

2018

Annual Report



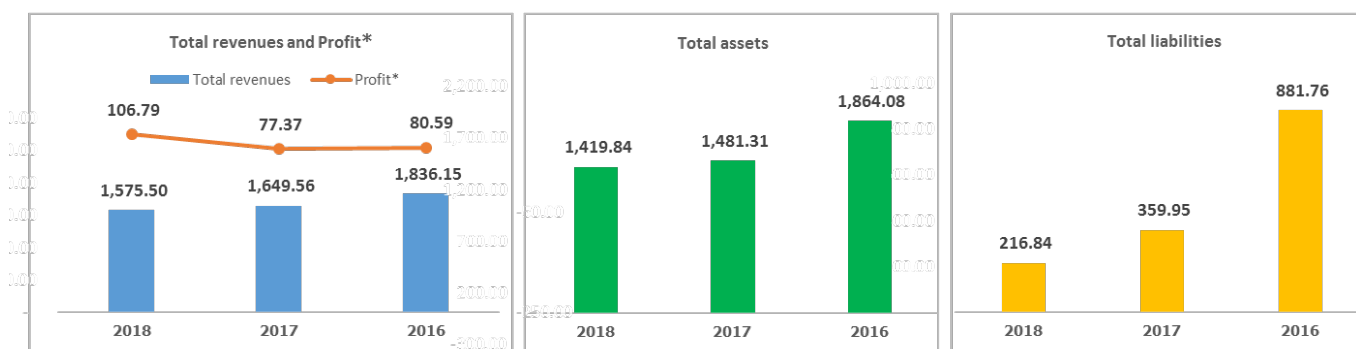
Financial Highlights

Thiensurat Public Company Limited and its subsidiaries

Financial Highlights

Consolidated financial statements (Unit: Million Baht)	2018	2017	2016
Sales	1,378.50	1,431.69	1,607.62
Total revenues	1,575.50	1,649.56	1,836.15
Gross profit	1,186.98	1,249.14	1,414.56
Cost of sales	(388.52)	(400.42)	(421.59)
Selling and distribution expenses	(537.19)	(595.00)	(666.30)
Administrative expenses	(387.30)	(427.89)	(416.38)
Profit*	106.79	77.37	80.59
Total assets	1,419.84	1,481.31	1,864.08
Total liabilities	216.84	359.95	881.76
Total shareholders' equity	1,203.00	1,121.36	982.32
Financial ratio			
Net profit margin (%)	6.66	4.51	4.31
Return on equity (%)	9.03	7.08	8.33
Return on assets (%)	7.24	4.45	4.59
Dividend payout (%)	91.35	82.75	63.57
Debt to equity (Time)	0.18	0.32	0.90
Earnings per share (Baht)	0.21	0.16	0.18
Dividend per share (Baht)	0.16	0.14	0.11
Book value per share (Baht)	2.18	2.16	2.08

Remark: *Profit attributable to Equity holders of the Company



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Message from Board of Directors

In 2018, the Company adjusted its plans and strategies in many areas to increase competitiveness in the midst of change in economic and social conditions by focusing on sustainable development in sales and customer services, cost management and development of information technology systems and staff development.

Transitioning to the digital age where technology has played a role in everyday life for everyone, the Company has fine-tuned its strategic plan to be consistent with the changing market conditions and consumer behavior by adopting online marketing and telemarketing to increase the sales and better access to new customers. The Company has started the "O2O" (Online to Offline) distribution, which is an online marketing strategy and combine with its strengths from direct sales which the Company has more than 43 years of expertise for the offline distribution. The Company is confident that the O2O strategy will provide a better access to more customers in the 'B' group and reduce the overall bad debt level. At the same time, the Company continues to focus on strengthening the quality of its direct sales by recruiting and developing personnel to support sales through direct sales channel, which currently is the key distribution channel of the Company. In order to enhance the image of sales and customer services staff to be appropriate and up-to-date. The Company has adjusted the image of sales and customer services staff in the form of "Safe Man".

The operating performance of the Company and its subsidiaries in 2018 generated total revenue from sales of goods, hire purchase interest income and income from loan receivables of subsidiary Baht 1,575.50 million, a decrease of 4.49% from the previous year. Mainly from sales of water purifiers that have decreased in value due to the higher proportion of sales of water purifiers that have lower selling prices than previous year. However, the Company has more revenue from sales of replacement filters than in the previous year. Net profit attributable to the Company's group was Baht 106.79 million, an increase of 38.03% from the previous year. The bad debts and doubtful accounts of Baht 168.52 million, an increase of 5.69% from the previous year. Such increase cannot be compared to prior year, because of the effect of adjusting the rate and method of calculating the allowance for doubtful accounts by benchmarking with other companies in hire purchase industry. Nevertheless, the Company has adjusted its prudent credit approval policy; increase stringency in credit approval processes to ensure quality of hire purchase receivables. The credit approval process was strictly monitored by the Company's field collection agencies. In addition, according to the Company's policy, commissions will be recalled from sales staff on uncollectible hire purchase receivables. Such policy has been consistently reviewed on a regular basis. The Company's plan, strategies and measures are reviewed to be suitable for current economic condition and situations. In addition to generating sales, the Company also attaches importance to managing and controlling costs through restructuring the remuneration structure to be more consistent with the current cost structure of the Company. Together with the introduction of IT system for sales and collection systems, this is to increase operational efficiency as well as to enable effective data management.

In 2019, the Company has a strategic plan to increase the proportion of sales of water purifiers through the O2O channel, compared to the previous year, in order to gain a higher proportion of customers from the group with more purchasing power. With continuous marketing, various channels have been used, including television advertising to promote the 'Safe Water Purifier' to be brand of choice. Due to the preparation done from the previous year, the Company believes that it can generate more sales through this channel. Meanwhile, the Company had analyzed market conditions and consumer behavior in the electrical appliance market in order to be able to meet the needs of consumers in the midst of changes in lifestyle.

