

2017 Annual Report



Thiensurat Public Company Limited

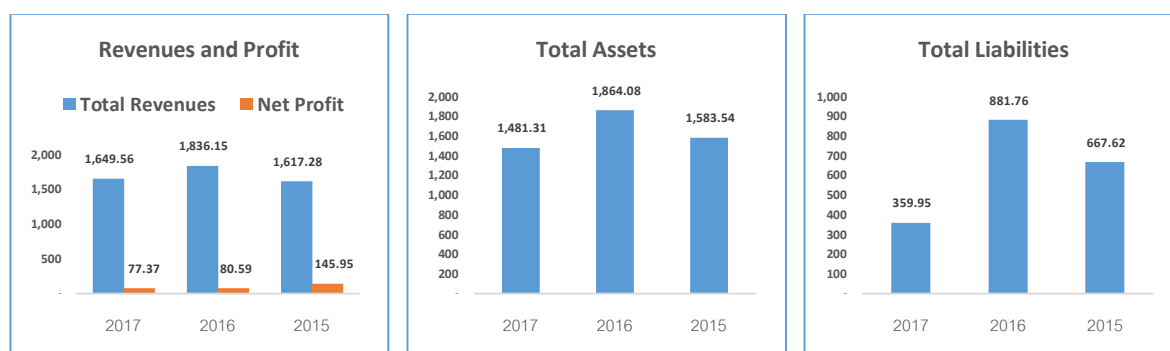
Financial Highlights

Thiensurat Public Company Limited and Its Subsidiaries Financial Highlights

Consolidated Financial Statements (Million Baht)	2017	2016	2015
Sales	1,431.69	1,607.62	1,452.19
Total Revenues	1,649.56	1,836.15	1,617.28
Gross Profit*	1,249.14	1,414.56	1,260.62
Cost of Sales	(400.42)	(421.59)	(356.66)
Selling Expenses	(595.00)	(666.30)	(610.54)
Administrative Expenses	(427.89)	(416.38)	(367.36)
Net Profit**	77.37	80.59	145.95
Total Assets	1,481.31	1,864.08	1,583.54
Total Liabilities	359.95	881.76	667.62
Total Shareholder's Equity	1,121.36	982.32	915.92
Financial Ratios			
Net Profit Margin (%)	4.51	4.31	8.97
Return on Equity (%)	7.08	8.33	16.83
Return on Assets (%)	4.45	4.59	10.88
Dividend Payout Ratio on Profit for the Year (%)	82.75	63.57	61.94
Debt to Equity Ratio (Time)	0.32	0.90	0.73
Earnings Per Share (Baht)	0.16	0.18	0.33
Dividend Per Share (Baht)	0.14	0.11	0.22
Book Value Per Share (Baht)	2.16	2.08	2.25

Remarks: *Gross profits of 2016 and 2015 have been reclassified to conform to the classification of 2017.

**Net profits attributable to TSR Group



Content

1	Financial Highlights
3	Message from Board of Directors
5	Board of Directors
7	1. Policy and business overview
12	2. Type of Business and Nature of Operation
31	3. Risk Factors
35	4. General Information and The other Information
38	5. Listing Securities and Shareholding Structure
41	6. Policy of Divided Payment
42	7. Management Structure
53	8. Corporate Governance
83	Report of the Audit Committee
85	Report of the Nomination and Remuneration Committee
86	Report of the Corporate Governance and Corporate Social Responsibility Committee
87	Report of the Risk Management Committee
88	9. Corporate Social Responsibility: CSR
89	10. Internal Control and Risk Management
91	11. Related Party Transactions
100	12. Financial Highlight
108	13. Management Discussion and Analysis
119	Detail of the Directors, Management, Controlling Person and Company Secretary
133	Financial Statements Notes

Message from Board of Directors

In 2017, there were several challenging factors for TSR's business operation. During the past year, the Managements had adjusted its business plan and strategy to match the situation in each period. Everyone in the organization had been dedicated to working to minimize the impact that may have on the business.

The operating performance of the Company and its subsidiaries in 2017 gained revenues from sales of goods, hire purchase interest income including income from loan receivables of a subsidiary ("total revenues") Baht 1,649.56 million, a decrease of 10.16% from previous year. Net profits attributable to TSR Group was Baht 77.36 million, a decrease of 4.00% from previous year. Although revenue and net profit decreased but the net profit margin (net profit to total revenue) increased to 4.51%, compared to 4.31% in 2016. The Bad debt and Doubtful accounts ratio decreased to 9.67%, compared to 12.81% in 2016. This is because of more caution in lending and more strict in credit approval. In addition, regulations on commission deduction from salespersons have been set up in case inadequately qualified products were sold to customers. In additions during previous year, the rate and method of calculating the allowance for doubtful accounts has been adjusted to be in line with same industry.

The Company has total assets of Baht 1,481.31 million, a decrease of 20.53% from the previous year. This had resulted from the lower of hire purchase installments receivables and management of inventories to an appropriate level. The total liabilities were Baht 359.94 million, a decrease of 59.18% from the previous year, which resulting partially from decrease in loans due to an efficiency in managing the collection and proceeds receive from exercise of warrants. The debt-to-equity ratio (D/E ratio) was 0.32, which was quite low for the hire purchase business.

In current digital era, use of digital technology plays a vital role in everyone's daily lives whether for communication or business operation via Internet, Facebook, and Line. In 2018, TSR has a proactive business strategic plan by using digital online and telemarketing to increase sales and be able to reach more customers. This is in line with current market conditions and consumer behavior and will continue to grow more in this area. TSR focuses the growth of its business on both the market for water purifiers and electronic appliances. With 42 years of experience in the sale of water purifiers together with the strength of its sales team in Bangkok and its vicinity, including major cities throughout all regions in Thailand, we also partner with top brand electronics distributors. We believe that when combined digital marketing business with the strengths of the sales team and the telesales team, we will be able to generate sales and deliver quality products to its customers more, which will positively contribute to its business growth.

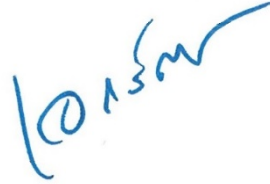
In addition to adjusting sales strategies, another important mission is to increase operational efficiency in human resources. The skills capacity building and skills development of the personnel to be ready for change in various areas, as well as the costs management and debt quality control to further increase sustainable growth for the organization and its shareholders.

With its commitment to transparency and good corporate governance, TSR achieved a "Very Good" scoring for the Thai Listed Companies by the Thai Institute of Directors Association (IOD). We have achieved this status for 2 consecutive years. To be in line with development and promotion of corporate social responsibility, TSR has implemented its Water Purifiers Donation Project to various schools. This is to provide quality drinking water and good health for student and school personnel. We will continue to pursue good corporate governance practices along with ongoing corporate social responsibility and environmental sustainability.

Board of Directors would like to thank you-shareholders, customers, trade partners and all stakeholders for always giving trust and support to the Company operations and thank executives and all staffs for their cooperation and dedication in their works. We will keep on being determined to operate the business with transparency, honesty and carefulness by following the governance principles. Moreover, the Company will take maximum benefits of all stakeholders into consideration for sustainable and stable growth of the business in the future.

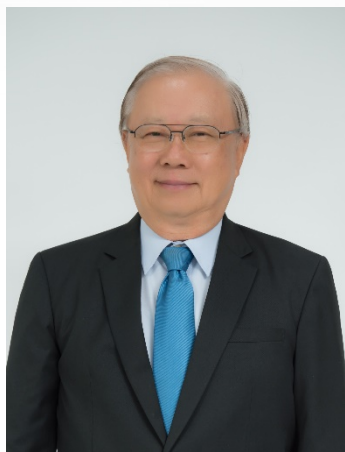


(Mr. Sahas Treetipbut)
Chairman of Board of Directors



(Mr. Ekarat Changyoo)
Chief Executive Officer

Board of Directors



Mr. Sahas Treetipbut
Chairman of the Board of
Directors



Mr. Ekarat Changyoo
Director / Chief Executive
Officer



Mr. Viruch Wongnirund
Director / Managing
Director



Ms. Theinvanee Changyoo
Director



Ms. Savita Changyoo
Director

Board of Directors



**Associate Professor
Boonserm
Vimuktanandana**
Independent Director /
Chairman of the Audit
Committee



**Dr. Supree
Wongdeeprom Ph.D.**
Independent Director /
Member of the Audit
Committee



Mr. Suthee Tripornchaisak
Independent Director /
Member of the Audit
Committee



**Assistant Professor Krit
Umpote**
Independent Director /
Member of the Audit
Committee



Mrs. Sumana Vonggapan
Independent Director

1. Policy and business overview

Thiensurat Public Company Limited or TSR (The Company), or iginally Thiensurat Company Limited, was founded in 1992, with a registered capital of one million baht. The Company started out as a direct-selling producer and distributor of double-filter countertop water purifiers. The Company continuously develops its products and now has a larger variety of water purifying systems with multi-stage filtration process to offer water that meets quality and safety standards and is useful for consumers. In 2013, the Company was listed as a public company and has been known as Thiensurat Public Company Limited. The Company was listed on the Stock Exchange of Thailand on 19 June 2014.

Since 1976, or for 42 years thus far, the Company has been operating a water purifier sale and distribution business through single-level direct-sales channel. The Company's customer network consists of customers in Bangkok and its vicinity as well as those in big cities in the provinces. To further expand its business, the Company is opening provincial branches across the country to better serve its customers. Moreover, its distribution new channels were expanded to outlets of modern trades and Online

The Company's subsidiaries and joint venture are Safe Trade International Co., Ltd. that sells water purifiers to Giffarine Skyline Unity Co., Ltd., a large-scale direct sale business operator, Fedders Thai Company Limited that sells Air- Conditioner brand Fedders. Thiensurat Leasing Co., Ltd. Distribution of electrical appliances through installment payment provides financial services, e.g., personal loan and auto title loan appliances. The joint venture company is TSR Laos Co., Ltd., a distributor of water purifiers and related products and electric appliances. in the Lao People's Democratic Republic.

1.1 Vision and Mission statements

The company proposed the vision and mission to the Board of Directors' meeting No.11/2017, held on 27 November 2017. This vision and mission has been published on company's website and also announced in Townhall, held on 10 January 2018 in order to move forward to the same effective goals.

Vision

To be a leader of water purifier in Thailand and in CLMV countries

Mission

- Providing the greatest value of our products to our customers with clean water and good life quality and expand our business throughout CLMV region.
- To providing all household customer for our products and services with utmost impressive satisfaction.

TSR Core Value

We are SAFE : SAFE are We

S (Satisfaction)	Satisfaction of customers, employees and the Company
A (Adaptation)	Continuous adaptation and improvement
F (Firm Company)	Firm organization with good management
E (Excellent Service)	Excellence in services, both internally and externally

Company Codes of Conduct

We will lead health services

Creating quality and satisfaction among customers

We will create stability and honesty

Creating valuable employee solving the problems

We will create great profit

For variously thorough contribution and allocation

Company Codes of Conduct are firmly established Following five Codes achieves the ultimate goals

TSR Core Competency SMARTs

S (Service Mind)

M (Moral)

A (Achievement)

R (Responsibility)

T (Teamwork)

s (Self-Learning)

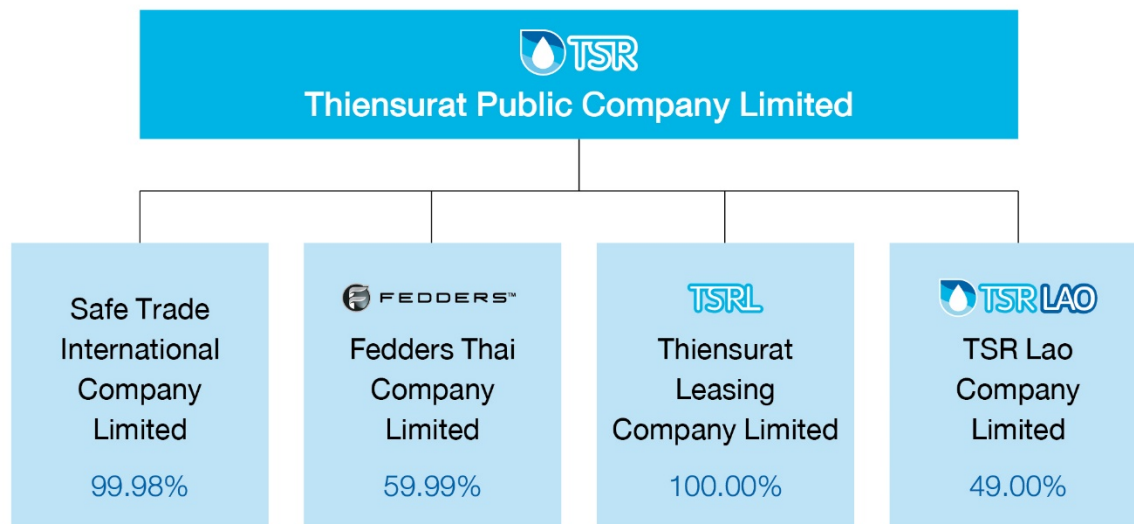
1.2 Important milestones

- 2013** - The Company was registered as a public company as Thiensurat Public Company Limited and raised its registered capital to Baht 344.00 million. Out of this amount, Baht 258.00 million was paid-up capital.
- 2014** - The Company's first day of trading on the Stock Exchange of Thailand symbol "TSR".
- 2015** - 12 May, the Company increased the registered capital from Baht 344.00 million to Baht 602.00 million. The paid-up capital was Baht 344.00 million.
- 18 June, paid-up capital of the Company increased from Baht 344.00 million to Baht 401.33 million. As a result of the partial dividend payment in terms of ordinary shares.
- The Company purchased ordinary shares of Fedders Thai Company Limited ("Fedders") from the existing shareholders. The Company holds 59.99% of Fedders.
- 21 December, The Company issued and allocated free warrants no.1 (TSR-W1) in the amount of 200,666,316 units. TSR-W1 is valid for 3 years from the date of issuance.
- The Company launched 3 new models of water purifiers which were ROMA Alkaline Plus, a notable feature of filtering water with RO System (Reverse Osmosis). UV Alkaline, a notable feature disinfection with UV radiation and i-Life with high filtration efficiency and has a compact format with UF water filtration system.
- In late November, the Company launched water heater under brand "Safe Electrics" and sold through Modern Trade and website (www.safealkaline.com).
- 2016** - 2 June, the Company increased the registered capital from Baht 401.33 million to Baht 467.18 million as a result of the partial dividend payment in terms of ordinary shares on 19 May and a result of exercise warrants (TSR-W1) on 31 May.
- 11 July, the Company has registered a new subsidiary, Thiensurat Leasing Company Limited ("TSRL"), registered capital Baht 50 million and the Company holds 100%. In November, TSRL has been granted by the Ministry of Finance to operate the personal loan business under supervision.

- 16 December, the Company registered TSR Lao Company Limited (“TSR Lao”) in Lao People’s Democratic Republic which is a joint venture with JB Group to sell and distribute water purifier and related products and electric appliances. The Company holds share in the proportion of 49%, Laos Kip 3,920 million or approximately Baht 17.05 million.
 - The Company launched 2 new models of water purifiers which were and 1) ROMA Plus, a notable feature of filtering water with RO System (Reverse Osmosis) with intelligent control system, “SMART CONTROL”, it can operate even low pressure and has LED status display, with a warning sign when malfunction. 2) UF Alkaline, a notable feature disinfection with PVDF radiation with high filtration efficiency (0.01 Micron) and
 - 5 models of water purifiers, 1) SAFE Super AlkaLi 2) SAFE Alkaline Mini 3) SAFE ROMA Alkaline Plus 4) SAFE UV Alkaline 5) SAFE UF Alkaline have been passed the AS/NZS 4020:2005 standard test of Eurofins AMS Laboratories Pty Ltd (AMS Australia)
- 2017**
- On 21 March, The opening ceremony of the TSR Lao Co., Ltd. was officially opened in Vientiane.
 - On 2 June, the company changed its paid-up capital from 467.18 million Baht to 516.73 million Baht, resulting from the 2nd exercise of securities of TSR-W1 on 31 May.
 - The company has a petty patent for Alkaline Mine, which has been tested in accordance with AS/NZS 4020: 2005 standard by the Eurofins AMS Laboratories Pty Ltd, a leading Australian Institution (AMS). In addition, the company is registered on the website of the NSF Product and Service Listings for the Spun Polypropylene Filter Cartridge under the NSF/ANSI42 standard.
 - The Company providing the full range of the service through continually expand new branches and services center across the nation. At the end of the year 2017, there were 22 branches and 2 customer service centers compared to 20 branches and 3 customer service centers in year 2016.

1.3 Shareholding structure

The shareholding structure of the Thiensurat Public Company Limited
As of 31 December 2017



Products

Company	Flagship products	Business area	% of Shareholding
Safe Trade International Company Limited	- Water purifier - Water filter jug	Selling water purifiers, water filter jug and mineralized drinking water through Giffarine Skyline Unity Co.,Ltd.	99.98%
Fedders Thai Company Limited	- Air-conditioner under brand “Fedders”	Selling air-conditioner under brand “Fedders”	59.99%
TSR Leasing Company Limited	- Electric Appliances - Personal Loan - Auto Title Loan	Selling electric appliances with installment program, Personal Loan (Obtained the Supervised Personal Loan Business License from Ministry of Finance) and Auto Title Loan	100.00%
TSR Lao Company Limited	- Water Purifier and related products - Electric Appliances	Selling water purifiers, related products and electric appliances in Lao People's Democratic Republic	49.00%

2. Type of Business and Nature of Operation

Revenue Structure

Thiensurat Public Company Limited and its subsidiaries

Sales revenues are categorized into 2 major types as follows:

- **Revenues from direct sales:** There are primary revenues from sales of water purifier and replacement filter, and the Group started selling air-conditioner in late 2014. In 2015, revenues from sales of electric appliances has increased since the Group has expanded product lines, e.g., water heater, television, washing machine, etc., in order to satisfy customers' demand. As a result, sales of electric appliances have substantially increased in 2016 and 2017.
- **Revenues from distribution through the other company:** The Group distributes products through Giffarine Skyline Unity Co., Ltd., a direct selling company.

Revenues by sales type are tabulated below.

Revenues from sales	Operated by	% of shareholding	2017		2016		2015	
			Million Baht	%	Million Baht	%	Million Baht	%
Direct Sales:								
- Cash Payment	TSR	100.00	145.72	10.2	148.46	9.2	140.36	9.7
-Installment Payment	TSR/TSRL	100.00	1,229.36	85.9	1,389.33	86.5	1,241.33	85.5
Total Revenues from Direct Sales			1,375.08	96.1	1,537.79	95.7	1,381.69	95.2
Distribution through the other company	SAFE TRADE	99.98	56.61	3.9	69.83	4.3	70.50	4.8
Total			1,431.69	100.0	1,607.62	100.0	1,452.19	100.0

Note: Sales through Modern Trade and Dealers are included in Direct Sales (Cash Payment).






2.1 Product

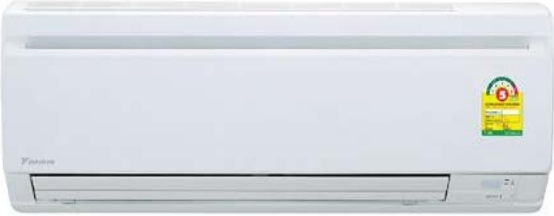
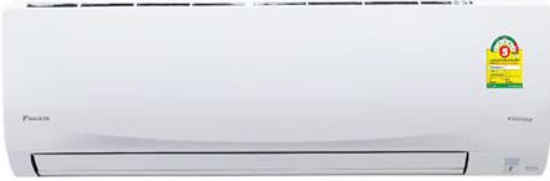

2.1.1 Products of the Thiensurat Public Company Limited and its subsidiary


Products of the Company and its subsidiary	Distribution Channel
<p>1 Water purifier and Replacement filter:</p> <p>- Water purifier “SAFE” Model: UV Alkaline</p> 	<ul style="list-style-type: none"> - Direct sales - E-commerce via the website: www.safealkaline.com - Social Media via Facebook: “Safe Water Filter” - Social Media via Line Official: safealkaline
<p>- Water purifier “SAFE” Model: ROMA Plus</p> 	<ul style="list-style-type: none"> - Direct sales - E-commerce via the website: www.safealkaline.com - Social Media via Facebook: “Safe Water Filter” - Social Media via Line Official: safealkaline
<p>- Water purifier “SAFE” Model: UF Alkaline</p> 	<ul style="list-style-type: none"> - Direct sales - E-commerce via the website: www.safealkaline.com - Social Media via Facebook: “Safe Water Filter” - Social Media via Line Official : safealkaline

Products of the Company and its subsidiary	Distribution Channel
<p>- Water purifier "SAFE" Model: Alkaline Plus</p> 	<ul style="list-style-type: none"> - E-commerce via the website: www.safealkaline.com - Social Media via Facebook: "Safe Water Filter" - Social Media via Line Official: safealkaline
<p>- Water purifier "SAFE" Model: RO Mineral Plus</p> 	<ul style="list-style-type: none"> - Modern Trade (e.g. HomePro and www.homepro.co.th) - E-commerce via the website: www.safealkaline.com - Social Media via Facebook: "Safe Water Filter" - Social Media via Line Official: safealkaline
<p>- Water purifier "SAFE" Model: UV Plus</p> 	<ul style="list-style-type: none"> - Modern Trade (e.g. HomePro and www.homepro.co.th) - E-commerce via the website: www.safealkaline.com - Social Media via Facebook: "Safe Water Filter" - Social Media via Line Official: safealkaline
<p>- Water purifier "SAFE" Model: Super Alkali</p> 	<ul style="list-style-type: none"> - E-commerce via the website: www.safealkaline.com - Social Media via Facebook : "Safe Water Filter" - Social Media via Line Official : safealkaline

Products of the Company and its subsidiary	Distribution Channel
<p>- Water purifier “SAFE” Model: Power Health (P-Health)</p> 	<ul style="list-style-type: none"> - Modern Trade (e.g. HomePro and www.homepro.co.th) - E-commerce via the website: www.safealkaline.com - Social Media via Facebook : “Safe Water Filter” - Social Media via Line Official : safealkaline
<p>- Water purifier “SAFE” Model: Alkaline Mini</p> 	<ul style="list-style-type: none"> - Modern Trade (e.g. HomePro and www.homepro.co.th) - E-commerce via the website: www.safealkaline.com - Social Media via Facebook : “Safe Water Filter” - Social Media via Line Official : safealkaline
<p>- Water purifier “SAFE” Model: i-Life</p> 	<ul style="list-style-type: none"> - Modern Trade (e.g. HomePro and www.homepro.co.th) - E-commerce via the website: www.safealkaline.com - Social Media via Facebook : “Safe Water Filter” - Social Media via Line Official : safealkaline
<p>- Water filter jug, “SAFE” Model: Ecomize</p> 	<ul style="list-style-type: none"> - Modern Trade (e.g. HomePro and www.homepro.co.th) - E-commerce via the website: www.safealkaline.com - Social Media via Facebook : “Safe Water Filter” - Social Media via Line Official : safealkaline

Products of the Company and its subsidiary	Distribution Channel
<p>2 Water Dispenser (UV and UF) Hot&Cold Water dispenser Temperatures control by Thermostat and Water purifier by UF membrane system Filter resolution 0.01 micron</p> 	<ul style="list-style-type: none"> - E-commerce via the website: www.officemate.co.th - Corporate Customer - Dealer
<p>3 Electric Appliance 3.1 Water Heater House brand of water heater name “SAFE Electrics” in 2 models as follows: 1) SAFE Electrics Model: P-Series 3,800W and 4,500W</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>P-Series WH 3.8</p>  </div> <div style="text-align: center;"> <p>P-Series WH 4.5</p>  </div> </div>	<ul style="list-style-type: none"> - Modern Trade (e.g. HomePro and www.homepro.co.th) - Telesales - E-commerce via the website: www.safealkaline.com - Social Media via Facebook, Line Official : “PONSABUY” and www.ponsabuy.com
<p>2) SAFE Electrics Model: Q-Series: 3,800W and 4,500W</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Q-Series WH 3.8</p>  </div> <div style="text-align: center;"> <p>Q-Series WH 4.5</p>  </div> </div>	<ul style="list-style-type: none"> - Modern Trade (e.g. HomePro and www.homepro.co.th) - E-commerce via the website: www.safealkaline.com - Social Media via Facebook, Line Official : “PONSABUY” and www.ponsabuy.com

Products of the Company and its subsidiary	Distribution Channel
<p>3.2 Air Conditioner The Company is Daikin dealer, selling 2 models as follows: Daikin Model: FT SMASH II R32</p> 	<ul style="list-style-type: none"> - Telesales - Social Media via Facebook, Line Official: "PONSABUY" and www.ponsabuy.com
<p>Daikin Model: INVERTER R32 Super Smile</p> 	<ul style="list-style-type: none"> - Telesales - Social Media via Facebook, Line Official: "PONSABUY" and www.ponsabuy.com
<p>Shareholding in Fedders Thai Co., Ltd., selling air conditioner under brand "Fedders"</p> 	<ul style="list-style-type: none"> - Telesales - Social Media via Facebook, Line Official: "PONSABUY" and www.ponsabuy.com

	Products of the Company and its subsidiary	Distribution Channel
4	<p>Other Electric Appliance The Company is Dealer of Other Electric Appliance well-know brand:</p> <div data-bbox="272 376 938 1189">  <p>The image displays logos for Samsung, LG, and Toshiba. Next to the Samsung logo are two televisions, one labeled 40" and the other 48". Below the LG logo are two front-loading washing machines. To the right of the Toshiba logo is a refrigerator and a 40" television.</p> </div>	<ul style="list-style-type: none"> - Telesales - Social Media via Facebook, Line Official: "PONSABUY" and www.ponsabuy.com

Remark: In the third quarter of 2017, the sale of electric appliances in the installment system sold by Thiensurat Leasing Co., Ltd.

2.1.2 Products of Safe Trade International Company Limited

The main products of Safe Trade International Co., Ltd. are water purifiers and water filter jugs. At present, there are water purifiers that only manufactured for the Giffarine Skyline Unity Co., Ltd., who is the main contractor and major client of the subsidiary company over the past years. And currently, there are 5 types of water purifiers and water filter jugs products.

2.2 Market and Competition

2.2.1 Industry Overview

There was slowdown in the economy in 2017. There was also a high and fierce competition in the market due to the decreased purchasing power of consumers and the uncertainty in the overall economy of the country. Water purifier market has continued to grow with market value of more than Baht 12,000 million. Marketing information indicated that bottled water sales have grown over the past two years, worth more than Baht 45,000 million, or about 4,200 million liters in 2016, with a growth rate of 11% . (Sources: Thansettakij Newspaper and Manager Newspaper). A healthy trend is increasing and consumers choose brands they feel confident with. Some consumers purchase water purifier because of their preference for economical option by searching from various sources to make their decisions. At present, consumers are more likely to shop online. As a result, the online channel has grown rapidly together with installment payment system online. Subsequently, the number of people in the retail store sector has decreased sharply, resulting in a slow selling environment and intensified competition for retailers. In the past year, the market of drinking water products has continued to grow including water purifier products. This is seen as a part of a recent trend that people pay attention to and focus more on their health and exercise. A series of awareness raising on health had been continually conducted through various educational activities. Consumers spending rebounded in the last quarter of the year, gaining positive momentum from long holidays at the end of the year etc.

2.2.2 Market overview of water purification systems for home

Overall, the market for water purifiers has continued to grow, with more manufacturers. Products have been developed and improved to meet the needs of consumers. In Thailand, most consumers use water purifiers to filter tap water for household utilization and consumption. This is a good factor to expand the market. The main factor in buying a water purifier is value and efficiency of the purification system. This includes a design of the product. This is especially the case for new generation customers who live in limited space such as condominium and townhouses, etc. A beautiful appearance, compact, easy to provide self-care are the focus of water purifiers. This group has high buying power. For customers in other provinces or regions, they do not have space constraints. Hence, they focus on products that are cost effective and proper to use, including suitable for water conditions in each area. So most manufacturers have modified and developed products to be beautiful to meet the target consumers.

2.2.3 Competitive Environment

2.2.3.1 Competition Conditions

The current state of competition in the market of water purification systems for home tends to be fiercely competitive due to increasing number of large and small competitors from inside and outside the country to compete in the market. This prompts existing entrepreneurs to adapt to the competitive market. Nevertheless the rapid expansion of various types of housing together with the growing number of water supply consumers throughout the country as well as healthy living habits as a changing trend of consumer behavior continues to be a positive factor contributing to the increased demand for home water purification systems. The Company has product positioning explicitly to the market for high technology water purification systems. The Company also offers designing and manufacturing services under its own manufacturers in order to produce customized filters that are suitable with water quality in each area. In addition, the Company is able to control the quality and cost of the products effectively. The continuous product development and innovation as well as appropriate pricing have led the Company to remain well competitive in the market.

The Company sustain the overall revenue stream by explore relating business which one of the successfully initial business is electric water heater. It's rather concern of market diminishing and decrease buying power of the consumer which effect from the economic turndown and political uncertainty. However, the Company believes that the consumers' behaviors still require the electric water heaters if it offer promotional campaign to help these clients affordable easily.

2.2.3.2 Competitor Analysis

The Company offers a wide range of products that meets customer needs, with affordable price. Furthermore, after distributions of its water purifiers, electric water heaters and Electric Appliance to the market, the Company has its standard policy to provide clients with a customer service.

There are domestic and international entrepreneurs in the market of high technology water purification systems. There are both manufacturers and distributors as well as entrepreneurs who are importers and distributors or entrepreneurs who are only distributors. Each entrepreneur has different strategies and presentations of the products. This include pricing strategy, quality of the products and customer service. Large foreign enterprises tend to merchandize via multi-level marketing (MLM) while most of domestic entrepreneurs distribute products through their own branch. Currently, we have 22 branches nationwide and 2 customer service centers. In addition, distribution via internet is also among preferred channels for small domestic enterprises. The Company is a manufacturer and distributor of water purifier products. It offers water purifier products under its own brand. The Company mainly merchandizes its products via a single level direct sales to customers by the Company's salespersons who have extensive knowledge on the Company's products. The Company also increases its merchandized channels to meet the consumers' needs. Meanwhile, the Company increases its distribution channels in order to penetrate the market and reach out all segment market for instance develop the e-commerce system. Including sales through social media channels such as Facebook, Line, etc.

The Company has cooperated with Giffarine SkylineUnity Co., Ltd., one of the leading multi-level marketing companies to manufacture and distribute water purification products under brand name "Giffarine". This is another distributing channels through the network of the MLM Company.

2.2.4 Marketing Strategy

This year, the Company focused on providing knowledge on water purification systems and the benefits of "alkaline water". Online technologies include website, Facebook, Line@, Line Official, YouTube as well as offline are used as a tool and a means to reach out and provide information to consumers.

With an increased economic growth in 2018, the Company expects to expand more on its medium-price product range than last year. This is because of the positive economic recovery and rebound from the end of last year. The Company plans to promote brand awareness and knowledge of "Alkaline Water", which is the dominant feature and the selling point of the Company. The Company is a domestic manufacturer that uses advanced purification technology and has a complete water purification system i.e. UV, RO, UF and NSF quality filters as well as launching of new products to enter the market continuously.

Direct sales channel

Direct sales are the main channel of the Company. The Company has recruited more staff and continuously increased sell technic to its staff members. This includes training to increase sell technic, and Product knowledge and skills to be able to give information and advice. But nowadays there is a change in consumer behavior. In current market environment, where goods have been

purchased through various channels. Some customers change their behavior by buying from modern trade channel. In additions, there are more customers who purchase products online. In order to maximize opportunities and develop competitiveness in such channels, the Company has allocated its budget and personnel to prepare for market changes, as well as to align with diverse consumer behavior through its O2O: Online to Offline strategy. This is in line with present market conditions and consumer behavior. The Company provides support through training, knowledge building, and tools to generate more sales and to adapt for the future sales.

Modern trade channel

During 2017, the growth rate was rather slow and only slightly expanded. Nevertheless, it continued to grow, especially in Bangkok and its vicinity. This included main provinces in each region. This was in line with the change in consumer behavior, with the emphasis on convenience and availability of products, as well as the space for displaying the products to be purchased and compared to meet the needs. In order to increase sales opportunity outreach to more customers in all areas, the Company plans to expand its sales via additional modern trade channel to distribute products to more consumers and to stimulate sales through various activities.

Online channel

Due to the current market conditions and changes in consumer behavior, the Company has adjusted itself to keep up with the change, especially focusing on creating an online customer base, as it is a channel that has grown tremendously and continuously. It has focused on promotions through its programs and activities. The online channel of the Company is quite diverse, such as Facebook, Line@, Line Official. These fast and easy access platforms can reach out to customers with less marketing budget. This is consistent with changes in consumer behavior. The Company has adapted by using online marketing and closing its Telesales team to close sale. For the Company's main sales channel, it is focused on communicating and educating sales staff through online sales channels to help create a better understanding of products and services. It can also be used well to communicate to the target audience letter.

Throughout the long period of the Company's business operation, it has had determination to create good health among all families of Thai people. Its direction of business operation focuses on customers by meeting their needs and creating good experiences in product usage and services of the Company. The customers here include mass and niche customers as well as individual consumers and corporate customers. The Company's main strategies are:

(1) Focusing on Product Quality

The Company gives importance to selecting high quality materials that will be used in producing water filter. The materials are such as filter substance certified by NFS, and filter substance and alkaline mineral imported from Europe and the US. "SAFE" water filters are therefore certified by the global leading institution Eurofins AMS Laboratories Pty Ltd which is a leading institution from Australia (A/NZS 4020:2005). Sales through social media channels such as Facebook, Line, etc. (Details of the tested models are reported under the section 1.2 Major changes and developments over the past 5 years.)

The Company has Product Research and Development Department which conducts research and develops products for the Company continuously, including the water filter product and the filter element. It is to create differentiation and superiority over the product competitors, and to solve the problem of different water quality in different areas of the country e.g. brackish water, ground water and etc. It enhances capability in filtering the low quality or highly- impure water to become

water that is suitable for consumption. It invents “SMART Control” system for the water purifier model ROMA with RO system (Reverse Osmosis) to make it well and continuously function, even under the condition of decreasing water pressure. It develops Flush Valve system for customers’ convenience in fast maintenance of the water filter.

The Company has obtained the “patent” of alkaline water alteration system from Department of Intellectual Property. This emphasizes on its determination to bring quality products to customers and to create confidence in “SAFE” products.

In 2017, the Company has a petty patent for Alkaline Mine, which has been tested in accordance with AS/ NZS 4020: 2005 standard by the Eurofins AMS Laboratories Pty Ltd, a leading Australian Institution (AMS). In addition, the Company is registered on the website of the NSF Product and Service Listings for the Spun Polypropylene Filter Cartridge under the NSF/ANSI42 standard.

(2) Developing new products continuously and expanding product lines as solutions to cover customers’ wants

The Company has developed a variety of products that suit consumption, usage and preferences of consumers, including UV (killing germs by UV ray) RO (Reverse Osmosi) filtration systems and UF (Ultrafiltratio). It offers small-sized products to fit single families living in condominiums and apartments or families with few members. The Company has products of different price levels which customers can choose depending on their affordability. For example, in 2016, the Company has launched the product model UF Alkaline for customers who use tap water and want fine water filtration system at the medium price. The Company has also launched dual water dispenser for hot and cold water with high quality and slightly-alkaline mineral filter element; the dispenser which can be used at offices and home has become more popular. Moreover, the Company has offered “Water Mate” water filtration system for household usage which enhances safety quality of water for consumption.

From the market survey, consumer behaviors and needs of the Company customers, it is found that most customers have rapidly increased their wants in electrical appliance products. To meet such customers’ wants, the Company therefore has offered quality products to customers. Apart from “Safe Electric” water heaters with high safety as well as Fedders and Daikin air conditioners, the Company has selected popular and good quality electrical appliances to offer to customers such as Samsung television, Toshiba refrigerator, LG washing machine and so on. The Company has added an option to customers under the “PONSABUY” program in which customers can choose to purchase products with installment payment with the Company. This better creates happiness and comfort for families.

(3) Giving importance to worthiness and convenience of customers

Apart from helping taking care of customers’ health, the water filter products help customers saving their expenses in drinking water consumption. The Company gives product warranty for 2 years at maximum. During the warranty period, the services are provided at customers’ home and free of charge.

The Company sees that convenience of customers is an important mission for the Company by focusing on services at home which are staff going to introduce and to give knowledge to customers at home, quick installation, installment payment service for purchase and after-sale services including repair and change of substance

at home. The services can be reached via phone call at 1210, and the call center staff are available everyday. Convenience in reaching the Company is via online of Web site, Facebook and Line Official.

The Company has developed the efficiency in servicing customers to cover all areas in the country. It seriously implements Customer Relationship Management system as it develops “Safe Mobile Application” system in selling and collecting payment. Hundreds of knowledgeable technicians with expertise are on services nationwide, and the service management is conducted under the “I-Mind” system which can assure customers that they will get fast and convenient services. It also has a connection (CRM: Customer Relation Management) to the telephone system (Cisco-IP Telephony) with continuously increasing efficiency.

(4) Increasing efficiency in awareness and access of the products and services

The Company has expanded distribution channels, basing on the Company's strength in the channel of Single Level Direct Sales which has sales and service staff more than 1,000 persons throughout the country.

The Company has 22 branches and 2 customer service centers to cover major cities of the nation as a network. This raises convenience in presenting, selling and servicing customers. The Company has also increased number of telemarketers to become more than 80 at present. It has expanded through modern trade channels which are 25 branches in HomePro.

Due to popularity in buying products through social network, the Company has increased number of staff teams in Digital Marketing and Online Telesales in order to match with the online channels of web site, facebook and Line Official of the Company. The Company has also created linkage and advertisement through online alliance such as Lazada, Kaidee, Office Mate and so on. Customers then can order the products through online system; this leads to more convenience in fast access of the products and services.

(5) Creating good relationship with customers sustainably

Water filter is a product that needs suggestion. Therefore, the Company emphasizes on giving knowledge and creating understanding in products and health caring among customers and families. Staffs are hence the key success factor.

The Company has developed methods in recruiting and selecting quality staffs in order to meet the fast expansion of the Company's business. The Company gives importance to knowledge, skills and serious training, starting from the first day of their working. That includes knowledge of products, skills in selling and servicing, taking care of customers, creating good attitude and service mind for bringing better health of customers, having the training institution for continuously and systematically developing quality of staffs, and having fieldwork trainers for staffs. The Company cares for compensation, welfare, and well-being of staffs in order to make staffs feel happy and secure; that in turn leads to providing good quality services to customers at every touch point. For example, when the time to change the filter substance, staffs call to inform customers and staffs go to service them at home. Staffs who collect the payment also ask the customers about their problems, and regularly build good relationship with them. Therefore, that can bring satisfaction to customers, and can result in repeat purchase as well as good word-of-mouth to relatives and friends afterward.

