FINANCIAL STATEMENTS			
			Paid - up share capital		2017	2016	Investment		Book value	
			2017	2016			2017	2016		
			2017	2016	2017	2016	2017	2016		
			2017	2016	2017	2016	2017	2016		
<u>Subsidiaries Companies</u>										
Tirathai E&S Co., Ltd.	Distribution, installation and maintenance service of electrical power equipment	Direct shareholding and joint directors	5.0	5.0	99.99%	99.99%	4,999,300.00	4,999,300.00	104,044,194.24	93,087,349.39
Thaifin Co., Ltd.	Manufacturing, repairing and maintenance service of transformer equipment	Direct shareholding and joint directors	15.0	15.0	99.99%	99.99%	14,999,400.00	14,999,400.00	22,819,091.36	21,590,409.12
L.D.S. Metal Work Co., Ltd. (a)	General custom metal work service	Direct shareholding	120.0	120.0	92.50%	92.50%	118,190,000.00	118,190,000.00	62,063,353.61	91,565,326.99
Total							<u>138,188,700.00</u>	<u>138,188,700.00</u>	<u>138,188,700.00</u>	<u>138,188,700.00</u>

(a) In September 2016, the Company made an additional investment in L.D.S. Metal Work Co., Ltd. amounted Baht 94 million, resulting the proportion of the Company increased from 85% to 92.50% of share capital.

Notes to Financial Statements

9. OTHER LONG - TERM INVESTMENTS

	Share holding	BAHT			
		CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2017	2016	2017	2016
Investments in ordinary shares					
- General investment					
- Related company:					
Fuji Tusco Corrugate Co., Ltd. 10%		6,000,000.00	6,000,000.00	6,000,000.00	6,000,000.00
Fixed deposits		31,429,820.36	34,444,887.85	31,138,248.56	34,155,757.86
Total other long - term investments		<u>37,429,820.36</u>	<u>40,444,887.85</u>	<u>37,138,248.56</u>	<u>40,155,757.86</u>

As of December 31, 2017 and 2016 fixed deposits are pledged to secure bank overdrafts and loans from banks, letter of credits and letter of guarantees for business the Company and its subsidiaries.

10. LONG - TERM LOANS TO RELATED PARTIES - NET

	BAHT			
	CONSOLIDATED FINANCIAL STATEMENTS			
	Balance as of December 31, 2016	Increase	Decrease	Balance as of December 31, 2017
Loans	-	-	-	-
Accrued interest	-	-	-	-
Total	-			-
<u>Less</u> Allowance for doubtful accounts	-			-
	-			-
<u>Less</u> Current portion	-			-
Long - term loans to related party - net	<u>-</u>			<u>-</u>

	BAHT			
	SEPARATE FINANCIAL STATEMENTS			
	Balance as of December 31, 2016	Increase	Decrease	Balance as of December 31, 2017
Loans to related party	-	-	-	-
Loans to subsidiary	209,734,684.93	-	-	209,734,684.93
Total	209,734,684.93			209,734,684.93
<u>Less</u> Allowance for doubtful accounts	-			-
	209,734,684.93			209,734,684.93
<u>Less</u> Current portion	(89,734,684.93)			-
Long - term loans to related party - net	<u>120,000,000.00</u>			<u>209,734,684.93</u>

Notes to Financial Statements

Related party:

In October 2005, the Company changed from promissory notes on call without collateral to long - term loan contracts. The principals and accrued interest income to be repayable in 2 - 8 six - month installments commencing from within year 2006 and within year 2016 and the interest rate of MLR - 0.5% p.a..

Starting from year 2005, the Company and its subsidiaries stop recognizing interest income of a related company and provided for allowance for doubtful debts of the total amount due to the uncertainty of ability to receive any payment due in year 2011 and in year 2012, respectively.

In the 3rd quarter of year 2016, the Company and its subsidiary received the total principal and accrued interest amounted Baht 11.49 million (the Company only : amounted Baht 9.43 million) from the said related company.

Subsidiaries:

Loan no.1 :

In September 2014, the Company had entered into a three - years term loan of Baht 49.73 million with a subsidiary with interest at the rate of 5.30% p.a. which is unsecured. The total principal is repayable within September 25, 2017 and interest is repayable in every 3 months starting December 2014.

On September 25, 2017, the Company and the subsidiary had entered into the memorandum of loan agreement dated September 25, 2014 by extend total principal which will be repayable within September 25, 2019.

Loan no.2 :

On February 2, 2015, the Company had entered into a loan agreement with the said subsidiary in amount of Baht 160 million. The subsidiary is able to drawdown the loan in installment when necessary and shall drawdown under this agreement within December 25, 2015 with interest at the rate of 4.50% p.a. which is unsecured. The interest is repayable in every six - months commencing the first repayment shall be paid within 6 months commencing from the 1st drawdown date. The principal are repayable equally in 4 installments in every December 25 of each year starting December 25, 2016. During the year 2015, the subsidiary drawdown 3 installments total Baht 101 million. Later, on December 25, 2015, the subsidiary drawdown the loan in amount of Baht 59 million by transfer from short - term loan to the loan under this agreement.

On December 25, 2016, the Company and the subsidiary had entered into the memorandum of loan agreement dated February 2, 2015 by extend 1 year of each installment which the 1st installment will be December 25, 2017.