The Company is strongly committed to conducting its business with transparency and good governance in accordance with the principles of good corporate governance. In 2018, the Company was evaluated in category “the corporate governance of Thai listed companies” and able to achieve the “Very Good” level for three consecutive years from the Thai Institute of Directors (IOD). In promoting social responsibility and quality, the Company has developed "Safe to School" program, which is a project to donate drinking water purifiers to various schools to provide good health for youth and school personnel. The project has been continuously carried out. The Company has donated drinking water purifiers to schools under Bangkok Metropolitan Administration amount of approximately 4,000 units and will install throughout 2019.

The Board of Directors would like to thank all shareholders, customers, partners and stakeholders who have always trusted and supported the Company's operations. This includes our gratitude and appreciation for the cooperation and dedication of the management teams and all employees. The Company is committed to conduct its business in accordance with the principles of good corporate governance, integrity, diligence, along with continuing various social and environmental responsibilities. This involves taking into account the highest interests of all stakeholders in order to continue to grow the business towards increased sustainability and stability.

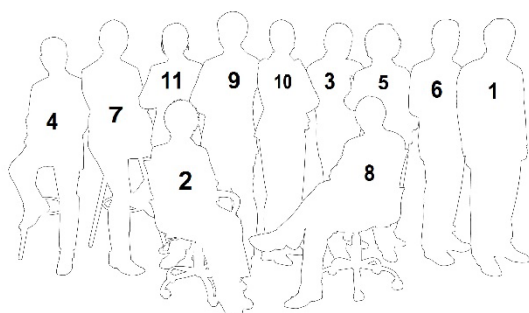


(Mr. Sahas Treetipbut)
Chairman of the Board of Directors



(Mr. Ekarat Changyoo)
Chief Executive Officer

Board of Directors



1. Mr. Sahas Treetipbut
 - Chairman of the Board
 - Chairman of the Executive Committee
2. Assoc.Prof. Boonserm Vimuktanandana
 - Independent Director
 - Chairman of the Audit Committee
3. Asst. Prof. Krit Umpote
 - Independent Director
 - Member of Audit Committee
4. Dr. Supree Wongdeeprom Ph.D.
 - Independent Director
 - Member of Audit Committee
5. Ms. Sumana Vonggapan
 - Independent Director
6. Prof.Porntep Siriwanarangsun, MD., MPH., PhD
 - Independent Director
 - Member of Audit Committee
7. Surat Wongrattanapassorn Ph.D.
 - Independent Director
8. Mr. Viruch Wongnirund
 - Director
9. Mr. Ekarat Changyoo
 - Director
 - Chief Executive Officer
10. Ms. Theinvanee Changyoo
 - Director
11. Ms. Savita Changyoo
 - Director

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 channe. 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 appliance. 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.

In 2018, the company signed a cooperation agreement to produce products for Successmore or Successmore Being Company Limited, which is a Thai company. The company conducts its business of selling consumption and supplements products both domestically and internationally.

Vision and Mission statements

The company proposed the vision and mission to the Board of Directors' meeting No.10/2018, held on 2 October 2018. This vision and mission has been published on company's website and also announced in Town hall, held on 17 December 2018 in order or the business to have a goal in the same direction.

Vision

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

Mission

- Provide product quality and value
- Fulfill Customers' relationship satisfaction and commitment
- Expand business base to CLMV countries
- Provide shareholders sustainable return
- Enhance greater capacity and quality of life to uphold employee engagement
- Be responsible towards social and environment

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

We will create stability and honesty

We will create great profit

Company Codes of Conduct are firmly established

Creating quality and satisfaction among customers

Creating valuable employee solving the problems

For variously thorough contribution and allocation

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)