2.2.5 Distribution Channel

2.2.5.1 Single Level Direct Sales

Single Level Direct Sales is the main distribution channel of the Company. We believe that such channel will enable our salespersons to clearly present the product features and build a good relationship with the target customers in order to create an opportunity for future sales of other company's products. The number of sales and service staff of the Company as of 31 December 2017 was more than 1,000 persons. Most of them are based at the head office in Nonthaburi province with sales coverage in Bangkok and the surrounding provinces. Moreover, groups of salespersons work in other provinces in 22 main branches and 2 service centers (At the end of 2016, there were 20 branches and 3 customer service center) to promote and support the sales of water purifiers and replacement filter as well as to provide after-sales service in the regions as follows:

Details of 22 Branches

Region	Branch	Address	Telephone
Northern	Chiang Rai	866/10-11 Tangluangpandin 1, Weing sub-district, Mueang district, Chiang Rai 57000	053-719-288
	Chiang Mai	221/7-8 Chang Klan Road, Chang Klan sub-district, Meung district, Chiang Mai 50100	053-271-378
	Lampang	357/34-35 Bun Wat Rd., Suandok sub-district, Muang Lampang district, Lampang 52100	054-222-901
	Phitsanulok	1191/11-12 Baromtrilokanart Road, Nai Mueang sub-district, Mueang district, Phitsanulok 65000	055-005-000
	Nakhonsawan	1102/86 Moo 10 Nakhonsawan Tok, Mueang District, Nakhonsawan 60000	099-380-3886
	Phetchabun	358 Moo 10, Chon Phrai sub-district, Mueang district, Phetchabun 67000	056-713-446
Eastern	Rayong	349/1 Sukhumvit Road, Noenphar sub-district, Mueang district, Rayong 21000	038-621-277-8
	Chonburi	600/23-24 Sukhumvit Road, Sean Suk sub-district, Chonburi district, Chonburi 20130	038-110-083
Central	Nakhonpathom	667/2 Phetchakasem Road, Huai Chorakhe sub-district, Mueang district, Nakhonpathom 73000	034-275-383
	Phetchaburi	585/17 Moo 5 Banmor sub-district, Mueang district, Phetchaburi 76000	032-401-629
Northeast	Khon Kaen	118/9 Laonadi Road, Nai Mueang sub-district, Mueang Khon Kaen district, Khon Kaen 40000	043-043-500
	Udon Thani	392/20 Moo 5 Ban Lueam sub-district, Mueang district, Udon Thani 41000	042-223-448
	Ubon Ratchathani	265/4-5 Upaleesan Road, Nai Mueang sub-district, Mueang district, Ubon Ratchathani 34000	045-243-495-6
	Nakhon Ratchasima	901/7 Mittraphap Road, Nai Mueang sub-district, Mueang district, Nakhon Ratchasima 30000	044-262-900
	Roi Et	426 Moo 23 Nuea Mueang sub-district, Mueang district, Roi Et 45000	043-515-027
	Buriram	999/13 Moo 1 I-san sub district, Muang Buriram district, Buri Ram 31000	044-613-899
	Mukdaharn	122/4-5 Wiwittha Surakan Rd., Mukdahan sub-district, Muang Mukdahan district, Mukdahan 49000	042-042-000

Region	Branch	Address	Telephone
Southern	Nakhon Si Thammarat	180/26-27 Moo 5 Pakphoon sub-district, Mueang District, Nakhon Si Thammarat 80000	075-806-877-8
	Surat Thani	20/1 Moo 10 Wat Pradu sub-district, Mueang district, Surat Thani 84000	077-964-000
	Phuket	32/4 Poonpon Road, Talat Nuea sub-district, Mueang district, Phuket 83000	076-619-111
	Hadyai	1502, 1504 Moo 3 Airport-Lopburiramate Road, Khun Lang sub-district, Hatyai district, Songkhla 90110	074-250-420
	Trang	239/23, Kantang Road, Thap Thieng sub-district, Mueang district, Trang, 92000	075-290-539

Details of 2 Customer Service Centers

Region	Branch	Address	Telephone
Central	Lamlukka	38/16 Moo 3 Khu Khot sub-district, Lam Luk Ka district, Pathum Thani 12130	02-819-8888 Ext. 2516
	Samutprakan	392/4-5 Samrong Nuea sub-district, Mueang district, Samut Prakan 10270	02-819-3306

In the Company's direct sales, commission which a salesperson will get varies with sales volume. In addition, the Company offers other types of incentives to salespersons in order to boost sales volume as appropriate.

2.2.5.2 Telesales & Telemarketing

The Company has developed its capacity for product distribution through telephone by linking the Customer Relation Management (CRM) software with the Cisco-IP Telephony, and the customer database. This system is used alongside with the regular salespersons channel to distribute filters. Subsequently, the telesales channel became the main channel for the sale of electrical appliances. The Company has expanded its sales channels by telephone to accommodate future sales. By the end of 2017, there are approximately 80 sales staff members. Customers can communicate with sales office for more information and services by contacting the Call Center 1210 and 02-819-8888, 120 lines. The Company has recruited more staff to support online customers from various channels such as Facebook and Line to provide services through new channels with increased coverage and efficiency. We have added a category to customers. In addition to the main products are water purifiers and filter sets, the Company also sells Daikin air conditioners, Fedders air conditioners, Safe Electrics water heaters and other brands of electrical appliances such as Toshiba, LG and Samsung, etc. The telesales management will enable the sales to target customers and able to manage expenditures. The cost structure is relatively low compared to other sales channels.

2.2.5.3 Sales of Products through Other Companies

The Company's subsidiary sell water purifiers and water filter jugs to Giffarine Skyline Unity Co., Ltd. (large direct sales company). Subsidiary have been trusted to make outright selling through these company as a result of various factors such as continuous research for new technologies, quality standard of products, on-time delivery, after-sales service, training for network members and good relationship with customers.

2.3 Product and Service Supply

(A) Manufacture

At present, the Company has 4 factories.

- Factory 1 manufactures water purifiers and replacement filters
- Factory 2 manufactures water filter jugs and parts
- Factory 3 manufactures water heater
- Factory 4 manufactures water purifiers and replacement filters

All 4 factories have capacity to manufacture on average 30,000 water purifiers per month. Currently, 70% of manufacturing capacity is utilized in 8 working hours.

(B) Workflow of the Company

1. Below is a concise illustration of the Company's water purifier manufacturing processes.

The Company's water purifiers manufacturing processes

- **Water Purifier Design:** Carried out by Production Control with direct expertise in designing water purifiers by taking into account the water filter efficiency, convenience and good design.
- **Molding:** After the design process, the Company will send the plan to a molding Company. The Production Control Department will inspect molds of several parts at the factory and supervise various details according to the plan.
- **Selection of Materials, Components and replacement filter:**

Materials and Components

Selected Food Grade materials are durable, appropriate to the product image and safe for drinking water. The Company sends the molds only to experienced contractors to create different parts of the purifiers, and who also comply with the standards of water purifier plastic injection molding.

Replacement Filter

Water replacements of national and international standards are selected. Iodine number test is conducted in a laboratory on a regular basis. Additional, our water purifier has been certified by Eurofins AMS Laboratories, Australia, by 6 aspects test condition as detailed: 1. Taste 2. Appearance 3. Growth of Aquatic Micro-Organisms 4. Cytotoxic Activity 5. Mutagenic Activity and 6. Extraction of Metals which is a leading international group of laboratories providing an engine rouge of analytical testing services and comer product. Specimens are sent to external agencies annually to examine the quality. Materials are inspected upon delivery. The Company aims for suppliers who meet the standards in order to obtain the highest-quality materials for the Company's water purifiers.

In every manufacturing process, the Company has produced a standards manual. The manual demonstrates a clear procedure to standardize the manufacture of the Company's products in accordance with ISO 9001:2015 certifications. The Company has a clear production plan in line with sales volume and number of products in stock to prevent product scarcity or oversupply. Besides, the Company conducts a post-production examination of the product to comply with the Company's standards.

2. Standard operating procedure for distribution and installment collections of water purifiers can be summarized as follows:

- 1) Salespersons present information of products to customers. By stating that both cash and installment are available. In the case of installed payment, according to the Company's policy, sales staff will conduct preliminary customers screening then the sales team leader will reevaluate the screening prior to the purchase agreement. In addition, the Company's credit department, which is responsible to collect payment from the second installment onwards, will examine the creditability of the client as well.
- 2) Sales teams submit purchasing and leasing contracts together with relevant documents as well as the first installment received from customers to the Related department for filing in the Company's client database.
- 3) If a customer fails to pay the installment, the Company will follow up by the debt collection department. And in case the Company has already sent two collection letters for overdue payments to customers, the Company may consider to take further legal action.

3. Standard operating procedure for distribution and installment collections of electric appliances can be summarized as follows:

- 1) Telesales or salespersons present information of products to customers. By stating that both cash and installment are available.
- 2) In case of installment payment, contract staff check customer information and supporting documents such as financial documents to assess the ability of customers to pay installment before entering the lease contract. And customers are required to sign a letter of consent to verify credit information.
- 3) Credit staff check the credit bureaus information and consider other factors in accordance with the Company's requirements. If passed, credit staff then notify contract staff to proceed with an installment contract.
- 4) Contract staff proceed with installment contract and collect the down payment from the customer.
- 5) Product delivery with installation service.
- 6) In case the customer fails to pay the installment. The Company pursues and collects debt by phone, field-tracking department, debt collection department or outsource agency. And in the case, that the Company has sent a letter to the customer twice and the installment remains unpaid, the Company shall take back the product and the Company may consider proceed with further legal action.

Accounting Policy

About 86 percent of revenues from sales are installment sales. Therefore, the Group is aware of the significant of accounting policies, and set up the related policies as follows:

1. Revenue recognition
2. Allowance for doubtful accounts and bad debt write-off
3. Allowance for goods return according to customer satisfaction guarantee policy
4. Allowance for product warranty according to warranty policy

No.	Policy	Details																													
1.	Revenue recognition	<p>Sales of goods Sales of goods are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.</p> <p>Hire purchase interest income Interest income under hire purchase agreement is recognized over the period of agreement based on the effective interest rate. The Group ceases accruing income for receivables which installment payment has been defaulted for more than three installments past the due date.</p>																													
2.	Allowance for doubtful accounts and bad debt write-off	<p>Allowance for doubtful accounts Allowance for doubtful accounts will be set up for uncollectible debts as follows:</p> <p><u>Credit sales:</u> Allowance for doubtful accounts is considered based on aging of receivables. 100% allowance will be set up for overdue debts of more than 3 months.</p> <p><u>Installment sales:</u> Allowance for doubtful accounts is set up in a percentage of outstanding receivables (net of deferred interest and deferred output tax). Percentage of the allowance by account receivable aging are presented in the following table:</p> <table border="1"> <thead> <tr> <th rowspan="2">Account receivable status</th><th colspan="2">Allowance for doubtful accounts (%)</th></tr> <tr> <th>Water purifier</th><th>Electric appliances***</th></tr> </thead> <tbody> <tr> <td>Current</td><td>2.5</td><td>1</td></tr> <tr> <td>Overdue 1 installment</td><td>6</td><td>2</td></tr> <tr> <td>Overdue 2 installments</td><td>30</td><td>10</td></tr> <tr> <td>Overdue 3 installments</td><td>50</td><td>20</td></tr> <tr> <td>Overdue 4 installments</td><td>50 and 100*</td><td>30</td></tr> <tr> <td>Overdue 5 installments</td><td>50 and 100*</td><td>40</td></tr> <tr> <td>Overdue 6 installments</td><td>50 and 100*</td><td>50</td></tr> <tr> <td>Overdue exceeding 6 installments</td><td>50 and 100*</td><td>50 and 100**</td></tr> </tbody> </table> <p>* Receivables- water purifier: 50% is for non- consecutive delinquency over 3 installments and 100% for consecutive delinquency over 3 installments. ** Receivables- electric appliances: 50% is for non- consecutive delinquency over 6 installments and 100% for consecutive delinquency over 6 installments.</p>	Account receivable status	Allowance for doubtful accounts (%)		Water purifier	Electric appliances***	Current	2.5	1	Overdue 1 installment	6	2	Overdue 2 installments	30	10	Overdue 3 installments	50	20	Overdue 4 installments	50 and 100*	30	Overdue 5 installments	50 and 100*	40	Overdue 6 installments	50 and 100*	50	Overdue exceeding 6 installments	50 and 100*	50 and 100**
Account receivable status	Allowance for doubtful accounts (%)																														
	Water purifier	Electric appliances***																													
Current	2.5	1																													
Overdue 1 installment	6	2																													
Overdue 2 installments	30	10																													
Overdue 3 installments	50	20																													
Overdue 4 installments	50 and 100*	30																													
Overdue 5 installments	50 and 100*	40																													
Overdue 6 installments	50 and 100*	50																													
Overdue exceeding 6 installments	50 and 100*	50 and 100**																													

No.	Policy	Details
		<p>***Allowance for doubtful accounts of electric appliances receivables calculated based on receivables less deferred interest and output tax, and net from residual value of returned electric appliances which considered from usage time, condition and market price of second hand electric appliances. Subsequently, these returned units will be sold as second hand items.</p> <p>Bad debt write-off</p> <p>The debtors will be contacted by the Group's staff and will receive 2 warning notices from the Group before the accounts are written off and recorded as bad debts.</p>
3.	Allowance for goods return	<p>The Company has a customer satisfaction guarantee policy; a customer can return the goods within 30 days from the installation date. The allowance for 2017 was set up based on statistic data of returned products in 2015 and 2016. Currently, percentage of the allowance is 1.36% of sales. At as 31 December 2017, the allowance for goods return was Baht 1.01 million.</p>
4.	Allowance for product warranty	<p>The Company has product warranty policy to change and repair goods for customers within 1-2 years since the installation date. As at 31 December 2017, allowance for product warranty was Baht 2.71 million.</p>

3. The Supply of Raw Materials

3.1) The Raw Material in Production

The important raw material for making a water purifier is the housing structure of the water purifier and the filter media. The Company designs the products and hires another Company to inject the replacement filter part (Carbon). The Company buys a majority of the raw materials through several domestic distributors, yet there are some parts which are imported from foreign countries. Partially imported from abroad, which most of these are from sellers that have more than 5 years of business relationship. The Company has a policy to reserve the raw material for production no less than 15 – 20 days depending on each raw material's period of production process. Inspection of quality of the raw materials will be conducted each time.

3.2) Sales Representatives

The Company has a selection process for qualified salespersons by selecting from candidates that have suitable sale- oriented qualifications. The Company provides training for new employees to understand the products well, including training to build sales skills and understanding sales psychology. The sales manual is developed so that all salespersons can use it as a guideline for selling products. The Company also organizes regular workshops and seminars to enhance sales skills. Salespersons, who can exceed sales target, will be rewarded by the Company. This is to inspire sales staff to be committed to sales and to support qualified salespersons to work with the Company for a long term.

(C) The Environmental Impact of the Manufacturing Process.

Environmental Management and Safety.

Environmental Management

The Company rules and regulations in case of reclaiming the merchandise from a customer, or taking back the old water purifier from a customer, or taking in the production waste namely plastic and replacement filter. For filters, the Company has identified and separated filters with good quality and bad quality. The good quality replacement filters will be enhanced and ensured for quality before selling them to some industrial water purifier manufacturers. The bad quality replacement filters will go through the foamed concrete block production process for domestic use. In addition, the Company will check the quality of waste water as to abide by the Ministry of Industry's standards.

Safety and Security Management

The safety of employees is a key factor in which the Company has always emphasized. Putting together safety procedures in a work instruction manual so the employees can abide by giving out personal safety equipment that is suitable to each employee's duty. In addition, the Company has organized a safety committee in the work place according to the standard of the labor law. Nevertheless, the Company has not had any serious accidents throughout the entire production process in the office and the factory.

2.4 An unassigned work

-None-

3. Risk Factors

The risk factors discussed in this report are only some major factors that may have negative impacts on the Company. These risk factors may also have a significant impact on the investment in the Company. There may be some other unpredictable factors and some insignificant factors, which may also have an impact on the Company's operation in the future.

3.1 Business Operating Risks

3.1.1 Risks in regard to changes in state regulations

Although the sales and distribution of water purifiers have not been controlled by any particular state agencies thus far, some agencies indirectly involve in the Company's business. Office of the Consumer Protection Board, for instance, has a duty to prevent hire purchasing service providers from taking advantages over consumers. In addition, the Ministry of Commerce has imposed a law to control the direct sale business, requesting all direct sellers to obtain a particular license before launching their direct sale business. Another relevant state agency is Ministry of Industry, which oversees the extension of a license to operate industrial factories. The Company always takes the rules and regulations set by relevant state agencies seriously. However, it will be rather risky for the Company if relevant agencies add more stringent rules and regulations. Being aware of this risk, the Company thus sets operation guidelines to suit the current state rules and regulations. Meanwhile, the Company always monitors updates on any changes of relevant rules and regulations in order to ensure that the Company's business is operated in compliance with state rules and regulations.

3.1.2 Risks in regard to heavy dependency on the direct sales channel

The Company distributes its products mostly through the single level direct sales channel, by direct sales teams. The sales revenue generated by this sale channel accounted for about 95% of the revenues from sales of goods. With its long expertise in the single level direct sales, the Company strongly believes that this sale channel remains an appropriate channel. To sell water purifiers, sales personnel are required to provide detailed technical explanations about product specifications, and conduct product demonstration to highlight advantages of the products in order to stimulate customers' buying decisions and ensure that the sale is successfully closed. These sales techniques are unique ability of each salesperson. Therefore, talented salespersons are attractive as well as are interested by other companies, and may be bought by any company that have higher attractive benefits package. To retain our talented sales personnel, the Group is committed to offering attractive remuneration packages and benefits as well as training in order to engage sale staff, and enhance the sales teams' efficiency.

However, the Group is aware of risk regarding heavy dependency on the direct sales channel. They also have distributed products via other channels, to broaden its customer coverage, e.g., modern trade, telesales & telemarketing, E-commerce and online media including Facebook, Line, Lazada and etc. Furthermore, the Group has also appointed sales representatives to present products and services, covering all target customer groups. Finally, there are other sale method, e.g., producing and distribution on an OEM basis for other direct sales operator.

3.1.3 Risks in regard to trade liberalization and the emergence of ASEAN Economic Community that may have a negative impact on sales and production costs

The trade liberalization and the emergence of ASEAN Economic Community (AEC) in 2015, economic cooperation in the region of Southeast Asian countries (ASEAN) which includes 10 member countries, will result in relocations of funding resources, manpower, and international trades among the member countries. As a result, there might be some low-cost products from other countries to beat Thai products. Therefore, the Company has planned to expand its distribution channels and

create more varieties of products to meet customers' demand and reach more customer targets. Moreover, the Company also has a plan to expand to overseas markets, including AEC member countries after studying relevant factors and marketing possibilities. The company has started to sell products in the Lao People's Democratic Republic. Distributed through dealer in Cambodia. We are also studying to bring the products to other AEC countries.

3.2 Production Risks

3.2.1 Risks in regard to fluctuation in raw material prices

The manufacturing of a water purifier requires varieties of components and devices, both for the body and filtration substances. Some items can be produced domestically but some have to be imported by major importers. The prices of material and equipment vary according to market prices and exchange rates for the case of imported items. The Company may be partially impacted by the fluctuation in material and equipment prices, as well as exchange rates. To manage the exchange rate risk, the Company utilizes financial instruments in order to mitigate the impact on exchange rate fluctuation.

3.2.2 Risks in regard to the operating license

One of the Company's plants is located in an orange zone, i.e., a densely populated area. The plant received an operating license on 10 October 2007, under the condition that the license will be revoked anytime whenever relevant agencies lodge a complaint or the plant causes any troubles to the community. Details are as following:

- Factory 1: The Company obtained the factory license for assembling and repairing water filters. The license expired on 31 December 2016. The company has already renewed the license. The Industrial Office of Nontaburi Province has already approved the renewal of the license to last until 1 January 2022.
- Factory 2: The Company obtained the factory license for assembling and repairing water filters from the Industrial Office of Nontaburi Province. The license will expire on 1 January 2020.
- Factory 3: The Company obtained the factory license for plastic granulation from the Industrial Office of Nontaburi Province. The license will expire on 1 January 2019. And Factory license for manufacturing and repairing water heater from the Nonthaburi Industrial Office. The license expires on 1 January 2022.
- Factory 4: The Company obtained the factory license for assembling and repairing water filters as well as plastic granulation from the Industrial Office of Patumthani Province. The license will expire on 1 January 2020.

There is risk that the license may not be extended. However, the Company's management is confident that the license will be extended because the Company has neither been given any significant warning by any relevant agencies nor complained by residents in the area.

3.3 Financial Risks

3.3.1 Risks in regard to the sale on credit

The Group's water purifiers and electric appliances are sold mostly through the direct sale channel on a hire purchase basis. The quality of hire purchase receivables is a key factor for the recognition of revenue. As of 31 December 2017, the hire purchase receivables with outstanding balance overdue for consecutive three months accounted for 5.39% of total hire purchase receivables from sales of water purifier. For electric appliances, outstanding balance overdue for consecutive six months accounted for 3.12% of total hire purchase

receivables from sales of electric appliance. The major customers of the Group are in the medium to low-end market segments. The Group has established sales policies that enable those two customer segments to reach the Group's products and services. To mitigate the credit risk, the Group has strict policies to review and control debts. In terms of overdue receivables, the Group set allowances for doubtful accounts at a sufficient level, taking into account the history data of bad debts. In case a receivable has outstanding balance overdue more than three months, the Group will stop recognizing the full amount of interest income from that particular hire purchase account before taking legal actions. In light of this, the Group will send two warning notices before writing off the account. Given that the Group's gross profit margin was rather high at 75.73% in 2017, the Group still enjoyed impressive operating profit from installment sales even after the deduction of sales expenses and bad debt and doubtful debt expenses. In 2017, the net profit margin of the Group was 4.51%.

Measures to prevent and mitigate risks in case the receivables fail to follow payment conditions and agreements which stated in the hire purchase contracts, are as follows:

- Clearly indicate basic qualification of targeted customers so that the sales teams can use as a guideline; sales staff preliminarily approve the qualification of potential customers and team leaders review the qualification once again before the hire purchase contract is signed. Then, the Credit Department examines the quality of receivables: the Credit Department meets with customers in order to evaluate each customer's creditability against the installment plan and inspects whether the product is completely installed, and ascertains the repayment capacity of clients afterwards. For hire purchase of electric appliances, since August 2017, the customers are checked credit bureau prior to credit approval.
- Offer remunerations to sales members based on the quality of debt collection. In case of bad debt, the sales members and the relative sales management team are required to share losses in accordance with the Company's policy about bad debts.
- In case customer fails on the conditions stated in the hire purchase contract, the collection actions will be assigned to the Debt Collection Department and the Legal Department. In addition, the Group will take back the water purifier from that particular customer. Returned water purifier that remain in good conditions will be sent for refurbishing at the plant and resold at cheap prices as Grade B products to the Group's employees, except the sales personnel. Meanwhile, inferior one will be disassembled and sold as plastic scrap. Repossessed electric appliances will be sold as second handed items.
- For take back electrical appliances, the company will sell them as secondhand products by Thiensurat Leasing Co., Ltd. (Subsidiary company which 100% of the shares owned by the company.)

3.3.2 Risks in regard to the fluctuation in the interest rates

The Group drawn down short-term and long-term loans from financial institutions to fund its business operations. As of 31 December 2017, outstanding balances of short-term loans from financial institutions amounted to Baht 129.91 million, and of long-term loans of Baht 21.97 million. Regarding the management of finance costs, the Group considers to utilize sources of funds which bearing floating interest rates. Comparison of interest rates offered from financial institutions will be done and considered based on money market conditions at a time. Given that all loans came with floating interest rates, the Group may encounter risks in regard to the fluctuation in the interest rate; this may result in higher funding costs and thus have a negative impact on the Group's operation. However, the Group has been

granted credit facilities from several financial institutions to reserve for necessary funds required. Should the Group need some funding, it shall be able to seek funding from some methods in accordance with the economic condition, as well.

3.4 Risks that may have impacts on the right or the investment of shareholders

Risks in regard to the fact that the major shareholders have control power over management policies.

The Changyoo family is the Company's major shareholder group (further details can be obtained from Part: Listing Securities and Shareholding Structure). As of 29 December 2017, Changyoo group held 339,105,053 shares or 65.63% of issued shares. As a result, the Changyoo group is able to control almost all resolutions of shareholders' meeting, including the appointment of directors or any matters that require the majority votes of shareholders. The power of the major shareholder, however, does not include the issues related to laws or regulations, for which three-fourths of the shareholders are required. Given the control power of the major shareholder, other shareholders are unable to gain votes enough to balance the power of the major shareholder group for some particular issues proposed by the major shareholder. Being aware of this risk factor, the Company arranges the management structure, consisting of the Company's Board of Directors, Executive Committee, and the Audit Committee. The members of these committees are those with high experiences. 5, out of 10, are independent directors from outside, of which four independent directors act as the members of the Audit Committee. These members provide comments in regard to connected transactions prior to proposing to the Company's Board of Directors and shareholders' meeting.

4. General Information and The other Information

4.1 General Information

4.1.1 Company

Name of the issuer	: THIENSURAT PUBLIC COMPANY LIMITED
Registration	: 0107556000213
Business type	: Production and distribution of water household purifier
Listing Securities	: Baht 662,199,169 (662,199,169 ordinary shares of Baht 1.00 per share)
Paid-up Capital	: Baht 516,730,430.00 (516,730,430 ordinary shares of Baht 1.00 per share)
Head Office	: 43/9, Moo 7, Soi Chuchat Arnusorn 4, Bang Talad Sub-District, Pakkred District, Nonthaburi 11120
Telephone	: 02-819-8899
Call Center	: 1210 and 02-819-8888
Fax	: 02-962-6951-3, 02-962-6675
Website	: www.thiensurat.co.th
Investor Relations	: 02-819-8899 Ext. 1536, 1591
E-mail	: ir@thiensurat.co.th

4.1.2 An entity that owns 10 percent or more.

Company name / Address And Detail	Business type	Shareholding (%) of the company	Shareholding (%) of the other shareholder (s)	Registered Capital (Million Baht)	Paid-up Capital (Million Baht)
Safe Trade International Company Limited Registration: 0125538005592 162, 164, 166 Samukkee Road, Thasai Sub-District, Nonthaburi District, Nonthaburi Tel: 02-962-6651-2 Fax: 02-962-6659-60 www.safetrade.co.th	Selling and distribution of water purifiers and water filter jug	99.98		4.00	4.00
Fedders Thai Company Limited Registration: 0105557169406 59/1 Soi Ramintra 58 Ram Inthra Sub-District, Khan Na Yao District, Bangkok Tel: 02-936-8990 Fax: 02-510-1877 www.fedders.co.th Shareholder: 1. SS air services Company Limited 2. Mr.Visit Vongvivat	Selling air conditioner under brands "Fedders"	59.99	40.000 0.003	60.00	31.00

Company name / Address And Detail	Business type	Shareholding (%) of the company	Shareholding (%) of the other shareholder (s)	Registered Capital (Million Baht)	Paid-up Capital (Million Baht)
TSR Leasing Company Limited Registration: 0125559017522 43/9, Moo 7, Soi Chuchat Arnusorn 4, Bang Talad Sub-District, Pakkred District, Nonthaburi 11120 Tel: 02-032-8690	Selling of electrical appliances by installments. Personal loans under supervision and Auto title loan	100.00		50.00	50.00
TSR Lao Co., Ltd. Kamphaengmeuang Road, Thatluang Tai Village, Saysettha District, Vientiane Capital, the Lao PDR Joint Venture : JB Group	Selling Water Purifier and related products and Electric Appliances	49.00	51.00	34.80 (Lao Kip 8,000 million)	27.83 ^{1/}

Remark: ^{1/} Payment on 17 January 2016 (FX rate Baht 1: Laos Kip 230)

4.1.3 Other Reference

Registrar : Thailand Securities Depository Company Limited
93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400

Tel. : 02-009-9999

Fax. : 02-009-9991

Auditors : **EY Office Company Limited**
33nd Floor, Lake Rajada Office Complex, 193/136-137
New Rajadapisek Road, Khlong Toei, Bangkok 10110, Thailand
Mr. Termphong Opanaphan CPA No. 4501
Mr. Khitsada Lerwana CPA No. 4958
Miss Manee Rattanabunnakit CPA No. 5313
Tel. : 02-264-0777, 02-661-9190
Fax : 02-264-0789-90

5. Listing Securities and Shareholding Structure

5.1 Listing Securities

Registered Capital	: Baht 662,199,169
Paid-up Capital	: Baht 516,730,430
Class of Share	: Ordinary shares 662,199,169 of Baht 1 each

5.2 Shareholders

5.2.1 List of Top 10 major Shareholders As of 29 December 2017

No.	Name of Shareholders	Number of shares	% of shareholdings
1	Changyoo Group :	339,105,053	65.63
	1.1 Changyoo Family	337,121,317	65.25
	- Better Dreams Co., Ltd ^{1/}	131,230,594	25.40
	- Mr. Werawat Changyoo	96,768,025	18.73
	- Ms. Theinvanee Changyoo	36,421,415	7.05
	- Ms. Savita Changyoo	34,159,538	6.61
	- Mr. Ekarat Changyoo	33,408,413	6.47
	- Mrs. Kanittha Changyoo	5,133,332	0.99
	1.2 Watcharatum's Family	1,983,736	0.38
	- Mr. Watcharin Watcharatham	1,780,000	0.34
	- Mr. Watcharachai Watcharatham	203,736	0.04
2	Mr. Monchai Leesirikun	17,000,000	3.29
3	Thai NVDR	15,487,098	3.00
4	Ms. Darunee Leesirikun	12,253,620	2.37
5	Mr. Paitoon Homchan	4,495,532	0.87
6	Mr. Asawin Changyoo	4,466,500	0.86
7	Mr. Witoon Cheanwachrisiri	4,082,665	0.79
8	Mr. Pornpong Phornprapha by Krung Thai Asset Management PLC	3,257,600	0.63
9	Mr. Vittit Pongpiroem	2,500,001	0.48
10	Ms. Channipa Ramkoam	2,213,016	0.43
Total the 10 shareholders		404,861,085	78.35
Other		111,869,345	21.65
Total		516,730,430	100.00

Remark: ^{1/} Better Dreams Co., Ltd. holding company. The shareholding structure of Better Dreams is as of 22 March 2016 as follows;

No.	Name of Shareholders	Number of shares	% of shareholdings
1	Mr. Werawat Changyoo	530,200	66.93
2	Ms. Theinvanee Changyoo	88,250	11.14
3	Ms. Savita Changyoo	77,150	9.74
4	Mr. Ekarat Changyoo	71,600	9.04
5	Mrs. Kanittha Changyoo	25,000	3.16
Total		792,200	100.00

5.2.2 Major shareholders by circumstances to influence policy. Management or operation of highly significant is that the Changyoo Family as well as Watcharatham's Family

No.	Name of Shareholders	Number of shares	% of shareholdings
1	Changyoo Family	337,121,317	65.25
1.1	Better Dreams Co., Ltd	131,230,594	25.40
1.2	Mr. Werawat Changyoo	96,768,025	18.73
1.3	Ms.Theinvanee Changyoo	36,421,415	7.05
1.4	Ms. Savita Changyoo	34,159,538	6.61
1.5	Mr. Ekarat Changyoo	33,408,413	6.47
1.6	Mrs. Kanittha Changyoo	5,133,332	0.99
2	Watcharatum Family	1,983,736	0.38
2.1	Mr. Watcharin Watcharatham	1,780,000	0.34
2.2	Mr. Watcharachai Watcharatham	203,736	0.04
Total		339,105,053	65.63

5.3 Issuing securities

The Company has issued and allocated Warrants to purchase ordinary shares of Thiensurat Public Company Limited No. 1 (TSR-W1)

Detail of Warrants

Number of warrants	:	200,666,316 Units
Number of shares reserved for the exercise	:	200,666,316 Shares
Issue Date	:	21 December 2015
Exercise Date	:	The Warrant Holders can exercise the Warrants on the last Business Day of May of each year throughout the term of the Warrants. The first Exercise date will be on 31 May 2016 and Last Exercise Date will be the date falling on the date of 3 years from the date of issuance (20 December 2018). In case each time of Exercise Date is a non-Business Day of the Company, the Exercise Date shall be changed to the last Business Day before each Exercise Date.
Term of Warrants	:	3 years from the date of issuance of the warrants
Exercise Ratio ^{1/}	:	1 unit of Warrants shall be entitled to purchase 1.100 ordinary share (unless subsequently adjusted in accordance with the conditions on the rights adjustment)
Exercise Price ^{1/}	:	Baht 1.818 per share
Number of Exercised Warrants as of 31 December 2017	:	68,422,237 units
Number of Unexercised Warrants as of 31 December 2017	:	132,244,079 units

Remark: ^{1/} Pursuant to the Annual General Meeting of Shareholders 2016 held on 22 April 2016, the meeting has resolved to pay stock dividend. As a result of stock dividend payment, the Exercise Ratio and Exercise Price had been adjusted under the Terms and Conditions. The rights adjustment was effective on 3 May 2016.

6. Policy of Dividend Payment

The Company and its subsidiaries have dividend payment policy at least 40 percent of net profits deducted with corporate income tax and legal reserves can be paid out and considered from the company's separate financial statement. Annual dividends must be approved by shareholders' meeting, while interim dividends can be approved by the board of directors and reported in the next shareholders' meeting.

However, the company and subsidiaries may select to pay out dividends at the rate lower than stipulated or omit the dividend payout depending on economic situations as well as the company's and subsidiaries' operating results, financial positions, liquidity and the need for working capital for day-to-day business and future expansion.

In 2017, the company had profit of 87.42 million Baht (in the separate financial statements), which the Board of Directors passed a resolution to propose to the Annual General Meeting of Shareholders on 27 April 2018 to approve the dividend payment at the rate of Baht 0.08 including the interim dividends paid on 8 September 2017, 0.06 Baht per share. The dividend payment for 2017 was Baht 0.14 per share or 82.75% of net profit for the year 2017, or 87.10% of net profit after corporate income tax and legal reserve. This is higher than the company's dividend payment policy of not less than 40%.

The history of dividend payments of the Company and its subsidiaries for the past 3 years is as follows;

Details of Dividend Payment	2017	2016	2015
1. Profit for the year (Separate financial statements) (Million Baht)	87.42	80.84	142.55
2. Number of Shares (Million shares)			
2.1 Amount of shares for the Interim Dividend Payment	516.73 ^{2/}	467.18 ^{1/}	401.33
2.2 Amount of shares for the Final Dividend Payment	516.73 ^{2/}	-	401.33
3. Dividend per share (Baht)			
3.1 Interim Dividend Payment	0.06	0.11	0.10
3.2 Final Dividend Payment	0.08 ^{3/}	-	0.12
Total Dividend per share	0.14	0.11	0.22
4. Total of Dividend Paid (Million Baht)			
4.1 Interim Dividend Payment	31.00	51.39	40.13
4.2 Final Dividend Payment	41.34	-	48.16
Total of Dividend Paid	72.34	51.39	88.29
5. Proportion of dividends to net profit for the year on separate financial statements (%)	82.75	63.57	61.94
6. Proportion of dividends on net profit for the year (separate financial statements) after deduction of corporate income tax and legal reserves (%)	87.10	66.91	65.20

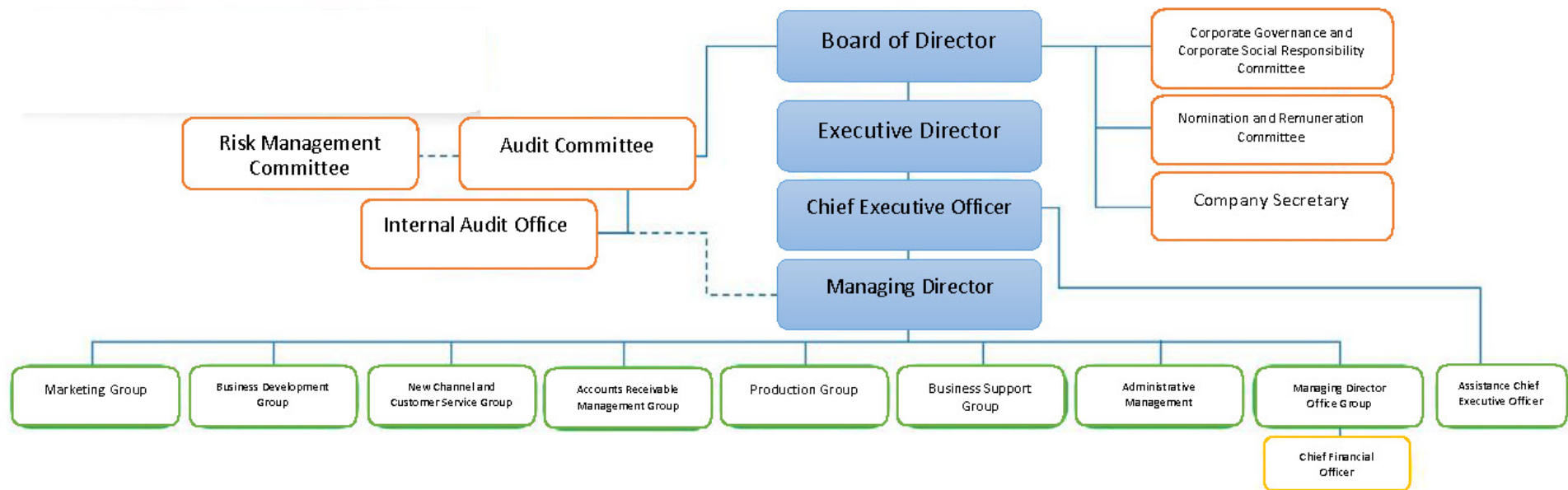
Remark: ^{1/} The Company increased registered capital from Baht 602.00 million to Baht 662.20 million on 11 May 2016 and paid-up capital was Baht 467.18 million since 2 June 2016.


^{2/} On 2 June 2017, the company registered the amendment of paid-up share capital to 516.73 million Baht.

^{3/} The Board of Directors has resolved to propose to the Annual General Meeting of Shareholders on 27 April 2018 to approve the payment of the final dividend for the year 2017 at the rate of Baht 0.08 per share.

7. Management Structure

Organizational Structure as of 7 December 2017



 Management in accordance with the notification of SEC

7.1 Board of Directors

As of 31 January 2018, the company's Board of Directors consists of 10 members, comprising of 5 independent directors, representing 50% of the Board of Directors.

Name	Title	Date of First Appointment
1. Mr. Sahas Treetipbut Treetipbut	➤ Chairman of the Board	31 October 2012
2. Mr. Ekarat Changyoo	<ul style="list-style-type: none"> ➤ Director ➤ Member of the Corporate Governance and Corporate Social Responsibility Committee ➤ Member of the Risk Management Committee ➤ Chairman of the Executive Board ➤ Chief Executive Officer 	12 February 2013
3. Mr. Viruch Wongnirund	<ul style="list-style-type: none"> ➤ Director ➤ Member of the Risk Management Committee ➤ Member of the Executive Committee ➤ Managing Director 	18 April 2013
4. Ms. Theinvanee Changyoo ^{1/}	<ul style="list-style-type: none"> ➤ Director ➤ Member of the Risk Management Committee ➤ Member of the Executive Committee ➤ Deputy Managing Director 	22 January 2009
5. Ms. Savita Changyoo ^{2/}	<ul style="list-style-type: none"> ➤ Director ➤ Member of the Nomination Remuneration Committee ➤ Member of the Risk Management Committee ➤ Member of the Executive Committee ➤ Advisor Evaluation, Monitoring and Organization Development 	12 February 2013
6. Assoc. Prof.. Boonserm Vimuktanandana	<ul style="list-style-type: none"> ➤ Independent Director ➤ Chairman of the Audit Committee 	8 November 2012
7. Dr. Supree Wongdeeprom, Ph.D. ^{3/}	<ul style="list-style-type: none"> ➤ Independent Director ➤ Member of the Audit Committee ➤ Member of the Corporate Governance and Corporate Social Responsibility Committee ➤ Chairman of Risk Management Committee 	18 April 2013

Name	Title	Date of First Appointment
8. Mr. Suthee Tripornchaisak	<ul style="list-style-type: none"> ➤ Independent Director ➤ Member of the Audit Committee ➤ Member of the Nomination Remuneration 	12 February 2013
9. Asst. Prof. Krit Umpote	<ul style="list-style-type: none"> ➤ Independent Director ➤ Member of the Audit Committee ➤ Chairman of the Corporate Governance and Corporate Social Responsibility Committee 	24 April 2015
10. Ms. Sumana Vonggapan	<ul style="list-style-type: none"> ➤ Independent Director ➤ Chairman of the Nomination Remuneration Committee 	24 April 2015

Remark: Details of attendance of the Board of Directors can be found under "Corporate Governance: Meetings of the Board of Directors".

Authorized Director of the Company

The authorized signatories of the Company are any two of the following four directors can sign jointly with the Company's seal affixed: (1) Mr. Viruch Wongnirund, (2) Ms. Theinvanee Changyoo, (3) Ms. Savita Changyoo, and (4) Mr. Ekarat Changyoo.

Audit Committee

The Board of Directors realized in the importance of good governance, therefore, set forth the Audit Committee as a tool to monitor and establish management standard, transparency, good internal control, and accredited reporting system to provide benefits for stakeholders. With the security of Thailand guidelines and regulations, the Audit Committee is fully independent and report directly to the Board of Directors. The authority and responsibility of the Audit Committee are specified by charters and standards from the Office of the Securities and Exchange Commission and the security of Thailand. In addition, to identify sufficiency in company's internal control procedures, internal auditor will supervise internal control systems and report directly to the Audit Committee.