On December 25, 2017, the Company and the subsidiary had entered into the memorandum of loan agreement dated February 2, 2015 by extend of each installment are as follows:

1st installment repayable within June 25, 2019

2nd installment repayable within December 25, 2019

3rd installment repayable within December 25, 2020

4th installment repayable within December 25, 2021

Notes to Financial Statements

11. PROPERTY, PLANT AND EQUIPMENT - NET

		BAHT					
		CONSOLIDATED FINANCIAL STATEMENTS					
		Machineries, tools and equipment	Furniture and office equipment	Vehicles	Building in progress	Machineries in progress	Total
<u>Cost</u>	Land	Building and construction					
As of December 31, 2016	272,881,245.00	308,034,064.90	49,097,863.75	68,045,166.54	146,620,781.93	171,001,159.15	1,885,018,165.32
Increase	-	15,949,293.00	7,804,217.29	-	18,475,415.00	14,710,871.01	95,397,099.60
Decrease	-	-	(5,198,569.15)	(631,723.59)	-	-	(7,438,011.45)
Transfer in (out)	-	182,464,791.49	4,210,149.30	-	(165,096,196.93)	(182,602,734.85)	-
As of December 31, 2017	272,881,245.00	506,448,149.39	59,504,511.63	67,413,442.95	-	3,109,295.31	1,972,977,253.47
<u>Accumulated depreciation</u>							
As of December 31, 2016	-	(207,112,322.26)	(39,121,257.80)	(32,006,666.92)	-	-	(792,146,102.66)
Increase	-	(19,296,890.91)	(3,879,993.86)	(7,536,523.23)	-	-	(78,831,357.27)
Decrease	-	-	1,593,549.31	631,722.59	-	-	7,271,856.76
As of December 31, 2017	-	(226,409,213.17)	(41,407,702.35)	(38,911,467.56)	-	-	(863,705,603.17)
<u>Net book value</u>							
As of December 31, 2016	272,881,245.00	100,921,742.64	9,976,605.95	36,038,499.62	146,620,781.93	171,001,159.15	1,092,872,062.66
As of December 31, 2017	272,881,245.00	280,038,936.22	506,643,389.10	28,501,975.39	-	3,109,295.31	1,109,271,650.30

Depreciation charges for the years 2017 and 2016 amounted to Baht 78,831,357.27 and Baht 61,245,726.76, respectively are included in the statement of income.

Notes to Financial Statements

BAHT

	SEPARATE FINANCIAL STATEMENTS						
	Land	Building and construction	Machineries, tools and equipment	Furniture and office equipment	Vehicles	Building in progress	Machineries in progress
<u>Cost</u>							Total
As of December 31, 2016	264,421,245.00	233,840,900.31	709,856,204.64	33,947,270.74	27,564,308.21	146,320,664.09	1,596,321,675.55
Increase	-	12,659,814.89	28,653,809.24	4,345,722.99	-	18,141,384.00	76,556,598.13
Decrease	-	-	(4,134,370.15)	(1,586,268.71)	-	-	(5,720,638.86)
Transfer in (out)	-	181,830,642.65	170,070,416.90	4,210,149.30	-	(164,462,048.09)	-
As of December 31, 2017	264,421,245.00	428,331,357.85	904,446,060.63	40,916,874.32	27,564,308.21	-	1,667,157,634.82
<u>Accumulated depreciation</u>							
As of December 31, 2016	-	(181,724,520.91)	(431,609,405.12)	(30,211,971.87)	(20,542,211.56)	-	(664,088,109.46)
Increase	-	(16,124,623.87)	(32,050,495.96)	(1,503,297.33)	(1,149,584.28)	-	(50,828,001.44)
Decrease	-	-	4,134,345.15	1,586,179.71	-	-	5,720,524.86
As of December 31, 2017	-	(197,849,144.78)	(459,525,555.93)	(30,129,089.49)	(21,691,795.84)	-	(709,195,586.04)
<u>Net book value</u>							
As of December 31, 2016	264,421,245.00	52,116,379.40	278,246,799.52	3,735,298.87	7,022,096.65	146,320,664.09	932,233,566.09
As of December 31, 2017	264,421,245.00	230,482,213.07	444,920,504.70	10,787,784.83	5,872,512.37	-	957,962,048.78

Depreciation charges for the years 2017 and 2016 amounted to Baht 50,828,001.44 and Baht 38,589,067.95, respectively are included in the statement of income.

As of December 31, 2017 and 2016, certain land, building and construction, and machineries are mortgaged to several local banks and financial institutions as security against bank overdrafts and loans from banks, letter of credit and letter of guarantees.

In year 2017 and 2016 Capitalized borrowing costs relating to the acquisition of construction of building and machineries in progress amounted to Baht 3.05 million and Baht 12.52 million, respectively (the Company only : amounted Baht 3.05 million and Baht 12.52 million, respectively), with a capitalization rate of 3.13% - 4.42% p.a. and 3.58% - 4.02% p.a., respectively.