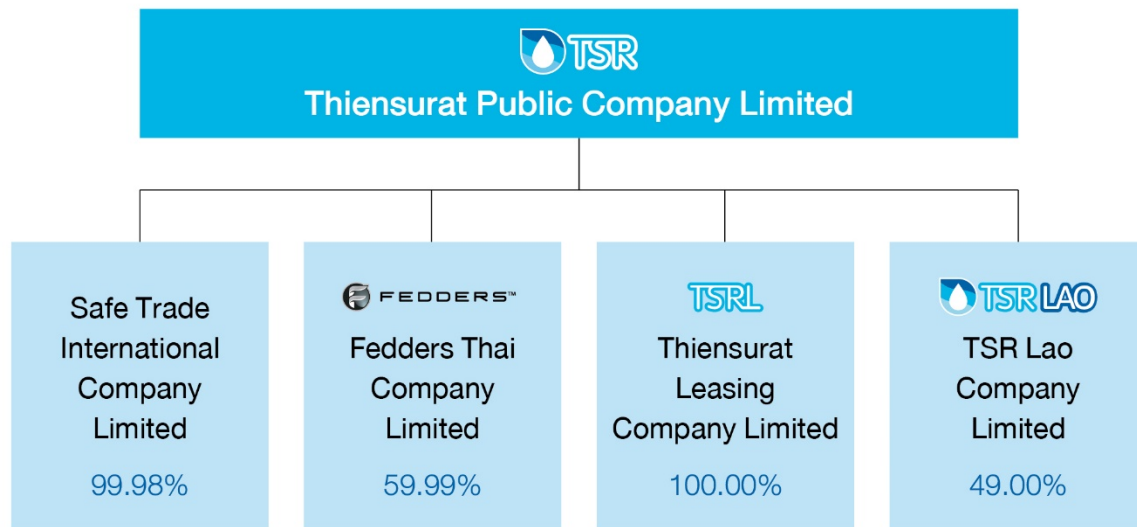
Important milestones

- 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 Baht 467.18 million 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 Mineral, 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.
- 2018**
- On 5 June, the Company changed its paid-up capital from Baht 516.73 million to Baht 521.84 million from the third warrants exercise of ordinary shares (TSR-W1) on 31 May
 - On 20 September, the Company signed a cooperation agreement to produce products for Successmore or Successmore Being Company Limited, which is a Thai company. The company conducts its business of selling consumption and supplements products both domestically and internationally.
 - On 27 December, the Company changed its paid-up capital from Baht 521.84 million to Baht 549.68 million from the fourth (the last) warrants exercise of ordinary shares (TSR-W1) on 20 December.
 - The Company has developed a new model of water purifier products, namely, safe water purifier model lite using Fibredyne, which is a technology imported from America. With outstanding features, it can filter sediment and contaminants than regular carbon blocks. It has 0.5-micron filtration resolution, which can filter germ, cysts, and bacteria. It also can inhibit bacterial growth (bacteriostatic). The Fibredyne Standard filter is certified to NSF / ANSI42, including the Activated Carbon filter, which is certified to NSF / ANSI61 and the KDF-55 filter, which is certified to NSF / ANSI42,61.

Shareholding structure

The shareholding structure of the Thiensurat Public Company Limited
As of 31 December 2018



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 under supervision - 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%

Type of Business and Nature of Operation

Revenue Structure

Thiensurat Public Company Limited and its subsidiaries

Sales revenues are categorized into 3 major types as follows:

- **Revenues from direct sales (Door to Door):** These are primary revenues from sales of water purifier and water filter under “SAFE” brand. Until late 2014, the Group started selling air-conditioner by using the Company’s customer database and then has expanded use of product to other electric appliances, e.g., water heater, television, washing machine, etc., in order to satisfy customers’ demand. A substantial increase in electric appliance sale caused the Company to launch a new subsidiary company named Thiensurat Leasing Company (TSRL) to operate sales of electric appliances under hire purchase scheme in the third quarter of 2017.
- **Revenues from distribution through the other company:** The Group distributes products through Giffarine Skyline Unity Co., Ltd., (Giffarine brand) Addwell Beauty (Thailand) Co., Ltd., (Adwell brand) and Successmore Being Public Co., Ltd., (Alkamag brand) which are direct selling companies (MLM).
- **Revenue from distribution through Online Marketing:** From the growth of technology development, the company started to run sales of electric appliances through Online Marketing in the end of 2017 under the name of “PONSABAY” (Easy to pay) and got more experience to develop it to **Online to Offline (O2O)** for sales of water purifier in 2018

Revenues by cash & credit sales and hire purchase sales are tabulated below.

Sales	2018		2017		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Cash and credit	205.24	14.89	202.33	14.13	218.30	13.58
Hire purchase	1,173.26	85.11	1,229.36	85.87	1,389.33	86.42
Total sales	1,378.50	100.00	1,431.69	100.00	1,607.62	100.00

Note: Sales through Modern Trade and Dealers are included in Cash and credit.





1 Product






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 purifier “SAFE” Model: lite</p> 	<ul style="list-style-type: none"> - E-commerce via the website : www.safealkaline.com www.shopee.co.th - Social Media via Facebook : “Safe Water Filter” - Social Media via Line Official : safealkaline

Products of the Company and its subsidiary	Distribution Channel
<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
<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

Products of the Company and its subsidiary	Distribution Channel
<p>2) SAFE Electrics Model: Q-Series: 3,800W and 4,500W</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <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
<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
<p>4 Other Electric Appliance The Company is Dealer of Other Electric Appliance well - know brand:</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
<div data-bbox="268 241 529 376">  <p>TOSHIBA Leading Innovation >>></p> </div> <div data-bbox="277 409 571 607">  </div> <div data-bbox="614 409 916 607">  </div> <div data-bbox="352 689 520 1070">  </div> <div data-bbox="638 712 876 1052">  </div> <div data-bbox="277 1115 630 1193">  </div> <div data-bbox="331 1258 483 1550">  </div> <div data-bbox="638 1211 865 1599">  </div> <div data-bbox="328 1657 517 1968">  </div> <div data-bbox="625 1695 896 1957">  </div>	

Products of the Company and its subsidiary	Distribution Channel
 	

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

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 Market and Competition

2.1 Industry Conditions

Overall, the ongoing economic slowdown since 2017 effected the market growth during 2018, together with changes in consumer behavior. This had resulted in a high market competition, as well as several emerging distribution channels.

The healthcare trends directly influence the selection of products that are good for health. This is a contributing factor that makes the bottled water market expanded continuously in the past 4-5 years. Based on the market data, it indicates that the bottled water market has been growing steadily over the past 2 years with a value of over 46,000 million baht or approximately 4,900 million liters in 2018. Moreover, with a growth rate of 6.8%, it is likely to continue grow. (Source: Positioning Magazine 2018)

In terms of water purifier products, the total market value is over 12,000 million baht (Source: Manager Weekly Newspaper 2017). In order to create confidence for consumers and investors, the Company has set the total target of its growth rate at 20% in 2019 from 2018. To stimulate sales as mentioned above, the Company therefore focuses on the development and improvement of products to meet the needs of consumers in choosing a water purifier to filter quality drinking water for health benefits. There are factors for selecting water purifiers including confidence in efficient filtration systems and cost-effectiveness as well as the design of the machine to meet the needs of customers who has smaller residential units such as condominiums and townhouses, etc. The emphasis is on the product designs to be beautiful, modern, compact, easy to install, use and maintain. For provincial or regional customers who do not have space restrictions, the Company therefore focuses on products that are cost effective and have a wide range of functions including the selection of a filtration system that are suitable for water conditions in each specific area.