Composition of the Audit Committee

The Audit Committee is made up of 4 independent directors. Associate Professor. Boonserm Vimuktanandana, Chairman of the Audit Committee, is knowledgeable and has acceptable experience in finance and accounting. She has sufficient employment experience which enables her to maintain the reliability and integrity of the Company's accounting policies, financial reporting practices and financial statements, in order to ensure compliance with applicable international auditing standards. She also oversees the design, implementation, adequacy and effectiveness of the Company's internal controls and risk management. The Audit Committee is free to perform its duties and express its opinions.

The Internal Audit Office reports directly to the Audit Committee. The independent auditors, advisers and legal and accounting experts are consulted on a regular basis. The Audit Committee will meet separately with the independent auditors, without management present, at least once a year to discuss the results of their examinations. As of 31 January 2018, the Audit Committee comprises 4 directors as follows:

Name	Titles
1. Assoc. Prof. Boonserm Vimuktanandana	Chairman of the Audit Committee
2. Dr. Supree Wongdeeprom Ph.D. ^{3/}	Member of the Audit Committee
3. Mr. Suthee Tripornchaisak	Member of the Audit Committee
4. Asst. Prof.. Krit Umpote	Member of the Audit Committee

Risk Management Committee

As of 31 January 2018, Risk Management Committee comprise 6 directors as follows:

Name	Titles
1. Dr. Supree Wongdeeprom Ph.D. ^{3/}	Chairman of the Risk Management Committee
2. Mr. Ekarat Changyoo	Member of the Risk Management Committee
3. Mr. Viruch Wongnirund	Member of the Risk Management Committee
4. Ms. Theinvanee Changyoo ^{1/}	Member of the Risk Management Committee
5. Ms. Savita Changyoo ^{2/}	Member of the Risk Management Committee
6. Mr. Paitoon Homchan	Member of the Risk Management Committee

Executive Committee

As of January 31, 2018 The Executive Board Member and Management comprise 8 individuals as follows:

Name	Titles
1. Mr. Ekarat Changyoo	Chairman of the Executive Committee / Chief Executive Officer
2. Mr. Viruch Wongnirund	Member of Executive Committee / Managing Director
3. Ms. Theinvanee Changyoo ^{1/}	Member of Executive Committee / Deputy Managing Director
4. Ms. Savita Changyoo ^{2/}	Member of Executive Committee / Advisor Evaluation, Monitoring and Organization Development / Acting Deputy Managing Director
5. Mr. Paitoon Homchan ^{4/}	Member of Executive Committee / Deputy Managing Director Administrative Group / Acting Deputy Managing Director - Marketing Group
6. Mr. Watcharin Watcharatham	Member of Executive Committee / Deputy Managing Director Production Group
7. Mr. Siam Uralwong ^{5/}	Member of Executive Committee / Assistance Chief Executive Officer / Deputy Managing Director – Accounts Receivable Management Group / Deputy Managing Director – New Channel and Customer Service Group
8. Mr. Paitoon Sukhanaphorn ^{6/}	Member of Executive Committee / Deputy Managing Director - Business Support Group

Nomination and Remuneration Committee

As of 31 January 2018, the Nomination and Remuneration Committee comprise 3 directors as follows:

Names	Titles
1. Ms. Sumana Vonggapan	Chairman of The Nomination and Remuneration Committee
2. Mr. Suthee Tripornchaisak	Member of The Nomination and Remuneration Committee
3. Ms. Savita Changyoo ^{2/}	Member of The Nomination and Remuneration Committee

Corporate Governance and Corporate Social Responsibility Committee

As of 31 January 2018, the Corporate Governance and Corporate Social Responsibility Committee comprise 3 directors as follows:

Names	Titles
1. Asst. Prof.. Krit Umpote	Chairman of the Corporate Governance and Corporate Social Responsibility Committee
2. Dr. Supree Wongdeeprom Ph.D. ^{3/}	Member of the Corporate Governance and Corporate Social Responsibility Committee
3. Mr. Ekarat Changyoo	Member of the Corporate Governance and Corporate Social Responsibility Committee

Meeting of the Board of Directors

The Board of Directors is due to hold a meeting quarterly and can hold additional extraordinary meetings as necessary. In 2017, the Company held 12 Board of Directors meetings.

Record of Attendance of the Board of Directors and Subcommittees can be found under Section “Good Corporate Governance : Meeting of the Board of Directors”

7.2 Management

As of 31 January 2018, the Management comprise 9 individuals as follows:

Name	Titles
1. Mr. Ekarat Changyoo	Chairman of the Executive Committee / Chief Executive Officer
2. Mr. Viruch Wongnirund	Member of Executive Committee / Managing Director
3. Ms. Theinvanee Changyoo ^{1/}	Member of Executive Committee / Deputy Managing Director
4. Ms. Savita Changyoo ^{2/}	Member of Executive Committee / Advisor Evaluation, Monitoring and Organization Development / Acting Deputy Managing Director
5. Mr. Paitoon Homchan ^{4/}	Member of Executive Committee / Deputy Managing Director Administrative Group
6. Mr. Watcharin Watcharatham	Member of Executive Committee / Deputy Managing Director Production Group
7. Mr. Siam Uralwong ^{5/}	Member of Executive Committee / Assistance Chief Executive Officer / Deputy Managing Director – Accounts Receivable Management Group / Deputy Managing Director – New Channel and Customer Service Group
8. Mr. Paitoon Sukhanaphorn ^{6/}	Member of Executive Committee / Deputy Managing Director - Business Support Group
9. Ms. Preeyaporn Krairiruwut	Chief Financial Officer

Management named above are in compliance with the definition of “Management” as prescribed in the Notification of the Capital Market Supervisory Board TorChor 23/2551. The senior managements are authorized to carry out operations under the policies, strategies and objectives laid out by the Board of Directors. The Board of Directors has agreed to publish a handbook that describes clearly the responsibilities, authority and duties of the managements in order to ensure transparency and smooth flows of operations. All 8 executives do not possess the following prohibited characteristics:

1. Having a record of criminal offences related to asset frauds.
2. Having a record of taking actions that may be regarded as a conflict of interest with the Company in the past year.

7.3 Company Secretary

The Board of Directors passed a resolution to appoint Ms. Theinvanee Changyoo as Company Secretary as at 14 July 2017 to be in charge of giving organizing meetings of the Board of Directors, subcommittees, and shareholders, and in charge of producing minutes of the meetings of the Board of Directors and minutes of the meetings of shareholders. She is also responsible for collecting the documents as required by law. The Corporate Secretary is also in charge of adoption and application of the Company's good governance principles.

7.4 Remuneration for Directors and Management

The Company has instituted a system for awarding suitable remuneration to directors and senior executives by taking into account conformity with the rates or remuneration for directors of other listed companies in the same industry and the Company's operating results. The remuneration for the Board of Directors is to be approved at the Meeting of Shareholders. The Executive Committee is in charge of deciding the remuneration for senior managements based on their responsibilities and the Company's operating results. The management remuneration will be presented for approval to the Nomination and Remuneration Committee and informed the Board of Directors accordingly.

7.4.1 Monetary compensation

7.4.1.1 Remuneration

According to the minutes of the Annual General Meeting of Shareholders 2017 held on 27 April 2017, the shareholders approved the remuneration for the Board of Directors, the Audit Committee and subcommittees not exceeding Baht 3.50 million. The payment of remuneration of directors is in form of meeting allowances, quarterly and additional meeting, and other benefits of which allocated by the Nomination and Remuneration Committee.

Remuneration of the directors for year 2017

(Unit : Baht)

Positions	2017	
	Allowances (Quarter)	Meeting allowances *
Board of Directors		
Chairman of the Board	35,000	15,000
Non-Executive Director	30,000	10,000
Executive Director	25,000	8,000
Audit Committee		
Chairman of the Audit Committee	30,000	12,000
Audit Committee Member	25,000	8,000
Other committees appointed by the Board of Directors		
Chairman	-	12,000
Director	-	8,000

Remark: * Additional to the quarterly meeting (Per person per meeting)

Remuneration of Directors in 2017, totaling Baht 3.50 million (including meeting allowance and pension). The payment was based on directors' participant.

(Unit : Baht)

Name of Directors	Allowance (Quarter)		Extra Meeting allowances					Pension	Total
	Board of Directors	Audit committee	Board of Directors	Audit committee	Nomination and Remuneration Committee	Corporate Governance and Corporate Social Responsibility Committee	Risk Management Committee		
1. Mr. Sahas Treetipbut	140,000	-	120,000	-	-	-	-	53,000	313,000
2. Mr. Ekarat Changyoo	75,000	-	64,000	-	-	16,000	24,000	40,000	219,000
3. Mr. Viruch Wongnirund	100,000	-	64,000	-	-	-	24,000	40,000	228,000
4. Ms. Theinvanee Changyoo ^{1/}	75,000	-	56,000	-	-	-	16,000	40,000	187,000
5. Ms. Savita Changyoo ^{2/}	75,000	-	48,000	-	64,000	-	16,000	40,000	243,000
6. Assoc. Prof. Boonserm Vimuktanandana	120,000	120,000	80,000	108,000	-	-	-	40,000	468,000
7. Dr. Supree Wongdeeprom Ph.D. ^{3/}	120,000	100,000	80,000	72,000	-	16,000	36,000	40,000	464,000
8. Mr. Suthee Tripornchaisak	120,000	100,000	80,000	72,000	96,000	-	-	40,000	508,000
9. Mr. Krit Umpote	120,000	100,000	80,000	72,000	-	24,000	-	40,000	436,000
10. Ms. Sumana Vonggapan	120,000	-	80,000	-	144,000	-	-	40,000	384,000
11. Mr. Paitoon Sukhanaphorn ^{6/}	30,000	-	20,000	-	-	-	-	-	50,000
Total	1,095,000	420,000	772,000	324,000	304,000	56,000	116,000	413,000	3,500,000

Remark: Details of attendance of the Board of Directors can be found under Section "Corporate Governance: Meetings of the Board of Directors".

7.4.1.2 Management Remuneration

The remuneration of the Management consists of salary, bonus and provident fund contribution. At present, the Company does not offer any kind of remuneration payable in the form of equity rewards to its Management. Remuneration of Management for the year 2015, 2016 and 2017 were Baht 34.88 million, Baht 33.85 million, and Baht 34.36 million, respectively.

7.5 Personnel

Number of personnel or employees

As of 31 December 2017, the Company has 1,709 employees. The number of employees in each key function is as follows:

(Unit: Person)

Key function	Number of Employees
Sales and Service staff	1,198
Operating staff	492
Management	19
Total	1,709

Employee Remuneration

In 2017, the Company paid remuneration to employees in form of salary, overtime, bonus, Social Security contributions and other payment (not including remuneration for the Board of Directors and managements) in the total amount of Baht 784 million.

Provident Fund

The Company established a provident fund on 1 January 2013. The provident fund was established with an aim to offer benefits for and boost the morale of employees in the long term. In year 2015, 2016, and 2017, Company contributions to the provident fund in the amount of Baht 3.25 million, Baht 3.94 million, and Baht 4.20 million, respectively.

Personnel development policy

The company recognizes and places its importance to the development of human resources. It has developed a policy of development and training aiming for all types of employee, including new employees to be able to understand the business direction, vision, mission of the company. So that they have sufficient knowledge, skills and capacity to accomplish their assigned tasks in according to the operating standards of the Thiensurat Public Company Limited (TSR) and its subsidiaries.

The development and training will be carried out based on the development plan and training framework to be consistent with the vision, mission and business direction. The training and development plan will then be conducted by a training institute through a survey and need assessment analysis from both the organizational and the unit level in line with the strategic plan. The development and training plan will cover both basic and essential skills training and the development of required skills and competencies needed to operate. This will be proposed to the Board of Directors for approval, as listed in the details below.

Development and short-term training

1. New personnel orientation - to know the important and necessary information, depending on the suitability of the types of employment which consist of regular staff, temporary staff, annual contract staff, outsourced staff in matters such as

- Vision, mission, strategy of the company
- Human resources policy
- Safety and hygiene standards
- Information policy and terms of use for social media
- ISO 9001 quality management system
- Risk management and safety
- Basic knowledge about water
- Water purification demonstration
- Orientation in the organization to assign responsibility as well as on-the-job training (OJT), etc.

2. Competency training - Line managers and/or supervisors in each unit will work with the training institute to build the following appropriate competencies as follows:

- Core and leadership competencies
- Performance competencies required in each line of work

The company had provided 46 in- house training courses for operation and management staff members and 41 public training courses. These training and development plan are well received from all levels of employees. In 2017, the company had the following training hours:

	Average training hour/person/year
Training hours for management (From Directors above)	43.24
Training hours for staff (including independent salespersons)	15.67

Mid-term development and training

Continuous development to improve the professional performance and upgrade the standard of service for agencies/units as appropriate. In 2017, the company had developed the sales and service courses for sales office in headquarter, management branch office and telesales. These courses consist of mentor curriculum and telesales academy.

Long-term development and training

The company realizes that human resource is the core value of the institution. Therefore, employees should be given the opportunity to develop themselves in accordance with their potential. Consequently, the company has planned a suitable career path in accordance with the employees' competencies. This is one of the criteria of the career path or development plan of the employees starting from the beginning of the organization until retirement.

Performance evaluation

In 2017, the company implemented the Performance Review System, which consists of key performance indicators and competencies used to evaluate employee performance. This aims to measure the performance of employees in the organization on the success factors of the work in accordance with the organization's annual policy and work- related behavior that fosters accomplishment. The results of the evaluation were used in the management and administration, salary and payment, training and development, and career advancement.

Development of attitudes and social cohesion

In addition to the capacity building to staff members to work effectively, the company has cultivated and adjusted the performance of employees to operate in selfless and generous manner. The company also promotes peaceful harmony in working and living together in a society or organization by conducting various activities such as blood donation, activities relating to religious holidays, water purifiers donations and renewal of purifiers/filters to schools.

Major labor disputes that have occurred over the last 3 years:

- None -

8. Corporate Governance

In 2017, the Company was given a “Very Good” ranking (four-star) by an assessment for the Corporate Governance Report of Thai Listed Companies 2017. The Company is one in 226 listed companies that scored Very Good, from a total of 620 companies, from the assessment by the Corporate Governance Report of Thai Listed Companies 2017 organized by the Stock Exchange of Thailand (SET), the Securities and Exchange Commission (SEC), and the Thai Institute of Directors.

8.1 Corporate Governance Policy

The Company has established a written Corporate Governance Policy, which was approved by the Board of Directors. The Board of Directors regularly review and monitor the implementation of this Policy. The Board of Directors reviewed the policy and its implementation at the Board of Directors Meeting No. 9/2560 held on 10 October 2017. In addition, after the Company has listed its ordinary shares on the Stock Exchange of Thailand, its practices have been in compliance with all relevant rules and regulations set by the Securities and Exchange Commission (“SEC”) and the Stock Exchange of Thailand (“SET”).

8.2 The Board of Directors and Sub-Committees

Structure of the Board Directors

The Board of the company comprise the Board of Directors (“the Board”), the Audit Committee, the Executive Committee, the Risk Management Committee, the Nomination and Remuneration Committee and the Corporate Governance and Corporate Social Responsibility Committee.

8.2.1 The Board of Directors

Duties and responsibilities of the Board are set forth in accordance with the resolutions of the Extraordinary Shareholders' Meeting No. 1/2013 dated 27 February 2013 and are as follows:

1. Oversee the Company in accordance with applicable laws, its objective and the Articles of Association and resolutions of meetings of shareholders' meetings;
2. Establish business direction; oversee the Company's operations to ensure compliance with rules and regulations as required by relevant authorities; provide sufficient information disclosure to shareholders and all relevant parties; ensure the transparency of business administration; and act in the best interests of the shareholders;
3. Establish objectives, strategies, policies, business plans and budgets, and ensure that the management perform their duties in accordance with the Company's policies, except the following matters which, required by laws, resolutions from shareholders' meeting are required prior to execution, for instance, the amendment of Memorandum of Association or the Articles of Association of the Company; increase or reduction of capital; issuance of new shares and/or debentures; selling or transferring of business; business acquisition or merger or joint venture for the objective of profit sharing; modifying or terminating any contract concerning the granting of a lease of the Company's business in whole or in substantial part; the entrusting of any other person to manage the business of the Company; amalgamation of companies; termination of the Company; and payment of remuneration of directors etc.; In addition, the Board is responsible for ensuring compliance of the Company's operations with the Securities and Exchange laws and regulations of SET, for instance, any act concerning connected transactions; acquisition or disposal of any significant assets as listed under SET regulations or applicable laws related to the Company's business;
4. Appoint the Executive Committee, in the discretion of the Board, to perform duties as assigned by the Board. The Board shall elect a member of the Executive Committee as Chairman of the Committee;

5. Appoint Managing Director or delegate any authorities to any other person(s) to conduct the Company's business subject to the control of the Board, or delegate the authorities to any person within the specified timeframe, in the Board's discretion, whereby such appointment or delegation of authorities may, at any time, be cancelled, revoked, modified or amended. In the case where the Board has delegated the authorities to Managing Director or any appointed person(s), to operate the Company in normal course of business, such delegation shall be in accordance with resolutions of the Board's meeting, which requires the attendance of independent directors or members of the Audit Committee, and if, the delegation of authorities is opposed by the independent director(s) or member(s) of the Audit Committee, the objection must be explicitly stated in the minutes. The delegation of authorities shall be defined clearly duties and responsibilities delegated, and shall not be made in the manner that the delegate be able to approve any transaction that he/she may have conflicts of interest with the Company or the subsidiary;
6. Put in place an effective internal control system and internal auditing. The internal auditor conducts internal audit as well as coordinate with the Audit Committee;
7. Board of Directors Adopt the Compliance Manual on the corporate governance principles and code of ethics and business conduct for Management and employees to guide consistent internal compliance;
8. Board of Directors must not undertake any business of the same nature as and competing with that of the Company or become a partner in an ordinary partnership or a partner with unlimited liability in a limited partnership or become a director of a private company or any other company undertaking any business of the same nature as and competing with that of the Company, unless such fact has been notified to the meeting of shareholders prior to the resolution electing such director.
9. A director shall notify to the Company without delay if having any direct or indirect interest in any contract made by the Company or holding the increasing or decreasing number of shares or securities in the Company or an affiliated company.

Term of Office

In every Annual General Meeting. Directors must resign at least one-third. If the number is divided into three parts not. Then the number nearest to one third to align with the good corporate governance policy, the company's Board of Directors shall not serve as a director on more than five listed companies.

The directors to retire in the first and second years following the registration of the Company, who is a lottery ticket. Next year, the members remain in office longest shall retire. Directors who retire by rotation may be elected to the position again.

8.2.2 The Audit Committee

Duties and responsibilities of the Audit Committee are set forth in accordance with the resolutions of the Board of Directors' Meeting No. 1/2018 dated 19 January 2018 and are as follows:

1. Review the Company's financial reporting system and disclosure of information in its financial statements in accordance with the financial reporting standards and related laws, with transparency, accuracy and adequate disclosure;
2. Review and provide opinion on the disclosure of quarterly financial statements to the Stock Exchange of Thailand;
3. Review the appropriateness and effectiveness of the Company's internal control and internal audit to meet internationally accepted methods and standards;
4. Consider the independence of the Internal Audit Office including the adequacy of the budget and workforce of the Internal Audit Office, and consider to approve the appointment and relocation of, and evaluate the annual performance of the Head of the Internal Audit Office;

5. Review the appropriateness and provide opinion on internal audit plan and system to meet internationally accepted methods and standards;
6. Approve the Internal Audit Charter and shall review it at least once a year;
7. Review the Company's risk management process to ensure its full coverage and effectiveness;
8. The Audit Committee may seek independent opinions from professional advisors or specialists in other fields when needed, under the Company's expenses with the approval from the Board of Directors. The employment of advisors or specialists must comply with the Company's regulations;
9. Report the operating results of the Internal Audit to the Board of Directors annually. Such report must include the Audit Committee's opinion on internal audit, opinions on financial reports, adequacy of internal control systems, and other applicable topics to the Board of Directors as deemed appropriate;
10. Review the Company's compliance procedure in accordance with the Securities and Exchange Act, rules, regulations and other laws relevant to the Company's business;
11. Review the results of fraud investigation, establish the preventive measures in organization and review the internal processes of whistleblowing system;
12. Review the Company's business operation, risk management, IT governance, as well as Information and Integrated Network Security to ensure their effectiveness and compliance with international standards;
13. Consider to select, nominate, re-elect, and terminate the Company's external auditor and to propose the auditors' remuneration to the Board of Directors before tabling to the shareholders' meeting for approval. The Audit Committee, also, is to meet with the external auditor without executives at least once a year;
14. Review connected transactions or transactions that may lead to conflict of interest and ensure that they are in compliance with the laws and regulations of the Stock Exchange of Thailand and are reasonable and for the best interest of the Company;
15. Review the audit reports and recommendations therein of the external auditor and the Internal Audit Office, including monitor afterwards to ensure that the management has implemented the actions adequately, efficiently and in appropriate timeframe;
16. The Audit Committee shall invite the responsible executives or employees to the meetings, to report, present, or provide related information/documents as required;
17. Review the Audit Committee Charter prior to presenting to the Board of Directors for approval. The Committee shall review its charter at least once a year;
18. Prepare an Audit Committee's report and disclose it in the Company's annual report, which must be signed by Chairman of the Audit Committee and consists of at least the following information:
 - 18.1 an opinion on the accuracy, completeness and creditability of the Company's financial report;
 - 18.2 an opinion on the adequacy of the Company's internal control;
 - 18.3 an opinion on the compliance with the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand, and any other laws and regulations relevant to the business operation of the Company;
 - 18.4 an opinion on the suitability of the auditor;
 - 18.5 an opinion on the transactions that may lead to conflicts of interest;
 - 18.6 the number of the Audit Committee meetings and the attendance of each members of the Audit Committee;
 - 18.7 an opinion or overview observation of the Audit Committee from its performance in accordance with the Audit Committee Charter; and
 - 18.8 any other matters which, according to the Audit Committee's opinion, should be known to the shareholders and investors, subject to the scope of duties and responsibilities assigned by the Board of Directors;

19. Perform any other acts as assigned by the Board of Directors with the approval of the Audit Committee;
20. If the Audit Committee finds or suspects the following cases, which may cause a significant impact to the financial status and performance of the Company, the Audit Committee shall report the case to the Board of Directors for action to be taken within the timeframe agreed by the Audit Committee:
 - 20.1 Transactions which lead to a conflict of interest;
 - 20.2 Fraud, irregularities, or significant deficiencies in the internal control system;
 - 20.3 Violation of the Securities and Exchange Act, regulations of the Stock Exchange of Thailand, any other laws relevant to the business operation of the Company;

Term of Office

Member of the Audit Committee shall hold office for a period of three years and may be re-appointed in accordance with approval of the Board of Directors.

8.2.3 Executive Committee

Duties and responsibilities of the Executive Committee are set forth in accordance with the resolutions of the Board of Directors' Meeting No. 9/2017 dated 10 October 2017 and are as follows:

1. Manage the Company in accordance with applicable laws, its objectives and the Articles of Association and resolutions of shareholders' meetings;
2. Establish business direction; oversee the work of the management to ensure compliance with rules and regulations as required by relevant authorities; provide sufficient information disclosure to shareholders and all relevant parties; ensure the transparency of business administration; and act in the best interests of the shareholders;
3. Establish objectives, strategies, policies, business plans and budgets, and ensure that the operations are performed in accordance with the Company's policies, except the following matters which, required by laws, resolutions from shareholders' meeting are required prior to execution, for instance, the amendment of Memorandum of Association or the Articles of Association of the Company; increase or reduction of capital; issuance of new shares and/or debentures; selling or transferring of business; business acquisition or merger or joint venture for the objective of profit sharing; modifying or terminating any contract concerning the granting of a lease of the Company's business in whole or in substantial part; the entrusting of any other person to manage the business of the Company; amalgamation of companies; termination of the Company; and payment of remuneration of directors etc.;
4. Put in place an effective internal control system and internal auditing. The internal auditor conducts internal audit as well as coordinate with the Audit Committee;
5. Adopt the Compliance Manual on the corporate governance principles and code of ethics and business conduct for Boards of Management and employees to guide consistent internal compliance; The authority of the Executive Committee shall exclude an approval of any transaction in which members of the Executive Committee or their related persons have conflicts of interest with the Company or subsidiary companies, as specified in the regulations of SET. An approval of the transaction mentioned must be submitted to the meeting of the Board of Directors and/or the meeting of the shareholders for consideration and approval, in accordance with the Company's Articles of Association, and relevant laws. The Executive Committee shall not be authorized to approve any other transaction, unless approved by the Board of Directors on a case-by-case basis;
6. Approve expenditures for normal business operation and management of the Company in amount not exceeding Baht 40 million per item, but not exceeding the significant capital expenditure budget as stipulated in the annual budget, assigned and approved or as agreed in principle by the Board of Directors;

7. Approve normal business transactions/contract in amount not exceeding Baht 5 million per item, but not exceeding the significant capital expenditure budget, which stipulated in the annual budget, as assigned by the Board of Directors;
8. Approve loans, credit facilities, or credit application of the Company under an amount not exceeding to Baht 100 million per item. Assets of the Company shall not be secured as collateral without prior approval of the Board of Directors;
9. Approve adjustment of salaries, remuneration and bonuses for employees but not for the members of the Executive Committee.

Term of Office

Member of the Executive Committee shall hold office for a period of three years and upon the expiration of their terms of office. The member of the Executive Committee.

8.2.4 Risk Management Committee

With a view to ensuring compliance with the policies, strategies and the objectives of the Company as well as driving sustainable growth and stable business expansion and accommodating the internal and external changing environment, which may have impact on the Company's business.

Duties and responsibilities of the Risk Management Committee as follows:

1. Determine the risk management policies and frameworks, which adhere to the guidelines of risk management set by the Stock Exchange of Thailand and the Institute of Internal Auditors of Thailand and propose to the Executive Committee;
2. Put in place coherent strategies in line with the risk management policies to be able to evaluate, monitor and control each type of risk in order to manage the risk at the acceptable level. The risk management shall be in participatory manner involving relevant stakeholders and agencies.
3. Analyze and evaluate risk factors at the corporate level and determine risk management strategies to mitigate and reduce the risks to an acceptable level. The risk management shall be controlled and supervised by the Risk Management Committee in line with risk management protocols of the Company;
4. Review risk management policies and improve efficiency and effectiveness of the policies sufficiently to manage and mitigate risks;
5. Authorized to call any person concerned to clarify information related to the risk factors of the Company including to appoint and assign duties or tasks are deemed to be part of the essential functions of risk management to all employees and management in order to achieve the risk management objectives. The assigned tasks shall be reported to the Risk Management Committee;
6. Report risk management to the Executive Committee and the Audit Committee in order to present to the Board of Directors on a quarterly basis;
7. Develop, review and improve the risk management handbook;
8. Identify all types of risk factors as well as analyze and evaluate the risk factors that may occur and impact the Company;
9. Develop work plans to prevent or mitigate the risks;
10. Evaluate and prepare report of risk management;
11. Establish an integrated risk management system in connection with information system;
12. Perform any other tasks that deemed appropriate in view of the Risk Management Committee.

Term of Office

Member of the Risk Management Committee shall hold office for a term of 3 years.

8.2.5 The Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) was first established by the resolution of the Board of Directors' Meeting No. 2/2558 held on Friday, 27 February 2015 to promote the principles of good corporate governance. The duties and responsibilities include to determine the criteria and policy for the nomination and remuneration of directors and sub-committees as well as to recruit, select, and nominate appropriate persons to be the Company's directors, and to determine the remuneration for directors and to perform other tasks as assigned and submit to the Board of Directors, and/or the shareholders' meeting, as the case may be.

Duties and responsibilities of the Board are as follows:

1. Nomination
 - 1.1 Establish Nomination procedures and policies comply with effectiveness in number and characteristics in each committee, and then propose to related committees for approval
 - 1.2 Select and propose candidate for member in Board of Director committee
 - 1.3 Consider and propose policy in human resource management
2. Remuneration
 - 2.1 Compose presume policy in remuneration of every committee and propose to committee responsible for committee approval
 - 2.2 Determine and propose appropriate (both financial and non-financial compensations) of every board committee those comply with duties, responsibilities, outcomes in each board committee and compensations in similar industries, to board of directors and then to the ordinary general meeting of shareholders
 - 2.3 Clarify questions and comments concerning nomination and remuneration in ordinary general meeting of shareholders
 - 2.4 Report policy principle and background information on nomination and remuneration strategy comply with the stock exchange of Thailand regulations
 - 2.5 To achieve missions from board of directors, nomination and remuneration committee has right to receive reports, details and documents involve nomination and remuneration strategy assigned from board of directors

Term of Office

1. Member of the Nomination and Remuneration Committee shall hold office for a term of 3 years.
2. Member of the Nomination and Remuneration Committee may be appointed to his position further by the Board of Directors deems it appropriate.
3. In addition to retiring pursuant to No.1, the Nomination and Remuneration Committee when to retire
 - 3.1 Resign
 - 3.2 The Board of Directors resolved to retire.Board of Directors is authorized to appoint member of the Nomination and Remuneration Committee for the purpose of further administrative purposes or to substitute Nomination and Remuneration Committee Retiring pursuant to No.1 or 3. The person appointed as the Nomination and Compensation Committee in accordance with No.3. Will be in office only for the remaining term of the post person.

8.2.6 Corporate Governance and Corporate Social Responsibility Committee

The Corporate Governance and Corporate Social Responsibility Committee are set forth in accordance with the resolutions adopted at the Board of Directors' meeting no. 2/2015 dated 27 February 2015. The Corporate Governance and Corporate Social Responsibility Committee play an important role in determine, review, communicate and supervise good corporate governance policies. It is a guideline for operating its business as well as guiding practices of executives and employees to build confidence of shareholders, investors and stakeholders. It is also important to communicate to relevant people both inside and outside the organization to be aware of the Company's good corporate governance practices. The Corporate Governance Committee has responsibilities to manage the operation of the Company and the performance of the management and employees to be in accordance with the corporate governance principles. This include the duty to oversee the Company as required to be in line with international standards and good corporate governance principles as approved by the authorities.

Duties and responsibilities of the Board are as follows:

1. Put in place an effective strategies and policies in good corporate governance;
2. Develop and propose Code of Best Practices in good corporate governance (Best Practices);
3. Establish and communicate Code of Business Conduct and Code of Conduct;
4. Create and develop good corporate governance policies comply with Thai Institute of Directors' regulations;
5. Review the policies of good corporate governance and social responsibility committee in annual report and 56-1 form;
6. Propose code of business practices to Board of Directors for Board of Directors Charter to Every Board committee resolution;
7. Consider and review good corporate governance and social responsibility strategies for effective business implementation;
8. Review and propose good corporate governance and social responsibility committee notification for public;
9. Authorized company's actions in social and environment responsibilities;
10. Review, report and provide opinion for company's practices in good corporate governance and social responsibility;
11. Monitor the outcomes of good corporate governance and social responsibility implementation.

Term of Office

1. Member of the Corporate Governance and Corporate Social Responsibility Committee shall hold office for a term of 3 years. may be appointed to his position further by the Board of Directors deems it appropriate;
2. In addition to retiring pursuant to No. 1, member of the Corporate Governance and Corporate Social Responsibility committee when to retire
 - 2.1 Resign
 - 2.2 The Board of Directors resolved to retire;

Chairman of the Board

Duties and responsibilities of the Chairman of the Board

1. To be responsible for the leadership of the Board of Directors (the Board) in overseeing the administration of the Board and other Sub-committees to achieve the objectives set forth in the plan.
2. To serve as a Chairman of the Board and the shareholders meeting of the company.
3. To give a casting vote, in the case of an equality of votes on any question at a meeting of the Board.

Chief Executive Officer

Duties and responsibilities of the Chief Executive Officer are set forth in accordance with the resolutions adopted at the Board of Directors' Meeting No. 9/2017 dated 10 October 2017 and are as follows:

1. To lead, in conjunction with the objectives, business policy and goals, business and operation plans, business strategy, budget and budget plan, in accordance with the resolution of the Board of Directors (the Board) and/or the Executive Board. This includes oversee and monitor any changes in the budget and operational plan.
2. To make decisions on matters as determined by the company, in compliance with relevant laws, orders or resolutions of the Board. The Chief Executive Officer shall take reasonable steps to ensure that the company operates and develops its business in accordance with relevant laws, company regulations and resolutions of the shareholders' or the Board's meetings.
3. To set the organizational structure by making a proposal to the Nomination and Remuneration Committee for approval, and then to the Board for approval and to ensure management. This includes the details of selection, recruitment, appointment, relocation, dismissal and termination of contract, salary, compensation, remuneration, bonuses and welfare benefits for employees of the company.
4. To approve the entering into contracts and/or termination of any contracts relating to normal business operation of the company, new business investment or ceasing to operate a business. This includes the signing of contracts, in accordance with the Authorization Policy Manual.
5. To approve the payment and expenditures for normal operation of the company in each transaction, as specified in the Authorization Policy Manual.
6. To monitor and evaluate the performance of the company and report on progress and performance to the Executive Board, the Audit Committee, and the Board of Directors.
7. To direct, communicate, order, issue orders, regulations, announcements and internal memos, in order to ensure that the company's operations comply with the policy and for the benefits of the company. This includes internal rules and disciplines, signing of contracts, orders and notifications as specified in the Authorization Policy Manual.
8. To build and maintain a competent team of executives to enable it to achieve the strategy and goals of the company effectively.
9. To perform any other tasks as assigned by the Board and/or the Executive Board and to ensure any actions taken as required by applicable laws or regulations of the relevant authorities.

The authority of the Chief Executive Officer shall exclude an approval of any transaction in which the Chief Executive Officer or his/her related persons have conflicts of interest with the Company or subsidiary company as specified in the regulations of SET. An approval of the transactions mentioned must be submitted to the meeting of the Board of Directors and/or the shareholders for consideration and approval, in accordance with the Company's Articles of Association and relevant laws.

Managing Director

Duties and responsibilities of the Managing Director are set forth in accordance with the resolutions adopted at the Board of Directors' Meeting No. 9/2017 dated 10 October 2017 and are as follows:

1. To ensure the company's management and administration, in conjunction with the objectives, business policy and goals, business and operation plans, business strategy, budget and budget plan, in accordance with the resolution of the Board of Directors (the Board) and/or the Executive Board and/or the Chief Executive Officer.
2. To develop business policy and goals, business and operation plans, business strategy, budget and annual performance indicator and propose to the Chief Executive Officer, Executive Board, and the Board in accordance, according to the guidelines set by the company.
3. To ensure day-to-day operation and management of the company.
4. To determine the organizational structure by presenting to the Chief Executive Officer for approval before submitting to the Nomination and Remuneration Committee for approval and then proposing to the Board of Directors for approval. And to ensure management including the details of selection, recruitment, appointment, relocation, dismissal and termination of contract, salary, compensation, remuneration, bonuses and welfare benefits for employees of the company as assigned by the Chief Executive Officer.
5. To make decisions on various matters and shall take reasonable steps to enable the company to operate and develop its business in accordance with relevant laws, company regulations and resolutions of the shareholders' or the Board's meetings.
6. To approve the entering into contracts and/or termination of any contracts relating to normal business operation of the company, new business investment or ceasing to operate a business. This includes the signing of contracts, as assigned the Chief Executive Officer, in accordance with the Authorization Policy Manual.
7. To approve the payment and expenditures for normal operation of the company in each transaction, as specified in the Authorization Policy Manual.
8. To monitor and evaluate the performance of the company as well as oversee the progress in line with the budget and operation plan and report to the Chief Executive Officer, the Executive Board, the Audit Committee, and the Board of Directors.
9. To direct, communicate, order, issue orders, regulations, announcements and internal memos, in order to ensure that the company's operations comply with the policy and for the benefits of the company. This includes internal rules and disciplines, signing of contracts, orders and notifications as specified in the Authorization Policy Manual.
10. To perform any other tasks as assigned by the Board and/or the Executive Board and to ensure any actions taken as required by applicable laws or regulations of the relevant authorities.

The authority of the Managing Director shall exclude an approval of any transaction in which the Managing Director or his/her related persons have conflicts of interest with the Company or subsidiary company as specified in the regulations of SET. An approval of the transactions mentioned must be submitted to the meeting of the Board of Directors and/or the shareholders for consideration and approval, in accordance with the Company's Articles of Association and relevant laws.

8.3 Nomination of Directors and Senior Management

1) Nomination of Directors

The Company has set out the criteria and qualifications of directors pursuant to the Section 68 of the Public Companies Act B.E. 2535 and in accordance with the laws and relevant regulatory requirements of the SEC and the SET. The selection and nomination of directors of the Company is considered by taken into account the knowledge and expertise, work experience, particularly relevant to the business of the Company as well as the appropriate mix of skills in order to enable the directors to perform its duties effectively etc. Directors are elected to hold office for a period of three years. The criteria and procedures are established as follows:

1. The shareholders must appoint directors in the following manners:
 - Each shareholder shall have one vote for each share held by him/her;
 - Each shareholder shall exercise his/her voting right to elect one person or several persons as directors or any other means as deemed appropriate but each shareholder must submit all of his/her votes at the time and is not entitled to divide the votes proportionately for a particular candidate or group of candidates;
 - The persons shall be elected by a majority of the shareholders voting. If an equal number of votes, the Chairman shall cast a deciding vote;
 - The persons receiving the highest votes in descending order shall be elected as directors equal to the permissible number of directors to be elected at the time. In the event that persons in subsequent order who have an equal number of votes exceed the number of vacancies available for election at the time, the Chairman shall cast a deciding vote
2. At every annual general meeting of shareholders, one-third of the directors must vacate from their office. If the number of directors cannot be divided exactly into the number corresponding to one-third, directors to vacate office in the first year and the second year after registration of the company shall draw lots. In subsequent years, the directors who remained in office for the longest time shall vacate office.
3. A retiring director is eligible for re-election.
4. In the case of a vacancy of directorship for reason other than expiration of term of office, the Board of Directors shall elect a person possessed of qualifications and not possessed of disqualifications under the Limited Public Company Act and the Securities and Exchange Act as the replacement director in the next meeting of Board of Directors, unless the remaining term of office of the director is less than two months. The replacement director may hold only for the remainder of term of office of the director whom be replaced. And the resolution of the Board of Directors must be supported by votes not less than three-fourths of number of the remaining directors.
5. In the case where the whole Board of Directors vacate office, such Board of Directors shall remain in office as long as necessary to operate business of the Company until the new Board of Directors assume office, unless otherwise ordered by the court in the case the court issuing an order to remove. The board of directors vacating office must make arrangements to hold a meeting of shareholders for election of a new board of directors within one month from the date on which it vacated office, by dispatching a notice of meeting to the shareholders not less than fourteen days in advance of the date of the meeting. The notice of meeting shall also be announced in a newspaper for not less than three consecutive days before the date of the meeting.
6. The nomination committee should give consideration to diversity and establish a formal recruitment policy. The Board of Directors established a recruitment policy concerning the diversity of board members with reference to the competencies required for the board. Consideration will be given to required and complimentary competencies of directors. This includes professional expertise and specialization. There is no restriction on gender to serve as a director in order to strengthen the capacity of the board.

The meeting of shareholders may pass a resolution to remove any director prior to the expiration of his or her term of office with votes not less than three-fourths of number of shareholder attending the meeting and having the right to vote and the total number of shares being of not less than one half of number of shares held by shareholders attending the meeting and having the right to vote.