As of December 31, 2017 and 2016, fixed assets have been fully depreciated but are still in use in the original cost as follows:

	MILLION BAHT	
	CONSOLIDATED FINANCIAL STATEMENTS	SEPARATE FINANCIAL STATEMENTS
As of December 31, 2017	684.17	602.84
As of December 31, 2016	534.37	456.86

Notes to Financial Statements

12. INTANGIBLE ASSETS - NET

	BAHT			
	CONSOLIDATED FINANCIAL STATEMENTS			
	Deferred product design expenses	Computer software	Expense for quality certification	Total
<u>Cost</u>				
As of December 31, 2016	42,112,408.06	36,659,589.55	19,443,722.28	98,215,719.89
Increase	-	1,416,581.80	404,201.99	1,820,783.79
Decrease	-	-	-	-
Transfer in (out)	-	-	-	-
As of December 31, 2017	42,112,408.06	38,076,171.35	19,847,924.27	100,036,503.68
<u>Accumulated amortization</u>				
As of December 31, 2016	(42,112,408.06)	(29,566,916.40)	(15,825,843.66)	(87,505,168.12)
Increase	-	(3,247,985.11)	(1,193,538.63)	(4,441,523.74)
Decrease	-	-	-	-
As of December 31, 2017	(42,112,408.06)	(32,814,901.51)	(17,019,382.29)	(91,946,691.86)
<u>Net book value</u>				
As of December 31, 2016	-	7,092,673.15	3,617,878.62	10,710,551.77
As of December 31, 2017	-	5,261,269.84	2,828,541.98	8,089,811.82

Amortization for the years 2017 and 2016 amounted to Baht 4,441,523.74 and Baht 5,828,819.43, respectively are included in the statement of income.

	BAHT			
	SEPARATE FINANCIAL STATEMENTS			
	Deferred product design expenses	Computer software	Expense for quality certification	Total
<u>Cost</u>				
As of December 31, 2016	42,112,408.06	32,893,799.55	18,051,856.89	93,058,064.50
Increase	-	327,217.62	-	327,217.62
Decrease	-	-	-	-
Transfer in (out)	-	-	-	-
As of December 31, 2017	42,112,408.06	33,221,017.17	18,051,856.89	93,385,282.12
<u>Accumulated amortization</u>				
As of December 31, 2016	(42,112,408.06)	(28,129,418.11)	(15,825,843.66)	(86,067,669.83)
Increase	-	(2,366,079.57)	(1,193,538.63)	(3,559,618.20)
Decrease	-	-	-	-
As of December 31, 2017	(42,112,408.06)	(30,495,497.68)	(17,019,382.29)	(89,627,288.03)
<u>Net book value</u>				
As of December 31, 2016	-	4,764,381.44	2,226,013.23	6,990,394.67
As of December 31, 2017	-	2,725,519.49	1,032,474.60	3,757,994.09

Amortization for the year 2017 and 2016 amounted to Baht 3,559,618.20 and Baht 5,144,615.94, respectively are included in the statement of income.

As of December 31, 2017 and 2016, intangible assets have been fully amortized but expected to utilize in the original cost amounted Baht 77.64 million and Baht 63.96 million, respectively (the Company only : amounted to Baht 77.64 million and Baht 63.96 million, respectively).

Notes to Financial Statements

13. BANK OVERDRAFTS AND SHORT - TERM LOANS FROM FINANCIAL INSTITUTIONS

	BAHT			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Bank overdrafts	19,778,177.86	18,878,318.81	-	-
Promissory note				
(Interest at the rate of 2.85% - 3.00% p.a. as of				
December 31, 2017 and interest at the rate of				
2.80%-3.00% p.a., as of December 31, 2016)	200,000,000.00	200,000,000.00	200,000,000.00	200,000,000.00
Discounted bill of exchange				
(Interest at the rate of 3.08% - 3.24% p.a.)	-	300,000,000.00	-	300,000,000.00
Trust receipts	382,151,859.03	269,949,435.01	281,788,582.11	202,052,451.77
Total	601,930,036.89	788,827,753.82	481,788,582.11	702,052,451.77

Bank overdrafts and loans from several local banks are secured by the mortgage of land, building and construction, together with guarantee by cash at banks and subsidiary.

In January - February 2018, 4 promissory notes amount Baht 200 million were due and the total amount was repaid and the Company had entered into short - term loans from 2 local bank in the amount of Baht 200 million which are 4 promissory notes with interest at the rate of MMR% p.a. and 3.50% p.a., which is unsecured.

Notes to Financial Statements

14. DEBENTURES - NET

Balance of debentures consisted of the following:

	BAHT	
	CONSOLIDATED AND SEPARATE	
	FINANCIAL STATEMENTS	
	As of	As of
	December 31, 2017	December 31, 2016
Debentures issued no.2	200,000,000.00	200,000,000.00
Debentures issued no.3	200,000,000.00	200,000,000.00
Debentures issued no.4	100,000,000.00	100,000,000.00
Debentures issued no.5	100,000,000.00	100,000,000.00
Debentures issued no.6	100,000,000.00	100,000,000.00
Debentures issued no.7	100,000,000.00	100,000,000.00
Debentures issued no.8	60,000,000.00	60,000,000.00
Debentures issued no.9	400,000,000.00	-
Total	1,260,000,000.00	860,000,000.00
<u>Less</u> Redemption debentures issued no.2	(200,000,000.00)	-
Redemption debentures issued no.3	(200,000,000.00)	-
Deferred cost of issuing debentures	(4,329,995.00)	(2,149,995.00)
<u>Add</u> Accumulated amortization of deferred cost of issuing debentures	2,157,690.79	1,019,648.93
Total	857,827,695.79	858,869,653.93
<u>Less</u> Current portion of debentures	(259,858,653.05)	(399,844,174.42)
Total debentures - net of current portion	<u>597,969,042.74</u>	<u>459,025,479.51</u>