2.2 Overview of water purifier market for household use

Overall, the water purifier market is likely to continue to grow. As a result of the expansion of accommodation in Bangkok and its vicinity including areas in major provinces across the country. There were 118,271 new units or increase of 3.6% in 2017 (Source: Government Housing Bank (GHBANK)).

The current consumer behavior indicates that there is increased health awareness, exercise trends and attention to consumption behavior. This included various sports activities that are held continuously, such as running, cycling, etc. All of which are factors that have an influence for people to pay more attention to their health.

Together with a changing consumer behavior in choosing and buying products via online channels, as a result, new distribution channels were created. The Company can easily access to customers through the online channel, which can generate higher sales. Consequently, a digital media has played a role in daily life, where customers can access to product information and can make their decisions in buying products easier and faster. The Company has convenient and quick ready-to-install shipping system and service, covering all regions of the country. This created confidence for our customers to order products through such channels. The Company subsequently focuses on continuously strengthening its marketing capacity through online channels in order to support future market expansion.

2.3 Analyze and compare competitive conditions

The overview of the water purifier industry during the past year had seen a significant brand building competition through the media, both television and billboard media, as well as online channels. This enabled consumers to easily access information to make their purchasing decisions. Consequently, there were competitions in creating content to gain an advantage in building better understanding and confidence for customers in choosing their products. This is a factor resulting from the current health care trend and another supporting factor is the expansion of both horizontal

housing, single houses and various housing villages, and the high-rise condominiums and apartments, etc. with demand for water filters. The Company focuses on products that are of the high standard and offers a guarantee of up to two years for its products. Services include, but not limited to, the 'On Site Service' (home service for customers) to build confidence in products and customer service throughout the lifetime of products.

In addition, the Company produces water purifier products for the Giffarine Skyline Unity Co., Ltd., which is one of the leading direct sales companies in Thailand. The company sells water purifier products under its brand "Giffarine" through members of direct sales networks. This is another distribution channel for the Company. (through subsidiaries)

2.3.1 Customer satisfaction survey results

The Company has surveyed customer satisfaction annually. The Customer Relations and Service Department is assigned to inquire information from customers and summarize the information. The evaluation of the Company's performance revealed that the annual customer satisfaction survey in 2018 averaged 91.07%. The Company is determined to continuously improve its service to better serve customers.

The overview of the water purifier industry during the past year, there has been a noticeable competition in brand building through various media both online and offline channels. This enables consumers to easily access information to make their buying decisions, which creates a competitive situation in developing content to gain advantage as well as generating understanding and confidence to influence purchasing decisions. This is a factor resulting from the current health care trend and another supporting factor is the expansion of both horizontal housing, single houses and various housing villages, and the high-rise condominiums and apartments, etc. The Company has continued to stimulate sales with hot water products by focusing on high standards products and providing product warranties to boost consumer confidence.

2.4 Marketing Strategy

Changing of consumer behavior is a great contributing factor to the expansion of online channels. The Company has continuously adjusted its strategy during the past few years and has developed a marketing strategy to support the current market conditions.

The nation-wide sales and customer service teams are the strength of the Company. This is linked to the expansion of the online channel. The Company adopted the Multi-Channel and O2O (Online to Offline) as the marketing strategies, which have been applied and created as a proactive approach of the sales team to increase opportunities and business advantage in reaching the targeted consumer groups quickly. In the past year, the Company was able to continuously generate sales and growth rates in online channels and subsequently attached its importance to expand various units to support future growth. This includes the recruitment of digital marketing specialists who have knowledge and expertise in this area to support future growth.

In 2019, the Company has focused on building confidence through branding and brand awareness by using the strengths of product and service quality, which has more than 40 years of expertise. In addition, the Company has researched and developed products to meet the needs of today's consumers, focusing on designing beautiful, modern, and compact products that are easy to install, use and maintain. This includes continuously creating knowledge and better understanding about water filtration systems through various media such as knowledge about "Alkaline Water" which is a distinctive feature and is the selling point of the Company. Furthermore, being a domestic manufacturer in Thailand, the Company has most popular filtration technology as listed below.

UV (Ultraviolet Light)

UF (Ultrafiltration Membrane)

RO (Reverse Osmosis Membrane)

With the natural materials used for water filtration and quality equipment that are of the National Sanitation Foundation (NSF) standards, the Company continuously develop new products to meet the needs of consumers.

In order to gain a competitive advantage from competitors, the Company has developed goods and products to meet the targeted consumer groups as well as suitable for consumption and usage in each area because the quality of tap water or water that used to fill in the water purifier of each area is different. Therefore, there is a need to design a water filter system that is specific and suitable for each area.

There were more than one million units of water purifier and filtration materials sold accumulatively to the customers. (Source: Customer database of Thiensurat Public Co., Ltd.). The Company then expanded its business to electrical appliance products under the brand "Easy Install", which has continued to grow and expanded the customer base over the past few years. The Company facilitated the convenience for its customers by enabling instalment payment for electrical appliance products without using a credit card. Customers can choose to install their payment directly with the Company. This method of payment is well received from both old and new customers during the past few years.

Direct Sales Channel

Direct sales are the main sales channels of the Company. And in order to adapt to the current competitive situation, the Company therefore focuses continuously on building capacity of its personnel through training and capacity development, which focusing on reaching the target customers. Product knowledge and customer service will be provided in order to build confidence in purchasing decisions. The Company has implemented its main strategy and marketing tools to create a new customer base, increase sales opportunities and support future sales through various channels.