2) Nomination of Independent Directors

The Company has set out the criteria and qualifications of an independent director. Upon the expiry of the term of an independent director or it deems necessary to appoint additional independent director(s). The Company led by the Board of Directors serving the current term of their office shall seek consultation and set out the criteria and qualifications of independent directors who have suitable experience, knowledge and expertise as well as the appropriate mix of skills in order to enable the directors to perform its duties effectively. The criteria shall include defined qualifications as follows in order to propose to the Board of Directors' meeting or the shareholders' meeting for their consideration in accordance with the Company's Articles of Association:

The Company requires that independent directors shall be made up no less than one-third of the Board of Directors. At least three directors require to be independent as of December 31, 2017. The Company has five independent directors. The criteria and qualifications of independent directors are in accordance with the notifications of the Capital Market Supervisory Board and all independent directors of the Company have met the requirements as follows:

1. Holding shares not exceeding 1 per cent of the total voting shares of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, including shares held by related persons of the independent director. By definition, independent directors are equal to the minimum requirements of the SEC and the SET.
2. Not being or having been an executive director, employee, staff, advisor who receives regular salary, or controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary company or juristic person which may have conflicts of interest, unless such characteristic ceases at least two years prior to the date of application submitted to the Securities and Exchange Commission or prior to the date of the appointment;
3. Not being a person related by blood or legal registration, such as father, mother, spouse, sibling and children, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling person of the Company or its subsidiary (if any);
4. Having no business relationship with the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, in a manner which may interfere with his or her independent judgment, and not being or having been a major shareholder, non-independent director, executive of any person having business relationship with the Company, its parent company, subsidiary, or juristic person which may have conflicts of interest, unless such characteristic ceases at least two years prior to the date of application submitted to the Securities and Exchange Commission or prior to the date of the appointment; Thus such business relationship aforementioned shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or the counterpart being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or twenty million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the notifications of the Capital Market Supervisory Board with regard to the

- disclosure of Information and act of listed companies concerning the connected transactions mutatis mutandis. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences;
5. Not being or having been an auditor of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, and not being a major shareholder, non-independent director, executive, or managing partner of the audit firm in which the auditor of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest is employed, unless such characteristic ceases at least two years prior to the date of application submitted to the Securities and Exchange Commission or prior to the date of the appointment;
 6. Not being or having been any professional advisor, including legal advisor or financial advisor which receives service fee of more than Baht 2 million per year from the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, and not being a major shareholder, non-independent director, executive, or managing partner of the professional advisor which is a juristic person, unless such characteristic ceases at least two years prior to the date of application submitted to the Securities
 7. Not being a director appointed as representative of a director of the Company, its major shareholder, or shareholder which is a related person of the major shareholder of the Company;
 8. Not operate any business which has the same nature as and is in principle competition with the business of the Company or subsidiary, or not being a principle partner in any partnership, or not being an executive director, employee, staff, or advisor who receives salary, or holding shares not exceeding one percent of the total number of voting rights of any other company operating business which has the same nature as and is in significant competition with the business of the Company or subsidiary;
 9. Not having any characteristics which render him or her incapable of expressing independent opinion regarding the Company's business operation;
 10. Not being a director assigned by the Board of Directors to operate any business of the Company, its parent company, subsidiary, affiliate, same-level subsidiary company or juristic person which may have conflicts of interest with the Company;
 11. Independent Director has a term of office of not more than 9 years from the date of being appointed as independent director in the first term. If the renewal appointment of independent director is to take place, the Board of Directors shall reasonably consider such necessity.

Independent directors shall review and verify their independence at least once a year.

Detailed information of independent directors shall be disclosed at the end of the year in the Annual Information Disclosure Form (Form 56-1) and the Annual Report of the Company.

3) Nomination of the Audit Committee

The Audit Committee is appointed from the Board of Directors or shareholders. All such members of the Audit Committee must be independent directors and have qualification as prescribed in the notification of the SEC as well as the corporate governance principles of the Company. The Audit Committee comprises at least three independent directors and that at least one of the Audit Committee members shall have knowledge in accounting and/or finance, with the duties to audit and supervise the Company's operations, including to monitor the preparation of financial reports, internal

control system, selection of the auditor, and consideration of conflicts of interest. The Audit Committee shall hold office for a term of three years.

4) Nomination of Senior Management

The Company has established criteria for the nomination of senior management where knowledge, competency, skillsets, suitable work experience related to the business and good understanding of the Company's business are taken into consideration in accordance with the roles and responsibilities of the Executive Committee. The Company currently considers appointing the Nomination and Remuneration Committee to facilitate accurate and transparent procedure for the nomination. The Company has established a Nomination and Remuneration Committee held on 16 February, 2015 in order to help the executive to ensure accuracy and transparency.

8.4 Corporate Governance of subsidiaries and joint venture

The Company's subsidiaries and joint venture is as follow:

Subsidiaries	Joint Venture
Safe Trade International Company Limited holds 99.98%	TSR Lao Company Limited holds 49.00%
Fedder Thai Company Limited holds 59.99%	
Thiensurat Leasing Company Limited holds 100.00%	

In accordance with the corporate governance policy of the Company to control, supervise and be responsible for the business operation of its subsidiary and joint as well as to maintain the best interests of the Company, the Board of Directors delegates the Company's representative to be a director in the subsidiary company pursuant to the Company's rules and regulations. Such delegation and appointment shall be adopted at the Board of Directors' meeting.

Operating results of its subsidiary shall be examined by external auditor(s) then reported to the Audit Committee and the Board of Directors in every quarter for their consideration.

Significant transactions, for instance, connected transactions or acquisition or disposal of assets (if any), shall be conducted through the systematic corporate governance of the Company. The Board of Directors of the subsidiary and the Audit Committee of the Company shall consider such transactions respectively for the Board of Directors of the Company's approval. Such transactions shall then be disclosed through the SET's Information Disclosure System in a systematic manner.

The Company's representative appointed to be director of the subsidiary, shall take part in determination of significant policies of the business operation of the subsidiary, for example investments in other projects etc.

8.5 Use of Insider Information

The Company has developed the policy and the code of conduct for directors and the management in handling insider information of the Company in order to prevent unlawful use of information for personal benefits as well as buying and selling of securities as follows:

Require directors and the management who have duty to report the change of their securities pursuant to Section 59 of the Securities and Stock Exchange Act B.E. 2535, within three business days from the date of transaction and send a copy to the Company on the same day that the report is sent to the SEC. During the year 2017 the directors and management of companies reported their shareholdings by comparing the increase (decrease) during the period from 30 November 2016 and 29 December 2017 as follows.

No.	Name	Number of shares				Shares Increase (Decrease) during the year (Shares).
		29 December 2017		30 November 2016		
		Own	Spouse or Underage Children	Own	Spouse or Underage Children	
1.	Mr. Sahas Treetipbut Treetipbut	0	0	0	0	0
2.	Mr. Ekarat Changyoo	33,408,413	192,175	29,233,386	0	4,367,202
3.	Mr. Viruch Wongnirund	926,498	0	641,666	0	284,832
4.	Ms. Theinvanee Changyoo ^{1/}	36,421,415	0	32,521,415	0	3,900,000
5.	Ms. Savita Changyoo ^{2/}	34,159,538	0	30,259,538	0	3,900,000
6.	Assoc. Prof. Boonserm Vimuktanandana	0	0	0	0	0
7.	Dr. Supree Wongdeeprom Ph.D. ^{3/}	0	0	0	0	0
8.	Mr. Suthee Tripornchaisak	0	0	0	0	0
9.	Asst. Prof. Krit Umpote	0	0	0	0	0
10.	Ms. Sumana Vonggapan	55,256	0	55,256	0	0
11.	Mr. Paitoon Homchan ^{4/}	4,495,532	0	4,561,332	0	(65,800)
12.	Mr. Watcharin Watcharatham	1,780,000	0	1,943,000	0	(163,000)
13.	Mr. Siam Uralwong ^{5/}	0	0	0	0	0
14.	Mr. Paitoon Sukhanaphorn ^{6/}	0	0	0	0	0
15.	Ms. Preeyaporn Kraisirivut	0	0	0	0	0

Remark: Details of attendance of the Board of Directors and Executives Board can be found under "Corporate Governance: Meetings of the Board of Directors".

Require directors, executives and employees of the Company, who have an access of any inside information that can affect price of stocks, shall suspend their stocks trading within one month before the financial statements or the inside information are accessible to the public and 24 hours after the said information is accessible to the public. Those accessed to such information shall not disclose the information to the third party.

The Company shall impose disciplinary actions on those who use information for personal benefits. Punishment includes written warning, wage deductions, temporary suspension without pay or termination of employment. These disciplinary actions will be considered in terms of the intentions behind the action and severity of the wrongdoing.

8.6 Remuneration for Auditors

The Audit Committee of Thiensurat Public Company Limited has considered and selected auditors in accordance with assessment and requirements of the Company. In selecting Auditors, the Audit Committee shall take into account quality, standard operating procedure, and requirements of independence without a business relationship or professional services with the Company. EY Office Company Limited is the auditor for year of the year 2017, of the company the auditors are as follows:

Mr. Termphong Opanaphan	CPA No. 4501 or
Mr. Khitsada Lerdwana	CPA No. 4958 or
Ms. Manee Rattanabunnakit	CPA No. 5313

In the year 2017, the Company paid audit fees of Baht 2.10 million, no remuneration for other services.

8.7 Other principles of good corporate governance

(1) Code of Conduct

The Company Limited has established the Code of Conduct to guide the Board of Directors, the management and employees to perform their respective duties and responsibilities under the principles of honesty, fairness and integrity. The Code of Conduct applies conducts towards the Company, all stakeholders, public and civil society. The Company also put in place a regular monitoring system. as follows.

1. Operate business with fair and honesty. Carry out business with responsibility for society as a whole, both legally and ethically. Commit to ensure good treatment of individuals, communities, societies and environment.
2. Treat customers fairly in terms of products and services under the principle of non-discrimination.
3. Operate a business with a standardized and well-monitored operating system by using full knowledge and capacity and exercising due diligence with adequate and reliable information and evidence. It also strictly adheres to the relevant laws and regulations.
4. Adhere to confidential and non-disclosure principles for customers. Unless, it is required as duties and responsibilities by law.
5. Enable a grievance mechanism for customers to complain about the incompleteness of products and services.
6. Disclose product information and service accurately.
7. Comply with all terms and conditions that agreed with customers fairly. If the terms and conditions cannot be fulfilled, customers must be notified, without delay, to find a solution together.

(2) Conflict of interest

The company ensures the best interests of the company when conducting its business activities. The company has set up preventive measures to prevent conflicts of interest arising from the connected transactions between the company and the persons who may have conflicts. The persons who are related or connected with the considered transactions must notify the company of such relationship or affiliation. Stakeholders who may have conflicts of interest cannot take part in approving those transactions. The Audit Committee will present the connected transactions and transactions with conflicts of interest to the Board of Directors, which will be appropriately and carefully reviewed, in compliance with the laws governing securities and exchange, rules and regulations, notifications, orders or requirements of the relevant Capital Market Supervisory Board and the Stock Exchange of Thailand (SET). The company also complies with the requirements on the disclosure of related transactions, acquisition or disposal of important assets of the company. Furthermore, the company applies generally accepted accounting principles as stipulated by the Federation of Accounting Professions and Certified Public Accountant of Thailand. In addition, the company assigns, depending on the case, the Audit Committee, auditors, or independent experts to review and provide guidance on price suitability and reasonableness of the transaction. The connected transactions will be disclosed in the annex to financial statements that have been audited or reviewed by the auditors of the company, report on the disclosure of additional information (Form 56-1) and annual report (Form 56-2).

(3) Internal Control

The Company places importance on the internal control system both at the management and the operational levels in order to ensure efficient business operations. Furthermore, the Company has adopted a written charter that sets forth duties and powers for the operation and the management performance. There is a control over the use of the Company's assets to generate gain and division of

the duties of operators and controllers with separate audits. The Company has appointed the Audit Committee to monitor internal control and internal audit to ensure appropriateness and efficiency. The internal auditor perform the audit of internal control and report to the Audit Committee to ensure important operations are efficiently conducted in accordance with the guidelines and regulations of the Company.

(4) Risk management

The Board of Directors has appointed the Risk Management Committee, who shall hold office for a period of three years. The duties and responsibilities include determination of the overall risk management policy for the Board of Directors' consideration. Such risk management policy cover from the strategy level to operational level in order to monitor, review and propose to the Board of Directors to ensure that the risk management is undertaken effectively.

(5) Report of the Board of Directors

The Audit Committee will be responsible for reviewing the financial report. The finance and accounting departments as well as auditors shall attend a meeting together and report to the Board of Directors on a quarterly basis. The Board of Directors is responsible for the financial statements of Company and the financial information (report of the board of directors' responsibility for the financial reports) as appeared in the annual report. Such financial statements are prepared in accordance with the accounting principles certified and audited with prudence by the Company's auditors. The disclosure of significant financial-related and non-financial related information is completely and regularly done on the factual basis.

(6) Board of Directors' Meeting

In accordance with the Company's Articles of Association, the Board of Directors' meeting shall be scheduled in every 3 months. However, an extraordinary meeting can be convened if deemed necessary. The meeting notification must be prepared and circulated to the Board of Directors at least 7 days in advance of the meeting date, unless there is an overriding necessity or urgent matter. The agenda items must be clear and specific. The relevant documents shall be sent to the members of the Board in advance in order to have sufficient time to consider the issues. The Board of Directors represented in the board's meetings shall consist of not less than one half of the total number of directors, which constituting a quorum.

During the meeting, the Chairman of the Board and the Chief Executive Officer jointly set and determine the agenda of the Board of Directors' Meeting. All directors are able to propose the agenda to be considered in the meeting, and express and discuss their opinions openly. The Chair of the meeting shall facilitate the discussion and summarize the resolutions, which shall be made by a majority vote. Each director has one vote. Any director who has a conflict of interest will not be able to attend and/or does not exercise the right to vote. If an equal number of votes, the Chairman shall cast a deciding vote.

In addition, the minutes of the meetings shall be recorded in writing after the meeting and the adoption by the Board of Directors. Such minutes shall be made available for further examination to the Board of Directors and relevant stakeholders.

Name	Number of attendance / Total number of the meetings in 2017 Directors as of 31 January 2018						
	Board of Directors	Audit Committee	Executive Committee	Annual General Meeting 2017	Risk Management Committee	Corporate Governance and Corporate Social Responsibility Committee	Nomination Of Remuneration Committee
1. Mr. Sahas Treetipbut	12/12	-	-	1/1	-	-	-
2. Mr. Ekarat Changyoo	11/12	-	20/20	1/1	5/5	2/2	-
3. Mr. Viruch Wongnirund	12/12	-	20/20	1/1	5/5	-	-
4. Ms. Theinvanee Changyoo ^{1/}	10/11	-	18/20	1/1	4/5	-	-
5. Ms. Savita Changyoo ^{2/}	9/12	-	12/20	0/1	4/5	-	8/12
6. Assoc. Prof. Boonserm Vimuktanandana	12/12	13/13	-	1/1	-	-	-
7. Dr. Supree Wongdeeprom Ph.D. ^{3/}	12/12	13/13	-	1/1	3/3	2/2	-
8. Mr. Suthee Tripornchaisak	12/12	13/13	-	1/1	-	-	12/12
9. Asst. Prof. Krit Umpote	12/12	13/13	-	1/1	-	2/2	-
10. Ms. Sumana Vonggapan	12/12	-	-	1/1	-	-	12/12
11. Mr. Paitoon Homchan ^{4/}	-	-	18/20	-	4/5	-	-
12. Mr. Watcharin Watcharatham	-	-	18/20	-	-	-	-
13. Mr. Siam Uralwong ^{5/}	-	-	18/18	-	-	-	-
14. Mr. Paitoon Sukhanaphorn ^{6/}	3/3	-	3/3	-	-	-	-
15. Mr. Pattanon Premssmit ^{7/}	-	-	16/16	-	-	-	-

Remark: ^{1/} Ms. Theinvanee Changyoo was appointed as the Company's director on 26 January 2016 and Deputy Managing Director on 14 November 2017

^{2/} Ms. Savita Changyoo, From 25 April 2017 until 1 August 2017 Maternity leave. And appointed as the Advisor Evaluation, Monitoring and Organization Development on 7 September 2017 and appointed as an Acting Deputy Managing Director – Business Development Group on 9 October 2017

^{3/} Dr. Supree Wongdeeprom, Ph.D. was appointed as the Chairman of the Risk Management Committee on 11 May 2017

^{4/} Mr. Paitoon Homchan was appointed as the Acting Deputy Managing Director – Marketing Group on 7 September 2017

^{5/} Mr. Siam Uralwong was appointed as the Member of the Executive Committee on 24 March 2017 and Deputy Managing Director – Accounts Receivable Management Group and Deputy Managing Director – New Sales Channel and Customer Service Group on 16 June 2017

^{6/} Mr. Paitoon Sukhanaphorn was appointed as the Independent Director on 11 August 2017 and resigned from position effective on 15 November 2017. He was appointed as the Member of the Executive Committee and Deputy Managing Director – Business Support Group on 15 November 2017.

^{7/} Mr. Pattanon Premssmit, Member of the Executive Committee, resigned from the Company since 6 October 2017

(7) Directors Remuneration

The Company determined clear and transparent remuneration policy. The remuneration of directors is on the basis of responsibility and duty of each director. The remuneration is appropriately controlled at the same rate as company in the same industry in order to retain qualified directors. The remuneration shall be approved by the shareholders at the Annual General Meeting (AGM).

The Company discloses the remuneration paid to directors and executives as required by the SEC.

(8) Development of Directors and the Management

The Company established the policy to provide training support and to enhance the capacity of the directors and the management, which comprise Directors, Audit Committee, Executive Committee Nomination of Remuneration Committee and Corporate Governance and Corporate Social Responsibility Committee and the Executives to continually enhance their performance. If there is a change of Directors or any Committee, the Company will provide guidance with respect to business

operation and information which would be useful for the new directors in effectively carrying out their duty as the directors of the Company under the good corporate governance framework.

Training of the Board of Directors and the Sub-Committees

The Board of Directors encourage and support the management whose work relating to corporate governance system of the Company, for example, Directors and Sub-Committee members, Executives, Company Secretary etc. to participate in seminars and training courses or activities organized by the Thai Institute of Directors (IOD), the SEC, the SET or any independent organizations. It is the policy of the Company to continuously develop the potential, knowledge, ability, and quality of its directors and management. The Board of Directors assigns the Company Secretary of the Company to act as a coordinator to inform directors and the management of relevant training courses.

In the Year 2017, the Board of Directors and Sub-Committee members attended courses provided by the IOD and other institutions as follows:

Courses organized by the Federation Accounting Professions Under the Patronage:

Name	Courses
Associate Professor. Boonserm Vimuktanandana	Risk Management (Basic) Class 1/2560 No.1/2560 on 7-8 December 2017

Courses are organized by the Faculty of Commerce and Accountancy. Chulalongkorn University:

Name	Courses
Mr. Sahas Treetipbut	Academic seminar The Flagship Summit: Future Fast-Forward on 13 December 2017

Director of the Training Institute of Directors of Thailand (IOD) is as follows.

Name of Directors	Courses provided by the IOD
1. Mr. Sahas Treetipbut	- DAP 28/2004 - HMS 2/2013 - SFE 7/2013
2. Mr. Ekarat Changyoo	- DAP SET/2012 - FBS 1/2014
3. Mr. Viruch Wongnirund	- SFE 11/2010 - DCP 135/2010 - APC 37/2011
4. Ms. Theinvanee Changyoo	- DAP 98/2012 - CSP 68/2016 - ACPG 31/2016
5. Ms. Savita Changyoo	- DAP 99/2012 - FBS 1/2014
6. Associate Professor. Boonserm Vimuktanandana	- DAP 100/2013 - ACP 42/2013
7. Dr. Supree Wongdeeprom Ph.D.	- DAP SET/2012
8. Mr. Suthee Tripornchaisak	- DAP 103/2013
9. Asst. Prof. Krit Umpote	- DCP 0/2000 - AACP 3/2010
10. Ms. Sumana Vonggapan	- DAP 47/2005

Board Committee Evaluation

Board committee performs this process annually with committee evaluation and self-assessment process. Evaluation criteria consist of 6 areas which are structure and qualification of the board directors, roles duties and responsibilities of board of directors, board of director's meeting, directors' prosecution, relation of board to executives, and self-development. The 5 performance

levels are: 4= Excellence; -3= Good; 2= Moderate; 1= Small; 0= No action. The summation of points in each question will be calculated in percentage from total points. The score ranges are: above 85%= Excellence; 75%-85%= Good; 65%-75%= Fair; 50%-65%= Moderate; under 50%= should be improved. The Board Committee Evaluation outcome from committee survey collected and reported by company secretary in 2017 is 85% in average or Excellence.

For the self-assessment method in: company's performance, directors' execution, duties and responsibilities, board of director's meeting, and ethical concern in company's activities with same evaluation method and score ranges as board committee evaluation. The result of self-assessment method in 2017 is Excellence.

Committee Evaluation

Each committee will be evaluated by self-assessment survey collected by company secretary. The average result in 2017 is Excellence.

Managing Director Evaluation

Nomination and remuneration committee is responsible for annual managing director evaluation by implementing the stock exchange of Thailand's criteria. Those are leadership in strategy formulation, strategy procurement, financial and performance planning, relationship to committees and stakeholders, human resource management, succession plan, knowledge in company's products and service, and personal expertise.

Succession Plan

Nomination and remuneration directors commit to select the candidates for managing directors and chief executives appropriately and comply with succession plan policy. The committee is responsible for nominating committee's members and high-level executives by considering qualified person from both internal and external.

Compliance with the Principles of Good Corporate Governance

Transparency and effective management shall be enhanced in order to build up the confidence and the assurance of the shareholders, investors and all stakeholders. With this in mind, the Board of Directors has established a corporate governance policy, as prescribed in the principles of good corporate governance according to the SET. The Company's practices of the good corporate governance are set out in 5 categories as follows:

Category 1 the Rights of Shareholders

The Company realizes and places importance on the fundamental rights of the shareholders, as both the owners of the Company and the investors in the stock market, for instance, the rights trade and transfer shares, rights to and receive the Company's information promptly, completely, and sufficiently, rights to receive the Company's profit distribution, rights in the meetings of shareholders, rights to express opinion and rights to decide on the Company's important matters such as dividends payment, appointment or removal of directors, appointment of external auditor, approval of important transactions which may impact on the business operation etc.

In addition to aforementioned fundamental rights, the Company operates in various areas to facilitate the exercise of the rights of shareholders as follows:

1. The Company will hold an annual general meeting within 4 months from the date of the last day of the Company's fiscal-year end. The meeting notification, the agenda items and relevant documents must be prepared and circulated to the shareholders at least 7 days in advance of the meeting date. And the meeting date shall be announced in a newspaper for 3 consecutive days in advance of the meeting date. Each agenda item shall contain opinions or recommendations of the Board of Directors. In 2017, The Company sent the documents before the meeting for a period of 14 days.

2. The Company shall disseminate relevant materials and information through the Company's website in advance. The Company shall provide adequate information with regard to the rights of shareholders in the shareholders' meeting including the right to vote of the shareholders.
3. In the event that shareholders are unable to attend meetings in person, the Company shall provide the shareholder an opportunity to appoint an independent director of the Company or any other person to attend the meeting on their behalf. The Company shall enclose a proxy form together with the meeting invitation letter.
4. Prior to the meeting, the Company shall provide opportunities for the shareholders to submit opinions, recommendations and questions in advance.
5. During the meeting, the Company shall provide opportunities for shareholders to independently and equally make inquiries, suggestions or expression of opinions. In the meeting, the directors and the executives shall attend to provide response and give detailed information for the shareholders
6. The company selected the venue, which has a mass transit access and enough so shareholders can attend easily.

Category 2 The Equitable Treatment of Shareholders

The company shall provide an opportunity for fair and equitable treatment to all shareholders and establish that all shareholders are entitled to vote based on the amount of shares held by each shareholder whereby one share was equal to one vote. The Company shall not take any action that limits or violates the rights of shareholders, regardless whether a shareholder is a major or minority shareholder, an institutional investor or a foreign shareholder. The Company assigns independent directors to safeguard the interests of the minority shareholders. The minority shareholders are able to make suggestions, express opinions or file complaints to the independent directors, who are responsible for handling each matter appropriately. For instance, in case of a complaint, the independent directors shall investigate and seek a proper solution. In the event that the minority shareholders make an important suggestion, which have an impact to all stakeholders or to the business of the Company, then the independent directors shall report such suggestion to the shareholders' meeting for consideration and include it in the agenda of the shareholders' meeting.

The shareholders' meeting shall be convened and conducted in accordance with the Company's Articles of Association and agenda items. Each agenda items shall be considered with the supporting detailed information and relevant materials. There shall be no additional agenda item without notifying shareholders in advance, particularly, an important agenda item, which requires sufficient time to consider prior any decision-making. In the event that shareholders are unable to attend meetings in person, the Company shall provide the shareholders an opportunity to appoint an independent director of the Company or any other person to attend the meeting on their behalf. The Company shall enclose a proxy form together with the meeting invitation letter. The voting shall be casted in accordance with the sequence of agenda items in transparent manner. The Company shall provide the shareholders with an opportunity to exercise their rights to vote to appoint each director individually. The Annual General Meeting of Shareholders for the year (AGM) the company has a policy to facilitate the shareholders to nominate directors, and added to the agenda in accordance with rules set by the Company, which publishes the details in website at <http://www.thiensurat.co.th>. Within for 3 months prior to the Annual General Meeting of Shareholders.

In addition, the Company formulates measures designed to prevent the unlawful use of inside information (insider trading) of related parties including directors, executives and employees involved in internal information as well as their spouse and minor children. The Company imposes non-trading

periods on related parties during 1- month period preceding the announcement of quarterly and annual financial statements and such related parties shall wait at least 24 hours after the said information is accessible to the public. Such information shall not be disclosed to the third party.

The Company informs directors and the management of their duties to disclose the securities holding reports and the penalty as prescribed in the Securities and Exchange Act B.E. 2535 and regulations of the SET. The directors and management who trade their securities must report their securities holding in his/her company including their spouse and minor children pursuant to Section 59 of the Securities and Stock Exchange Act B.E. 2535, within 3 business days to The SEC in order to subsequently disseminate such information to the public.

Category 3 The Role of Stakeholders

The company places importance on the rights of every group of stakeholders, regardless of whether they are inside stakeholders such as executives and employees, or outside stakeholders such as competitors, business partners and customers etc. The Company realizes that the support and receipt of opinions from every group of stakeholders will be of benefit to the operations and development of the Company's business activities. Therefore, the Company complies with the law and applicable regulations to ensure that the rights of the aforementioned stakeholders are well protected and treated. In addition, the Company promotes co- operation between the Company and its stakeholders, which will create confidence and stability for the Company under the following guidelines:

- | | | |
|-----|-----------------------|---|
| (A) | Shareholders | The Company focuses on the development and continued growth, which will result to greater revenues and profit for the Company. It adds value to the company and contributes to shareholders to receive the highest returns. |
| (B) | Customers | The Company realizes the quality and standard of products as well as customer service and responsibility towards customers with honest and fairness. |
| (C) | Business Partner | The Company's policy is to treat business partner fairly, in accordance with terms of trading and/or the terms of the agreed contracts, to ensure the good business relationship, which will benefit all parties. |
| (D) | Competitors | The Company promotes free and fair competition policy and shall comply with a good competition framework. |
| (E) | Employees | The Company's policy is to treat all employees equally and fairly, to provide appropriate welfare and other benefits as well as to support the development of their abilities and knowledge. |
| (F) | Community and Society | The Company places importance and commitment to community and society. The Company operates its business ethically and provides creative and beneficial activity support to society as appropriate. |
| (G) | Environment | The Company strictly complies with applicable environmental laws and regulations. And it establishes the guidelines, which continuously minimize impact to environment. |

The Company will comply with applicable laws and regulations to ensure the rights of stakeholders have been well protected and treated.

Anti-Fraud and Anti-Corruption

The company is in the process of joining as a member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) under the Thai Institute of Directors Association (Thai IOD). The company conducted risk assessment for fraud. It covers various types of fraud such as the preparation of false financial reports, loss of property, corruption, management overrides internal controls, changes of information in important reports, and the acquisition or misuse of property, etc.

1. Objectives

The company places its focus on the anti-corruption policy, as well as promotes and encourages all levels of its staff to be aware and fight against corruption in all forms. The Board of Directors sets policies to prevent and combat corruption and bribery (Anti-Corruption and Anti-Bribery Policy). The company expects that directors, executives and employees of the company shall not seek, operate or accept corruption in all forms, either directly or indirectly, to benefit the organization, themselves and their families, friends and acquaintances or for the benefit of the business. This covers all businesses in every country and all related agencies of the company and its subsidiaries. There is a regular review of the implementation of the anti-corruption policy, the guidelines, and compliance requirements to be in line with any changes of business, rules and regulations, and legal provisions. If there is any violation that aiding and abetting corruption whether directly or indirectly, such person will be punished in accordance to the regulations of the company.

The company announced the anti-corruption policy, which was approved by the Board of Directors on 14 August 2015.

2. Definition

- **Corruption** means any form of bribery including an offer, promise, commitment, request, or acceptance of inappropriate money, assets or other benefits that are in appropriate for government officials, government organizations, private organizations, or any relevant persons in charge either directly or indirectly, in order that they perform or refrain from performing their duties so as to acquire or preserve a business, or introduce a business to any particular organization, or to acquire or preserve inappropriate business benefits. However, the exemption can only apply in cases where the permission of law, order, notification, regulation, local tradition, or trade custom is granted.
- **Anti-Corruption** means to perform or refrain from performing duties. This includes use of authority in all positions, whether to give or receive a bribe, offer, promise, commitment, request, or acceptance of remuneration, assets, money, goods, entitlements or any other benefits to businesses that operate with the company or its subsidiaries in order to obtain benefits or preserve inappropriate entitlements and business benefits for organization, oneself, or involved people either directly or indirectly.
- **Taking bribes** means receiving/accepting money, goods, services or one or more of them. An employee is involved in soliciting of money, gifts or other benefits for themselves and/or relevant people.
- **State official** means a person holding a political position, Government official or local official assuming a position or having permanent salaries, official or person performing duties in a State enterprise or a State agency, local administrator and member of a local

assembly who is not a person holding a political position, official under the law on local administration and shall include a member of a Board, Commission, Committee or of a sub-committee, employee of a Government agency, State enterprise or State agency and person or group of persons exercising or entrusted to exercise the State's administrative power in the performance of a particular act under the law, whether established under the governmental bureaucratic channel or by a State enterprise or other State undertaking.

- **Political contribution** means assistance on behalf of the company, whether financial, asset or any other forms to help, support, or any other purposes, to political activities, politicians or persons with political affiliations either directly or indirectly. Financial aid can also include loans. In-kind assistance, such as providing items or services, advertising or supporting political parties, fundraising, or donations to organizations with close ties to political parties, etc. Unless such support is for the democratic process that is required by law.
- **Charitable donation** refers to activities related to spending money without tangible rewards. Public donation is to spend money on projects and activities that benefit the community, society and the people. The company may not receive tangible returns.
- **Relevant person** refers to spouse, children, parents, siblings or close relatives as well as friends and acquaintances of the Board of Directors, management and staff at all levels of the company.

3. Scopes and guidelines

Directors, executives and staffs in every level of the Company must comply with the below guideline:

- (1) Comply with the policy of Anti-Corruption and Bribery, Business Code of Conduct, rules, regulations and obligations of the Company by not engaging in corruption in any forms directly or indirectly.
- (2) Not take any actions that reflect intention of corruptions, and giving or accepting bribery to stakeholders of the Company in relation with their roles and responsibilities directly or indirectly in order to get advantages for the organization, themselves or relevant persons.
- (3) Not neglect when finding actions in the scope of corruption related to the Company. It is regarded as their duties to report to their supervisors or responsible persons. They must cooperate in the investigations.
- (4) In any operations which have risks of corruptions occurring, directors, executives and staffs in every level of the Company must handle the following aspects with caution.
- (5) Giving or receiving gifts, hospitality and other relevant expenditures must comply with the guideline in the manual of Corporate Governance and Business Code of Conduct as well as the Anti-Corruption and Anti-Bribery Policy of the Company.
- (6) Donating money for charity must be done in the Company's name and to organizations which have purposes for social benefits. The organizations must be reliable and certified. They must operate with transparency, compliance with the procedures of the Company's regulations, and legitimacy. There are follow-up and check to ensure that the donated money is not used as subterfuge for bribery.

- (7) Monetary contributions including cash, objects and asset to any activities or projects must be specified with the Company's name. Those contributions must have objectives to promote businesses and good image of the Company, and must be operated with transparency, compliance with the procedures of the Company's regulations, and alignment with the relevant laws.
- (8) Business relationships and procurement with public or private sectors including contacting with public sector, public or private officials as well as persons related to the Company's business domestically or internationally must comply with transparency, integrity and the applicable laws.
- (9) The Company's policy is to be politically neutral. All directors, executives, and staffs have political rights and freedom under the laws. However, they must realize not to operate, to do any activities or to use the Company's resources for political activities which can cause the Company to lose neutrality or to be harmed by political engagement and contributions.

4. Duties and responsibilities

- (1) **Board of Directors** have duties and responsibilities to set policy and oversee an effective anti-corruption monitoring system to ensure that the management is aware of the importance of anti-corruption culture and implement measures against corruption.
- (2) **Audit Committee** have duties and responsibilities to review financial and accounting reporting systems, internal control and audit systems, risk management system, and the operation, in accordance with anti-corruption policy to ensure that it complies with the international standards in an appropriate, modern and effective manner.
- (3) **Chief Executive Officer, Managing Director and Executive Board** have duties and responsibilities to set up an anti-corruption system as well as to promote and support anti-corruption policies; to communicate to staff and all related parties; to review a suitability of the system and measures, to be consistent with changes in business, regulations, and legal provisions.
- (4) **Internal Audit Office** has duties and responsibilities to monitor and review of the accuracy of the operation, in line with the policy, guidelines, authority, rules and regulations and laws and regulatory compliance as well as to ensure the adequacy and appropriateness and efficiency of internal control against corruption that may occur and report to the Audit Committee.
- (5) **Directors, Executives and Employees** are obliged to comply with the anti-corruption policy and do not involve in corruption, either directly or indirectly.
- (6) **Subsidiaries or related companies or a business representative of the company** that under authority of the company must adhere to the anti-corruption policy and do not involve corruption, either directly or indirectly.

5. Measures and operation guideline

- 1. The Company supports and promotes directors, executive and staffs of every level to realize importance and to be conscious of anti-corruption. The Company sets up the

internal control to prevent corruptions and bribery in all forms and all countries which the Company enters to invest.

2. This guideline of the anti-corruption covers the process of personnel administration ranging from recruitment or selection, promotion, training, performance evaluation to remuneration to staffs. It is determined that supervisors in every level must communicate and make the subordinate staffs to understand and follow when doing business operations in their responsibilities. They must control and oversee the operations to be efficient and in compliance with this guideline.
3. The Company will give justice and protection to staffs or any whistle-blowers/ reporters of the evidence of corruptions related to the Company, including the staffs that refuse to act. It will use the measures to protect persons who report or cooperate in reporting corruptions as stated in the Policy of whistle-blowing and protection for whistle-blower.
4. Staff's corruptions are regarded as misconducts according to the work-related regulations of personnel administration. They will get disciplinary penalty as determined and may get legal penalty if applicable.
5. The Company will check the practice guideline and measures on regular basis to be in compliance with changes of laws and business-operating conditions.

6. Complaint handling and channels

The company provides communication channels for stakeholders to report evidences and suggestions or complaints about corruption. There are guidelines on how to give or receive gifts, assets or other benefits, information on receptions or expenditures that exceed the limit and do not meet the company's guidelines and procurement criteria. Monetary donation shall be done transparently, and fairly under rules, regulations and standard operating procedures of the company.

The company has distributed rules and regulations concerning operation of the company to all executives and employees of the company for their information, signatory acknowledgement, and strict and proper implementation.

If an employee sees any suspicious activity or evidence that a director, executive, employee or person acting on behalf of the company get involved in bribery or corruption, it must be reported immediately to the supervisor or report through the reporting channel - "Whistle Blowing". Once the company received such report, it will take serious action and will not impose any punishment on employees who provide information in good faith.

- **Whistle-blowing or reporting**

- 1. Objectives**

The Thiensurat Public Company Limited ("the Company") is committed to operating the business with honesty, transparency and good corporate governance. This includes anti-corruption in any form. In addition, the company expects directors, executives, employees to adhere to their duties and responsibilities.

With these commitments, the company has set up a whistle blowing policy on complaints and cases of fraud and corruption to support and serve as a channel for directors, executives and employees and stakeholders of the company to be able to complain and report clues, misconduct and fraud concerning the company. The company has established a safe and confidential channel for complaints of misconduct and fraud to ensure confidentiality of any person who give information about corruption.

The company provides protection to whistle blowers or those who report corruption and fraud. This includes any cooperation or assistance provided to the company. The company will ensure that whistle blowers will not be threatened, reshuffled their positions or location, suspended, dismissed, or any other act of unfair conduct.

2. Clues Or complaint

The Company has designated the Company's executives to be the persons who directly receive the reporting, and has set up a joint council to investigate the truths fairly. It has also implemented the policy to have the efficient internal control system as well as transparent and verifiable reporting, so the reporters can rely on and feel confident in the process of fair investigation process. Besides, it has set up the policy to protect the whistle-blowers of the corruptions. The whistle-blowers who are staffs, customers or contractors of the Company will receive the rights protection according to the laws, as stated in detail in the Corporate Compliance Policy.

In cases of any stakeholders having queries or finding suspicious actions related to the violations or non-compliance with laws, regulations, obligations and Business Code of Conduct or related to supervisory levels, they can report or complain together with submitting the evidences to the joint council for investigation at:

Audit Committee

Thiensurat Public Company Limited
43/9, Moo 7, Soi Chuchart Arnusorn 4, Bangtalad Sub-district,
Pakkred District, Nontaburi 11120
Telephone 02-819-8899 Fax 02-962-6951-3
E-mail: Appeal.AC@thiensurat.co.th

Company Secretary

Thiensurat Public Company Limited
43/9, Moo 7, Soi Chuchart Arnusorn 4, Bangtalad Sub-district,
Pakkred District, Nontaburi 11120
Telephone 02-819-8899 Fax 02-962-6951-3
E-mail: Appeal.AC@thiensurat.co.th

In cases of topics relating to Chief Executive Officer, Chairman of the Executive Committee, or Managing Director, please send report directly to "Audit Committee"

The company has a good policy to maintain confidential information and protect whistleblowers. They will not be punished in any way for reporting in good faith.

3. Whistleblower and complaint procedure listed as follows:

1. The complainant can report information and/or evidence through the complaint channels.
2. Complaints channel (In addition to the information in Section 2.)
 - 2.1 Tel: 02-819-8899 / Call Center 1210
 - 2.2 Fax: 02-962-6675
 - 2.3 The post office:
Thiensurat Public Company Limited
43/9, Moo 7, Soi Chuchart Arnusorn 4, Bangtalad Sub-district,
Pakkred District, Nontaburi 11120
 - 2.4 Social Network :
Facebook: <https://www.facebook.com/safewaterfilter/>
Facebook: <https://www.facebook.com/ponsabuy/>
Line: @ponsabuy
Line: @safe1210
Line: @TSR.NEWS

2.5 E-mail :

www.ponsabuy.com/

www.safealkaline.com/contacts

2.6 The company's comments box

3. Complaints Receiver

Audit Committee

Company Secretary

The company will investigate complaint and fraud information with independence and justice in order to obtain evidence that confirm or dispute the information received. Suggestions and procedural guidelines of next steps will be provided to the Audit Committee and the Board of Directors to consider and determine corrective action and appropriate punishment for the offense committed such as:

1. Verbal warning
2. Written reprimand
3. Wage cut
4. Suspension
5. Dismissal without compensation
6. Legal proceedings

4. Protection measures for whistle blowers and informants

The company encourages management and staff at all levels to operate business in a proper, transparent, fair and accountable manners, in conjunction with good corporate governance and business code of conduct. To ensure confidentiality for whistle blowers and informants who have made a complaint in good faith, they will be protected by the company in accordance with the following measures:

- (1) The company shall cover full name, address and other identifiable of whistle blowers, informants, or cooperators in investigation. The company will further investigate and conduct fact-finding of the reported case.
- (2) The company will keep the information confidential and will reveal only as necessary. The company will uphold the principles of safety and confidentiality of whistle blowers, informants, or cooperators in investigation, sources of information, or relevant persons.
- (3) In case that whistle blowers, informants, or cooperators in investigation feel unsafe or may be damage, they can request the company to provide appropriate protection measures, or should there be tendency of damage or unsafety, the company may impose protection measures without request from them.
- (4) Those who have suffered damage will receive mitigation through appropriate and fair procedures.
- (5) The company will not commit any unfair treatment to whistle blowers or informants, whether by changing the job title, job description, place of work, suspending, threatening, interrupting, dismissal, or any other unfair treatment to the whistle blowers or informants.

5. Policies and relevant manuals are listed as follows.

- (1) Corporate Governance Policy
- (2) Code of Conduct
- (3) Anti-corruption Policy
- (4) Whistle blowing and complaint of fraud and corruption
- (5) Regulations governing the operation of the company.