Debentures issued no.2

In March 2015, the Company issued and offered 200,000 units of unsubordinated and unsecured debentures with a par value of Baht 1,000 each, or a total Baht 200 million to be used for supporting the Company's business expanding, and working capital requirement. The maturity period of the debentures is 2 years, with the redemption date being March 9, 2017. The debenture holders are entitled to receive interest at a rate of 4 percent per annum. Such interest is payable six - months in March and September of every year. The terms and conditions of the debenture holders' rights contain covenants, and restrictions pertaining to matters such as the maintenance of financial ratios, and the assumption of guarantees or commitments.

In March 9, 2017, the debentures have been redeemed.

Debentures issued no.3

In April 2015, the Company issued and offered 200,000 units of unsubordinated and unsecured debentures with a par value of Baht 1,000 each, or a total Baht 200 million to be used for supporting the Company's business expanding, and working capital requirement. The maturity period of the debentures is 2 years, with the redemption date being April 30, 2017. The debenture holders are entitled to receive interest at a rate of 3.95 percent per annum. Such interest is payable quarterly in January, April, July and October of every year. The terms and conditions of the debenture holders' rights contain covenants, and restrictions pertaining to matters such as the maintenance of financial ratios, and the assumption of guarantees or commitments.

In May 2, 2017, the debentures have been redeemed.

Notes to Financial Statements

Debentures issued no.4

In July 2015, the Company issued and offered 100,000 units of unsubordinated and unsecured debentures with a par value of Baht 1,000 each, or a total Baht 100 million to be used for supporting the Company's business expanding, and working capital requirement. The maturity period of the debentures is 3 years, with the redemption date being July 16, 2018. The debenture holders are entitled to receive interest at a rate of 3.80 percent per annum. Such interest is payable six - months in January and July of every year. The terms and conditions of the debenture holders' rights contain covenants, and restrictions pertaining to matters such as the maintenance of financial ratios, and the assumption of guarantees or commitments.

Debentures issued no.5

In August 2016, the Company issued and offered 100,000 units of unsubordinated and unsecured debentures with a par value of Baht 1,000 each, or a total Baht 100 million to be used for supporting the Company's business expanding, and working capital requirement. The maturity period of the debentures is 3 years, with the redemption date being August 5, 2019. The debenture holders are entitled to receive interest at a rate of 3.80 percent per annum. Such interest is payable quarterly in February, May, August, and November of every year. The terms and conditions of the debenture holders' rights contain covenants, and restrictions pertaining to matters such as the maintenance of financial ratios, and the assumption of guarantees or commitments.

Debentures issued no.6

In September 2016, the Company issued and offered 100,000 units of unsubordinated and unsecured debentures with a par value of Baht 1,000 each, or a total Baht 100 million to be used for supporting the Company's business expanding, and working capital requirement. The maturity period of the debentures is 2 years, with the redemption date being August 30, 2018. The debenture holders are entitled to receive interest at a rate of 3.50 percent per annum. Such interest is payable quarterly in March, June, September, and December of every year. The terms and conditions of the debenture holders' rights contain covenants, and restrictions pertaining to matters such as the maintenance of financial ratios, and the assumption of guarantees or commitments.

Debentures issued no.7

In September 2016, the Company issued and offered 100,000 units of unsubordinated and unsecured debentures with a par value of Baht 1,000 each, or a total Baht 100 million to be used for supporting the Company's business expanding, and working capital requirement. The maturity period of the debentures is 3 years, with the redemption date being September 14, 2019. The debenture holders are entitled to receive interest at a rate of 3.80 percent per annum. Such interest is payable quarterly in March, June, September, and December of every year. The terms and conditions of the debenture holders' rights contain covenants, and restrictions pertaining to matters such as the maintenance of financial ratios, and the assumption of guarantees or commitments.

Debentures issued no.8

In November 2016, the Company issued and offered 60,000 units of unsubordinated and unsecured debentures with a par value of Baht 1,000 each, or a total Baht 60 million to be used for supporting the Company's business expanding, and working capital requirement. The maturity period of the debentures is 1.5 years, with the redemption date being May 25, 2018. The debenture holders are entitled to receive interest at a rate of 3.80 percent per annum. Such interest is payable quarterly in February, May, August and November of every year. The terms and conditions of the debenture holders' rights contain covenants, and restrictions pertaining to matters such as the maintenance of financial ratios, and the assumption of guarantees or commitments.

Notes to Financial Statements

Debentures issued no.9

In June 2017, the Company issued and offered 400,000 units of unsubordinated and unsecured debentures with a par value of Baht 1,000 each, or a total Baht 400 million to be used for supporting the Company's business expanding, and working capital requirement. The maturity period of 200,000 debentures is 2 years and 200,000 debentures is 3 years, with the redemption date being June 23, 2019 and June 23, 2020, respectively. The debenture holders are entitled to receive interest at a rate of 4.95 percent per annum and 5.10 percent per annum, respectively. Such interest is payable quarterly in March, June, September and December of every year. The terms and conditions of the debenture holders' rights contain covenants, and restrictions pertaining to matters such as the maintenance of financial ratios, and the assumption of guarantees or commitments.