Modern Trade Channel

Modern trade sales through different branches have increased during the past several years, but due to the high operating costs, the Company therefore reduced its branch offices. The Company focuses its 'modern trade channel' to be a showroom, where customers can come to experience the products. This is to replace some branch offices of the Company, which is not covered, especially in Bangkok and metropolitan areas. In 2019, the Company will focus on staff development to be better able to provide wide-ranging product information, and increase sales via various sales promotions, which stimulates customer purchases.

Online Channel

With changing of consumer behavior, the Company has planned and implemented to support the expansion in the last one or two years by establishing sales and expanding the customer base through comprehensive online channels, such as Facebook, Line@, Website and Shopping Application. This channel offers business opportunities for a higher growth, which can create a new customer base and continue to grow. This channel can be a competitive advantage in reaching various target consumers quickly through news and promotional materials in all methods of online marketing.

Throughout the long establishment of its business operation, the Company is committed to creating good health for all Thai people. The business approach of the Company therefore focuses on customers-based approach by responding to the needs of customers and creating a good experience in using the products and services of the Company for all customer groups including general customers (Mass), specific customers (Niche), individual customer (Consumer), and corporate customers (Corporate). The strategies are listed below.

(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

In 2018, the Company has certified to NSF/ANSI42 using Fibredyne Standard filters, including the use of Activated Carbon filters that are certified to NSF/ANSI61 and the KDF-55 filter layer certified to NSF/ANSI42,61.

(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 Osmosis) 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 with a built-in filtering system, it has mineral supplementation and the filtered pH water that help our bodies metabolize nutrients. Applicable for both within the office and in the household. 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 Website, Facebook and Line Official.

The Company has developed the efficiency in servicing customers to cover all areas in the country. It seriously implements Customer Relation 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 about 1,000 persons throughout the country.

The Company has 22 branches to cover major cities of the nation as a network. This raises convenience in presenting, selling and servicing customers. The Company has also number of telemarketers to become about 150. It has expanded through modern trade channels which are 13 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.

The Company has increased channels for customers to get to know its products and effective services. This is done through advertisements via television channels (digital TV) and online media. The Company has contracted an artist, "Nino Maethanee Buranasiri" as a presenter for the Company, which has broadcasted on digital TV channels such as One Channel, Workpoint Channel and other channels. The Company has also provided other campaign channels for the Presenter such as "Out of home" media, radio spots and various events throughout 2019 in order to allow the Company's products to reach the target group and generate confidence in the Company's 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.

2.5 Distribution Channel

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 2018 was about 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 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	298 / 2-3 Mittraphap Road, Nai Mueang sub-district, Mueang district, Phitsanulok 65000	055-005-000
	Nakhonsawan	95 / 15-16 Moo 9, Wat Sai Sub-district , 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
	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

Region	Branch	Address	Telephone
Northeast	Khon Kaen	118/9 Laonadi Road, Nai Mueang Sub-district, Mueang Khon Kaen district, Khon Kaen 40000	043-043-500
	Udon Thani	289 / 13-14 Udon dutsadi Road, Mak Khaeng Sub-district, Muang 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
	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
	Mukdahan	122/4-5 Wiwittha Surakan Rd., Mukdahan Sub-district, Muang Mukdahan district, Mukdahan 49000	042-042-000
Southern	Nakhon Si Thammarat	180/26-27 Moo 5 Pakpoon 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

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.

2.5.2 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 2018, there are approximately 120 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 customers from various online channels such as Facebook and Line to provide services through new channels with increased coverage and efficiency there are approximately 20. sales staff members. which is a new customer database to respond to services through new channels that are more comprehensive and effective. 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, Panasonic, Masterkool 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.

2.5.3 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.

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.

The Supply of Raw Materials

1) The Raw Material in Production

The important raw material for making a water purifier is the external 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.

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.

(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. Additionally, our water purifier has been certified by Eurofins AMS Laboratories Pty Ltd, 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 range of analytical testing services and consumer 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 customer 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 officers check the credit bureau information and review together with other factors in accordance with the Company's requirements. If the qualifications meet the requirement criteria, the Company will proceed to issue contract.
- 4) Contract staff proceed with installment contract and collect the down payment from the customer.
- 5) Product delivery with installation service.
- 6) In the event that customers unable to pay installments. The Company will follow up on customer debt obligations and debt collection by relevant departments according to the stipulated regulations. For the case that the Company has sent a collection letter to the customer twice and the customer has not paid. The Company will take the product back and may begin legal proceedings.

Accounting Policy

About 85.1% 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>

No.	Policy	Details																													
		<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. ***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 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>	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*
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Overdue 5 installments	50 and 100*	40																													
Overdue 6 installments	50 and 100*	50																													
Overdue exceeding 6 installments	50 and 100*	50 and 100*																													
3.	Allowance for goods return	The Company has a customer satisfaction guarantee policy; a customer can return the goods within 30 days from the installation date. The allowance was set up based on statistic data of returned products in the previous year.																													
4.	Allowance for product warranty	The Company has product warranty policy to change and repair goods for customers within 1-2 years since the installation date.																													

4 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. There were serious incidents that occurred to 5 personnel. (serious incidents shall mean a number of incidents in case of death, disability, loss of some organs, absence from work for more than 3 days).

4 An unassigned work

-None-

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.

Business Operating Risks

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.

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 with their 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.

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.

Production Risks

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 ranges 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.

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. From The Industrial Office of Nontaburi Province has already approved the renewal of the license expired on 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. Has already approved the renewal of the license expired on 1 January 2014. 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.

Financial Risks

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 2018, the hire purchase receivables with outstanding balance overdue for three months accounted for 4.70% of total hire purchase receivables from sales of water purifier. For electric appliances, outstanding balance overdue for six months accounted for 4.24% 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 and wait until the amount of allowances for doubtful accounts covered with net balance of those hire purchase accounts before writing off the accounts. Given that the Group's gross profit margin was rather high at 75.34% in 2018, 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 2018, the net profit margin of the Group was 6.66%.