6. Definitions

“Wrongdoings” refer to an act or omission of any act of directors, executives, or employees. This is a violation of the company’s Code of Conduct, work rules, policies and regulations, as well as laws relating to the company’s business.

“Corruption” means the use of acquired power or the misuse of assets to benefit oneself, family members, friends, acquaintances, or any other inappropriate benefits. This causes damage to others. Corruption can occur in many forms, such as bribing a government official by giving or receiving bribes, both money and goods. There are conflicting interests, money laundering, embezzlement, concealment of truth and obstruction of justice, etc.

Category 4 Disclosure and Transparency

The Company establishes its policy to disclose important information relating to the Company. Both financial and non-financial information will be disclosed in an accurate, complete, timely and transparent manner through accessible channels under the principles of equality and reliability.

4.1 Internal Control and Transactions with Potential Conflicts of Interest

The Company has a policy of preventing and wiping out the potential conflicts of interest by setting up a rule that any deal and/or transaction possibly causing the conflicts of interest shall be in accordance with the rules and procedure prescribed by the Company and other related applicable laws.

The Company shall not allow the Company’s directors, executives, and/or major shareholders, whichever case may be, to operate the businesses that are similar or compete with or have the connected transactions in the manner that they engage other interests against the best interest of the Company or its subsidiaries. The Company’s executives and/or major shareholders, whichever case may be, must submit the reports to the Company if any of executives or major shareholders acquires some shares in a company whose business operation is similar to that of the Company or its subsidiaries in order that the Company and the Audit Committee consider whether such shareholding is against the best interest of the Company and its subsidiaries or not.

The Company values a good internal control system. The Internal Audit Department is empowered to audit the working of every working unit to prevent defects, and to ensure the work transparency. The auditing shall be done periodically, and the auditing report shall be submitted for the Audit Committee’s consideration.

4.2 Disclosure of Information

The Company has determined that the disclosure of any information and any communications be a core policy of the Company. The Company promptly established an investor relations unit to represent the Company and act as a focal point to communicate and disclose information. The Company also places importance on the disclosure of information, since it is an operational aspect, which has potential impact on any decision made by investors and stakeholders. Thus it needs to be well-controlled through specific measures relating to disclosing both financial and non-financial information, in full compliance with the relevant applicable laws and regulations. Such disclosures should be made in comprehensive details that are credible and timely and in an adequate manner, both in Thai and English, through the SET Community Portal as well as the Company’s website, and in full compliance with the relevant applicable laws and regulations as specified by the SEC and SET or other involved Government agencies. Further, these applicable rules and regulations need to be constantly monitored for any current applicable amendments to ensure that the Company always complies with such applicable up-to-date regulations and to be a guarantee to shareholders that the Company operates its business in a fully transparent and straight forward manner, for instance:

- 1) Disclose financial and non-financial information in an accurate, comprehensive, and timely manner.
- 2) Prepare the report of the Board's responsibilities for the financial statements together with the auditor's report in the Company's annual report.
- 3) Determine policies relating to the required reporting by Directors and members of Management regarding their vested interests as well as those of any related persons connected with the interests of the Company and the Subsidiary Company, based on guidelines and procedures as follows:
 - Report upon initially assuming the duties of the Company Director or a member of Management
 - Report whenever there is any change in the information or status relating to their vested interests
 - Report at the end of every year
 - In case the termination of the term of office as a Director and the Director is reappointed for another consecutive term, the Director is not required to submit a report if there are no changes in his/her status relating to any vested interests.
 - Directors and members of Management are required to submit such reports (on the status of their vested interests) to the Company Secretary, who will then submit a copy to the Chairman of the Board and the Chairman of the Audit Committee within 7 working days from receiving such reports. In addition, the agenda item relating to these reports on vested interests is included for consideration by the Board of Directors Meeting every Quarter.
- 4) Disclose the procedures for selecting and proposed nomination for new Directors Appointments.
- 5) Disclose the duties and activities of the sub-committees and a record of a number of meetings attended by each committee member during the year.
- 6) Disclose the structure and nature of the business operations as well as investment in the subsidiary and associated Company.
- 7) Disclose information relating to the remuneration for each director in their individual capacity in the respective sub-committee.
- 8) Disclose the policy relating to the remuneration for directors and members of the management with details regarding the various types of remuneration and benefits received in their capacity in the respective sub-committee.
- 9) Disclose policies relating to protecting or taking care of the environment and society, together with the outputs and achievements resulting from the actions undertaken in compliance with these policies.
- 10) Report on the policies and practices relating to corporate governance and the outputs and achievements resulting from the actions undertaken in compliance with these policies.
- 11) Disclose investments in any important projects together with the impacts of such investments; whereby such disclosures are made available through the SET Community Portal and posted on the Company website to ensure that all shareholders, investors, the press and media and any involved parties are fully informed in an accurate, comprehensive and transparent manner.

Investor Relations Department communicates in a fair and equal manner with institutional investors, retail investors, shareholders including analysts and relevant government agencies. If the shareholders need more information, please contact directly at Investor Relations.

Investor Relations
E-mail: ir@thiensurat.co.th
Telephone 02-819-8899 Ext. 1536, 1591

Various activities were undertaken whereby the management regularly meet with various individual or institutional investors and analysts in order to make presentations regarding the financial status of the Company and the Management Discussion & Analysis as well as to participate in the Opportunity Day for Investors to present the Company's operating performance results and overview for the future operating trends of the Company as follows:

In 2017, investor relations activities are to allow administrators to meet retail investors to clarify communication and understanding on the correct approach to business. Also, investor relations provide general information of the Company by the Company Visit as well as answering questions from analysts, investors directly via email and phone regularly.

Category 5 Responsibilities of the Board of Directors

5.1 Structure of the Board

The Board consists of persons who are equipped with expertise and competence. The Board has a crucial role in determining the corporate policy and overseeing the work of the management as well as supervising, monitoring, and evaluating the corporate operation in accordance with the Company's plan under the principle of independence.

Currently, the Board of Directors consists of 10 Directors, comprising of 5 Executive Directors and 5 Non- Executive Directors. The Audit Committee consists of 5 Independent Directors, representing the shareholders in overseeing the company's operations is accurate and transparent.

Pursuant to the Company's Articles of Association, one-third of the number of directors shall retire at the annual general meeting of shareholders. If the number of directors is not a multiple of three, then the number nearest to one-third shall vacate office. The directors to vacate office in the first and second years following the registration of the Company shall be drawn by lots. In every subsequent year, the directors who have been longest in office shall vacate office. The director who vacates office under this section may be re-elected.

In addition, the Board has also appointed 5 series of sub-committee. Those are Audit Committee, Executive Committee, Risk Management Committee, Corporate Governance and Corporate Social Responsibility Committee, and Nomination Remuneration Committee to perform specific duty and submitted to the Board of Directors for consideration or acknowledgment. Sub-committees have rights and duties as determined in the authority of each committee. The company has clarified the separated roles and responsibilities between the Board and the management. The Board of Directors is responsible for policy oversight and implementation of executive policies. The company executives operate activities in accordance with the executive policies. The president of board of director and the president of executive management is not the same person. Both persons are the most qualified persons recruited by Board Director Committee.

The Board has appointed the Company Secretary who serves to provide suggestions with regard to the applicable rules and regulations that the Board must be aware of and to support the work of the Board including coordination support to ensure the implementation of the resolutions of the Board.

5.2 Roles and duties of the Board

The Board consists of persons who have diverse knowledge, skillsets, and expertise as well as executive leadership experience. The Board takes part in determining the vision, mission, strategy, policy and business direction. The Board oversees the management of the Company in accordance with applicable laws, purposes, regulations and resolutions adopted at the shareholders' meeting. In order to closely oversee the business operation, the Board has established various committees in accordance with their respective roles and duties.

Report of the Audit Committee

Dear shareholders of Thiensurat Public Company Limited,

The Audit Committee of Thiensurat Public Company Limited comprises of 4 Independent Directors, All independent directors who are non-executive or employees of the Company, with the Chairman of the Audit Committee is qualified and has sufficient accounting and finance expertise to review the reliability of financial reports. the Audit Committee as follows:

- | | |
|---|---------------------------------|
| 1. Assoc. Prof. Boonserm Vimuktanandana | Chairman of the Audit Committee |
| 2. Dr. Supree Wongdeeprom Ph.D | Member of the Audit Committee |
| 3. Mr. Suthee Tripornchaisak | Member of the Audit Committee |
| 4. Asst. Prof. Krit Umpote | Member of the Audit Committee |

Ms. Jutamas Malai who is Assistant Company Secretary is on secretary of the Audit Committee duty.

The Audit Committee performs its duties in accordance with the Charter of the Audit Committee approved by the Board of Directors. This is in line with the requirements of the Stock Exchange of Thailand (SET) for the Audit Committee to meet at least 4 times per year. In 2017, the Audit Committee convened 13 meetings and reported the results of all meetings to the Board of Directors each fine of the meeting. There were the Executive Board, the Internal Audit Office and the auditor attended in each meeting. The results can be summarized as follows.

Reviewing and auditing the company's financial statements to ensure that the company's financial statements are fairly reported in all material respects. And reliable manner in accordance with generally accepted accounting principles. The financial information is sufficiently disclosed before submitting to the Board of Directors for approval to disclose information to the Stock Exchange of Thailand and the Securities and Exchange Commission.

Reviewing the company's internal control system and internal audit system including considering the independency of the Internal Audit Office. In 2017, the company appointed Ms. Sunisa Phaemane as the Internal Auditor to review the internal control system. The Audit Committee considered and approved the annual internal audit plan in accordance with the corporate environment to ensure that the company has an appropriate internal control system and to monitor and evaluate it as part of the good corporate governance process. The Audit Committee found that the company has adequate internal controls and no significant defects were found.

Reviewing connected transactions and transactions that may have conflicts of interest with the company, to ensure that the company has complied with the normal business conditions and has complied with the laws and regulations, prescribed by the Stock Exchange of Thailand.

Considering selection of qualified auditors including proposing the appointment and remuneration of auditors to the Board of Directors to propose to the 2017 Annual General Meeting of Shareholders for further approval of the appointment of auditors of the EY Office Limited to be the company's auditors for the fiscal year of 2017. The Audit Committee is of the opinion that the auditors of the nominated company have satisfactory performance and audit standards, in accordance with generally accepted auditing standards. In addition, the EY Office Limited is internationally accepted. They also have the ability to perform as professionals. The Audit Committee recommends the auditors of the EY Office Limited to be the company's auditor for 2017. The auditors' remunerations are considered and to be proposed to the Board of Directors for further approval of the shareholders.

Acknowledging risk and monitoring the progress of the risk management according to the criteria set by the company.

The Audit Committee recognizes the importance and acknowledges the report on the compliance with the Securities and Exchange Act, relevant laws governing the business operation including notifications and orders as required by laws and good corporate governance principles. The company has complied with those laws and legal provisions.

The Audit Committee has monitored the progress of the implementation of resolutions adopted by the Audit Committee, annual self-assessment evaluation.

On behalf of the Audit Committee
Thiensurat Public Company Limited



(Assoc. Prof. Boonserm Vimuktanandana)
Chairman of the Audit Committee

Report of the Nomination and Remuneration Committee

Dear shareholders of Thiensurat Public Company Limited,

The Nomination and Remuneration Committee of Thiensurat Public Company Limited comprises of 2 Independent Directors, and 1 Executive Director, which the Chairman of the Nomination and Remuneration Committee is independent director list of the Nomination and Remuneration Committee as follows:

1. Ms. Sumana Vonggapan Chairman of the Nomination and Remuneration Committee
2. Mr. Suthee Tripornchaisak Member of the Nomination and Remuneration Committee
3. Ms. Savita Changyoo Member of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee performs duties in accordance with the Charter of the Nomination and Remuneration Committee, which requires the committee to convene 12 meetings and report the results of each meeting to the Board of Directors. The key results can be summarized as follows.

1. Policy, Strategy and Strategic Plan

- 1.1 Specified policies, frameworks and guidelines for the nomination of the Board of Directors, Sub-Committee Directors and Managing Director in accordance with the Company's regulating agencies such as SEC and SET.
- 1.2 Proposed policies, frameworks and guidelines for setting remunerations for the Board of Directors, Sub-Committees, Chairman's advisors and Managing Director in line with industry's standards and appropriate with the duties and responsibilities assigned by the Board of Director.
- 1.3 Proposed policies and human resource management strategies in line with the management strategy of the Company.

2. Supervision and Nomination

- 2.1 Nominated and proposed qualified nominees as specified for the position of Directors and Sub-Committee Directors to replace resigned Directors.

3. Supervision and Setting of Remuneration

- 3.1 Set the remuneration for Directors, Sub-Committee Directors and Chairman's advisors to be appropriate with their duties and responsibilities on the same level with industry's standards.
- 3.2 Set guidelines for performance evaluation of the Chief Executive Officer, Managing Director by setting the objective, duties and responsibilities.

4. Supervision of Human Resource Management

- 4.1 Set guidelines for the organization's re-structuring to be in line with the vision and goal of the organization.
- 4.2 Set guidelines for human resource development at both management and operational level.
- 4.3 Set indicators for Chief Executive Officer, Managing Director and Deputy Managing Director.

The Nomination and Remuneration Committee has evaluated the performance in the past year and is of the opinion that the Nomination and Remuneration Committee has performed its duties appropriately and efficiently.

On behalf of the Nomination and Remuneration Committee



(Ms. Sumana Vonggapan)

Chairman of the Nomination and Remuneration Committee

Report of the Corporate Governance and Corporate Social Responsibility Committee

Dear shareholders of Thiensurat Public Company Limited,

The Corporate Governance and Corporate Social Responsibility Committee of Thiensurat Public Company Limited comprises of 2 Independent Directors, and 1 Executive Director, which the Chairman of the Corporate Governance and Corporate Social Responsibility Committee is independent director for the Corporate Governance and Social Responsibility Committee as follows:

- | | |
|---------------------------------|--|
| 1. Asst. Prof. Krit Umpote | Chairman of the Corporate Governance and Corporate Social Responsibility Committee |
| 2. Dr. Supree Wongdeeprom Ph.D. | Member of the Corporate Governance and Corporate Social Responsibility Committee |
| 3. Mr. Ekarat Changyoo | Member of the Corporate Governance and Corporate Social Responsibility Committee |

Corporate Governance and Corporate Social Responsibility Committee performs duties in accordance with the Charter of the Good Corporate Governance and Social Responsibility Committee. The Committee shall meet twice per year and report the following key results to the Board of Directors which summary below.

1. Review and revise the Corporate Governance Policy in accordance with required legal provisions and laws.
2. Present the findings to the Board of Directors for acknowledgment of Securities and Exchange Act (No. 5) B.E. 2559.
3. Consider approval or revision of the Code of Conduct.
4. Consider approval or revision of the Anti-Corruption Policy.
5. Consider approval or revision of the Policy on Whistleblowers and Complaints concerning Corruption and Fraud.

Corporate Governance and Corporate Social Responsibility Committee evaluated the performance in the past year and is of the opinion that Corporate Governance and Corporate Social Responsibility Committee has performed their duties appropriately and efficiently enough to develop the company to be accountable to all stakeholders.

On behalf of the Risk Management Committee



(Asst. Prof. Krit Umpote)

Chairman of the Corporate Governance and Corporate Social Responsibility Committee

Report of the Risk Management Committee

Dear shareholders of Thiensurat Public Company Limited,

The Risk Management Committee of Thiensurat Public Company Limited comprises of 1 Independent Director, and 5 Executive Directors, which the Chairman of the Risk Management Committee is independent director. List of the Risk Management Committee as follows:

- | | | |
|----|-----------------------------|---|
| 1. | Dr.Supree Wongdeeprom Ph.D. | Chairman of the Risk Management Committee |
| 2. | Mr. Ekarat Changyoo | Member of the Risk Management Committee |
| 3. | Mr.Viruch Wongnirund | Member of the Risk Management Committee |
| 4. | Ms. Theinvanee Changyoo | Member of the Risk Management Committee |
| 5. | Ms. Savita Changyoo | Member of the Risk Management Committee |
| 6. | Mr. Paitoon Homchan | Member of the Risk Management Committee |

The Risk Management Committee performs duties in accordance with the Charter of the Risk Management Committee, which requires the committee to convene 5 meetings and report the results of each meeting to the Audit Committee. It is concluded that the Risk Management Committee has reviewed the risk management framework of the company to ensure that the company has appropriate risk management system and measures to mitigate the risk to acceptable levels.

On behalf of the Risk Management Committee



(Dr.Supree Wongdeeprom Ph.D.)

Chairman of the Risk Management Committee

9. Corporate Social Responsibility: CSR

Please see Corporate Social Responsibility in “Sustainable Development Report” by visit:
[http://www.thiensurat.co.th/investor relations > Publications > Sustainable Development Report](http://www.thiensurat.co.th/investor%20relations%20>Publications%20>Sustainable%20Development%20Report)

10. Internal Control and Risk Management

10.1 Internal Control System

The Company's directors and management are directly responsible for arranging and maintaining the internal control system, which covers several areas including the financial control, the operation, the corporate governance and the risk management. Hence, the Company's Board of Directors authorize the Audit Committee to review and ensure that: i) the Company presents accurate and sufficient financial reports; ii) the Company sets up appropriate and effective internal system; iii) the Company assesses and manages risks appropriately; and iv) the Company operates business in compliance with the securities and stock exchange laws as well as the rules and regulation set by the Stock Exchange of Thailand and any laws that are relevant to the Company's business.

The Company completed a written handbook on credit limits and approval authority. The handbook shall be referred to as a guideline on scopes of responsibilities, decision making authorities and ordering authorities for different positions. The Company reviews the written handbook annually and fine-tunes it to suit the future business circumstances.

The Audit Committee supervises the independence of the Internal Audit Office to monitor and evaluate the internal control system and review the company's compliance with the government authorities rules and regulations. Various recommendations have been made to continue to improve the internal control system.

In the Audit Committee's meeting No. 2/2018 held on 23 February 2018 in the presence of all four independent directors who were also members of the Audit Committee, the Company's internal control system was evaluated through the inquiries with the management as well as the external independent auditors. The evaluation results showed that the Company's internal control was comprised of five key areas, which were significant to the efficiency and effectiveness of the internal control system:

- 1) Control Environment
- 2) Risk Assessment
- 3) Control Activities
- 4) Information & Communication
- 5) Monitoring Activities

In terms of the internal control, risk assessment, operational control, information and communication systems and the monitoring system, the Committee opined that the Company had appropriate and sufficient internal control system. The Company appointed adequate personnel who were able to effectively carry out operation under various systems. In addition, the Company had the internal control system to oversee the operation of both the Company and its subsidiary, preventing directors or management from using the Company and its subsidiary's assets in improper or unauthorized ways or involving in transactions with conflicts of interests. Regarding the internal control on other areas, the Committee also viewed that the internal control was adequate. However, the Committee requested that the Company complete the ongoing improvement program for the information system in order that the Company could work faster and more effectively, with performance being easily reviewed.

The preliminary opinions of the Audit Committee based on the enquiries with the management generally suggested that the Company's internal control system was adequate and in line with the evaluation form of the internal control system designed by the Office of Securities and Exchange Commission, especially for the part about the internal control on transactions related to major shareholders, directors, management and related parties (i.e., evaluation form assessing the adequacy of the internal control system). Moreover, the Company's authorized auditor, EY OFFICE COMPANY LIMITED who audited the Company's 2017 financial statements, opined in the audit report that the Company's consolidated financial statements and separate financial statement fairly presented the financial position and separate financial position of the Group and the Company, respectively. As of 31 December 2017, the Company's consolidated earnings performance and separate earnings performance and consolidated cash flows and separate cash flows for the year then ended were present fairly, under the standard of financial reports.

10.2 The Company's internal control system

The company has the Internal Audit Office, which is under the supervision of the Audit Committee. The office operates independently, fairly, and ethically in line with the Code of Conduct for the Internal Auditors (IIA), which is responsible for reviewing internal operations of the company and its subsidiaries and submitting a report to the Audit Committee at every meeting. The independent internal auditor is also in charge of completing an internal control report to be presented to the Audit Committee in each meeting. The Audit Committee reviews the internal report, together with the independent Internal auditor and provides suggestions about necessary points for improvement of the independent internal auditor's policies of as well as for enhancement of the Company's internal control system. The Audit Committee convenes at least four times a year and the audit report is submitted for the Board of Directors' review and, once reviewed, the audit report is publicized in the Company's annual report.

10.3 The head of internal control and the head of corporate governance

The Audit Committee's meeting No.1/2017 held on 10 January 2017 appointed Ms. Sunisa Phaemane as the head of Internal Audit Office, effective on 10 January 2017. She is primarily responsible for performing the duties of the company's Internal Auditor for 2017 to closely monitor and evaluate the internal control system. The Audit Committee has considered the qualifications of Ms. Sunisa Phaemane and is of the opinion that it is appropriate to appoint her to perform the duties of the Internal Auditor.

11. Related Party Transactions

Related party transactions between the Company ("TSR") and its subsidiaries or among subsidiaries occurred in 2016 and 2017, are presented in the notes to the consolidated financial statements of the Company. Major related party transactions between TSR and its subsidiaries, with persons/companies who/that may have conflict of interest are summarized as follows:

11.1 Details of persons and companies who/that may have conflict of interest

Persons/companies who/that may have conflict of interest, conducted business transactions with TSR and/or its subsidiaries	Nature of Business	Relationship
1. Better Dreams Co., Ltd.	Holding company	<u>As at 31 December 2017</u> <ul style="list-style-type: none"> Had a group of major shareholders in common, i.e., Changyoo Family* held 100% of registered and paid up share capital of Better Dreams Co., Ltd. Better Dreams Co., Ltd. was a major shareholder of TSR, held 25.40% of registered and paid up share capital of TSR. Had three directors in common, i.e., Ms. Theinvanee Changyoo, Ms. Savita Changyoo and Mr. Ekarat Changyoo.
2. Ideal Water Co., Ltd.	Manufacture and distribute drinking water	<u>As at 31 December 2017</u> <ul style="list-style-type: none"> Had a group of major shareholders in common, i.e., Changyoo Family* held 100% of registered and paid up share capital of Ideal Water Co., Ltd. Had two directors in common, i.e., Ms. Theinvanee Changyoo and Ms. Savita Changyoo.
3. Mr. Sahas Treetipbut	-	<ul style="list-style-type: none"> Chairman of the Board of Directors of TSR** Advisor of TSR (Information Technology)
4. Mr. Werawat Changyoo	-	<ul style="list-style-type: none"> A major shareholder of TSR <p>As at 31 December 2017, Mr. Werawat Changyoo held 18.73%, and Changyoo Group* held 65.63% of registered and paid up share capital of TSR.</p> <ul style="list-style-type: none"> Advisor of the Executive Committee
5. Ms. Theinvanee Changyoo	-	<ul style="list-style-type: none"> A shareholder of TSR <p>As at 31 December 2017, Ms. Theinvanee Changyoo held 7.05%, and Changyoo Group* held 65.63% of registered and paid up share capital of TSR.</p> <ul style="list-style-type: none"> Director/Member of the Executive Committee/ Deputy Managing Director, Business Support Group/Member of the Risk Management Committee/Company Secretary**

Persons/companies who/that may have conflict of interest, conducted business transactions with TSR and/or its subsidiaries	Nature of Business	Relationship
6. Ms. Kanittha Changyoo	-	<ul style="list-style-type: none"> A shareholder of TSR and spouse of Mr. Werawat Changyoo <p>As at 31 December 2017, Ms. Kanittha Changyoo held 0.99%, and Changyoo Group* held 65.63% of registered and paid up share capital of TSR.</p>
7. Ms. Savita Changyoo	-	<ul style="list-style-type: none"> A shareholder of TSR <p>As at 31 December 2017, Ms. Savita Changyoo held 6.61%, and Changyoo Group* held 65.63% of registered and paid up share capital of TSR.</p> <ul style="list-style-type: none"> Director/Member of the Executive Committee/Advisor of TSR (Evaluation, Monitoring and Organizational Development, since 7 September 2017)/Member of the Risk Management Committee/Member of the Nomination and Remuneration Committee
8. Mr. Ekarat Changyoo	-	<ul style="list-style-type: none"> A shareholder of TSR <p>As at 31 December 2017, Mr. Ekarat Changyoo held 6.47%, and Changyoo Group* held 65.63% of registered and paid up share capital of TSR.</p> <ul style="list-style-type: none"> Director/Chief Executive Officer/Chairman of the Executive Committee/Member of the Corporate Governance and Corporate Social Responsibility Committee/Member of the Risk Management Committee**
9. Ms. Sumana Vonggapan	-	<ul style="list-style-type: none"> Director** Advisor of TSR (Human Capital, Performance Evaluation of Management, Administration and Management Techniques)
10. Dr. Supree Wongdeeprom Ph.D.	-	<ul style="list-style-type: none"> Director** Advisor of TSR (Marketing Strategy Development, Sales Strategies, Marketing and Sales Management Techniques, Market Growth and Maintaining Market Share Strategies)
11. COL Public Company Limited	Stationery and office equipment retail store	<p><u>As at 31 December 2017</u></p> <ul style="list-style-type: none"> Had a director in common, i.e., Mr. Sahas Treetipbut
12. Internet Thailand Public Company Limited	Provide internet and information technology service, distribute computer equipment and devices	<p><u>As at 31 December 2017</u></p> <ul style="list-style-type: none"> Had a director in common, i.e., Mr. Sahas Treetipbut

Persons/companies who/that may have conflict of interest, conducted business transactions with TSR and/or its subsidiaries	Nature of Business	Relationship
13. S.S. Air Services Co., Ltd.	Provide service and distribute air conditioner, equipment and spare parts	<u>As at 31 December 2017</u> <ul style="list-style-type: none"> A shareholder of Fedders Thai Co.,Ltd. (TSR's subsidiary) S.S. Air Services Co., Ltd. held 40% of registered and paid up share capital of the subsidiary.
14. TSR Lao Co., Ltd.	Distribute water purifier, equipment and electric appliances	<u>As at 31 December 2017</u> <ul style="list-style-type: none"> A joint venture between TSR and J.B. Group, in which TSR held 49% shareholding.
15. WESU SALE Co., Ltd.	Distribute air conditioner	<u>As at 31 December 2017</u> <ul style="list-style-type: none"> Had a common director between WESU SALE Co., Ltd. and a shareholder of Fedders Thai Co., Ltd. (TSR's subsidiary).

* Additional information is available in "Listing Securities and Shareholding Structure" – Changyoo Group, Changyoo Family

** Additional information is available in "Management Structure"

11.2 Related party transactions between TSR and its subsidiaries with related persons/companies for the years ended 31 December 2016 and 2017

11.2.1 Transactions that will be consistently occurred in the future: Details of the transactions that may be regularly occurred are presented below:

11.2.1.1 Purchase/sales of goods and services

Affiliates	Description of the related party transactions	Transaction Amount (Million Baht)		Pricing Policy
		2017	2016	
1. Better Dreams Co., Ltd.	<u>Revenues from information system service</u> TSR provided information system service to Better Dreams Co., Ltd. <u>Outstanding Balances</u>	0.24 -0-	0.24 -0-	Proportionate price based on actual cost incurred
2. Ideal Water Co., Ltd.	<u>2.1 Expenses from purchase of water</u> Safe Trade International Co., Ltd. was appointed by Ideal Water Co., Ltd. as a distributor to sale water to TSR's customers. Safe Trade International Co., Ltd. purchased water from Ideal Water Co., Ltd. for selling to TSR's customers. <u>Outstanding Balances</u>	0.29 0.01	0.40 0.05	Cost plus margin
	<u>2.2 Expenses from purchase of water</u> TSR purchased water from Ideal Water Co., Ltd. for its internal use and selling to its employees. <u>Outstanding Balances</u>	0.40 0.01	1.28 0.01	Regular price as Ideal Water Co., Ltd. normally charged to Safe Trade International Co., Ltd.
	<u>Expenses on consulting services for information technology</u> TSR hired Mr. Sahas Treetipbut to provide advices on information technology management, human resources and marketing management. <u>Outstanding Balances</u>	2.40 -0-	2.40 -0-	Contract price which is regular price charged by a third party.
4. Mr. Werawat Changyoo	<u>Expenses on Advisory for the Executive Committee</u> TSR hired Mr. Werawat Changyoo as an advisor of the Executive Committee. <u>Outstanding Balances</u>	2.76 -0-	0.35 -0-	Contract price which is regular price charged by a third party.

Affiliates	Description of the related party transactions	Transaction Amount (Million Baht)		Pricing Policy
		2017	2016	
5. Ms. Sumana Vonggapan	<u>Expenses on Advisory for the Executive Committee</u> Upon request, TSR hired Ms. Sumana Vonggapan to provide advice on: 1) Human Capital Development 2) Performance Evaluation of Management 3) Administration and Management Techniques	0.08	-0-	Regular price charged by a third party.
	<u>Outstanding Balances</u>	-0-	-0-	
6. Dr. Supree Wongdeeprom Ph.D.	<u>Expenses on Advisory for the Executive Committee</u> Upon request, TSR hired Dr. Supree Wongdeeprom Ph.D. to provide advice on: 1) Marketing Strategy Development 2) Sales Strategy Development 3) Marketing and Sales Management Techniques 4) Market Growth and Maintaining Market Share Strategies	0.08	-0-	Regular price charged by a third party.
	<u>Outstanding Balances</u>	-0-	-0-	
7. COL Public Company Limited	<u>7.1 Purchase of office equipment</u> TSR purchased office equipment and stationery used for its operation.	0.12	0.15	Regular price as normally charged to other clients
	<u>Outstanding Balances</u>	0.01	0.02	
	<u>7.2 Advertising expenses</u> TSR used catalogue advertising to advertise products.	0.15	-0-	Regular price as normally charged to other clients
	<u>Outstanding Balances</u>	-0-	-0-	
	<u>7.3 Revenues from sales of goods</u> TSR sold water purifiers to COL Public Company Limited.	0.05	-0-	Cost plus margin
	<u>Outstanding Balances</u>	0.05	-0-	
8. Internet Thailand Public Company Limited	<u>8.1 Internet and device expenses</u> TSR leased the Internet and related devices from Internet Thailand Public Company Limited.	5.95	0.70	Regular price as normally charged to other clients
	<u>Outstanding Balances</u>	0.28	0.41	
	<u>8.2 Revenues from sales of goods</u> TSR sold water purifiers to Internet Thailand Public Company Limited.	0.03	-0-	Cost plus margin
	<u>Outstanding Balances</u>	0.03	-0-	

Affiliates	Description of the related party transactions	Transaction Amount (Million Baht)		Pricing Policy
		2017	2016	
9. TSR Lao Co., Ltd.	<u>Revenues from sales of goods</u> TSR sold water purifiers to TSR Lao Co., Ltd.	9.17	-0-	Cost plus margin
	<u>Outstanding Balances</u>	2.34	-0-	
10. WESU SALE Co., Ltd.	<u>Revenues from sales of goods</u> Fedders Thai Co., Ltd. sold water purifiers to WESU SALE Co., Ltd.	5.10	7.15	Cost plus margin
	<u>Outstanding Balances</u>	-0-	-0-	

11.2.1.2 Acquisition and disposal of fixed assets

-None-

11.2.1.3 Land and building rental

Affiliates	Description of the related party transactions	Transaction Amount (Million Baht)		Pricing Policy
		2017	2016	
1. Better Dreams Co., Ltd.	<u>1.1 Revenues from office rental</u> TSR gave its head office for rent to Better Dreams Co., Ltd.	0.16	0.16	Comparable to market price in the vicinity
	<u>Outstanding Balances</u>	-0-	-0-	
	<u>1.2 Revenues from factory rental</u> TSR gave its factory for rent to Better Dreams Co., Ltd.	0.08	0.08	Comparable to market price in the vicinity
	<u>Outstanding Balances</u>	-0-	-0-	
2. Ideal Water Co., Ltd.	<u>Revenues from factory rental</u> TSR gave its factory for rent to Ideal Water Co., Ltd.	0.12	0.12	Comparable to market price in the vicinity
	<u>Outstanding Balances</u>	-0-	-0-	

11.2.2 Transactions that will no longer arise in the future

The Group has no plan to conduct the following transactions, which occurred prior to IPO, in the future. In case the Group is required to conduct such transactions, it is mandatory to obtain the Audit Committee's approval prior to execution. Details of the transactions are as follows:

11.2.2.1 Guarantees for borrowings from financial institutions/loan creditors

Guarantees for the Group's credit facilities from various financial institutions/loan creditors are presented below:

Affiliates	Description of the related party transactions	Transaction Amount (Million Baht)		Pricing Policy
		2017	2016	
1. Mr. Werawat Changyoo	Domestic short-term and long-term borrowings of TSR were guaranteed by Mr. Werawat Changyoo.	940.30	940.30	Under regular terms and conditions of borrowings from financial institutions. The guarantor did not receive any compensation for such guarantees.
2. Ms. Theinvanee Changyoo	TSR's hire purchase agreements for vehicles were guaranteed by Ms. Theinvanee Changyoo. (Principal amount at the agreement date)	1.12	5.20	Under regular terms and conditions of borrowings from financial institutions. The director did not receive any compensation for such guarantees.

11.2.2.2 Borrowings

Affiliates	Description of the related party transactions	Transaction Amount (Million Baht)		Pricing Policy
		2017	2016	
1. S.S. Air Services Co., Ltd.	Borrowings	0.40	-0-	Interest rate as stated in the agreement which is similar to regular terms and conditions of borrowings from financial institutions.
	(Unit: Million Baht)			
	1 JAN 2017			
	Additional borrowings			
	Repayment			
	31 DEC 2017			
	Interest expenses	-0-	-0-	

11.3 Necessity of and justification for connected transactions

In case the Company or a subsidiary enters into any contracts, or any connected transactions occur among the Company, the subsidiaries and/or third parties. The Company will consider whether the transactions are necessary. Procedures for consideration, review, approval and disclosure of the connected transactions have been established in accordance with the related laws, notifications, regulations and practice guidelines of the regulators. The transactions will be conducted transparently, reasonably, fairly, and as normal business transactions at Arm's Length Basis, in compliance with corporate governance practices, necessity of entering into any contracts, and are aimed at the Company's benefits.

Regarding normal business transactions and transactions to support the Company's business, with general business terms and conditions, the internal auditor has a duty to review and prepare a report to the Audit Committee, on a quarterly basis, for consideration in terms of appropriateness and reasonableness of the transactions.

Regarding non-normal business transactions and other related party transactions, i.e., office rental and financial support, the Company has a policy to propose such transactions to the Board of Directors for approval. The Audit Committee shall provide their opinions in regard to the justification and the necessity of such transactions before the Company can proceed with such transactions.

11.4 Measurement or procedure for approval of connected transactions

The Company sets procedure for approval of connected transactions in compliance with the securities and stock exchange laws, as well as the rules, regulations, notifications of the Securities and Exchange Commission and the Stock Exchange of Thailand. A director or an individual who has interest or may have potential conflict of interest in any connected transactions, shall have no right to vote on approval of the transaction.

11.5 Policies or potential to incur connected transactions in the future

For any potential connected transactions, directors shall comply with relevant rules. A director has no right to have a vote on approval of any transaction that he/she may have potential conflict of interest. In addition, the director is required to self declare to the Board of Directors if there is any transaction that he/she may have conflict of interest.

In case the Audit Committee shall provide their opinions in regard to the appropriateness of the connected transactions that the members of the Audit Committee have no expertise in those particular transactions, the Company will seek opinions from independent experts, e.g., an auditor, an independent asset appraiser. The opinions from the independent experts shall be used as part of a decision making process of the Board of Directors and/or shareholders, whichever the case may be, in order to ensure that the connected transactions are not intended to transfer benefits to other company or individual, and that they are aimed at maximizing the benefits for all shareholders.

- Normal transactions or transactions aimed at supporting the Company's core business, with general trade terms and conditions, include services, sale and purchases of products. The Company has a policy to set terms and conditions of connected transactions based on the normal trading at the market prices. The prices are comparable to the prices offered to third parties and all parties seriously follow the terms and conditions in the agreement. The pricing and conditions are transparently and fairly set, not enabling anyone to exchange or transfer benefits. The internal auditor is in charge of reviewing the information and completing a report to be submitted to the Audit Committee. The report shall indicate the appropriateness of the prices and the justification of the transactions on a quarterly basis.
- Normal transactions and transactions aimed at supporting the Company's core business, without general trade terms, and other related transactions include leases of offices and financial support, e.g., borrowing, guaranteeing and etc. The Company has a policy to propose such transactions to the Board of Directors' meetings for approval. The Audit Committee shall present in the meeting and provide their opinions in regard to the justification and the necessity of such transactions before the Company can proceed with such transactions. In addition, the Company shall comply with relevant laws about securities and the stock market and the rules, notifications, orders or regulations of the Stock Exchange of Thailand. The Company also follows the rules relating to disclosure of connected transactions and the acquisitions and disposal of major assets of the Company or subsidiaries (if any). The Company also complies with the accounting standard in regard to the disclosure of information relating to individuals or connected transactions; the accounting standard is announced by Federation of Accounting Professions. The Company discloses the connected transactions in the note to financial statements of the Company as well as in the 56-1 form and the annual report.

The future connected transactions will include those aimed at supporting the Company's core business transactions, e.g., selling and buying products. Also, in the future the Company may need to provide further assistance to its subsidiaries in terms of the deposit guaranteeing and/or lending. Any potential transactions shall be completed with transparency and strictly in compliance with the regulations of the Securities and Exchange Commission, the Stock Exchange of Thailand and other agencies.

12. Financial Highlight

12.1 Financial Statements

12.1.1 Auditor's opinion

Auditor's report on financial statements of Thiensurat Public Company Limited and its subsidiaries for the year ended 31 December 2017 is presented below.

Financial Statements for the Year Ended 31 December 2017

Auditor

Mr. Termphong Opanaphan
CPA (Thailand) Registration No. 4501
EY Office Limited

Opinion

The auditor is of the opinion that the Company's financial statements present fairly, in all material respects, the financial position of the Company, its financial performance and cash flows in accordance with the Thai financial reporting standards.

12.1.2 Financial Summary

Thiensurat group ("the Group") comprises Thiensurat Public Company Limited ("the Company") and its subsidiaries, i.e. Safe Trade International Company Limited, Fedders Thai Company Limited and Thiensurat Leasing Company Limited ("its subsidiaries").

The Company entered into a joint venture agreement to establish TSR Lao Company Limited in the Lao People's Democratic Republic which was registered on 16 December 2016 to engage in the distribution of water purifier, related products and electric appliances. The Company holds 49 percent of share capital of that company amounting to Baht 17.1 million.

On 17 January 2017, the Company paid up the share capital of Baht 13.8 million. The remainder of Baht 3.3 million has not been called for payment.