15. EMPLOYEE BENEFIT OBLIGATION

- Movement in the present value of the employee benefit obligation for the years ended December 31, 2017 and 2016 are as follows:

	MILLION BAHT			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Employee benefit obligation				
at beginning of the years	109.15	96.59	87.26	77.60
Benefits paid	(1.30)	(2.52)	(0.91)	(1.26)
Current service cost and interest	16.03	15.11	11.72	10.69
Losses (gains) on the settlement of employee benefit	-	(0.03)	-	0.23
Actuarial losses (gains) on defined employee benefit plans	(24.02)	-	(23.54)	-
Employee benefit obligation at ending of the years	99.86	109.15	74.53	87.26
<u>Less</u> Current portion	(1.68)	-	(1.68)	-
Employee benefit obligation - net of current portion	98.18	109.15	72.85	87.26

- Expenses recognized in the statement of income for the years ended December 31, 2017 and 2016 are as follows:

	MILLION BAHT			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Current service costs	12.74	12.20	9.07	8.31
Interest cost	3.29	2.91	2.65	2.38
Losses (gains) on the settlement of employee benefit	-	(0.03)	-	0.23
Total	16.03	15.08	11.72	10.92

Total actuarial losses (gains) recognized in the other comprehensive income in Consolidated financial statements for the years ended December 31, 2017 and 2016 amounted of gains Baht 24.02 million and Baht - million, respectively (the Company only: amounted of gains Baht 23.54 million and Baht - million, respectively).

Notes to Financial Statements

- Principal actuarial assumptions as of December 31, 2017 and 2016 are as follows:

	PERCENT			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Discount rate	2.40 - 2.99	2.49 - 3.17	2.40	3.17
Salary increase rate	5.00	8.00	5.00	8.00
Employee turnover rate	0 - 36.00*	0 - 39.00*	0 - 36.00*	0 - 39.00*
Mortality rate	TMO2017***	TMO2008**	TMO2017***	TMO2008**

* Based on the weighted average by age group of employees

** Reference from TMO2008 : Thai Mortality Ordinary Table 2008

*** Reference from TMO2017 : Thai Mortality Ordinary Table 2017

- Sensitivity analysis of significant actuarial assumptions

Significant actuarial assumptions for sensitivity analysis are discount rate, salary increase rate and mortality, while holding all other assumptions constant. The sensitivity analysis of change in the relevant actuarial assumption that were reasonably possible as of December 31, 2017 as follows:

- If the discount rate increases (decreases) by 1%, the employee benefit obligation in Consolidated financial statements would decrease Baht 9.06 million (increase Baht 10.93 million) and Separate financial statements would decrease Baht 6.47 million (increase Baht 7.82 million).
- If the salary increase rate increases (decreases) by 1%, the employee benefit obligation in Consolidated financial statements would increase Baht 10.67 million (decrease Baht 9.05 million) and Separate financial statements would increase Baht 7.52 million (decrease Baht 6.38 million).
- If the life expectancy increases (decreases) by one year for all employees, the employee benefit obligation in Consolidated financial statements would increase Baht 0.59 million (decrease Baht 0.58 million) and Separate financial statements would increase Baht 0.39 million (decrease Baht 0.38 million).

In presenting the above sensitivity analysis, the present value of the employee benefit obligation has been calculated by using the same method that applied in calculating the employee benefit obligation recognized in the statements of financial position.

Notes to Financial Statements

16. FINANCIAL INSTRUMENTS

Interest rate risk

The interest rate risk is the risk that future movements in market interest rates will affect the results of the operations of the Company and its subsidiaries and their cash flows. The Company's and its subsidiaries' exposure to interest rate risk relates primarily to their deposits with financial institutions, lending and borrowings. However, these financial assets and liabilities bear interest rates at market interest rates which the Company and its subsidiaries anticipate non material risk from interest rates.

Foreign currency risk

As of December 31, 2017 and 2016, the Company and its subsidiaries are exposed to foreign currency risk primarily to foreign currency denominated asset and liabilities, as follows:

	UNIT : MILLION			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
	2017	2016	2017	2016
<u>Foreign currency denominated assets</u>				
Cash and cash equivalents				
- US DOLLAR	1.39	0.75	1.38	0.73
- EURO	-	0.01	-	0.01
Trade receivables				
- US DOLLAR	4.70	7.85	4.70	7.83
- SINGAPORE DOLLAR	0.82	0.99	0.82	0.99
<u>Foreign currency denominate liabilities</u>				
Trust receipts				
- US DOLLAR	3.80	4.03	3.80	3.84
- EURO	0.17	0.68	0.17	0.68
- SWEDISH KRONA	6.62	5.20	6.62	5.20
- SWISS FRANC	0.38	0.26	0.38	0.26
Trade payables				
- US DOLLAR	3.00	1.46	2.85	1.33
- EURO	0.77	0.60	0.77	0.60
- SINGAPORE DOLLAR	0.03	-	0.03	-
- YEN	-	7.97	-	7.97
- SWEDISH KRONA	2.61	-	2.61	-
- SWISS FRANC	0.12	-	0.12	-
Other payables				
- Accrued expenses				
- US DOLLAR	0.81	0.93	0.81	0.93
- EURO	0.44	0.59	0.44	0.59