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. Electrical appliances, that distributed via instalment payment, will be sold through the subsidiary company, Thiensurat Leasing Company Limited (TSRL). All customers will be checked through the Credit Bureau and the checker staff will review the customer information in accordance with the rules of the TSRL company, in order to provide supplementary information to consider whether to approve or disapprove.
- 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.)

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 2018, outstanding balances of short-term loans from financial institutions amounted to Baht 29.50 million, and of long-term loans of Baht 9.70 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.

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 10 January 2019, Changyoo group held 351,071,890 shares or 63.87% 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 and the Audit Committee. The members of these committees are those with high experiences. 6, out of 11, 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.

General Information and The other Information

General Information

Company

Name of the issuer : Thiensurat Public Company Limited
 Registration : 0107556000213
 Business type : Production and distribution of household water purifier
 Listing Securities : Baht 662,198,922 (662,198,922 ordinary shares of Baht 1.00 per share)
 Paid-up Capital : Baht 549,682,133 (549,682,133 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 and 02-962-6675
 Website : www.thiensurat.co.th
 Investor Relations : 02-819-8899 Ext. 1536 and 1591
 E-mail : ir@thiensurat.co.th

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 43/12, Moo 7, Soi Chuchat Arnusorn 4, Bang Talad Sub-district, Pakkred District, Nonthaburi 11120 Tel: 02-962-6651-2 Fax: 02-962-6659-60 Website: www.safetrade.co.th	Selling and distribution of water purifiers and water filter jug and mineralized drinking water	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 Website: www.fedders.co.th Shareholder: 1. SS air services Company Limited 2. Mr. Visit Vongvivat	Selling air conditioner under brand "Fedders"	59.997	40.000 0.003	60.000	31.000

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		100.00	100.00
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)

Other Reference

Registrar	:	Thailand Securities Depository Company Limited 93 Ratchadaphisek Road, Dindaeng Sub-district Dindaeng District Bangkok 10400
Tel.	:	02-009-9999
Fax.	:	02-009-9991
Auditors	:	EY Office Limited 33 rd Floor, Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, North Klongton Sub-district Klongtoey District, Bangkok 10110 Mr. Termphong Opanaphan CPA No. 4501 Mr. Khitsada Lerdwana CPA No. 4958 Miss Manee Rattanabunnakit CPA No. 5313 Tel : 02-264-0777, 02-661-9190 Fax : 02-264-0789-90

Listing Securities and Shareholding Structure

Listing Securities

Registered Capital	: Baht 662,198,922
Paid-up Capital	: Baht 549,682,133
Class of Share	: Ordinary shares 662,198,922 of Baht 1 each

Shareholders

List of Top 10 major Shareholders As of 10 January 2019

No.	Name of Shareholders	Number of shares	% of shareholdings
1	Changyoo Group :	351,071,890	63.87
	1.1 Changyoo Family	349,184,254	63.53
	- Better Dreams Co., Ltd ^{1/}	144,367,715	26.26
	- Mr. Werawat Changyoo	98,145,325	17.86
	- Mrs. Kanittha Changyoo	5,133,332	0.93
	- Ms. Theinvanee Changyoo	33,695,673	6.13
	- Ms. Savita Changyoo	34,433,796	6.27
	- Mr. Ekarat Changyoo	33,408,413	6.08
	1.2 Watcharatum's Family	1,887,636	0.34
	- Mr. Watcharin Watcharatham	1,778,900	0.32
	- Mr. Watcharachai Watcharatham	108,736	0.02
2	Mr. Monchai Leesirikun	17,000,000	3.09
3	Ms. Darunee Leesirikun	12,253,620	2.23
4	Mr. Asawin Changyoo	4,633,700	0.84
5	Mr. Paitoon Homchan	4,495,532	0.82
6	Mr. Touchchon Leesirikun	4,478,700	0.82
7	Mr. Witoon Cheanwachrisiri	4,082,665	0.74
8	Mr. Jumphon Worawongpitak	3,850,000	0.70
9	Thai NVDR	3,405,168	0.62
10	Mr. Chaiyot Pongcharusathit	3,045,000	0.55
Total the 10 shareholders		408,316,275	74.28
Other		141,365,858	25.72
Total		549,682,133	100.00

Remark: ^{1/}Better Dreams Co., Ltd. holding company. The shareholding structure of Better Dreams is as of 31 January 2019 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	3.15
Total		792,200	100.00

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	349,184,254	63.53
1.1	Better Dreams Co., Ltd	144,367,715	26.26
1.2	Mr. Werawat Changyoo	98,145,325	17.86
1.3	Mrs. Kanittha Changyoo	5,133,332	0.93
1.4	Ms. Theinvanee Changyoo	33,695,673	6.13
1.5	Ms. Savita Changyoo	34,433,796	6.27
1.6	Mr. Ekarat Changyoo	33,408,413	6.08
2	Watcharatum Family	1,887,636	0.34
2.1	Mr. Watcharin Watcharatham	1,778,900	0.32
2.2	Mr. Watcharachai Watcharatham	108,736	0.02
Total		351,071,890	63.87

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 2018	:	98,378,340 units
Number of Unexercised Warrants as of 31 December 2018	:	102,287,976 units
Number of remaining shares from the exercise warrants	:	112,516,789 Shares ^{2/}

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.

^{2/} It is the remaining shares from the exercise of warrants TSR-W1. At present, TSR-W1 warrants were expired since 21 December 2018. The Company will continue to cut the ordinary shares by reducing the registered capital of the Company.