Consolidated financial statements of the Group for the years ended 31 December 2015 – 2017 are presented as follows:

(1) STATEMENTS OF FINANCIAL POSITION

Assets	Consolidated financial statements as of 31 December					
	2017		2016*		2015*	
	Million Baht	%	Million Baht	%	Million Baht	%
<u>Current Assets</u>						
Cash and cash equivalents	32.57	2.2	101.40	5.4	33.63	2.1
Trade and other receivables	23.77	1.6	24.45	1.3	24.21	1.5
Current portion of hire purchase receivables	611.21	41.3	903.76	48.5	495.50	31.3
Current portion of loan receivables	1.35	0.1	-	-	-	-
Current portion of receivables under right transfer agreements	3.47	0.2	3.92	0.2	5.72	0.4
Inventories	158.51	10.7	161.02	8.7	152.84	9.7
Other current assets	27.69	1.9	18.28	1.0	30.25	1.9
Total current assets	858.57	58.0	1,212.83	65.1	742.15	46.9
<u>Non-current assets</u>						
Restricted bank deposits	2.89	0.2	18.70	1.0	21.80	1.4
Hire purchase receivables – long-term portion	9.04	0.6	9.43	0.5	254.54	16.1
Loan receivables – long-term portion	1.06	0.1	-	-	-	-
Receivables under right transfer agreements – long-term portion	4.16	0.3	4.63	0.3	3.96	0.2
Investment in joint venture	13.78	0.9	-	-	-	-
Investment properties	58.70	4.0	58.78	3.2	58.85	3.7
Property, plant and equipment	471.03	31.8	499.88	26.8	462.10	29.2
Intangible assets	35.84	2.4	25.05	1.3	16.88	1.1
Deferred tax assets	17.99	1.2	26.55	1.4	17.99	1.1
Other non-current assets	8.25	0.5	8.23	0.4	5.27	0.3
Total non-current assets	622.74	42.0	651.25	34.9	841.39	53.1
Total assets	1,481.31	100.0	1,864.08	100.0	1,583.54	100.0

Liabilities and shareholders' equity	Consolidated financial statements as of 31 December					
	2017		2016*		2015*	
	Million Baht	%	Million Baht	%	Million Baht	%
<u>Current liabilities</u>						
Bank overdrafts and short-term loans from financial institutions	129.91	8.8	596.92	32.0	378.06	23.9
Short-term loan from related party	0.40	0.0	-	-	-	-
Trade and other payables	97.30	6.6	102.83	5.5	86.02	5.4
Current portion of liabilities under finance lease agreements	28.65	1.9	28.22	1.5	29.69	1.9
Current portion of long-term loans	12.27	0.8	21.83	1.2	21.60	1.4
Income tax payable	8.44	0.6	9.29	0.5	30.52	1.9
Other current liabilities	16.39	1.1	25.57	1.4	12.57	0.8
Total current liabilities	293.36	19.8	784.66	42.1	558.46	35.3
<u>Non-current liabilities</u>						
Liabilities under finance lease agreements – long term portion	36.56	2.5	53.92	2.9	46.25	2.9
Long term loans – long term portion	9.70	0.7	19.27	1.0	41.12	2.6
Deferred tax liabilities	3.45	0.2	1.64	0.1	0.53	0.1
Provision for long-term employee benefits	16.88	1.1	22.27	1.2	21.26	1.3
Total non-current liabilities	66.59	4.5	97.10	5.2	109.16	6.9
Total liabilities	359.95	24.3	881.76	47.3	667.62	42.2
<u>Shareholders' equity</u>						
Share capital – registered						
662 million ordinary shares of Baht 1 each	662.20		662.20			
602 million ordinary shares of Baht 1 each					602.00	
Issued and fully paid share capital						
517 million ordinary shares of Baht 1 each	516.73	34.9				
467 million ordinary shares of Baht 1 each			467.18	25.1		
401 million ordinary shares of Baht 1 each					401.33	25.4
Share premium	268.34	18.1	227.80	12.2	206.77	13.1
Premium on share-based payments	10.25	0.7	10.25	0.6	10.25	0.6
Difference of changes in investment proportion in a subsidiary	(1.35)	(0.1)	(1.35)	(0.1)	(1.35)	(0.1)
Retained earnings						
Appropriated – statutory reserve	26.00	1.7	21.63	1.2	17.59	1.1
Unappropriated	294.33	19.9	246.84	13.2	269.85	17.0
Equity attributable to owners of the Company	1,114.30	75.2	972.35	52.2	904.44	57.1
Non-controlling interests of the subsidiaries	7.06	0.5	9.97	0.5	11.48	0.7
Total shareholders' equity	1,121.36	75.7	982.32	52.7	915.92	57.8
Total liabilities and shareholders' equity	1,481.31	100.0	1,864.08	100.0	1,583.54	100.0

(2) STATEMENTS OF COMPREHENSIVE INCOME

Performance	Consolidated financial statements for the years ended 31 December					
	2017		2016*		2015*	
	Million Baht	%	Million Baht	%	Million Baht	%
<u>Revenues</u>						
Sales	1,431.69	86.8	1,607.62	87.6	1,452.19	89.8
Hire purchase interest income	217.63	13.2	228.53	12.4	165.09	10.2
Income from loan receivables	0.24	0.0	-	-	-	-
Total revenues	1,649.56	100.0	1,836.15	100.0	1,617.28	100.0
<u>Costs</u>						
Cost of sales	(400.42)	(24.3)	(421.59)	(23.0)	(356.66)	(22.1)
Total costs	(400.42)	(24.3)	(421.59)	(23.0)	(356.66)	(22.1)
Gross profit	1,249.14	75.7	1,414.56	77.0	1,260.62	77.9
Other income	43.82	2.7	28.41	1.6	28.47	1.8
Profit before expenses	1,292.96	78.4	1,442.97	78.6	1,289.09	79.7
<u>Expenses</u>						
Selling expenses	(595.00)	(36.1)	(666.30)	(36.3)	(610.54)	(37.8)
Administrative expenses	(427.89)	(25.9)	(416.38)	(22.7)	(367.36)	(22.7)
Bad debts and doubtful accounts	(159.45)	(9.7)	(235.29)	(12.8)	(118.46)	(7.3)
Total expenses	(1,182.34)	(71.7)	(1,317.97)	(71.8)	(1,096.36)	(67.8)
Profit before finance cost and income tax expenses	110.62	6.7	125.00	6.8	192.73	11.9
Finance cost	(16.03)	(1.0)	(25.56)	(1.4)	(10.46)	(0.6)
Share of profit from investment in joint venture	0.01	0.00	-	-	-	-
Profit before income tax expenses	94.60	5.7	99.44	5.4	182.27	11.3
Income tax expenses	(20.14)	(1.2)	(20.36)	(1.1)	(37.21)	(2.3)
Profit for the year	74.46	4.5	79.08	4.3	145.06	9.0
Other comprehensive income (expenses)						
<i>Not to be reclassified to profit or loss in subsequent periods</i>						
Actuarial gain (loss) – net of income tax	5.50	0.3	-	-	(2.60)	(0.2)
Total comprehensive income for the years	79.96	4.8	79.08	4.3	142.46	8.8

Remark: *Certain amounts in the financial statements of 2016 and 2015 have been reclassified to conform to 2017 classification.

Performance (continued)	Consolidated financial statements for the years ended 31 December		
	2017	2016	2015
	Million Baht	Million Baht	Million Baht
Profit attributable to			
Equity holders of the Company	77.37	80.59	145.95
Non-controlling interests of the subsidiaries	(2.91)	(1.51)	(0.89)
Total comprehensive income attributable to			
Equity holders of the Company	82.87	80.59	143.35
Non-controlling interests of the subsidiaries	(2.91)	(1.51)	(0.89)
Basic earnings per share			
Profit attributable to equity holders of the Company (Baht)	0.16	0.18	0.33
Number of weighted average of ordinary shares (Million shares)**	496.10	456.40	441.47
Diluted earnings per share			
Profit attributable to equity holders of the Company (Baht)	0.13	0.11	0.33
Number of weighted average of ordinary shares (Million shares)**	602.51	766.22	441.47

Remarks: **In 2016, the Company increased registered share capital for reserving share dividend of 40.13 million shares. Therefore, the Company retroactively adjusted number of weighted average of ordinary shares for 2015 earnings per share calculation.

(3) STATEMENTS OF CASH FLOWS

Operating Activities	Consolidated financial statements for the years ended 31 December		
	2017	2016	2015
	Million Baht	Million Baht	Million Baht
<u>Cash flows from operating activities</u>			
Profit before tax	94.60	99.44	182.26
Adjustments to reconcile profit before tax to net cash provided by (paid from):			
Operating activities			
Depreciation and amortization	52.39	45.16	31.61
Bad debts and doubtful accounts	159.45	235.29	118.46
Reduce cost of inventories to net realizable value (reversal)	1.02	(1.95)	1.58
Allowance for goods returned (reversal)	(0.36)	(0.54)	1.03
Share of gain from investment in joint venture	(0.01)	-	-
Written off intangible assets	-	-	1.00
Loss (gain) on sales of equipment	(1.06)	(1.03)	0.45
Provision for long-term employee benefits	1.72	3.79	1.27
Finance cost	16.03	25.56	10.39
Profit from operating activities before changes in operating assets and liabilities	323.78	405.72	348.05
Operating assets (increase) decrease			
Trade and other receivables	0.62	(0.18)	(10.78)
Hire purchase receivables	134.84	(397.96)	(503.98)
Loan receivables	(2.41)	-	-
Receivable under right transfer agreements	0.92	1.14	14.99
Inventories	1.49	(6.24)	(94.57)
Other current assets	(10.31)	11.96	(13.08)
Other non-current assets	(0.02)	(2.96)	6.90
Operating liabilities increase (decrease)			
Trade and other payables	(3.64)	14.08	18.59
Other current liabilities	(9.18)	13.00	1.80
Provision for long-term employee benefits	(0.24)	(2.78)	-
Cash from (used in) operating activities	435.85	35.78	(232.08)
Cash paid for interest expenses	(16.06)	(25.61)	(10.36)
Cash paid for income tax	(12.00)	(49.05)	(27.37)
Net cash flows from (used in) operating activities	407.79	(38.88)	(269.81)

Investing and Financing Activities	Consolidated financial statements for the years ended 31 December		
	2017	2016	2015
	Million Baht	Million Baht	Million Baht
<u>Cash flows from investing activities</u>			
Decrease in restricted bank deposits	15.82	3.10	74.41
Decrease in current investments	-	-	20.00
Cash paid for investment in joint venture	(13.77)	-	-
Net cash receipt from investment in a subsidiary	-	-	15.52
Acquisition of property, plant and equipment	(15.70)	(55.67)	(67.72)
Acquisition of intangible assets	(13.45)	(4.64)	(7.06)
Proceeds from sales of equipment	1.51	1.35	0.52
Net cash flows from (used in) investing activities	(25.59)	(55.86)	35.67
<u>Cash flows from financing activities</u>			
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(467.01)	218.86	356.80
Repayment of liabilities under finance lease agreements	(22.17)	(24.33)	(29.37)
Cash receipt from short-term loan from related party	0.40	-	-
Repayment of short-term loans from related parties	-	-	(6.00)
Repayment of short-term loans from others	-	-	(9.00)
Cash receipt from long-term loans	-	-	6.00
Repayment of long-term loans	(19.14)	(21.62)	(23.83)
Cash receipt from share capital issued as a result of warrants exercise	90.08	46.75	-
Dividend paid	(33.19)	(57.15)	(46.84)
Cash receipt from non-controlling interests of a subsidiary for investment in a subsidiary	-	-	11.83
Net cash flows from (used in) financing activities	(451.03)	162.51	259.59
Net increase (decrease) in cash and cash equivalents	(68.83)	67.77	25.45
Cash and cash equivalents at the beginning of the year	101.40	33.63	8.18
Cash and cash equivalents at end of the year	32.57	101.40	33.63

(4) FINANCIAL RATIOS

Financial Ratios	Unit	Consolidated financial statements for the years ended 31 December		
		2017	2016*	2015*
<u>Liquidity Ratios</u>				
Liquidity ratio	Time	2.93	1.55	1.33
Quick ratio	Time	2.29	1.32	1.00
Liquidity of cash flow from operation	Time	0.76	(0.06)	(0.75)
Account receivable turnover	Time	1.89	1.96	2.62
Average collection period	Day	190.32	183.84	137.17
Inventory turnover	Time	6.31	8.44	11.43
Average sale period	Day	57.09	42.66	31.49
Account payable turnover	Time	11.41	12.29	14.13
Average payment period	Day	31.55	29.30	25.48
Cash cycle	Day	215.96	197.20	143.18
<u>Profitability Ratios</u>				
Gross profit margin	%	75.73	77.04	77.95
Operating profit margin	%	3.08	3.87	9.51
Cash to profitability	%	803.08	(54.73)	(175.43)
Realized interest under hire purchase ratio	%	28.73	32.66	38.40
Interest rate paid (Borrowings)	%	3.42	4.13	3.07
Interest spread	%	25.31	28.53	35.34
Net profit margin	%	4.51	4.31	8.97
Return on equity	%	7.08	8.33	16.83
<u>Efficiency Ratios</u>				
Return on assets	%	4.45	4.59	10.88
Return on fixed assets	%	26.13	25.83	41.60
Asset turnover	Time	0.99	1.07	1.21
<u>Financial Ratios</u>				
Debt to equity	Time	0.32	0.90	0.73
Interest bearing debt to equity	Time	0.19	0.73	0.56
Interest coverage	Time	27.69	0.28	(21.23)
Cash flow coverage	Time	0.72	0.65	1.03
Dividend payout	%	82.75	63.57	61.94

Remarks: * Financial ratios of 2016 and 2015 are calculated based on the reclassified financial statements to be comparable to that of 2017.

13. Management Discussion and Analysis

13.1 Management Discussion and Analysis of Financial Position and Operating Results

13.1.1 Overview of Operating Results

The Group engages in manufacturing and distribution of water purifier business and distribution of home electric appliances of which the main distribution channel is direct sales. The direct sales include cash sales and installment sales. In addition, in 2017 Thiensurat Leasing Co., Ltd., a subsidiary, has started to operate retail loan business, and generated interest income from loan receivables. Therefore, revenues of the Group can be categorized into 3 main types: revenues from sales, hire purchase interest income, and income from loan receivables. In 2017, revenues of the Group decreased due to the fact that Thailand's economic slowdown since end of 2016 affected in consumer spending. Furthermore, the Group's more stringent measures of credit approval policy caused the drop in revenues as well. However, problem in quality of drinking water and water for household use, health trends, as well as demands of electric appliances, the Group's products still on customers' demand. As a result, the Group's operations have been reported total revenues of Baht 1,649.56 million - decreased from last year, but the Group could maintain net profit of Baht 77.37 million due to measures of expense control (Net Profit represents the net profit attributable to equity holders of the Company).

In 2017, the Group continues its marketing strategy by expanding distribution channels for direct sales, modern trade as well as dealers. The Group has deployed Mobile Application to be used in selling and collection processes to increase efficiency. In terms of products, the Group's drinking water purifiers are suitable for all customers' lifestyles and can be used for the treatment of all water quality. In addition to water purifier for drinking water, the Group distributes water purifier for regular usage to satisfy customers' needs in order to cope with water quality problem. As for electric appliances namely air conditioner, water heater, television and washing machine, etc., saw a substantial increase in sales volume resulting from selling through telemarketing sales which focus on up-sell and cross-sell to existing customers. Moreover, the Group has increased market penetration through social network and on-line marketing including Line, Facebook, Lazada, etc. Together with PONSaBUY Program, sales of electric appliances instantly increased. In addition, with the strong functions, the Group expands its business to financial services by investing in a new subsidiary, which obtained a supervised personal loan business license from Ministry of Finance in Quarter 4 of 2016, and started its operation in 2017. Furthermore, the Company expands its business to nearby countries by entering into a joint venture agreement with a group of companies in the Lao People's Democratic Republic. The first shipment of water purifier was exported to the Lao People's Democratic Republic in Quarter 1 of 2017. Moreover, in 2017 the Company has appointed the distributor of water purifier in Cambodia. The first shipment of goods exported to Cambodia was in Quarter 3 of 2017.

In terms of products, the Company continues to invest in product research and development for improving our water purifier products by converting purified water into Alkaline water (the Company has registered patents and petty patents with the Department of Intellectual Property, Ministry of Commerce, eligible for 4 to 5-year term protection) and contains minerals which are necessary for body. The Company continually improve product quality as well as design, and utilize technology for comfort use.

13.1.2 Analysis of Operating Results

Certain amounts in the financial statements as of 31 December 2015 and 2016 have been reclassified to conform to the current period's classification. The reclassifications had no effect to previously reported profit or shareholders' equity.

Sales

The Group derives its sale revenues from 2 major types of revenues, which are revenues from direct sales in terms of both cash sales and installment sales, and revenues from distributing products through a leading direct sale company.

For 2015, 2016 and 2017, the Group earned total revenues (revenues from sales of goods, hire purchase interest income and income from loan receivables) amounting to Baht 1,617.28 million, Baht 1,836.15 million, and Baht 1,649.56 million, respectively. Comparing between 2016 and 2017, total revenues decreased by Baht 186.59 million from previous year or dropped by 10.16% year-on-year. Total revenues consisted of revenue from sales of goods amounting to Baht 1,431.69 million, a decrease of Baht 175.93 million or 10.94%; hire purchase interest income including income from loan receivables of Baht 217.87 million, a decrease of Baht 10.66 million, or decreased by 4.66%. Economic slowdown since end of 2016 as well as more stringent measures of credit approval policy caused the decrease in sales of water purifiers. On the other hand, customers' demands on electric appliances, and PONSaBUY Program boosted the proportion of electric appliances sales volume.

Sales by distribution channels are presented below.

Sales	For the Years Ended 31 December					
	2017		2016		2015	
	Million Baht	%	Million Baht	%	Million Baht	%
Direct Sales						
- Cash Sales ^(a)	145.72	10.2	148.46	9.2	140.36	9.7
- Installment Sales	1,229.36	85.9	1,389.33	86.5	1,241.33	85.5
Total Direct Sales	1,375.08	96.1	1,537.79	95.7	1,381.69	95.2
Distribution through a leading direct sale company	56.61	3.9	69.83	4.3	70.50	4.8
Total Sales	1,431.69	100.0	1,607.62	100.0	1,452.19	100.0

(a) Include sales through Modern Trade and Dealers

The Group's revenues mainly derived from direct sales, contributing about 95% of total revenues from sales of goods.

Details of revenues from major distribution channels are as follows:

(1) Revenues from direct sales

The revenue was primarily from direct sales by installment payment. In 2017, revenue from direct sales by installment payment was Baht 1,229.36 million whereas revenue from direct sales by cash payment was Baht 145.72 million.

(2) Revenues from distribution through a leading direct sale company

The Company manufactures and distributes products through a leading direct sale company. Revenues from this channel of 2015, 2016 and 2017 were Baht 70.50 million, Baht 69.83 million and Baht 56.61 million, respectively. The Company has been trusted in the product quality and service, resulting in continually getting purchase orders from this company.

Comparing sales by product groups, revenues from sales of water purifier products in 2015, 2016 and 2017 were Baht 1,201.57 million, Baht 1,286.83 million and Baht 1,119.79 million, respectively. For 2017, the revenue from sales of water purifier decreased Baht 167.04 million from previous year or dropped by 12.98% year-on-year due to more stringent measures of credit approval policy.

The revenues from sales of replacement filter in 2015, 2016 and 2017 were Baht 179.54 million, Baht 180.16 million, and Baht 130.24 million, respectively. For 2017, the revenues from sales of the replacement filter decreased by Baht 49.92 million from previous year or dropped by 27.71% year-on-year, caused by the Company's policy to increase the warranty period for replacement filter resulting in less replacement requested from the customers.

The Company has started to sell air conditioning units in Quarter 4 of 2014, and offered a greater variety of electric appliances, e.g., water heater, television, washing machine, etc. Therefore, the revenues from sales of electric appliances and others have a substantial growth in 2017, amounting to Baht 181.66 million.

For 2017, revenues by products are shown below:

Revenues by Products	Amount <i>(Million Baht)</i>	%
Water purifier	1,119.79	78.2
Replacement filter	130.24	9.1
Electric appliances and others	181.66	12.7
Total	1,431.69	100.0

Cost of sales

Costs of sales comprised raw material costs, labor costs of production staff, manufacturing overhead and other costs. The costs of sales for 2015, 2016 and 2017 were Baht 356.66 million, Baht 421.59 million, and Baht 400.42 million, and cost of sales to total revenues ("Cost to sales revenue ratio") were 22.05%, 22.96% and 24.27%, respectively. Cost of sales for 2017 decreased from previous year of Baht 21.17 million, or 5.02%, in line with sales decrease. Cost to sales revenue ratio increased from previous year due to increases in sales proportion of electric appliances which have higher cost to sales revenue ratio compared to water purifier products of the Group.

Finance costs

Finance costs were interest expenses on loans. The Group utilized a working capital loan, as part of its funding, to operate its hire purchase business, together with funds from collections from customers. Therefore, in addition to the cost of sales, the finance costs were considered another main cost of the Group's operations. Categorized by purposes of use, finance costs comprised costs of working capital loans for operating activities, and costs of long-term borrowings used for investing activities. Total finance costs of 2015, 2016 and 2017 were Baht 10.46 million, Baht 25.56 million, and Baht 16.03 million, respectively.

Compared to 2016 and 2017, the finance costs of 2015 was lower because the Group had higher liquidity from IPO proceeds in 2014, and it used the proceeds for repayment of short-term loans, used for investment and working capital, which was the purpose of the IPO. In addition, the Company gradually made repayment of long-term loans. As a result, the interest was decreased in line with the reduction in principals of loans. In 2016, the Company had cash receipt of Baht 46.75 million, from share capital issued as a result of warrant exercise. However, the Company had higher finance

costs aligned with sales increase. As a consequence of the sales increase, the Company required higher working capital and additional investment for business expansion, e.g. construction of a new factory, development of Information Technology System, expansion of branches and service centers in upcountry, and investment in subsidiaries, etc. In 2017, the Company had cash receipt of Baht 90.08 million, from share capital issued as a result of warrant exercise. This made the Company had more liquidity, and made repayments of short-term and long-term loans from financial institutions. Therefore, the finance cost of 2017 decreased from those of 2016.

Selling expenses

Selling expenses were fundamental expenses to the Group's business, which was driven by direct sales. Key items of selling expenses comprised employees' compensation namely commission, travelling expenses, allowances, etc. The selling expenses of 2015, 2016 and 2017 were Baht 610.54 million, Baht 666.30 million and Baht 595.00 million, respectively. The proportions of selling expenses to total revenues were decreasing (2015: 37.75%, 2016: 36.29%, 2017: 36.07%). This showed the Company's ability to efficiently maintain the selling expenses at appropriate level.

Doubtful accounts and bad debts

In terms of credit control and inspection, the Company has established the Credit Department in order to assess the customers' ability to pay, and to collect installment from the customers. Moreover, the Company has policy that sales staff are required to share losses from uncollectible debts by deducting staff's remuneration. This is a measure to mitigate risk and reduce impact from uncollectible debts. This aimed to raise conservative sale quality awareness of the Company's sales staff.

The Company set up allowance for doubtful accounts for delinquency, based on the estimation of uncollectible debts taking into account past experience in debt collection, management's consideration on analysis of each doubtful account. The basis for calculation of allowance for doubtful accounts was based on aging of receivables. (Additional information is available in the table of accounting policy on allowance for doubtful accounts of hire purchase receivable). The Company will record bad debts for overdue debts of more than 3 consecutive installments. The debtors will be contacted by the Company's staff and will receive warning notices from the Company's Legal Department before the accounts are written off and recorded as bad debts. The Company will then process for further legal actions against bad debtors.

Bad debts and allowance for doubtful accounts recorded for 2015, 2016 and 2017 were Baht 118.46 million, Baht 235.29 million and Baht 159.45 million, respectively. The amounts have been increasing and decreasing each year in line with sales and accounts receivable. The Company has established more prudent credit approval policy, and increased stringency in credit approval processes to ensure quality of debt management. The credit approval process was strictly monitored by the Company's Credit Department. In addition, according to the Company's policy, commissions will be recalled from sales staff on uncollectible debts. Such policy has been consistently reviewed on a regular basis and revised as necessary in order to suit current situations.

Other incomes

Other incomes were income derived from other sources than sales of main products. Majority of the other incomes was from sales of plastic scrap, premium gift and bad debt recoveries. The Group has recorded other income for 2015, 2016 and 2017 at Baht 28.47 million, Baht 28.41 million and Baht 43.82 million, respectively.

Administrative expenses

Administrative expenses included employees' expenses, depreciation, utility expenses, etc. Administrative expenses of the Group for 2015, 2016 and 2017 were Baht 367.36 million, Baht 416.38 million and Baht 427.89 million, respectively. The increase in administrative expenses mainly consisted of employee expenditures due to an increase in member of staff for business expansion; a growth in depreciation due to the development of information technology and an increase in office building and equipment. In summary, the increase in administrative expenses was due to activities to support business expansion.

Net profit

The Group generated net profits of Baht 145.95 million, Baht 80.59 million, and Baht 77.37 million. Compared to 2016, the Group's net profit decreased of Baht 3.22 million, or 4.00%. A decrease in net profit of 2017 was due to a decrease of total revenues, as well as an increase of administrative expenses to prepare for business expansion in terms of human capital and equipment. The net profit ratios, calculated from The net profits presented in the consolidated financial statements, were 8.97%, 4.31% and 4.51%, for 2015, 2016 and 2017, respectively.

Extraordinary (non-recurring items)

In 2017, the Group recorded actuarial gain on employee benefit plan of Baht 5.50 million (net from income tax effect). This item was presented in "Shareholders' Equity" and "Other Comprehensive Income" that had not been reclassified to profit or loss of 2017.

13.1.3 Financial Position Analysis

13.1.3.1 Assets

Total assets of the Group as at 31 December 2015, 2016 and 2017 were Baht 1,583.54 million, Baht 1,864.08 million and Baht 1,481.31 million, respectively. Majority of assets were hire purchase receivables, property, plant and equipment ("PPE"), and inventories. The accounts receivable from hire purchase came from customers of direct sales by installment payment, which was the main revenue of the Group. The PPE was from investment of manufacturing factory, office building, and intangible assets for preparation of business expansion. Inventories were procured and produced to store at the optimum level to satisfy the customers' demand. All measures as mentioned, are prepared for business expansion.

Proportions of current assets to total assets are presented in the table below:

Assets (Million Baht)	2017	2016	2015
Total assets	1,481.31	1,864.08	1,583.54
Current assets	858.57	1,212.83	742.15
Proportions of current assets to total assets (%)	57.96	65.06	46.87

The proportion of current assets to total assets of 2016 increased due to increases in hire purchase receivables and inventories for new model production. The increases aligned with the sales increase in 2016. For 2017, the proportion of current assets to total assets decreased from 2016, because hire purchase receivables decreased as a result of more stringent measures of credit approval policy.

Hire purchase receivables

Hire purchase receivables (net) were receivables from installment sales (net of deferred interest, deferred output tax, allowance for doubtful accounts and allowance for goods returned) which had the highest proportion in current assets. As at 31 December 2015, 2016 and 2017, the Group had net hire purchase receivables of Baht 750.04 million, Baht 913.19 million and Baht 620.25 million, respectively.

Adequacy of allowance for doubtful accounts

Major portion of the Group's accounts receivable was hire purchase receivables from sales of water purifiers and electric appliances. The Group's policy on allowance for doubtful accounts for uncollectible debts is as follows:

Water Purifier: Accounting policy on allowance for doubtful accounts of hire purchase receivables

Delinquency	% of Allowance for doubtful accounts		
	2017	2016	2015
Current	2.5	2.5	2.5
Overdue 1 installment	6	6	6
Overdue 2 installments	30	30	30
Overdue 3 installments	50	50	50
Overdue exceeding 3 installments	50 and 100*	100	100

*Rate of allowance for doubtful accounts of 50 percent is for non-consecutive delinquency over 3 installments and 100 percent for consecutive delinquency over 3 installments.

Electric Appliances: Accounting policy on allowance for doubtful accounts of hire purchase receivables

Delinquency	% of Allowance for doubtful accounts		
	2017	2016	2015
Current	1	2.5	2.5
Overdue 1 installment	2	6	6
Overdue 2 installments	10	30	30
Overdue 3 installments	20	50	50
Overdue 4 installments	30	100	100
Overdue 5 installments	40	100	100
Overdue 6 installments	50	100	100
Overdue exceeding 6 installments	50 and 100*	100	100

*Rate of allowance for doubtful accounts of 50 percent is for non-consecutive delinquency over 6 installments and 100 percent for consecutive delinquency over 6 installments.

Aging of hire purchase receivables (net of deferred interest and deferred tax) and allowance for doubtful accounts as at 31 December 2015 - 2017 are presented in the below table:

Water Purifier

Hire purchase receivables	Hire purchase receivable as at						Allowance for doubtful accounts					
	31 December 2017		31 December 2016		31 December 2015		31 December 2017		31 December 2016		31 December 2015	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Current	447.42	79.36	710.13	75.76	639.74	82.49	11.29	2.5	17.82	2.5	16.02	2.5
Overdue 1 installment	49.24	8.73	106.86	11.40	67.89	8.75	2.95	6	6.41	6	4.07	6
Overdue 2 installments	21.33	3.78	44.63	4.76	27.58	3.56	6.40	30	13.39	30	8.27	30
Overdue 3 installments	15.42	2.74	30.74	3.28	17.06	2.20	7.71	50	15.37	50	8.53	50
Overdue exceeding 3 installments	30.39	5.39	45.04	4.80	23.27	3.00	25.26	50 and 100*	45.05	100	23.27	100
Total	563.80	100.00	937.40	100.00	775.54	100.00	53.61		98.04		60.17	

*Rate of allowance for doubtful accounts of 50 percent is for non-consecutive delinquency over 3 installments and 100 percent for consecutive delinquency over 3 installments.

Electric Appliances

Hire purchase receivables	Hire purchase receivable as at						Allowance for doubtful accounts**					
	31 December 2017		31 December 2016		31 December 2015		31 December 2017		31 December 2016		31 December 2015	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Current	73.75	62.29	66.34	79.77	34.42	88.97	0.45	1	1.66	2.5	0.86	2.5
Overdue 1 installment	13.14	11.10	6.36	7.65	1.94	5.01	0.17	2	0.38	6	0.12	6
Overdue 2 installments	8.47	7.15	4.73	5.69	1.14	2.95	0.56	10	1.42	30	0.34	30
Overdue 3 installments	6.06	5.12	2.34	2.81	0.65	1.68	0.80	20	1.17	50	0.33	50
Overdue 4 installments	5.51	4.65	1.44	1.73	0.31	0.80	1.11	30	1.44	100	0.31	100
Overdue 5 installments	4.33	3.66	1.05	1.26	0.09	0.23	1.17	40	1.05	100	0.09	100
Overdue 6 installments	3.45	2.91	0.33	0.40	0.12	0.31	1.18	50	0.33	100	0.12	100
Overdue exceeding 6 installments	3.69	3.12	0.57	0.69	0.02	0.05	1.93	50 and 100*	0.56	100	0.02	100
Total	118.40	100.00	83.16	100.00	38.69	100.00	7.37		8.01		2.19	

* Rate of allowance for doubtful accounts of 50 percent is for non-consecutive delinquency over 6 installments and 100 percent for consecutive delinquency over 6 installments.

** Allowance for doubtful accounts for electric appliances receivables calculated based on receivables less deferred interest and output tax, and net from residual value of returned electric appliances which considered from usage time, condition and market price of second hand electric appliances. Subsequently, these returned units will be sold as second hand items.

From the comparison of accounts receivable as of 31 December 2017 to those as of 31 December 2016, there was no significant change in aging of accounts receivable from hire purchase. In 2017, the Group has revised rates and method of allowance for doubtful account calculation, by benchmarking with other companies in hire purchase industry. The Group consistently reviews policy of allowance for doubtful accounts on a regular basis by taking into consideration the conservative basis in accordance with Generally Accepted Accounting Principles, and current economic and industry conditions. Allowance for doubtful accounts of water purifier hire purchase receivables as at 31 December 2015, 2016 and 2017 were Baht 60.17 million, Baht 98.04 million and Baht 53.61 million, respectively. Allowance for doubtful accounts of electric appliances hire purchase receivables as at 31

December 2015, 2016 and 2017 were Baht 2.19 million, Baht 8.01 million and Baht 7.37 million, respectively.

Inventories

Inventories as at 31 December 2015, 2016 and 2017 amounting to Baht 152.84 million, Baht 161.02 million and Baht 158.51 million, respectively. The inventories went up in 2016 due to purchase of raw materials reserved for the production of new water purifier models. The Company has established measures to maintain stock at the optimum inventory level. As a result, inventory balance decreased in 2017.

Property plant and equipment (PPE), and intangible assets

As at 31 December 2015, 2016 and 2017, the Group had PPE amounting to Baht 462.10 million, Baht 499.88 million and Baht 471.03 million, respectively, and intangible assets of Baht 16.88 million, Baht 25.05 million and Baht 35.84 million, respectively. Most of the assets were land and building of head office, and factories. The Group has steadily acquired the PPE and intangible assets or computer software as a result of business expansion. The majority increases in 2016 and 2017 were from vehicles for additional sales teams, building, building improvement, office, computer equipment and software including Call Center and Telesales System, used for selling of replacement filter and electric appliances to the Group's existing customers, as well as the Mobile Application for sale and collection operations. In 2017, the Group invested in a new enterprise resource planning (ERP) in order to increase efficiency on operations and reporting. The system will go live in Quarter 2 of 2018.

Deferred tax assets and liabilities

The deferred tax caused by the differences in revenue and expense recognition between accounting and tax bases. As at 31 December 2015, 2016 and 2017, the Group recorded the deferred tax assets of Baht 17.99 million, Baht 26.55 million and Baht 17.99 million, respectively. The deferred tax liabilities were Baht 0.53 million, Baht 1.64 million and Baht 3.45 million, respectively. The deferred tax of the Group mainly derived from allowance for doubtful accounts and employee benefit obligations.

13.1.3.2 Liabilities

The Group's liabilities comprised loans from financial institutions, trade and other payables, long-term loans, liabilities under finance lease agreements, employee benefit obligations, income tax payable, and other liabilities. Total liabilities as at 31 December 2015, 2016 and 2017 amounting to Baht 667.62 million, Baht 881.76 million and Baht 359.95 million, respectively. In 2016, the Group's liabilities increased in line with an increase in hire purchase receivables. In 2017, the Group's liabilities decreased because a high liquidity from decrease in hire purchase receivables, and cash receipt from share capital issued as a result of warrant exercise, of which the Group utilized for working capital and repayment of loans from financial institutions. Details of major liabilities are as follows:

- **Short-term loans from financial institutions** as at 31 December 2017, the Group's short-term loans from financial institutions in terms of promissory notes were Baht 129.91 million. The short-term borrowings were leveraged for working capital and expanding of business. The Group have never defaulted on loans and have been able to make all repayment within due date.
- **Trade and other payables** as at 31 December 2017, the outstanding balance trade and other payables of the Group was Baht 97.30 million. The balance decreased from 2016 due to stock control measurement to keep the optimum inventory level.

- **Liabilities under finance lease agreements** Most of the liabilities under finance lease agreements were for the acquisition of motor vehicles for sales teams. The outstanding balance of 2017 was Baht 65.21 million which decreased from 2016 of Baht 16.93 million.
- **Long-term loans** as of 31 December 2017 was Baht 21.97 million, decreased from 2016 of Baht 19.13 million because the Company has made repayment of the principals.
- **Provision for long-term employee benefits** as at 31 December 2017, the Group recorded the provision for long-term employee benefits, based on the actuarial calculation, of Baht 16.88 million which decreased from 2016 of Baht 5.39 million. The number of employees decreased since the Group has deployed the mobile application in sales and collection operations.

13.1.3.3 Shareholders' equity

As at 31 December 2015, 2016 and 2017, the Group's shareholders' equity were Baht 904.44 million, Baht 972.35 million, and Baht 1,114.30 million, respectively. The shareholders' equity has risen continually from the steady flow of net profits which resulted in the Company's ability to pay dividend to the shareholders in accordance with the dividend payment policy. Major activities in 2017 regarding shareholders' equity, apart from annual profits, are as follows:

- **Dividend payment** The Company paid interim dividend totaling Baht 31.00 million, pursuant to the resolution of the Board of Directors' Meeting No. 7/2017, held on 11 August 2017. The dividend payment was made by cash.
- **Registered capital** In 2016, the Company has increased registered capital of Baht 60.20 million for stock dividend payment and warrant exercise in 2016. As a result, the registered capital as at 31 December 2016 and 2017 reached Baht 662.20 million. The issued and paid up share capital as at 31 December 2017 was Baht 516.73 million (2016: Baht 467.18 million), increased Baht 49.55 million. The share premium was Baht 268.34 million (2016: Baht 227.80 million), increased Baht 40.54 million because the shareholders had exercised warrant to purchase the common shares at the market price which higher than par value.
- The Group recorded **actuarial gain on employee benefit plan** for 2017 of Baht 5.50 million (net from income tax effect) as mentioned in Section "Extraordinary (non-recurring items)".

13.1.3.4 Financial structure

As at 31 December 2015, 2016 and 2017, the Group's Debt to Equity ratios were 0.73, 0.90 and 0.32, respectively. The ratios of interest bearing debt to equity were 0.56, 0.73 and 0.19, respectively. The debt to equity ratio and interest bearing debt to equity ratio of 2017 decreased due to a high liquidity from decrease in hire purchase receivables, and cash receipt from share capital issued as a result of warrant exercise, of which the Group utilized for working capital and repayment of loans from financial institutions.

13.1.3.5 Liquidity

Cash Flows

Sources and uses of cash flows can be summarized as follows:

Unit : Million Baht	As at 31 December		
	2017	2016	2015
Operating Activities	407.79	(38.88)	(269.81)
Investing Activities	(25.59)	(55.86)	35.67
Financing Activities	(451.03)	162.51	259.59
Net cash increase (decrease)	(68.83)	67.77	25.45
Cash and cash equivalent, beginning of the year	101.40	33.63	8.18
Cash and cash equivalent, ending of the year	32.57	101.40	33.63

As a result of the efficiency in liquidity management, the Group had sufficient working capital and could pay the dividend in cash totaling of Baht 33.19 million during the year 2017 (2016: Baht 57.15 million).

13.1.4 Analysis of Return on Shareholders' Equity

Return on Shareholders' Equity (ROE) decreased from 8.33% in 2016 to 7.08% in 2017. Major factors affecting ROE are as follows:

(1) **Cost management:** Net Profit Margin increased from 4.31% to 4.51% as a result of decreases in doubtful accounts and bad debts, and the management of selling expenses as well as the finance cost. Therefore, the proportions of selling expenses and finance cost to total revenues decreased.

(2) **Asset turnover:** Asset Turnover of 2017 was at 0.99 times - no significant change from 2016 which was at 1.07 times, despite decreasing in total assets of Baht 382.77 million in 2017. This showed the efficiency in asset management of the Group.

(3) **Financial structure:** Debt to Equity Ratio dropped from 0.90 to 0.32 times as a result of a high liquidity from decrease in hire purchase receivables, and cash receipt from share capital issued as a result of warrant exercise, of which the Group utilized for working capital and repayment of loans from financial institutions.

13.2 Factors that May Have Impacts on Operating Results or Financial Positions in the Future

The expansion of urban community and the proportions of sales

The Group focuses its distribution in the urban areas where there is a high population density to enable salespersons to perform their duties most effectively. As a result of the trend of domestic economic growth, urban communities have continually expanded. This development has positively contributed to the Group marketing plan. In addition, it has increased new potential areas, which is an opportunity for the Group business growth and expansion in the future.