Notes to Financial Statements

However, the Company and its subsidiaries has outstanding foreign currency purchase and sales agreements as of December 31, 2017 and 2016 are as follows:

UNIT : MILLION								
	CONSOLIDATED				SEPARATE			
	FINANCIAL STATEMENTS				FINANCIAL STATEMENTS			
	Purchase Agreements		Sales Agreements		Purchase Agreements		Sales Agreements	
	2017	2016	2017	2016	2017	2016	2017	2016
- US DOLLAR	0.98	0.09	-	1.20	0.98	0.09	-	1.20
- EURO	-	0.04	-	-	-	0.04	-	-

Credit risk

The Company and its subsidiaries are exposed to credit risk deal with the trade receivable. However, due to the Company and its subsidiaries have diversified customer base and their prudent credit policies, they do not anticipate material losses from their collection from trade receivable.

Fair value

The management believes that the fair value of the Company and its subsidiaries' financial assets and liabilities does not materially differ from their carrying value.

17. LEGAL RESERVE

Under the Public Limited Companies Act., the Company is required to set aside as legal reserve of at least 5% of its net income at each dividend declaration until the reserve reaches 10% of authorized share capital. This reserve is not available for dividend distribution.

18. DIVIDEND PAYMENT

At the Annual General Meeting of Shareholders held on April 21, 2016, the shareholders approved to pay dividend amounted Baht 15.40 million at Baht 0.05 per share.

At the Annual General Meeting of Shareholders held on April 28, 2017, the shareholders approved to pay dividend amounted Baht 40.04 million at Baht 0.13 per share.

19. PROVIDENT FUND

Under Provident Fund Act., the Company, its subsidiaries and their employees have joined a TISCO Ruamtun 2 Registered Provident Fund scheme in September 2005. This fund is managed by an approved financial institution.

Each employee contributes an amount depending on his/her length of service and the Company contributes the same amount.

Notes to Financial Statements

20. EXPENSES BY NATURE

The significant expenses classified by nature for the years ended December 31, 2017 and 2016 are as follows:

	BAHT			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Changes in inventories of finished goods and work in process decrease (increase)	(51,806,100.34)	(23,547,751.52)	(47,904,928.61)	(30,431,789.29)
Purchase finished goods	895,000.00	6,697,000.00	895,000.00	6,697,000.00
Raw materials and consumables used	1,350,456,415.68	1,328,415,497.67	1,127,146,427.98	1,195,651,342.66
Employee benefits expenses	523,571,252.61	494,060,253.78	227,524,894.58	230,315,312.33
Management benefit expense	42,303,684.82	46,744,366.12	28,439,070.69	31,254,135.12
Depreciation and amortization expenses	83,272,881.01	67,074,546.19	54,387,619.64	43,733,683.89
Loss on exchange rate	4,308,421.38	-	5,133,747.30	-
Loss on inventories declining value	7,183,559.85	-	7,325,802.88	-

21. TAX EXPENSES

Tax expenses for the years ended December 31, 2017 and 2016 consisted of:

	BAHT			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Current tax expense (income)	7,034,080.67	30,547,571.05	-	15,182,953.56
Deferred tax expense (income) of temporary differences	(27,677,820.98)	(6,112,908.66)	(15,045,781.10)	409,067.60
Tax expense (income) reported in the statement of income	<u>(20,643,740.31)</u>	<u>24,434,662.39</u>	<u>(15,045,781.10)</u>	<u>15,592,021.16</u>

Income tax relating to each component of other comprehensive income for the years ended December 31, 2017 and 2016, consisted of:

	BAHT			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Deferred tax expense (income) relating to actuarial losses on defined employee benefit plans	<u>4,804,330.45</u>	<u>-</u>	<u>4,708,163.00</u>	<u>-</u>

Notes to Financial Statements

Reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rates for the years ended December 31, 2017 and 2016 as follows:

	BAHT	
	CONSOLIDATED FINANCIAL STATEMENTS	
	2017	2016
Accounting profit (loss) before tax	(100,133,590.76)	95,106,182.94
Applicable tax rate	20%	20%
Accounting profit (loss) before tax multiplied by applicable tax rate	(20,026,718.15)	19,021,236.59
Tax effect of :		
- Adjustments recognized in the years for current tax of prior year	-	1,895,483.35
- Non - deductible expenses	1,648,911.71	5,769,747.50
- Added deductible expenses	(2,265,933.87)	(2,251,805.05)
Tax expense (income) reported in the statements of income	(20,643,740.31)	24,434,662.39

	BAHT	
	SEPARATE FINANCIAL STATEMENTS	
	2017	2016
Accounting profit (loss) before tax	(68,993,028.86)	59,375,839.13
Applicable tax rate	20%	20%
Accounting profit (loss) before tax multiplied by applicable tax rate	(13,798,605.77)	11,875,167.83
Tax effect of :		
- Adjustments recognized in the years for current tax of prior year	-	1,148,056.10
- Non - deductible expenses	952,741.85	4,768,163.76
- Added deductible expenses	(2,199,917.18)	(2,199,366.53)
Tax expense (income) reported in the statements of income	(15,045,781.10)	15,592,021.16

Notes to Financial Statements

The components of deferred tax assets and liabilities are as follows:

	BAHT	
	CONSOLIDATED FINANCIAL STATEMENTS	
	As of December 31, 2017	As of December 31, 2016
Deferred tax assets		
Allowance for diminution in value of investments	39,628.00	59,838.00
Allowance for doubtful accounts	3,740,898.87	2,900,982.87
Allowance for inventories declining value	4,707,666.66	3,270,954.69
Provision for loss on sale order for undelivered goods	479,958.23	-
Employee benefit obligation	19,973,463.94	21,830,643.54
Unused tax benefits on loss carry forward	50,004,588.98	28,010,295.05
Total	<u>78,946,204.68</u>	<u>56,072,714.15</u>
Deferred tax liabilities	<u>-</u>	<u>-</u>

	BAHT	
	SEPARATE FINANCIAL STATEMENTS	
	As of December 31, 2017	As of December 31, 2016
Deferred tax assets		
Allowance for diminution in value of investments	39,628.00	59,838.00
Allowance for doubtful accounts	3,444,617.45	2,604,701.45
Allowance for inventories declining value	4,667,641.64	3,202,481.06
Provision for loss on sale order for undelivered goods	376,930.55	-
Employee benefit obligation	14,905,650.20	17,451,386.80
Unused tax benefits on loss carry forward	10,221,557.57	-
Total	<u>33,656,025.41</u>	<u>23,318,407.31</u>
Deferred tax liabilities	<u>-</u>	<u>-</u>

Notes to Financial Statements

22. EARNINGS PER SHARE COMPUTATION

Earnings per share computation in the consolidated and separate financial statements for the years ended December 31, 2017 and 2016, consisted of:

	BASIC EARNING PER SHARE			
	FOR THE YEARS ENDED DECEMBER 31,			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
	2017	2016	2017	2016
Profit (loss) attributable to equity holders of the parent	(68.70)	61.22	(53.95)	43.78
Adjustment of profit (loss) for the years	-	-	-	-
Profit (loss) for the calculation of earning per share (million Baht)	(68.70)	61.22	(53.95)	43.78
The weighted average number of ordinary shares outstanding (million shares)	308.01	308.01	308.01	308.01
Earnings (loss) per share (Baht / share)	(0.22)	0.20	(0.18)	0.14

Notes to Financial Statements

23. FINANCIAL INFORMATION BY SEGMENT

The Company's and its subsidiaries' operations involve the manufacturing, repairing and maintenance service of transformer equipment and general custom metal work service which are carried on in both Thailand and foreign countries. Financial information of the Company and its subsidiaries for the years ended December 31, 2017 and 2016, and as of December 31, 2017 and 2016 broken down by geographic segment, are as follows:

	MILLION BAHT					
	CONSOLIDATED FINANCIAL STATEMENTS					
	FOR THE YEARS ENDED DECEMBER 31,					
	Domestic		Foreign		Eliminated	Total
	2017	2016	2017	2016	2016	2017
Revenues from sales and services	1,647.97	1,957.94	1,015.26	843.61	(265.03)	2,429.77
Gross profit (loss)	277.31	369.16	201.85	280.50	(6.92)	488.45
Gain (loss) on exchange rate						(4.31)
Others income						18.27
Selling expenses						152.46
Administrative expenses						378.08
Doubtful debt (reversal of allowance for doubtful accounts)						4.20
Finance costs						59.50
Tax expenses (income)						(20.64)
Profit (loss) for the years						(71.19)
						59.05

Notes to Financial Statements

Information about major customers

For the year ended December 31, 2017, the Company and its subsidiaries' revenues from domestic sales and service amounted Baht 579.64 million from one customer and foreign sales and service amounted Baht 602.57 million from one customer.

For the year ended December 31, 2016, the Company and its subsidiaries' revenues from domestic sales and service amounted Baht 764.26 million from two customers and foreign sales and service amounted Baht 351.93 million from one customer.

MILLION BAHT

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31,

	Domestic		Foreign		Total
	2017	2016	2017	2016	2016
Trade receivables - net	353.91	341.36	291.21	447.95	789.31
Property, plant and equipment - net				1,109.27	1,092.87
Other assets				1,392.90	1,421.44
Total assets				3,147.29	3,303.62

Notes to Financial Statements

24. TRANSACTIONS WITH RELATED PARTIES

The significant business transactions with related parties for the years ended December 31, 2017 and 2016 are as follows:

	MILLION BAHT				Transfer pricing policy
	CONSOLIDATED		SEPARATE		
	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	
	2017	2016	2017	2016	
Revenues from sales	-	-	7.63	3.31	Cost plus agreed margin
Revenues from services	-	-	16.16	5.07	Cost plus agreed margin
Other income	-	-	1.30	0.20	Cost plus agreed margin
Interest income	-	-	-	-	No interest charge due to stop recognition according to note 10 to the financial statements
Interest income	-	-	11.38	14.21	According to note 6 and 10 to the financial statements
Rental income	-	-	0.62	0.62	Contract prices
Purchase	-	-	91.15	84.06	Not different from the unrelated parties
Purchase	-	-	100.06	137.90	At the rate agreed upon
Purchase of assets	-	-	-	14.00	At the rate agreed upon

The outstanding balances of the transactions with related parties as presented in the statements of financial position are as follows:

	MILLION BAHT			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
	2017	2016	2017	2016
Trade receivables	-	-	0.54	1.67
Short - term loans	-	-	55.00	30.50
Long - term loans	-	-	209.73	209.73
Accrued interest income	-	-	9.81	5.14
Trade payables	-	-	35.36	34.58

Notes to Financial Statements

Management benefit expenses

Management benefit expenses consist the benefits paid to the Company's management such as salaries and related benefit including the benefit paid by other means. The Company's management are the persons who are defined under the Securities and Exchange.