Policy of Divided 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 2018, the company had profit of Baht 93.84 million (in the separate financial statements), which the Board of Directors passed a resolution to propose to the Annual General Meeting of Shareholders on 26 April 2019 to approve the dividend payment at the rate of Baht 0.08 including the interim dividends paid on 12 September 2018, 0.08 Baht per share. The dividend payment for 2018 was Baht 0.16 per share or 91.35% of net profit for the year 2018, or 96.16% 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%.

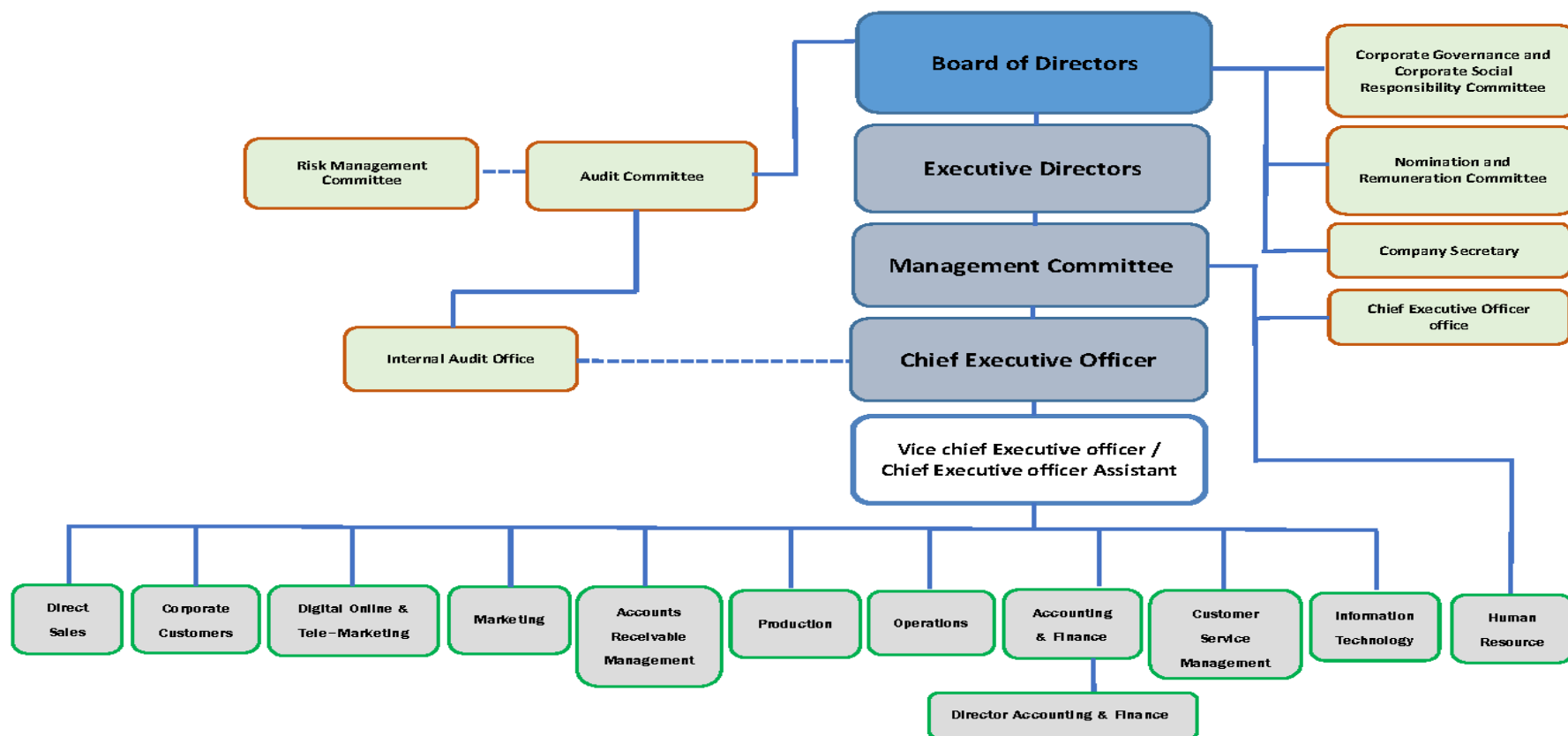
The history of dividend payments of the Company and its subsidiaries for the past 3 years is as follows;

Details of Dividend Payment	2018	2017	2016
1. Profit for the year (Separate financial statement) (Million Baht)	93.84	87.42	80.84
2. Number of Shares (Million shares)			
2.1 Amount of shares for the Interim Dividend Payment	521.85 ^{3/}	516.73 ^{2/}	467.18 ^{1/}
2.2 Amount of shares for the Final Dividend Payment	549.68 ^{3/}	516.73 ^{2/}	
3. Dividend per share (Baht)			
3.1 Interim Dividend Payment	0.08	0.06	0.11
3.2 Final Dividend Payment	0.08 ^{4/}	0.08	-
Total Dividend per share	0.16	0.14	0.11
4. Total of Dividend Paid (Million Baht)			
4.1 Interim Dividend Payment	41.75	31.00	51.39
4.2 Final Dividend Payment	43.97	41.34	-
Total Dividend per share	85.72	72.34	51.39
5. Proportion of dividends to net profit for the year on separate financial statements (%)	91.35	82.75	63.57
6. Proportion of dividends on net profit for the year (separate financial statements) after deduction of corporate income tax and legal reserves.(%)	96.16	87.10	66.91

- 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 Baht 516.73 million.
- ^{3/} On 5 June 2018, the company registered the amendment of paid-up share capital to Baht 521.85 million and On 26 December 2018, the company registered the amendment of paid-up share capital to Baht 549.68 million.
- ^{4/} The Board of Directors has resolved to propose to the Annual General Meeting of Shareholders on 26 April 2019 to approve the payment of the final dividend for the year 2018 at the rate of Baht 0.08 per share.