Effect from new accounting standards

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

For the new and revised financial reporting standards become effective in the future, during the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Group believe that the revised and new financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

Detail of the Directors, Management, Controlling Person and Company Secretary

Name / Position	Age	Education	Shareholding	Relations	Work Experience 5 Years up		
					Years	Position	Organizations
1. Mr. Sahas Treetipbut • Chairman of the Board	70	<ul style="list-style-type: none"> - Master of Science (Computer and Information Sciences), Syracuse University, New York, USA. - Statistics Department Faculty of Commerce and Accountancy Chulalongkorn University - Director Accreditation Program (DAP) Class 28/2004 Thai Institute of Directors. - Successful Formulation & Execution of Strategy (SFE) Class 7/2013 Thai Institute of Directors. - How to Measure the Success of Corporate Strategy (HMS) Class 2/2013 Thai Institute of Directors. 	-None-	-None-	2014 - Present	Chairman of the audit Committee / Independent director / Member of Nomination and emuneration Committee	Origin Property Public Company Limited
					2013 - 2017	Director	Netbay Pubilc Company Limited
					2013 - 2017	Director	MBK Resort Public Company Limited
					2013 - Present	Chairman of the Board	Thiensurat Public Company Limited
					2008 - Present	Chairman of the Board / Member of Audit Committee / Independent director	COL Public Company Limited
					2001 - Present	Director / Member of Nomination and Member of Remuneration Committee / Member of Executive Committee	Internet Thailand Public Company Limited
2. Mr. Ekarat Changyoo • Director • Member of Corporate Governance and Corporate Social Responsibility	33	<ul style="list-style-type: none"> - Master of science, International Business& English, University of Portsmouth, Hampshire, UK. - Bachelor Degree Accounting, Kasetsart University. 	6.47%	- Little brother of the person No.4. and No.5.	2016 - Present	Chairman of the Executive Committee / Chief Executive Officer	Thiensurat Public Company Limited
					2016 - Present	Director	Thiensurat Leasing Company Limited

Name / Position	Age	Education	Shareholding	Relations	Work Experience 5 Years up		
					Years	Position	Organizations
Committee • Member of Risk Management Committee • Chairman of the Executive Committee • Chief Executive Officer		- Director Accreditation Program (DAP) Class SET/2012 Thai Institute of Directors. - Family Business Sustainability (FBS) Class 1/2014 Thai Institute of Directors.			2013 - Present	Director / Member of Corporate Governance and Corporate Social Responsibility Committee/	Thiensurat Public Company Limited
					2014 - July 2016	Member of Risk Management Committee	Thiensurat Public Company Limited
						Deputy Managing Director- New Sale Channel and Customer Service Group	
					2014 - Present	Director	Fedders Thai Company Limited
					2013 - 2014	Deputy Managing- Customer Relations Management Group	Thiensurat Public Company Limited
					2013	Deputy Managing- Customer Relations Management Group	Thiensurat Company Limited
					2012 - 2013	Assistant Managing Director	Thiensurat Company Limited
3. Mr. Viruch Wongnirund • Director • Member of Risk Management Committee • Member of Executive Committee	66	- Master of Business Administration (MBA) Florida International U., Miami, Florida, USA - Certificate in Production and Manufacturing Florida International U., Miami, Florida, USA	0.19%	-None-	2012	Secretary of Managing Director	Thiensurat Company Limited
					2016 - Present	Director	Thiensurat Leasing Company Limited
					2013 - Present	Director / Member of Risk Management Committee / Member of Executive Committee / Managing Director	Thiensurat Public Company Limited
					2014 - Feb 2017	Director / Member of Risk Management Committee Organizational	Krungthai-AXA Company Limited

Name / Position	Age	Education	Shareholding	Relations	Work Experience 5 Years up		
					Years	Position	Organizations
• Managing Director		<ul style="list-style-type: none"> - Bachelor of Science in Industrial Technology (Honor) Florida International U., Miami, Florida, USA - Associate Degree in Pre-Engineering, Miami-Dade Community College, Miami, Florida, USA - Director Certification Program (DCP) Class 135/2010, Thai Institute of Directors - Successful Formulation & Execution of Strategy, Class 11/2010 (SFE) Thai Institute of Directors. - Audit Committee Program (ACP) Class 37/2011 Thai Institute of Directors. 			2012 - 2013 2011 - 2014 2010 - 2016 2009 - 2012 2002 - 2009 2001 - 2002 1991 - 1998	Development and Systems Director / Chairman of the Audit Committee / Member of Executive Committee Director / Chairman of the Audit Committee Senior Executive Vice President-Director Central Financial Planning Group Senior Vice President and Manager Management Information Department First Vice President and Manager Computer Audit Department Branch Manager, Los Angeles, USA Deputy Branch Manager, New York, USA	Thiensurat Company Limited Krungthai-AXA Company Limited KTB Computer Services Company Limited Krung Thai Bank Public Company Limited Krung Thai Bank Public Company Limited Krung Thai Bank Public Company Limited Krung Thai Bank Public Company Limited
4. Ms. Theinvanee Changyoo • Director Date of appointment on 26 January 2016 • Member of Risk Management Committee	37	<ul style="list-style-type: none"> - Master of Business Administration, (Banking & Finance) Denver University, USA. - Master of Science in Finance, Denver University, USA. - Bachelor of Economics Chulalongkorn University. - Director Accreditation Program (DAP) 	7.05%	<ul style="list-style-type: none"> - Older sister of the person in No.2 and No.5. 	Nov 2017-Present July 2017-Present 2017-Present 2015 - Present	Deputy Managing Director Company Secretary Director / Member of Executive Committee / Member of Risk Management Committee Director	Thiensurat Public Company Limited Thiensurat Public Company Limited Thiensurat Public Company Limited Fedders Thai Company Limited

Name / Position	Age	Education	Shareholding	Relations	Work Experience 5 Years up		
					Years	Position	Organizations
<ul style="list-style-type: none"> • Member of Executive Committee • Deputy Managing Director Date of appointment on 14 Nov 2017 • Company Secretary Date of appointment on 14 July 2017 		Class 98/2012 Thai Institute of Directors. - Company Secretary Program (CSP) Class 68/2016 Thai Institute of Directors - Anti Corruption: The practical Guide (ACPG) Class 31/2016. Thai Institute of Directors - Management Accounting for Non- Financial. Executive, Federation of Accounting Professor Under the Royal Patronage of His Majesty the King. - Sale Incentives Design on 10-11 March 2016, Thailand Management Association. - Financial Analysis for Strategic Planning on 11-12 July 2016, Thailand Management Association.			2015 - Jan 2017 Mar 2013 – May 2016 2009 - Mar 2013 2005 - 2008 2006 - Present 2005 - Present 2005 – Present 2003 - Present	Company Secretary Director Director / Managing Director Business Development Director Director Director Director	Thiensurat Public Company Limited Thiensurat Public Company Limited Thiensurat Company Limited Thiensurat Company Limited Safe Trade International Company Limited Better Dreams Company Limited ThienTham Property Company Limited Ideal Water Company Limited
5. Ms. Savita Changyoo <ul style="list-style-type: none"> • Director • Member of Nomination Remuneration Committee • Member of Risk Management 	36	- Bachelor of Science Program in Home Economics, Kasetsart University. - Postgraduate Diploma in Marketing and Management, Loughborough university, the United Kingdom.	6.61%	- Younger sister of the person in No.4 - Older sister of the person in No.2	Sep 2017 – Present Oct 2017 - Present	Advisor Evaluation, Monitoring, and Organization Development. Acting Deputy Managing Director - Business Development Group	Thiensurat Public Company Limited Thiensurat Public Company Limited

Name / Position	Age	Education	Shareholding	Relations	Work Experience 5 Years up		
					Years	Position	Organizations
Committee • Member of Executive Committee • Advisor Evaluation, Monitoring, and Organization Development. Date of appointment on 7 Sep 2017 • Acting Deputy Managing Director – Business Development Group Date of appointment on 9 Oct 2017		- Director Accreditation Program (DAP) Class 99/2012 Thai Institute of Directors. - Family Business Sustainability (FBS) Class 1/2014 Thai Institute of Directors.			2016 - Present	Director	Thiensurat Leasing Company Limited
					2013 - Present	Director / Member of Nomination Remuneration Committee / Member of Risk Management Committee / Member of Executive Committee	Thiensurat Public Company Limited
					2014 – Present	Director	Fedders Thai Company Limited
					2013 – 2017	Deputy Managing Director - Marketing Group	Thiensurat Public Company Limited
					2013	Director-Marketing Department	Thiensurat Public Company Limited
					2011 - 2013	Director-Marketing Department	Thiensurat Company Limited
					2005 - 2010	Director Logistics	Thiensurat Company Limited.
					2005 - Present	Director	Safe Trade International Company Limited
6. Assoc.Prof. Boonserm Vimuktanandana • Independent Director • Chairman of the Audit Committee	69	- Master of Business Administration, Accountancy (M.B.A.-Accounting), Arizona State University, USA.	-None-	-None-	2005 - Present	Director	Better Dreams Company Limited
					2005 - Present	Director	Ideal Water Company Limited
					Present	Independent Director / Chairman of Audit Committee	Thiensurat Public Company Limited.
					2013 - Present	Director / Chairman of Audit Committee / Independent Director	Union Textile Industries Public Company Limited.

Name / Position	Age	Education	Shareholding	Relations	Work Experience 5 Years up		
					Years	Position	Organizations
		<ul style="list-style-type: none"> - Master of Accountancy (M.A.), Chulalongkorn University. - Bachelor of Accountancy (B.A.), Faculty of Commerce and Accountancy, Chulalongkorn University. - Finance & Accounting Seminar Wharton School, University of Pennsylvania, USA. - Director Accreditation Program (DAP) Class 100/2013 Thai Institute of Directors. - Audit committee Program (ACP) Class 42/013 Thai Institute of Directors. - Risk Management (Basic) Class 1/2560 by the Federation of Accounting Professions Under the Patronage. 			2008 – Present Present 2007 - Present 2011 – Present	The special lecturer Faculty of Commerce and Accountancy Special instructor Chairman and Director of the Training Projects Subcommittee Test, Practices pertaining to the audit	Chulalongkorn University. Public and private universities Chulalongkorn University Federation of Accounting Professor Under the Royal Patronage of His Majesty the King.
7. Dr. Supree Wongdeeprom Ph.D. • Independent Director • Member of Audit Committee	64	<ul style="list-style-type: none"> - Ph.D. Awards (2005) for Business Administration (General Management) granted by Professor Mom Luang Pin Malakul Foundation under the royal patronage of Her Royal Highness Princess 	-None-	-None-	May 2017 – Present 2015 – Present	Chairman of the Risk Management Member of Corporate Governance and Corporate Social Responsibility Committee	Thiensurat Public Company Limited Thiensurat Public Company Limited

Name / Position	Age	Education	Shareholding	Relations	Work Experience 5 Years up		
					Years	Position	Organizations
<ul style="list-style-type: none"> Member of Corporate Governance and Corporate Social Responsibility Committee Chairman of the Risk Management Committee Date of appointment on 11 MAY 2017		MahaChakriSirindhorn <ul style="list-style-type: none"> Doctor of Organization Development and Transformation (DODT.), Cebu Doctors' University Master of Business Administration (M.B.A.), Ramkhamhaeng University Bachelor of Economics in Industria Economics, Ramkhamhaeng University Director Accreditation Program (DAP) Class SET/2012 Thai Institute of Directors 			2013 - Present 2015 - Present 2015 - Present 2013 - Present 2013 - Present 2007 - Present 2002 - Present	Independent Director / Member of Audit Committee Luminaries Audit Committee to solicit public Vice President Vice President President of Academic Affairs Special Advisor Special instructor	Thiensurat Public Company Limited The Prime Minister National Medical Emergency at first Divinity Equity Association Under the Patronage of HRH the Princess Royal Mother minister King Prajadhipok Institute's Society China Sanchi Ginseng Research Institute Public and private universities
8. Mr. Suthee Tripornchaisak <ul style="list-style-type: none"> Independent Director Member of Audit Committee Member of Nomination Remuneration Committee 	67	<ul style="list-style-type: none"> Master of Agricultural Economics Kasetsart University. Bachelor of Agricultural Economics Kasetsart University. Director Accreditation Program (DAP) Class 103/2013 Thai Institute of Directors 	-None-	-None-	2014 - Present 2013 - 2015 2007 - 2010	Independent Director / Member of Audit Committee / Member of Nomination Remuneration Committee Director / Member of Audit Committee / Independent Director Executive Vice President - Director	Thiensurat Public Company Limited. KTB General Services Company Limited. Krung Thai Bank Public Company Limited.

Name / Position	Age	Education	Shareholding	Relations	Work Experience 5 Years up		
					Years	Position	Organizations
9. Asst. Prof. Krit Umpote • Independent Director • Member of Audit Committee • Chairman of the Corporate Governance and Corporate Social Responsibility Committee	77	- Advanced Management Program, Harvard Business School - Strategic Human Resource Management, Harvard Business School - M.S.B.A Indiana University USA. - Master of Public Administration NIDA - Bachelor of Accountancy, Thammasat University. - Bachelor of Commerce, Thammasat University. - Director Certification Program (DCP) Class 0/2000 Thai Institute of Directors. - Advanced Audit Committee Program (AACP) Class 3/2010 Thai Institute of Directors	-None-	-None-	2015 - Present	Member of Audit Committee / Chairman of the Corporate Governance and Corporate Social Responsibility Committee	Thiensurat Public Company Limited
					2015 - Present	Frequent lecturer	Thailand Institute of Directors
					2015 - Present	Independent Director / Chairman of the Audit Committee and member of Nomination Remuneration Committee	Thai British Security Printing Public Company Limited
					2007 - 2014	Independent Director / member of Audit Committee and member of Nomination Remuneration Committee	MFC Asset Management Public Company Limited
10. Ms. Sumana Vonggapan • Independent Director • Chairman of the Nomination Remuneration Committee	67	- M.B.A, Southeastern Oklahoma State USA. - Bachelor of Communication Arts, Chulalongkorn University. - Strategic Human Resource Management, Harvard Business School.	0.01%	-None-	2015 - Present	Independent Director / Chairman of the Nomination Remuneration Committee	Thiensurat Public Company Limited.
					2014 - Present	Chairman of the board Advisory Executive	Dhipaya Training Center Co., Ltd

Name / Position	Age	Education	Shareholding	Relations	Work Experience 5 Years up		
					Years	Position	Organizations
		<ul style="list-style-type: none"> - Banking Management ADB Japan. - Director Accreditation Program (DAP) Class 47/2005 Thai Institute of Directors 			2010 – Present 2010 – Present 2010 – Present 2010 - Present	Management Chairman of the board Chairman of the Audit Committee / Independent Director Chairman of the Audit Committee/Independent Director	Dhipaya Insurance Public Company Limited. KTB General Services Co., Ltd KTB Leasing Co., Ltd. KTB Advisory Company Limited.
11. Mr. Paitoon Sukhanaphorn • Member of Executive Committee • Deputy Managing Director - Business Support Group Date of appointment on 15 Nov 2017	58	<ul style="list-style-type: none"> - Master Degree in Finance, Chulalongkorn University. - Bachelor Degree in Accounting, Chulalongkorn University. - Bachelor Degree in Law, Ramkamhaeng University. - Bachelor Degree in Law, Sukhothaithammarath University. - Director Certification Program (DCP) Class 110/2008 Thai Institute of Directors. - TLCA Executive Development Program (EDP) Thai Institute of Directors 	-None-	-None-	Nov 2017 - Present Aug - Nov 2017 Nov 2016 - July 2017 2009 - Oct 2016 May 2007 - Dec 2008 Oct 2005 - April 2007	Member of Executive Committee / Deputy Managing Director - Business Support Group Independent Director Executive Vice President Accounting and Financial Department Director and Chief Financial Officer Senior Finance and Accounting Senior Finance and Accounting Manager	Thiensurat Public Company Limited Thiensurat Public Company Limited Synnex (Thailand) Public Company Limited Singer Thailand Public Company Limited Singer Thailand Public Company Limited Unithai Shipyard & Engineering CO., LTD.

Name / Position	Age	Education	Shareholding	Relations	Work Experience 5 Years up		
					Years	Position	Organizations
12. Mr. Siam Uralwong • Asistance Chief Executive Officer Date of appointment on 1 Feb 2017 • Member of Executive Committee Date of appointment on 24 Mar 2017 • Deputy Managing Director - Accounts Receivable Management Group • Deputy Managing Director – New Sale Channel and Customer Service Group Date of appointment on 16 June 2017	49	- Master Degree M.B.A. Internation Business, Nova Southeastern University, Florida, USA. - Bachelor Degree of Business Administration, Assumption University - NUS, Certification General Management, NUS University. - Director Certification Program (DCP) Class 181/2013 Thai Institute of Directors. - Executive Development Program (EDP) Class 11/2013 Thai Institute of Directors.	-None-	-None-	June 2017 - Present Mar 2017- Present Feb 2017- Present 2012 - 2016 2008 - 2012 2006 - 2008 2003 - 2006 1999 - 2003	Deputy Managing Director - Accounts Receivable Management Group / Deputy Managing Director - New Channel and Customer Service Group Member of Executive Committee Asistance Chief Executive Officer Managing Director Managing Director Credit Director Business Development Director Marketing Director	Thiensurat Public Company Limited Thiensurat Public Company Limited Thiensurat Public Company Limited SG Capital Company Limited Singer Leasing (Thailand) Co., Ltd Singer Thailand Public Company Limited Singer Thailand Public Company Limited Singer Thailand Public Company Limited

Name / Position	Age	Education	Shareholding	Relations	Work Experience 5 Years up		
					Years	Position	Organizations
13. Mr. Paitoon Homchan • Member of Risk Management Committee • Member of Executive Committee • Deputy Managing Director - Administrative Management Group • Acting Deputy Managing Director - Marketing Group Date of appointment on 7 Sep 2017	56	- Bachelor of General Management, Valaya Alongkorn Rajabhat University - Director Accreditation Program (DAP) Class SET/2012 Thai Institute of Directors	0.87%	-None-	Sep 2017 - Present	Acting Deputy Managing Director - Marketing Group	Thiensurat Public Company Limited
					2013 - Present	Executive Committee Member / Member of Risk Management Committee / Deputy Managing Director Administrative Management Group	Thiensurat Public Company Limited
					2013 - Present	Deputy Managing Director Administrative Management Group	
					2013	Director and Director Administrative Management	Safe Trade International Company Limited
					2010 - 2013	Director Administrative Management	Thiensurat Company Limited
					2005 - 2009	Director	Thiensurat Company Limited
					2005 - 2013	Director Administrative Management Department	Safe Trade International Company Limited
					2005 - 2013	Director	Safe Trade International Company Limited
					2002 - Present	Director	Ideal Water Company Limited
14. Mr. Watcharin Watcharatham	41	- Bachelor of Public Health Faculty of Public Health Mahidol	0.34%	- Relative of the person No.2 No.4	2013 - Present	Deputy Managing Director Production Group	Better Dreams Company Limited
							Ideal Water Company Limited

Name / Position	Age	Education	Shareholding	Relations	Work Experience 5 Years up		
					Years	Position	Organizations
<ul style="list-style-type: none"> • Member of Executive Committee • Deputy Managing Director - Production Group 		University. - Director Accreditation Program (DAP) Class 98/2012 Thai Institute of Directors.		and No.5	2013 2011 - 2013 2008 - 2010 2004 - 2007 2005 - Present 2002 - Present 2004 - Present	Director Production Director Marketing Department Director Production Director Production Director Director Director	Thiensurat Public Company Limited. Thiensurat Company Limited. Thiensurat Company Limited. Thiensurat Company Limited. Safe Trade International Company Limited. Ideal Water Company Limited. Better Dreams Company Limited.
15. Mr. Pattanon Premssmit <ul style="list-style-type: none"> • Member of Executive Committee • Deputy Managing Director - Business Development Group Date of appointment on 26 Jan 2017 and Date of resign effective on 6 Oct 2017	53	<ul style="list-style-type: none"> - LL.M. (Business Law), Chulalongkorn University. - LL.B., Chulalongkorn University. - Mini MBA, The University of Thai Chamber of Commerce. - Senior Executive Program, SASIN, Chulalongkorn University. 	-None-	-None-	Jan - Oct 2017 2015 - Oct 2017 2015 - Jan 2017 2011 - 2014	Deputy Managing Director - Business Development Group Member of Executive Committee Deputy Managing Director - Network Group Senior Vice President Relationship Management and Sales	Thiensurat Public Company Limited Thiensurat Public Company Limited Thiensurat Public Company Limited Bangkok Bank Public Company Limited

Name / Position	Age	Education	Shareholding	Relations	Work Experience 5 Years up		
					Years	Position	Organizations
16. Ms. Preeyaporn Kraisiruwut · Chief Financial Officer	43	- Master of Management Mahidol University - Bachelor of Accountancy, Thammasat University.	-None-	-None-	May 2015 - Present May 2014 - May 2015 Oct 2013 - April 2014 Sep 2007 -Sep 2013	Chief Financial Officer Senior Manager Unit Compliance Accountant, Accounting and Finance Department Senior Manager consulting, risk and internal controls.	Thiensurat Public Company Limited Thoresen Thai Agencies Public Company Limited Chevron Thailand Exploration and Production, Ltd. Pricewaterhousecoopers abas Ltd.

Thiensurat Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2017

Independent Auditor's Report

To the Shareholders of Thiensurat Public Company Limited

Opinion

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thiensurat Public Company Limited and its subsidiaries, and of Thiensurat Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

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

Revenue recognition from installment sales

The Group has installment sales under hire purchase agreements with a large number of customers, and the agreements contain a variety of conditions, pertaining to matters such as cash discounts, installment payment terms and installment rates. In addition, the Group has to calculate the amount of hire purchase interest income to be recognised each period using of the effective interest rate method, for each agreement. The amounts of revenue from sales and hire purchase interest income recognised by the Group in each period were significant to the Group's total revenue (representing 85% of total revenue). There is therefore a risk with respect to the amount and timing of revenue recognition.

I have examined the revenue recognition of the Group by

- Assessing and testing the Group's IT system and its internal controls with respect to the revenue cycle by making inquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls, and with special consideration given to expanding the scope of the testing of the internal controls which respond to the above risks.
- On a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period to assess whether revenue recognition was consistent with the specified conditions, and whether it was in compliance with the Group's policy.
- Applying a sampling method to test the calculation of hire purchase interest income, which is recognised using the effective interest rate method.
- Reviewing credit notes and journal vouchers that the Group issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Allowance for doubtful accounts for hire purchase receivables

As discussed in Note 9 to the financial statements, the estimation of allowance for doubtful accounts for hire purchase receivables relies on various assumptions. Therefore, the management is required to exercise considerable judgement in determining the assumptions to be used in estimating allowance for doubtful accounts for hire purchase receivables expected to be incurred when debtors are unable to repay the debt, and the timing of such recognition, through consideration of the current status of receivables, their ability to make payment, analysis of debt aging, collection experience and historical data on actual losses on collection. In addition, the allowance for doubtful accounts for hire purchase receivables is significant since as at 31 December 2017, the Group had balances of hire purchase receivables of Baht 620 million (accounting for 42% of total assets). There may therefore be a risk with respect to the amount of the allowance for doubtful accounts for hire purchase receivables.

I assessed and tested the internal controls relevant to the approval, recording, collection of debt under hire purchase agreements, by making enquiry of responsible executives and gaining an understanding of the controls. I also assessed the appropriateness of assumptions and methods used by the management in calculating allowance for doubtful accounts for hire purchase receivables consideration by

- Understanding the criteria for consideration the allowance for doubtful account for hire purchase receivables and review consistency in mentioned criteria used.
- Considering trends in the Group's collection experience and historical data on actual losses on collection.
- Checking key information to its sources.
- Testing the calculation of the allowance for doubtful accounts for hire purchase receivables.

Commission expenses

The Group's main distribution channel is single level direct sales, which means there are a large number of employees working in sales and related services departments. To boost its sales volume, the Group has established the commission payment rates for the employees working in the sales and related services departments. For the year ended 31 December 2017, the Group recorded commission expenses amounting to Baht 407 million which was a significant amount (accounting for 25% of expenses). The calculation of commission expenses is complex because there are a variety of calculation schemes and several factors are involved, such as sales volume and product category, quality of sales, and awards given to sales-persons exceeding sales targets. Moreover, the Group continually changes the commission rates in order to promote sales. There may therefore be a risk related to the amount of commission expenses recognised.

I assessed and tested the internal controls relevant to the calculation of commission expenses, the approval and recording of transactions by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls with special consideration given to expanding the scope of the testing of the internal controls which respond to the above risks. In addition, I examined the Group commission recording by

- Reviewing key information used in the calculation to its sources
- Tested whether the calculations were compliant with the Group's policies in effect in each period.
- Performed analytical procedures comparing commission expenses to revenue from sales throughout the accounting period.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Termphong Opanaphan
 Certified Public Accountant (Thailand) No. 4501

EY Office Limited
 Bangkok: 26 February 2018

Thiensurat Public Company Limited and its subsidiaries
Statement of financial position
As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	7	32,573,246	101,400,838	13,568,752	43,562,048
Trade and other receivables	8	23,772,447	24,446,628	40,825,195	18,808,479
Current portion of hire purchase receivables	9	611,210,384	903,761,128	573,451,687	903,761,128
Current portion of loan receivables	10	1,345,997	-	-	-
Current portion of receivables under right transfer agreements		3,469,338	3,918,836	3,469,338	3,918,836
Short-term loan to related party	6	-	-	4,565,694	-
Inventories	11	158,511,109	161,017,477	133,127,475	154,033,460
Other current assets		27,685,263	18,287,890	21,129,971	16,197,527
Total current assets		858,567,784	1,212,832,797	790,138,112	1,140,281,478
Non-current assets					
Restricted bank deposits	12	2,885,000	18,700,705	2,885,000	4,700,705
Hire purchase receivables - long-term portion	9	9,038,216	9,437,045	3,535,436	9,437,045
Loan receivables - long-term portion	10	1,060,142	-	-	-
Receivables under right transfer agreements - long-term portion		4,160,285	4,626,110	4,160,285	4,626,110
Investments in subsidiaries	13	-	-	72,597,190	72,597,185
Investment in joint venture	14	13,782,178	-	13,767,427	-
Investment properties	15	58,703,148	58,776,648	58,703,148	58,776,648
Property, plant and equipment	16	471,025,668	499,881,572	458,882,424	487,820,526
Intangible assets	17	35,842,189	25,046,654	35,395,800	24,992,067
Deferred tax assets	27	17,993,199	26,548,708	16,028,633	25,834,414
Other non-current assets		8,250,418	8,233,792	8,200,714	8,209,645
Total non-current assets		622,740,443	651,251,234	674,156,057	696,994,345
Total assets		1,481,308,227	1,864,084,031	1,464,294,169	1,837,275,823

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

Thiensurat Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	18	129,906,893	596,920,725	129,906,893	596,920,725
Short-term loan from related party	6	398,300	-	-	-
Trade and other payables	19	97,304,394	102,832,927	93,768,719	101,749,270
Current portion of liabilities under					
finance lease agreements	20	28,646,969	28,222,224	28,416,587	28,193,640
Current portion of long-term loans	21	12,270,594	21,835,536	12,270,594	21,835,536
Income tax payable		8,437,118	9,287,310	8,056,998	8,682,969
Other current liabilities		16,391,582	25,568,935	15,799,020	24,752,235
Total current liabilities		293,355,850	784,667,657	288,218,811	782,134,375
Non-current liabilities					
Liabilities under finance lease agreements,					
net of current portion	20	36,558,520	53,915,646	35,977,564	53,902,006
Long-term loans, net of current portion	21	9,697,918	19,267,347	9,697,918	19,267,347
Deferred tax liability	27	3,454,945	1,640,285	3,454,945	1,640,285
Provision for long-term employee benefits	22	16,876,998	22,273,413	13,780,926	18,701,944
Total non-current liabilities		66,588,381	97,096,691	62,911,353	93,511,582
Total liabilities		359,944,231	881,764,348	351,130,164	875,645,957

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

Thiensurat Public Company Limited and its subsidiaries
Statement of financial position (continued)
As at 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Shareholders' equity					
Share capital					
Registered					
662,199,169 ordinary shares of Baht 1 each		662,199,169	662,199,169	662,199,169	662,199,169
Issued and fully paid					
516,730,430 ordinary shares of Baht 1 each					
(2016: 467,178,789 ordinary shares of Baht 1 each)		516,730,430	467,178,789	516,730,430	467,178,789
Share premium	23	268,336,325	227,803,083	268,336,325	227,803,083
Premium on share-based payments	23	10,249,050	10,249,050	10,249,050	10,249,050
Difference of changes in investment proportion					
in a subsidiary		(1,346,877)	(1,346,877)	-	-
Retained earnings					
Appropriated - statutory reserve	25	25,999,156	21,627,916	25,999,156	21,627,916
Unappropriated		294,335,120	246,838,512	291,849,044	234,771,028
Equity attributable to owners of the Company		1,114,303,204	972,350,473	1,113,164,005	961,629,866
Non-controlling interests of the subsidiaries		7,060,792	9,969,210	-	-
Total shareholders' equity		1,121,363,996	982,319,683	1,113,164,005	961,629,866
Total liabilities and shareholders' equity		1,481,308,227	1,864,084,031	1,464,294,169	1,837,275,823

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

Directors

Thiensurat Public Company Limited and its subsidiaries
Statement of comprehensive income
For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit or loss:					
Revenues					
Sales		1,431,693,626	1,607,623,916	1,412,638,104	1,577,032,783
Hire purchase interest income		217,631,236	228,530,291	214,326,492	228,530,291
Income from loan receivables		238,653	-	-	-
Other income		43,820,453	28,411,781	44,722,099	26,982,969
Total revenues		1,693,383,968	1,864,565,988	1,671,686,695	1,832,546,043
Expenses					
Cost of sales		400,419,952	421,597,268	400,374,563	416,669,829
Selling expenses		595,004,577	666,304,393	583,132,229	651,572,452
Administrative expenses		427,892,475	416,376,256	406,078,499	403,017,117
Bad debts and doubtful accounts		159,444,208	235,288,766	157,808,828	235,288,766
Finance cost		16,034,376	25,563,260	15,999,454	25,547,264
Total expenses		1,598,795,588	1,765,129,943	1,563,393,573	1,732,095,428
Profit before share of profit from investment in joint venture and income tax expenses					
Share of profit from investment in joint venture	14	14,751	-	-	-
Profit before income tax expenses		94,603,131	99,436,045	108,293,122	100,450,615
Income tax expenses	27	(20,146,319)	(20,359,840)	(20,868,317)	(19,607,148)
Profit for the year		74,456,812	79,076,205	87,424,805	80,843,467
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gains - net of income tax		5,506,444	-	5,028,277	-
Total comprehensive income for the year		79,963,256	79,076,205	92,453,082	80,843,467
Profit attributable to:					
Equity holders of the Company		77,365,326	80,585,075	87,424,805	80,843,467
Non-controlling interests of the subsidiaries		(2,908,514)	(1,508,870)		
		74,456,812	79,076,205		
Total comprehensive income attributable to:					
Equity holders of the Company		82,871,674	80,585,075	92,453,082	80,843,467
Non-controlling interests of the subsidiaries		(2,908,418)	(1,508,870)		
		79,963,256	79,076,205		
Earnings per share					
Basic earnings per share					
Profit attributable to equity holders of the Company	28	0.156	0.177	0.176	0.177
Diluted earnings per share					
Profit attributable to equity holders of the Company	28	0.128	0.105	0.145	0.106

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

Thiensurat Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements								
	Equity attributable to owners of the Company								
			Difference of changes				Total equity	Equity attributable	
			Premium on	in investment	Retained earnings		attributable to	to non-controlling	Total
	Issued and paid-up		share-based	proportion in a	Appropriated -		owners of	interests of	shareholders'
	share capital	Share premium	payments	subsidiary	statutory reserve	Unappropriated	the Company	the subsidiaries	equity
Balance as at 1 January 2016	401,332,928	206,770,000	10,249,050	(1,346,877)	17,585,743	269,845,228	904,436,072	11,478,080	915,914,152
Profit for the year	-	-	-	-	-	80,585,075	80,585,075	(1,508,870)	79,076,205
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	80,585,075	80,585,075	(1,508,870)	79,076,205
Increase in share capital (Note 23)	25,712,815	21,033,083	-	-	-	-	46,745,898	-	46,745,898
Dividend paid (Note 31)									
Cash dividend	-	-	-	-	-	(59,416,572)	(59,416,572)	-	(59,416,572)
Stock dividend	40,133,046	-	-	-	-	(40,133,046)	-	-	-
Transferred to statutory reserve (Note 25)	-	-	-	-	4,042,173	(4,042,173)	-	-	-
Balance as at 31 December 2016	467,178,789	227,803,083	10,249,050	(1,346,877)	21,627,916	246,838,512	972,350,473	9,969,210	982,319,683
Balance as at 1 January 2017	467,178,789	227,803,083	10,249,050	(1,346,877)	21,627,916	246,838,512	972,350,473	9,969,210	982,319,683
Profit for the year	-	-	-	-	-	77,365,326	77,365,326	(2,908,514)	74,456,812
Other comprehensive income for the year	-	-	-	-	-	5,506,348	5,506,348	96	5,506,444
Total comprehensive income for the year	-	-	-	-	-	82,871,674	82,871,674	(2,908,418)	79,963,256
Increase in share capital (Note 23)	49,551,641	40,533,242	-	-	-	-	90,084,883	-	90,084,883
Dividend paid (Note 31)									
Cash dividend	-	-	-	-	-	(31,003,826)	(31,003,826)	-	(31,003,826)
Transferred to statutory reserve (Note 25)	-	-	-	-	4,371,240	(4,371,240)	-	-	-
Balance as at 31 December 2017	516,730,430	268,336,325	10,249,050	(1,346,877)	25,999,156	294,335,120	1,114,303,204	7,060,792	1,121,363,996

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

Thiensurat Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Separate financial statements					
			Premium on	Retained earnings		Total
	Issued and paid-up		share-based	Appropriated -		shareholders'
	share capital	Share premium	payments	statutory reserve	Unappropriated	equity
Balance as at 1 January 2016	401,332,928	206,770,000	10,249,050	17,585,743	257,519,352	893,457,073
Profit for the year	-	-	-	-	80,843,467	80,843,467
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	80,843,467	80,843,467
Increase in share capital (Note 23)	25,712,815	21,033,083	-	-	-	46,745,898
Dividend paid (Note 31)						
Cash dividend	-	-	-	-	(59,416,572)	(59,416,572)
Stock dividend	40,133,046	-	-	-	(40,133,046)	-
Transferred to statutory reserve (Note 25)	-	-	-	4,042,173	(4,042,173)	-
Balance as at 31 December 2016	467,178,789	227,803,083	10,249,050	21,627,916	234,771,028	961,629,866
Balance as at 1 January 2017	467,178,789	227,803,083	10,249,050	21,627,916	234,771,028	961,629,866
Profit for the year	-	-	-	-	87,424,805	87,424,805
Other comprehensive income for the year	-	-	-	-	5,028,277	5,028,277
Total comprehensive income for the year	-	-	-	-	92,453,082	92,453,082
Increase in share capital (Note 23)	49,551,641	40,533,242	-	-	-	90,084,883
Dividend paid (Note 31)						
Cash dividend	-	-	-	-	(31,003,826)	(31,003,826)
Transferred to statutory reserve (Note 25)	-	-	-	4,371,240	(4,371,240)	-
Balance as at 31 December 2017	516,730,430	268,336,325	10,249,050	25,999,156	291,849,044	1,113,164,005

-

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

Thiensurat Public Company Limited and its subsidiaries
Cash flows statement
For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities				
Profit before tax	94,603,131	99,436,045	108,293,122	100,450,615
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	52,393,459	45,160,137	50,937,695	43,972,237
Bad debt and doubtful accounts	159,444,208	235,288,766	157,808,828	235,288,766
Reduce cost of inventories to net realisable value (reversal)	1,017,378	(1,945,881)	769,337	(1,945,881)
Reversal of allowance for goods returned	(359,033)	(544,915)	(359,033)	(544,915)
Share of gain from investment in joint venture	(14,751)	-	-	-
Loss (gain) on sales of equipment	(1,062,937)	(1,034,557)	(833,526)	273,853
Provision for long-term employee benefits	1,724,341	3,794,930	1,602,028	3,502,860
Finance cost	16,034,376	25,563,260	15,999,454	25,547,264
Profit from operating activities before changes in operating assets and liabilities	323,780,172	405,717,785	334,217,905	406,544,799
Operating assets (increase) decrease				
Trade and other receivables	615,301	(180,787)	(22,063,032)	3,500,424
Hire purchase receivables	134,836,323	(397,958,240)	178,807,570	(397,958,240)
Loan receivables	(2,406,491)	-	-	-
Receivables under right transfer agreements	915,323	1,138,384	915,323	1,138,384
Inventories	1,488,990	(6,236,299)	20,136,648	(9,740,827)
Other current assets	(10,310,067)	11,963,097	(4,932,444)	12,960,436
Other non-current assets	(16,626)	(2,962,299)	8,931	(2,947,076)
Operating liabilities increase (decrease)				
Trade and other payables	(3,639,695)	14,076,586	(6,091,714)	13,240,801
Other current liabilities	(9,177,353)	13,002,212	(8,953,215)	12,442,045
Provision for long-term employee benefits	(237,701)	(2,783,760)	(237,701)	(2,783,760)
Cash from operating activities	435,848,176	35,776,679	491,808,271	36,396,986
Cash paid for interest expenses	(16,058,753)	(25,606,169)	(16,023,832)	(25,590,173)
Cash paid for income tax	(12,002,952)	(49,045,638)	(11,130,915)	(48,068,944)
Net cash flows from (used in) operating activities	407,786,471	(38,875,128)	464,653,524	(37,262,131)

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

Thiensurat Public Company Limited and its subsidiaries
Cash flows statement (continued)
For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from investing activities				
Decrease in restricted bank deposits	15,815,705	3,095,319	1,815,705	2,410,184
Cash paid for short-term loan to related party	-	-	(4,565,694)	-
Cash paid for investment in a subsidiary	-	-	(5)	(49,999,985)
Cash paid for investment in joint venture	(13,767,427)	-	(13,767,427)	-
Acquisition of property, plant and equipment	(15,700,264)	(55,670,179)	(15,145,131)	(55,507,784)
Acquisition of intangible assets	(13,452,091)	(4,634,887)	(13,052,089)	(4,634,887)
Proceeds from sales of equipment	1,512,363	1,351,727	1,266,930	43,316
Net cash flows used in investing activities	<u>(25,591,714)</u>	<u>(55,858,020)</u>	<u>(43,447,711)</u>	<u>(107,689,156)</u>
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and				
short-term loans from financial institutions	(467,013,832)	218,859,822	(467,013,832)	218,859,822
Cash receipt from short-term loan from related party	398,300	-	-	-
Repayment of liabilities under finance lease agreements	(22,168,532)	(24,326,984)	(21,946,992)	(24,120,348)
Repayment of long-term loans	(19,134,371)	(21,622,609)	(19,134,371)	(21,622,609)
Cash receipt from share capital issued as a result of				
warrants exercise	90,084,883	46,745,898	90,084,883	46,745,898
Dividend paid	(33,188,797)	(57,150,637)	(33,188,797)	(57,150,637)
Net cash flows from (used in) financing activities	<u>(451,022,349)</u>	<u>162,505,490</u>	<u>(451,199,109)</u>	<u>162,712,126</u>
Net increase in cash and cash equivalents	(68,827,592)	67,772,342	(29,993,296)	17,760,839
Cash and cash equivalents at the beginning of year	101,400,838	33,628,496	43,562,048	25,801,209
Cash and cash equivalents at end of year	<u>32,573,246</u>	<u>101,400,838</u>	<u>13,568,752</u>	<u>43,562,048</u>
	-	-	-	-
Supplementary cash flows information:				
Non-cash transactions				
Purchases of assets for which no cash has been paid	320,510	515,354	320,510	515,354
Assets acquired under finance lease agreements	5,236,151	30,530,280	4,245,497	30,530,280
Transfer property, plant and equipment to	-	5,553,123	-	5,553,123
intangible assets				

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

Thiensurat Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2017

1. General information

Thiensurat Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacturing and distribution of water filter, and distribution of air conditioner, electric appliances and other equipment. The registered office of the Company is at 43/9 Moo 7, Soi Chuchartanusorn 4, Tumbol Bangtalad, Amphur Pakkred, Nonthaburi.

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Thiensurat Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”).

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2017	2016
			Percent	Percent
Safe Trade International Co., Ltd.	Distribution of water purifiers	Thailand	99.98	99.98
Fedders Thai Co., Ltd.	Distribution of air conditioner	Thailand	59.99	59.99
Thiensurat Leasing Co., Ltd.	Micro finance and nano finance and distribution of electric appliances	Thailand	100.00	100.00

- b) 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.
 - c) 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.
 - d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
 - e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
 - f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries and joint venture under the cost method.

3. New financial reporting standards

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

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised and new financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Hire purchase interest income

Interest income under hire purchase agreement is recognised over the period of agreement based on the effective interest rate. The Company and its subsidiary ceases accruing income for receivables which installment payment has been defaulted for more than three installments past the due date. Interest is then recognised as income on a cash basis until settlement of such overdue balance has been received.

Income from loan receivables

Income from loan receivables is recognised over the period of agreement based on the effected interest rate. The subsidiary ceases accruing income for receivables which installment payment has been defaulted for more than two installments past the due date. Income from loan receivables is then recognised as income on a cash basis until settlement of such overdue balance has been received.

Interest income

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

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments, with an original maturity of 3 months or less and not subject to withdrawal restrictions.

4.3 Receivables and allowance for doubtful accounts

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

Hire purchase receivables and loan receivables are stated net of outstanding balance from contract, unearned interest income and allowance for doubtful accounts. The Company and its subsidiary provides allowance for doubtful accounts for hire purchase receivables and loan receivables based on the estimated collection losses that may be incurred in collection of receivables, by considering of the current status of receivables, their ability to make payment, past experience and historical data on actual losses on collection.

4.4 Inventories

Finished goods and work in process are valued at the lower of cost (under the first-in, first-out method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Trading products, raw materials and factory supplies are valued at cost (under the first-in, first-out method) and net realisable value and are charged to production costs whenever consumed.

4.5 Investments

- a) Investment in joint venture are accounted for in the consolidated financial statements using equity method.
- b) Investments in subsidiaries and joint venture are accounted for in the separate financial statements using the cost method.