Management benefit expenses for the years ended December 31, 2017 and 2016 are as follows:

	BAHT			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Short - term employee benefits	40,646,882.82	45,075,635.12	27,252,998.69	30,155,920.12
Post - employment benefits	1,656,802.00	1,668,731.00	1,186,072.00	1,098,215.00
Total	<u>42,303,684.82</u>	<u>46,744,366.12</u>	<u>28,439,070.69</u>	<u>31,254,135.12</u>

25. AGREEMENTS

As of December 31, 2017, the Company and its subsidiaries have commitments of the contract are as follows:

The Company has signed a license agreement with a foreign company and has been committed to pay fees at the rate specified in the agreements.

The Company and its subsidiaries have long - term lease commitments outstanding on a land, building and construction, vehicles and equipment for the expiration dates range from 2018 - 2021. Future minimum payments under the leases are as follows:

	PERIODS (MILLION BAHT)			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Not later than one year	Later than one year and not later than five years	Not later than one year	Later than one year and not later than five years
Lease agreements				
Land, building and construction	9.84	10.62	-	-
Vehicles	4.39	1.80	3.03	1.22
Equipment	3.48	3.82	3.22	3.52

Rental expenses under the above leases for the year ended December 31, 2017 amounted to Baht 18.51 million (the Company only : amounted to Baht 6.38 million).

Notes to Financial Statements

26. COMMITMENT AND CONTINGENT LIABILITIES

As of December 31, 2017 and 2016, the Company and its subsidiaries have commitments and contingent liabilities as follows:

	MILLION BAHT			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
26.1 Unused letter of credits	124.14	47.09	124.14	27.15
26.2 Contingent liabilities to bank for letter of guarantees	921.78	937.78	601.22	516.35
26.3 As of December 31, 2017 and 2016, the Company has contingent liabilities for guarantee to subsidiaries company's credit facilities of Baht 1,888.84 million and Baht 1,921.49 million, respectively, with financial institutions.				

27. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

The Company manages its capital position with reference to its debt - to - equity ratio and interest - bearing - debt - to - equity ratio also to comply with a condition in issued debentures, which require the Company to maintain interest - bearing - debt - to - equity ratio not more than 1.5 : 1.

According to the statements of financial position as of December 31, 2017 and 2016 as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As of	As of	As of	As of
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Debt - to - equity ratio	2.04 : 1	1.93 : 1	1.73 : 1	1.71 : 1
Interest - bearing - debt - to - equity ratio	1.41 : 1	1.46 : 1	1.23 : 1	1.34 : 1

Notes to Financial Statements

28. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the financial statements as presented herein for comparative purpose have been reclassified to conform with the current year's classifications, with no effect on the net profit (loss) or shareholders' equity as previously reported. The significant reclassifications are as follows:

	BAHT					
	CONSOLIDATED			SEPARATE		
	FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
	As previously reported	Reclassification	After reclassification	As previously reported	Reclassification	After reclassification
Statement of income for the year ended December 31, 2016						
- Cost of sales	1,583,835,842.18	18,266,055.70	1,602,101,897.88	1,417,047,821.42	13,670,154.70	1,430,717,976.12
- Selling expenses	177,149,809.76	3,541,468.63	180,691,278.39	163,834,769.70	2,891,403.63	166,726,173.33
- Administrative expenses	398,860,878.21	(21,807,524.33)	377,053,353.88	193,452,767.40	(16,561,558.33)	176,891,209.07

29. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved on February 20, 2018 by the Board of Directors of the Company.

General Information

Name	:	Tirathai Public Company Limited (“Company”)
Nature of Business	:	Manufacturer and distributor for both distribution and power transformers including installation service, oil filtering and filling service, maintenance, modification and repair, and testing of the transformers together with providing transformer rental service to customers.
Head office	:	516/1 Moo 4 (Bangpoo Industrial Estate), Sukhumvit Road, Tambon Prakekasa, Ampur Muang, Samutprakan, 10280
Registration Number	:	0107574800498
Website	:	www.tirathai.co.th
Telephone	:	(02) 769-7699
Fax	:	(02) 323-0910, (02) 709-3236
Registered Capital	:	359,202,865 Baht
Paid-up Capital	:	308,008,272 Baht (as of 31 December 2017)
Number of Issued Ordinary Shares	:	308,008,272 shares (as of 31 December 2017)
Par Value	:	Baht 1 per shares
Investor Relation	:	Mr. Upakrom Thaweephoke Executive Director and Company Secretary
Email	:	ir@tirathai.co.th
Tel	:	(02) 769-7699 ext. 1220
Reference		
Registrar	:	Thailand Securities Depository Company Limited
Address	:	93 Ratchadaphisek Road, Dindaeng, Bangkok 10400
Telephone	:	(02) 009-9000
Facsimile	:	(02) 009-9001
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