4.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of building for rent is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years. Depreciation is included in determining income.

No depreciation is provided for investment properties of land.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.7 Property, plant and equipment and depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of building and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives.

Land improvements	10 years
Buildings and building improvements	10, 20 and 27 years
Tools and equipment	3 - 5 years
Furniture, fixtures and office equipment	5 years
Computer hardware	3 - 5 years
Motor vehicles	5 years

Depreciation is included in determining income.

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

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

4.8 Intangible assets

Intangible assets are initially recognised at cost. Following initial recognition, the intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end.

The useful lives of intangible assets with finite lives which is computer software is 3 - 10 years.

The amortisation is included in determining income.

No amortisation is provided for computer software under installation.

4.9 Related party transactions

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

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

4.10 Long-term leases

The Company and its subsidiary as a lessor.

Leases which the Company and its subsidiary transfers substantially all the risks and rewards of ownership are classified as finance leases, including hire purchase. Amounts due from leases under hire purchases are recorded as receivables at the amount of the Company and its subsidiary's net investment in leases. Hire purchase interest income is recognised over the period of agreement based on the effective interest rate.

The Company and its subsidiary as a lessee.

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

Long-term leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Moreover, payments made under operating leases are recognised as expenses in part of profit or loss over the term of the leases on the straight-line basis.

4.11 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.12 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the land, building and equipment or other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

4.13 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

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

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

4.14 Provisions

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

4.15 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.16 Fair value measurement

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

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

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

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

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

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

5. Significant accounting judgements and estimates

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

Allowance for doubtful accounts

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

Fair value of financial instruments

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

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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

6. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		
	financial statements		financial statements		Pricing policy
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	95.2	47.1	Cost plus margin
Rental income	-	-	0.3	0.4	Comparable price with rental of nearly buildings
Other income	-	-	1.5	-	The price as mutually agreed
Purchase of goods and service	-	-	7.7	10.8	Cost plus margin or market price
Purchase of assets	-	-	0.2	0.5	Cost plus margin or market price
Rental and service expenses	-	-	0.5	0.4	Comparable price with rental of nearly buildings

(Unit: Million Baht)

	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<u>Transactions with joint venture</u>					
Sales of goods	9.2	-	9.2	-	Cost plus margin
<u>Transactions with related companies</u>					
Sales of goods	5.1	7.2	-	-	Cost plus margin
Rental income	0.4	0.4	0.4	0.4	Comparable price with rental of nearly buildings
Other income	0.3	0.4	0.3	0.4	The price as mutually agreed
Purchase of goods	0.7	1.7	0.4	1.3	Cost plus margin or market price
Rental and service expenses	6.1	0.7	6.1	0.7	The price as mutually agreed
Other expenses	0.1	-	0.1	-	Market price
<u>Transaction with related individuals</u>					
Consulting fees	5.3	2.7	5.3	2.7	Contract price

As at 31 December 2017 and 2016, the balances of the accounts between the Company and those related parties are as follow:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade and other receivables - related parties</u> (Note 8)				
Subsidiaries	-	-	23,558	4,806
Joint venture	2,342	-	2,342	-
Related companies (related by directors)	88	53	88	53
Total trade and other receivables - related parties	<u>2,430</u>	<u>53</u>	<u>25,988</u>	<u>4,859</u>
<u>Trade and other payables - related parties</u> (Note 19)				
Subsidiaries	-	-	178	578
Related companies (related by directors)	309	476	303	427
Total trade and other payables - related parties	<u>309</u>	<u>476</u>	<u>481</u>	<u>1,005</u>

Short-term loan to related party and short-term loan from related party

As at 31 December 2017 and 2016, the balances of short-term loans between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)

Loan to	Related by	Interest rate (percent per annum)	Separate financial statements			
			Balance as at 31 December 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2017
Fedders Thai Company Limited	Subsidiary	5.00	-	4,566	-	4,566

(Unit: Thousand Baht)

Loan from	Related by	Interest rate (percent per annum)	Consolidated financial statements			
			Balance as at 31 December 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2017
S.S. Air Services Company Limited	Related company (related by director)	5.00	-	398	-	398

Directors and management's benefits

During the year ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and managements as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term employee benefits	49,707	45,900	39,949	40,277
Post-employment benefits	555	1,996	492	1,790
Total	50,262	47,896	40,441	42,067

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash	3,232	494	2,866	462
Bank deposits	29,341	100,907	10,703	43,100
Total cash and cash equivalents	<u>32,573</u>	<u>101,401</u>	<u>13,569</u>	<u>43,562</u>

As at 31 December 2017, the Company's and the subsidiary's bank deposits in saving accounts and fixed deposits are carrying interests between 0.1% and 1.0% per annum (2016: between 0.1% and 0.9% per annum) (the Company only: between 0.1% and 1.0% per annum (2016: between 0.1% and 0.9% per annum)).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	2,361	24	12,920	4,829
Past due				
Up to 3 months	18	15	12,915	15
3 - 6 months	16	-	16	-
6 - 12 months	27	-	27	-
Over 12 months	5	5	5	5
Total trade receivables - related parties	<u>2,427</u>	<u>44</u>	<u>25,883</u>	<u>4,849</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	11,729	13,353	7,231	6,205
Past due				
Up to 3 months	5,440	6,690	3,472	3,472
3 - 6 months	467	61	467	61
6 - 12 months	240	382	240	382
Over 12 months	-	382	-	382
Total	<u>17,876</u>	<u>20,868</u>	<u>11,410</u>	<u>10,502</u>
Less: Allowance for doubtful accounts	(307)	(252)	(307)	(252)
Allowance for goods returned	(48)	(57)	(48)	(57)
Total trade receivables - unrelated parties, net	<u>17,521</u>	<u>20,559</u>	<u>11,055</u>	<u>10,193</u>
Total trade receivables - net	<u>19,948</u>	<u>20,603</u>	<u>36,938</u>	<u>15,042</u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Other receivables</u>				
Other receivables - related parties	3	9	105	10
Other receivables - unrelated parties	4,169	4,560	4,118	4,481
Total	4,172	4,569	4,223	4,491
Less: Allowance for doubtful accounts	(348)	(725)	(336)	(725)
Total other receivables - net	3,824	3,844	3,887	3,766
Total trade and other receivables - net	23,772	24,447	40,825	18,808

9. Hire-purchase receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Hire-purchase receivables	815,499	1,198,442	755,142	1,198,442
Less: Deferred hire-purchase interest	(87,377)	(109,287)	(74,851)	(109,287)
Deferred output tax	(45,930)	(68,595)	(42,070)	(68,595)
Total	682,192	1,020,560	638,221	1,020,560
Less: Allowance for doubtful accounts	(60,982)	(106,050)	(60,272)	(106,050)
Allowance for goods returned	(962)	(1,312)	(962)	(1,312)
Hire-purchase receivables - net	620,248	913,198	576,987	913,198
Less: Current portion	(611,210)	(903,761)	(573,452)	(903,761)
Hire-purchase receivables - long-term portion	9,038	9,437	3,535	9,437

Hire - purchase receivables - water purifier separated by aging and allowance for doubtful accounts were as follows:

(Unit: Thousand Baht)

Water purifier								
Consolidated/Separate financial statements								
	Number of receivables (account)		Receivables less deferred interest and output tax		Rate of allowance for doubtful accounts (percent)		Allowance for doubtful accounts	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Aged on the basis of due dates								
Not yet due	62,291	104,992	447,418	710,125	2.5	2.5	11,292	17,825
Overdue 1 installment	5,994	12,859	49,242	106,860	6	6	2,955	6,412
Overdue 2 installments	2,487	4,915	21,330	44,634	30	30	6,399	13,390
Overdue 3 installments	1,807	3,031	15,414	30,739	50	50	7,707	15,370
Overdue exceeding 3 installments	3,986	4,342	30,391	45,046	50 and 100*	100	25,255	45,045
Total	76,565	130,139	563,795	937,404			53,608	98,042

*Rate of allowance for doubtful accounts of 50 percent is for non-consecutive delinquency over 3 installments and 100 percent for consecutive delinquency over 3 installments.

Hire - purchase receivables - electric appliances separated by aging and allowance for doubtful accounts were as follows:

(Unit: Thousand Baht)

Electric appliances								
Consolidated financial statements								
	Number of receivables (account)		Receivables less deferred interest and output tax		Rate of allowance for doubtful accounts (percent)		Allowance for doubtful accounts**	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Aged on the basis of due dates								
Not yet due	7,323	6,467	73,744	66,344	1	2.5	447	1,659
Overdue 1 installment	1,092	564	13,142	6,364	2	6	169	382
Overdue 2 installments	666	366	8,469	4,730	10	30	562	1,419
Overdue 3 installments	480	195	6,056	2,339	20	50	801	1,169
Overdue 4 installments	425	112	5,512	1,439	30	100	1,114	1,439
Overdue 5 installments	328	86	4,332	1,048	40	100	1,168	1,048
Overdue 6 installments	254	34	3,452	327	50	100	1,178	327
Overdue exceeding 6 installments	271	60	3,690	565	50 and 100*	100	1,935	565
Total	10,839	7,884	118,397	83,156			7,374	8,008

(Unit: Thousand Baht)

Electric appliances								
Separate financial statements								
	Number of receivables (account)		Receivables less deferred interest and output tax		Rate of allowance for doubtful accounts (percent)		Allowance for doubtful accounts**	
	2017	2016	2017	2016	2017	2016	2017	2016
Aged on the basis of due dates								
Not yet due	4,661	6,467	39,833	66,344	1	2.5	202	1,659
Overdue 1 installment	715	564	7,231	6,364	2	6	83	382
Overdue 2 installments	466	366	5,164	4,730	10	30	314	1,419
Overdue 3 installments	430	195	5,212	2,339	20	50	672	1,169
Overdue 4 installments	425	112	5,512	1,439	30	100	1,114	1,439
Overdue 5 installments	328	86	4,332	1,048	40	100	1,167	1,048
Overdue 6 installments	254	34	3,452	327	50	100	1,177	327
Overdue exceeding 6 installments	271	60	3,690	565	50 and 100*	100	1,935	565
Total	7,550	7,884	74,426	83,156			6,664	8,008

* Rate of allowance for doubtful accounts of 50 percent is for non-consecutive delinquency over 6 installments and 100 percent for consecutive delinquency over 6 installments.

** Allowance for doubtful accounts for electric appliances receivables calculated based on receivables less deferred interest and output tax, and net from residual value of electric appliances which considered from their useful life, condition of collaterals and market price of second hand electric appliances.

As at 31 December 2017 and 2016, a reconciliation between minimum lease payments in the hire purchase contracts together with the present value of future minimum lease payments receivables are as follows.

(Unit: Thousand Baht)

Consolidated financial statements				
	2017		2016	
	Minimum lease payments of hire purchase contracts	Present value of future minimum lease payments receivables	Minimum lease payments of hire purchase contracts	Present value of future minimum lease payments receivables
Within one year	805,320	673,154	1,187,700	1,011,123
After one year but not more than five years	10,179	9,038	10,742	9,437
Total	815,499	682,192	1,198,442	1,020,560
Less: Deferred hire-purchase interest	(87,377)		(109,287)	
Deferred output tax	(45,930)		(68,595)	
Present value of future minimum lease payments receivables	682,192		1,020,560	

(Unit: Thousand Baht)

	Separate financial statements			
	2017		2016	
	Minimum lease payments of hire purchase contracts	Present value of future minimum lease payments receivables	Minimum lease payments of hire purchase contracts	Present value of future minimum lease payments receivables
Within one year	751,448	634,686	1,187,700	1,011,123
After one year but not more than five years	3,694	3,535	10,742	9,437
Total	755,142	638,221	1,198,442	1,020,560
Less: Deferred hire-purchase interest	(74,851)		(109,287)	
Deferred output tax	(42,070)		(68,595)	
Present value of future minimum lease payments receivables	638,221		1,020,560	

10. Loan receivables

(Unit: Thousand Baht)

	Consolidated financial statements	
	2017	2016
Loan receivables	3,139	-
Less: unearned finance income	(733)	-
Total	2,406	-
Less: Current portion	(1,346)	-
Loan receivables - long-term portion	1,060	-

11. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2017	2016	2017	2016	2017	2016
Finished goods	70,039	56,970	(674)	(211)	69,365	56,759
Work in process	21,929	21,187	(10)	(25)	21,919	21,162
Raw materials	67,537	82,897	(1,000)	(431)	66,537	82,466
Raw materials in transit	3	-	-	-	3	-
Supplies	687	630	-	-	687	630
Total	160,195	161,684	(1,684)	(667)	158,511	161,017

(Unit: Thousand Baht)

Separated financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Finished goods	44,407	49,986	(426)	(211)	43,981	49,775
Work in process	21,929	21,187	(10)	(25)	21,919	21,162
Raw materials	67,537	82,897	(1,000)	(431)	66,537	82,466
Raw materials in transit	3	-	-	-	3	-
Supplies	687	630	-	-	687	630
Total	<u>134,563</u>	<u>154,700</u>	<u>(1,436)</u>	<u>(667)</u>	<u>133,127</u>	<u>154,033</u>

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 1.2 million (2016: Baht 2.0 million) (the Company only: Baht 0.9 million (2016: Baht 2.0 million)), to reflect the net realisable value. This was included in cost of sales. In addition, the Company and its subsidiaries reversed the write-down of cost of inventories by Baht 0.2 million (2016: Baht 3.9 million) (the Company only: Baht 0.2 million (2016: Baht 3.9 million)), and reduced the amount of inventories recognised as expenses during the year.

12. Restricted bank deposits

As at 31 December 2017, the Company and its subsidiaries had pledged the saving account at financial institutions to secure loans and bank guarantee facilities issued by the banks on behalf of the Company and its subsidiaries which are carrying interests between 0.4% per annum (2016: Saving account and fixed deposits which are carrying interests between 0.1% and 0.9% per annum) (the Company only: between 0.4% per annum (2016: Saving account and fixed deposits which are carrying interests between 0.1% and 0.9% per annum)).

13. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage (percent)		Cost	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Safe Trade International Co., Ltd.	4,000	4,000	99.98	99.98	3,999	3,999
Fedders Thai Co., Ltd	31,000	31,000	59.99	59.99	18,598	18,598
Thiensurat Leasing Co., Ltd.	50,000	50,000	100.00	100.00	50,000	50,000
Total investments in subsidiaries					<u>72,597</u>	<u>72,597</u>

For the years 2017 and 2016, the Company did not received dividend from subsidiaries.

14. Investment in joint venture

14.1 Details of investment in joint ventures:

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other company. Details of the investment are as follows:

		(Unit: Thousand Baht)	
Joint venture	Shareholding percentage (percent)	Consolidated financial statements	Separate financial statements
		Carrying amounts based on equity method	Carrying amounts based on cost method
	<u>2017</u>	<u>2017</u>	<u>2017</u>
TSR Lao Company Limited	49	13,782	13,767
Total investment in joint venture		13,782	13,767

The Company entered into a joint venture agreement to establish TSR Lao Company Limited in The Lao People's Democratic Republic which was registered on 16 December 2016 to engage in the distribution of water purifier and related products. The Company holds 49 percent of share capital of that company amounting to Baht 17.1 million.

On 17 January 2017, the Company paid up the share capital of Baht 13.8 million. The remainder of Baht 3.3 million has not been called for payment.

14.2 Share of comprehensive income and dividend received.

During the year, the Company recognised share of profit from investment in joint venture in the consolidated financial statements as follows:

		(Unit: Thousand Baht)
Joint venture		Share of profit from investment in joint venture
		<u>2017</u>
TSR Lao Company Limited		15

For the year 2017, the Company did not received dividend from joint venture.

14.3 Summarised financial information about material joint ventured

Summarised information about financial position.

	(Unit: Million Baht)
	TRS Lao Company Limited
	<u>2017</u>
Cash and cash equivalents	11.2
Other current assets	11.8
Non-current assets	6.2
Other current liabilities	2.7
Net assets	29.6
Shareholding percentage (%)	49%
Share of net assets	14.5
Elimination entries	(0.7)
Carrying amounts of joint ventures based on equity method	13.8

Summarised info about comprehensive income.

	(Unit: Million Baht)
	TRS Lao Company Limited
	For the year ended
	<u>31 December 2017</u>
Revenue	15.9
Profit	1.5
Other comprehensive income	-
Total comprehensive income	1.5

15. Investment properties

The net book value of investment properties as at 31 December 2017 and 2016 is presented below.

	(Unit: Thousand Baht)		
	Consolidated/Separate financial statements		
	Land not use in operating	Land and building for rent	Total
As at 31 December 2017			
Cost	52,290	21,346	73,636
Less: Accumulated depreciation	-	(14,933)	(14,933)
Net book value	52,290	6,413	58,703
As at 31 December 2016			
Cost	52,290	21,346	73,636
Less: Accumulated depreciation	-	(14,859)	(14,859)
Net book value	52,290	6,487	58,777

A reconciliation of the net book value of investment properties for the years 2017 and 2016 is presented below.

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2017</u>	<u>2016</u>
Net book value at beginning of year	58,777	58,850
Depreciation for the year	(74)	(73)
Net book value at end of year	<u>58,703</u>	<u>58,777</u>

The fair value of the investment properties as at 31 December 2017 and 2016 stated below:

	(Unit: Million Baht)	
	Consolidated/Separate financial statements	
	<u>2017</u>	<u>2016</u>
Land not use in operating	104.6	87.2
Land and building for rent	73.3	35.8

The fair value of the above investment properties has been determined, using the market comparable method based on valuation performed by an accredited independent valuer. The fair value is thus based on Level 2 input.

As at 31 December 2017, certain building of the Company have been fully depreciated. The gross carrying amount before deducting accumulated depreciation of those building amounted to approximately Baht 14.2 million (2016: Baht 14.2 million).

The Company has mortgaged investment properties with net book value amounting to Baht 58.0 million (2016: Baht 58.1 million) as collaterals against short-term and long-term credit facilities received from banks.

16. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements

	Land and land improvement	Building and building improvement	Tools and equipment	Furniture, fixtures and office equipment	Computer hardware	Motor vehicles	Assets under installation and under construction	Total
Cost								
1 January 2016	241,620	198,493	35,991	25,370	19,203	72,721	3,880	597,278
Additions	468	3,312	3,611	7,622	7,949	34,867	28,887	86,716
Transfer in (out)	330	13,003	-	12	1,108	-	(14,453)	-
Transfer to intangible assets	-	-	-	-	-	-	(5,553)	(5,553)
Disposals/write-off	-	-	(552)	(484)	(50)	(3,476)	-	(4,562)
31 December 2016	242,418	214,808	39,050	32,520	28,210	104,112	12,761	673,879
Additions	344	1,082	1,983	3,668	5,347	5,591	3,242	21,257
Transfer in (out)	22	15,691	-	285	5	-	(16,003)	-
Disposals/write-off	-	-	(10)	(251)	(1,413)	(3,317)	-	(4,991)
31 December 2017	242,784	231,581	41,023	36,222	32,149	106,386	-	690,145
Accumulated depreciation								
1 January 2016	572	73,742	21,169	13,734	9,585	16,090	-	134,892
Depreciation for the year	277	18,616	4,832	4,193	4,196	10,948	-	43,062
Depreciation on disposals/write-off	-	-	(336)	(427)	(7)	(3,475)	-	(4,245)
31 December 2016	849	92,358	25,665	17,500	13,774	23,563	-	173,709
Depreciation for the year	247	21,492	4,437	5,003	4,982	13,502	-	49,663
Depreciation on disposals/write-off	-	-	(4)	(165)	(1,230)	(3,412)	-	(4,541)
31 December 2017	1,096	113,850	30,098	22,338	17,526	33,923	-	218,831
Allowance for impairment loss								
1 January 2016	-	-	288	-	-	-	-	288
31 December 2016	-	-	288	-	-	-	-	288
31 December 2017	-	-	288	-	-	-	-	288
Net book value								
31 December 2016	241,569	122,450	13,097	15,020	14,436	80,549	12,761	499,882
31 December 2017	241,688	117,731	10,637	13,884	14,623	72,463	-	471,026
Depreciation for the year 2016 (Baht 4.4 million included in manufacturing cost, and the balance in selling and administrative expenses)								43,062
Depreciation for the year 2017 (Baht 7.0 million included in manufacturing cost, and the balance in selling and administrative expenses)								49,663

(Unit: Thousand Baht)

Separate financial statements

	Land and land improvement	Building and building improvement	Tools and equipment	Furniture, fixtures and office equipment	Computer hardware	Motor vehicles	Assets under installation and under construction	Total
Cost								
1 January 2016	236,820	189,224	35,991	23,390	18,930	64,269	3,880	572,504
Additions	468	3,311	3,612	7,562	7,847	34,867	28,886	86,553
Transfer in (out)	330	13,003	-	12	1,108	-	(14,453)	-
Transfer to intangible assets	-	-	-	-	-	-	(5,553)	(5,553)
Disposals/write-off	-	-	(552)	(484)	(50)	-	-	(1,086)
31 December 2016	237,618	205,538	39,051	30,480	27,835	99,136	12,760	652,418
Additions	344	1,082	1,982	3,486	5,042	4,532	3,242	19,710
Transfer in (out)	22	15,691	-	284	5	-	(16,002)	-
Disposals/write-off	-	-	(10)	(149)	(1,413)	(1,989)	-	(3,561)
31 December 2017	237,984	222,311	41,023	34,101	31,469	101,679	-	668,567
Accumulated depreciation								
1 January 2016	572	69,220	21,169	12,197	9,461	10,580	-	123,199
Depreciation for the year	277	18,180	4,832	4,045	4,143	10,403	-	41,880
Depreciation on disposals/write-off	-	-	(336)	(427)	(7)	-	-	(770)
31 December 2016	849	87,400	25,665	15,815	13,597	20,983	-	164,309
Depreciation for the year	247	21,056	4,437	4,844	4,895	12,736	-	48,215
Depreciation on disposals/write-off	-	-	(4)	(141)	(1,230)	(1,752)	-	(3,127)
31 December 2017	1,096	108,456	30,098	20,518	17,262	31,967	-	209,397
Allowance for impairment loss								
1 January 2016	-	-	288	-	-	-	-	288
31 December 2016	-	-	288	-	-	-	-	288
31 December 2017	-	-	288	-	-	-	-	288
Net book value								
31 December 2016	236,769	118,138	13,098	14,665	14,238	78,153	12,760	487,821
31 December 2017	236,888	113,855	10,637	13,583	14,207	69,712	-	458,882
Depreciation for the year 2016 (Baht 4.4 million included in manufacturing cost, and the balance in selling and administrative expenses)								41,880
Depreciation for the year 2017 (Baht 7.0 million included in manufacturing cost, and the balance in selling and administrative expenses)								48,215

As at 31 December 2017, certain equipment and vehicle items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 68.4 million (2016: Baht 60.0 million) (the Company only: Baht 66.5 million (2016: Baht 57.7 million)).

The Company and its subsidiaries have mortgaged assets with net book value amounting to Baht 291.9 million (2016: Baht 303.9 million) as collaterals against credit facilities received from banks (the Company only: Baht 283.2 million (2016: Baht 294.8 million)).

17. Intangible assets

The net book value of intangible assets as at 31 December 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements				Separate financial statements		
	Software	Software under installation	Goodwill	Total	Software	Software under installation	Total
As at 31 December 2017							
Cost	32,946	11,300	37	44,283	32,522	11,300	43,822
Less: Accumulated amortisation	(8,441)	-	-	(8,441)	(8,426)	-	(8,426)
Net book value	24,505	11,300	37	35,842	24,096	11,300	35,396
As at 31 December 2016							
Cost	20,676	10,118	37	30,831	20,652	10,118	30,770
Less: Accumulated amortisation	(5,784)	-	-	(5,784)	(5,778)	-	(5,778)
Net book value	14,892	10,118	37	25,047	14,874	10,118	24,992

A reconciliation of the net book value of intangible assets for the years 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	25,047	16,883	24,992	16,823
Acquisitions	13,452	4,635	13,052	4,635
Transfer from land, building and equipment	-	5,553	-	5,553
Amortisation	(2,657)	(2,024)	(2,648)	(2,019)
Net book value at end of year	35,842	25,047	35,396	24,992

18. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (% per annum)	Consolidated/Separate financial statements	
		2017	2016
Bill of exchange	3.70	-	446,921
Promissory notes	3.45 - 4.00	129,907	150,000
Total bank overdrafts and short-term loans from financial institutions		129,907	596,921

Bank overdraft and short-term loans from financial institutions of the Company are secured by the mortgage of investment properties and partial of land and building as described in Notes 15 and 16 to the financial statements and personal guarantee by the Company's directors.

19. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade payables - related parties	18	50	11	536
Trade payables - unrelated parties	30,516	39,606	30,516	39,606
Other payables - related parties	291	426	470	469
Other payables - unrelated parties				
Accrued expenses	30,974	26,280	27,310	24,667
Retention	34,781	33,326	34,778	33,326
Others	724	3,145	684	3,145
Total trade and other payables	97,304	102,833	93,769	101,749

20. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidate financial statements		Separate financial statements	
	2017	2016	2017	2016
Liabilities under finance lease agreements	67,931	86,970	67,062	86,926
Less: Deferred interest expenses	(2,725)	(4,832)	(2,667)	(4,830)
Total	65,206	82,138	64,395	82,096
Less: Current portion	(28,647)	(28,222)	(28,417)	(28,194)
Liabilities under finance lease agreements, net of current portion	36,559	53,916	35,978	53,902

The Company and its subsidiaries have entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 4 years.

Future minimum lease payments required under the finance lease agreements as at 31 December 2017 and 2016 were as follows:

(Unit: Thousand Baht)

Consolidated financial statements						
	2017			2016		
	Less than 1 year	1-5 years	Total	Less than 1 year	1-5 years	Total
Future minimum lease payments	30,365	37,566	67,931	30,702	56,268	86,970
Deferred interest expenses	(1,718)	(1,007)	(2,725)	(2,480)	(2,352)	(4,832)
Present value of future minimum lease payments	<u>28,647</u>	<u>36,559</u>	<u>65,206</u>	<u>28,222</u>	<u>53,916</u>	<u>82,138</u>

(Unit: Thousand Baht)

Separate financial statements						
	2017			2016		
	Less than 1 year	1-5 years	Total	Less than 1 year	1-5 years	Total
Future minimum lease payments	30,107	36,955	67,062	30,672	56,254	86,926
Deferred interest expenses	(1,690)	(977)	(2,667)	(2,478)	(2,352)	(4,830)
Present value of future minimum lease payments	<u>28,417</u>	<u>35,978</u>	<u>64,395</u>	<u>28,194</u>	<u>53,902</u>	<u>82,096</u>

21. Long-term loans

(Unit: Thousand Baht)

Loan	Interest rate (percent per annum)	Repayment schedule	Consolidated/Separate financial statements	
			2017	2016
1. Loans from local financial institution	MLR, MLR-1, 1.375	Monthly installments as from June 2011 to May 2021	17,105	26,927
2. Loans from local financial institution	MLR-1	Monthly installments as from August 2013 to May 2018	4,864	14,176
Total			21,969	41,103
Less: Current portion			(12,271)	(21,836)
Long-term loans, net of current portion			<u>9,698</u>	<u>19,267</u>

Movements in the long-term loans account during the year ended 31 December 2017 are summarised below.

	(Unit: Thousand Baht)
	Consolidated/Separate financial statements
Balance as at 1 January 2017	41,103
Less: Repayment during the year	(19,134)
Balance as at 31 December 2017	21,969

The Company's long-term loan agreements indicated the certain regulations and conditions such as maintenance debt to equity ratio, dividend payment restriction etc. Long-term loans are secured by bank deposit, investment properties, partial of land and building as described in Note 12, Note 15 and Note 16 to the financial statements and personal guarantee by the Company's directors.

22. Provision for long-term employee benefits

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Provisions for long-term employee				
benefits at beginning of year	22,273	21,262	18,702	17,983
Included in profit or loss:				
Current service cost	1,334	2,952	1,231	2,774
Interest cost	390	843	371	729
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	291	-	95	-
Financial assumption changes	901	-	888	-
Experience adjustments	(8,074)	-	(7,268)	-
Benefits paid during the year	(238)	(2,784)	(238)	(2,784)
Provisions for long-term employee				
benefits at end of year	16,877	22,273	13,781	18,702

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cost of sales	74	76	74	76
Selling expenses	683	1,005	592	949
Administrative expense	967	2,714	936	2,478
Total expenses recognised in profit or loss	<u>1,724</u>	<u>3,795</u>	<u>1,602</u>	<u>3,503</u>

The Company and its subsidiaries expect to pay Baht 5 million of long-term employee benefits during the next year (the Company only: Baht 2 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 3 - 15 years (2016: 21 - 26 years) (the Company only: 11 - 15 years (2016: 26 years)).

Principal actuarial assumptions at the valuation date were as follows.

	(% per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Discount rate	1.63 - 3.08	3.88 - 3.98	2.71 - 3.08	3.88 - 3.98
Future salary increase rate	3.67 - 5.00	5.00 - 6.11	5.00	5.00
Staff turnover rate	0 - 76.00	0 - 72.00	0 - 76.00	0 - 72.00

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(524)	557	(492)	523
Salary increase rate	356	(243)	337	(225)
Staff turnover rate	(521)	566	(507)	551

23. Share capital

Movements in share capital during the year end as at 31 December 2017 and 2016 are summarised below.

	Consolidated/Separate financial statements		
	Number of issued and paid-up share capital (Thousand Shares)	Issued and paid-up share capital (Thousand Baht)	Share premium (Thousand Baht)
Outstanding as at 31 December 2015	401,333	401,333	206,770
Increase in capital through issuance of stock dividend	40,133	40,133	-
Increase in capital from warrants exercise during May 2016	25,713	25,713	21,033
Outstanding as at 31 December 2016	467,179	467,179	227,803
Outstanding as at 31 December 2016	467,179	467,179	227,803
Increase in capital from warrants exercise during May 2017	49,551	49,551	40,533
Outstanding as at 31 December 2017	516,730	516,730	268,336

The Company registered the increase in its issued and paid-up share capital as a result of warrants exercise in May 2017 with the Department of Business Development, Ministry of Commerce on 2 June 2017.

24. Warrants

	Warrants TSR - W1
No. of warrants granted	200,666,316 units
Terms of warrants	3 years
Exercise period	The last business day of each May
First exercise date	31 May 2016
Final exercise date	20 December 2018
*Exercise price per 1 ordinary share	1.818 Baht
*Exercise ratio (unit of warrants to ordinary share)	1:1.10

*Adjusted the exercise price and exercise ratio due to stock dividend payment, and such a stock dividend payment meets the conditions for a rights adjustment of the TSR-W1 warrants based on a resolution of the Annual General Meeting of the Company's shareholders on 22 April 2016.

A reconciliation of number of warrants for the year ended 31 December 2017 and 2016 are provided below.

	(Unit: Thousand Unit)
Banlance as at 1 January 2016	200,666
Exercised during the year	(23,375)
Balance as at 31 December 2016	177,291
Exercised during the year	(45,047)
Balance as at 31 December 2017	132,244

25. Statutory reserve

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

26. Expenses by nature

Significant expenses by nature are as follows.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Salaries, wages and other employee benefits	458,191	432,264	439,449	419,048
Commission expenses	406,676	474,700	403,685	470,828
Depreciation and amortisation	52,394	45,160	50,937	43,972
Sales promotion expenses	20,560	24,050	19,147	22,766
Changes in raw materials and supplies	239,889	283,716	239,889	283,716
Changes in finished goods and work in process	13,811	16,936	(4,837)	20,441

27. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax				
Current income tax charge	11,598	27,821	10,950	27,010
Adjustment in respect of income tax of previous year	(445)	(12)	(445)	(12)
Deferred tax				
Relating to origination and reversal of temporary differences	8,993	(7,449)	10,363	(7,391)
Income tax expense reported in the statement of comprehensive income	<u>20,146</u>	<u>20,360</u>	<u>20,868</u>	<u>19,607</u>

Deferred tax relating to each complement of comprehensive income for the year ended 31 December 2017 and 2016 are made up as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax relating to actuarial gain	<u>1,377</u>	<u>-</u>	<u>1,257</u>	<u>-</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2017 and 2016.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Accounting profit before tax	94,603	99,436	108,293	100,451
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	18,921	19,887	21,659	20,090
Adjustment in respect of income tax of previous year	(445)	(12)	(445)	(12)
Effects of:				
Non-deductible expenses	1,096	213	747	138
Additional expense deductions allowed	(1,277)	(619)	(1,253)	(619)
Others	1,851	891	160	10
Total	1,670	485	(346)	(471)
Income tax expenses reported in the statement of comprehensive income	20,146	20,360	20,868	19,607

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax assets				
Allowance for doubtful accounts	12,325	21,405	12,183	21,405
Allowance for goods returned	202	274	202	274
Allowance for diminution in value of inventories	287	133	287	133
Allowance for asset impairment held for sale	7	-	-	-
Allowance for asset impairment	58	58	58	58
Provision from guarantee	543	224	543	224
Provision for long-term employee benefits	3,369	4,454	2,756	3,740
Unused tax loss	1,202	-	-	-
Total	17,993	26,549	16,029	25,834
Deferred tax liability				
Finance lease agreements	3,455	1,640	3,455	1,640
Total	3,455	1,640	3,455	1,640

28. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number to ordinary shares in issue during the period after adjusting the number of ordinary shares to reflect the impact of the stock dividend as discussed in Note 31 to the financial statements.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares to reflect the impact of the stock dividend, plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic and diluted earnings per share:

	Consolidated financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders of the Company	77,365	80,585	496,095	456,401	0.156	0.177
Effect of dilutive potential ordinary shares						
TSR-W1	-	-	106,411	309,817	-	-
Diluted earnings per share						
Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	77,365	80,585	602,506	766,218	0.128	0.105

	Separate financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders of the Company	87,425	80,843	496,095	456,401	0.176	0.177
Effect of dilutive potential ordinary shares						
TSR-W1	-	-	106,411	309,817	-	-
Diluted earnings per share						
Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	87,425	80,843	602,506	766,218	0.145	0.106

29. Segment information

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

For management purpose, the Company and its subsidiaries are organised into business units based on its distribution channel and loan service. Operating Segment reporting is presented by sale type. The loan service is not reported as reportable segment due to the fact that its revenue and operating are immaterial to present.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following table presents revenues and profit information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2017 and 2016.

(Unit: Million Baht)					
	Hire purchase selling segment		Cash and credit selling segment		Total
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u> <u>2016</u>
Sales	1,229	1,389	202	219	1,431 1,608
Hire purchase interest income	218	228	-	-	218 228
Less: Cost of sales	<u>(277)</u>	<u>(330)</u>	<u>(123)</u>	<u>(92)</u>	<u>(400)</u> <u>(422)</u>
Segment profit	<u>1,170</u>	<u>1,287</u>	<u>79</u>	<u>127</u>	1,249 1,414
Other income					44 28
Selling expenses					(595) (666)
Administrative expenses					(429) (416)
Bad debts and doubtful accounts					(159) (235)
Finance cost					(16) (26)
Income tax expenses					<u>(20)</u> <u>(20)</u>
Profit for the year					<u>74</u> <u>79</u>

The Company and its subsidiaries operate in Thailand only. As a result, all the revenues and assets are reflected in these financial statements pertain exclusively to this geographical reportable segment.

During 2017 and 2016, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

30. Provident fund

The Company, the subsidiary and employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiaries contributed to the fund monthly at the rate of 3 percent of basic salary. The fund, which is managed by K Master Pooled Fund, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2017 amounting to approximately Baht 3.8 million (2016: Baht 4.5 million) were recognised as expenses (the Company only: Baht 3.7 million (2016: Baht 4.3 million)).

31. Dividend paid

Dividend	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Final dividends for 2015	Annual General Meeting of the shareholders on 22 April 2016		
- Cash dividend		8,027	0.02
- Stock dividend		40,133	0.10
Total		48,160	0.12
Interim dividends 2016	Board of Directors' Meeting on 11 November 2016		
- Cash dividend		51,390	0.11
Total dividend paid in 2016		99,550	0.23
Interim dividend 2017	Board of Directors' Meeting on 11 August 2017		
- Cash dividend		31,004	0.06
Total dividend paid in 2017		31,004	0.06

32. Commitments and contingent liabilities

32.1 Capital commitments

As at 31 December 2017, the Company had capital commitments of approximately Baht 6.1 million, relating to the renovation of office buildings and acquisition of computer software. (2016: Baht 4.0 million).

32.2 Operating lease commitments

The Company and its subsidiaries have entered into several operating lease agreements in respect of the lease of land, office building plant and service contracts. The terms of the agreements are generally between 1 and 5 years. These operating lease contracts are non-cancellable contracts.

Future minimum lease payments were as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Payable:				
In up to 1 year	14.7	12.1	14.3	11.4
In over 1 and up to 5 years	3.3	6.2	3.3	6.2

32.3 Guarantees

As at 31 December 2017 and 2016, the Company has outstanding bank guarantees as follows:

	(Unit: Million Baht)	
	Consolidated/Separate financial statements	
	<u>2017</u>	<u>2016</u>
Guarantee for electricity	0.4	0.4
Guarantee for commodity trading	5.2	9.5

33. Financial instruments

33.1 Financial risk management

The Company and the subsidiary's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, account receivables, short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables, hire purchase receivables, loan receivables, and receivables under right transfer agreements. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures. In addition, they do not have high concentrations of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statement of financial position.

Interest rate risk

The Company's and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, hire purchase receivables, loan receivables, short-term loan to related party, liabilities under finance lease agreements loan receivables, short-term and long-term loans.

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

(Unit: Million Baht)

Consolidated financial statements

	Fixed interest rates									
	Within				Floating		Non-interest		Total	
	1 year		1 – 5 years		interest rate		bearing			
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Financial assets										
Cash and cash equivalents	-	-	-	-	33	101	-	-	33	101
Trade and other receivables	-	-	-	-	-	-	24	24	24	24
Financial lease receivables	611	904	9	9	-	-	-	-	620	913
Loan receivables	1	-	1	-	-	-	-	-	2	-
Receivables under right transfer agreements	-	-	-	-	-	-	8	9	8	9
Restricted bank deposits	-	-	-	-	3	19	-	-	3	19
	612	904	10	9	36	120	32	33	690	1,066
Financial liabilities										
Short-term loans from banks	-	-	-	-	130	597	-	-	130	597
Trade and other payables	-	-	-	-	-	-	97	103	97	103
Liabilities under finance lease agreements	29	28	36	54	-	-	-	-	65	82
Long term loans	-	-	-	-	22	41	-	-	22	41
	29	28	36	54	152	638	97	103	314	823

(Unit: Million Baht)

Separate financial statements

	Fixed interest rates									
	Within				Floating		Non-interest		Total	
	1 year		1 - 5 years		interest rate		bearing			
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Financial assets										
Cash and cash equivalents	-	-	-	-	14	44	-	-	14	44
Trade and other receivables	-	-	-	-	-	-	41	19	41	19
Financial lease receivables	573	904	4	9	-	-	-	-	577	913
Receivables under right transfer agreements	-	-	-	-	-	-	8	9	8	9
Short-term loan to related party	4	-	-	-	-	-	-	-	4	-
Restricted bank deposits	-	-	-	-	3	5	-	-	3	5
	577	904	4	9	17	49	49	28	647	990
Financial liabilities										
Bank overdrafts and short-term loans from financial institutions	-	-	-	-	130	597	-	-	130	597
Trade and other payables	-	-	-	-	-	-	94	102	94	102
Liabilities under finance lease agreements	28	28	36	54	-	-	-	-	64	82
Long term loans	-	-	-	-	22	41	-	-	22	41
	28	28	36	54	152	638	94	102	310	822

33.2 Fair values of financial instruments

Since the majority of the Company's and its subsidiaries' financial instruments are short-term in nature, or the interest at the rates close to the market in interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of the financial position.

34. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 0.32:1 (2016: 0.90:1) and the Company only was 0.31:1 (2016: 0.91:1).

35. Events after the reporting period

On 26 February 2018, a meeting of the Company's Board of Directors passed a resolution to propose that the Annual General Meeting of the shareholders to be held in April 2018 adopt a resolution to pay off a dividend of Baht 0.08 per share, or a total of Baht 41 million, to the shareholders in respect of the 2017 earnings.

Such dividend will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2018.