Management Structure

Organization Chart as of 2 January 2018



☐ Management in accordance with the notification of SEC

1. Board of Directors

As of 2 January 2019, the company's Board of Directors consists of 11 members, comprising of 6 independent directors, representing 54.55% of the Board of Directors.

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

Name	Title	Date of First Appointment
8. 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 	April 24, 2015
9. Ms. Sumana Vonggapan ^{8/}	<ul style="list-style-type: none"> ➤ Independent Director ➤ Chairman of the Nomination Remuneration Committee ➤ Member of the Executive Board 	April 24, 2015
10. Prof.Porntep Siriwanarangsun, MD., MPH., PhD ^{9/}	<ul style="list-style-type: none"> ➤ Independent Director ➤ Member of the Audit Committee ➤ Member of the Nomination Remuneration Committee 	February 27, 2018
11. Surat Wongrattanapassorn Ph.D. ^{10/}	<ul style="list-style-type: none"> ➤ Independent Director 	April 27, 2018

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

On 3 January 2019 The authorized signatories of the Company are any two of the following four directors can sign jointly with the Company’s seal affixed: (1) Ms. Theinvanee Changyoo, (2) Ms. Savita Changyoo and (3) 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 2 January 2019, the Audit Committee comprises 4 directors as follows:

Name	Titles
1. Assoc. Prof. Boonserm Vimuktanandana	Chairman of the Audit Committee
2. Asst. Prof. Krit Umpote	Member of the Audit Committee
3. Prof.Porntep Siriwanarangsun, MD., MPH., PhD ^{9/}	Member of the Audit Committee
4. Dr. Supree Wongdeeprom Ph.D. ^{6/}	Member of the Audit Committee

Risk Management Committee

As of 2 January 2019, Risk Management Committee comprise 6 directors as follows:

Name	Titles
1. Dr. Supree Wongdeeprom Ph.D. ^{6/}	Chairman of the Risk Management Committee
2. Mr. Ekarat Changyoo ^{2/}	Member of the Risk Management Committee
3. Mr. Viruch Wongnirund ^{3/}	Member of the Risk Management Committee
4. Ms. Theinvanee Changyoo ^{4/}	Member of the Risk Management Committee
5. Ms. Savita Changyoo ^{5/}	Member of the Risk Management Committee
6. Mr. Paitoon Homchan ^{12/}	Member of the Risk Management Committee

Executive Committee

As of 2 January 2019, The Executive Committee comprise 3 directors as follows:

Name	Titles
1. Mr. Sahas Treetipbut Treetipbut ^{1/}	Chairman of the Executive Committee
2. Ms. Sumana Vonggapan ^{8/}	Member of the Executive Committee
3. Mr. Ekarat Changyoo ^{2/}	Member of the Executive Committee

Management Committee

As of 2 January 2019, The Management Committee comprise 7 individuals as follows:

Name	Titles
1. Mr. Ekarat Changyoo ^{2/}	Chairman of the Management Committee / Chief Executive Officer
2. Ms. Theinvanee Changyoo ^{4/}	Member of the Management Committee / Vice Chief Executive Officer
3. Ms. Savita Changyoo ^{5/}	Member of the Management Committee / Advisor Evaluation, Monitoring and Organization Development
4. Mr. Paitoon Homchan ^{12/}	Member of the Management Committee / Vice Chief Executive
5. Mr. Watcharin Watcharatham ^{13/}	Member of the Management Committee / Vice Chief Executive
6. Mr. Siam Uralwong ^{14/}	Member of the Management Committee / Vice Chief Executive
7. Mr. Paitoon Sukhanaphorn ^{15/}	Member of the Management Committee / Chief Financial Officer

Nomination and Remuneration Committee

As of 2 January 2019, The Nomination and Remuneration Committee comprise 3 directors as follows:

Names	Titles
1. Ms. Sumana Vonggapan ^{8/}	Chairman of The Nomination and Remuneration Committee
2. Prof.Porntep Siriwanarangsun, MD., MPH., PhD ^{9/}	Member of The Nomination and Remuneration Committee
3. Ms. Savita Changyoo ^{5/}	Member of The Nomination and Remuneration Committee

Corporate Governance and Corporate Social Responsibility Committee

As of 2 January 2019, 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. ^{6/}	Member of the Corporate Governance and Corporate Social Responsibility Committee
3. Mr. Ekarat Changyoo ^{2/}	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 2018, the Company held 14 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"

2. Management

As of 2 January 2019, The Management comprise 9 individuals as follows:

Name	Titles
1. Mr. Ekarat Changyoo ^{2/}	Chairman of the Management Committee / Chief Executive Officer
2. Ms. Theinvanee Changyoo ^{4/}	Member of the Management Committee / Vice Chief Executive Officer
3. Ms. Savita Changyoo ^{5/}	Member of the Management Committee / Advisor Evaluation, Monitoring and Organization Development
4. Mr. Paitoon Homchan ^{12/}	Member of the Management Committee / Vice Chief Executive
5. Mr. Watcharin Watcharatham ^{13/}	Member of the Management Committee / Vice Chief Executive
6. Mr. Siam Uralwong ^{14/}	Member of the Management Committee / Vice Chief Executive
7. Mr. Paitoon Sukhanaphorn ^{15/}	Member of the Management Committee / Chief Financial Officer
8. Mr. Werawat Changyoo ^{11/}	Chief Executive Officer Assistant
9. Mr. Naret Charoonwittayakul ^{16/}	Chief Executive Officer Assistant

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 7 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.

3. Company Secretary

The Board of Directors passed a resolution to appoint Ms Theinvanee Changyoo as Company Secretary 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.

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.

4.1 Monetary compensation

4.1.1 Remuneration

According to the minutes of the Annual General Meeting of Shareholders 2018 held on 27 April 2018, the shareholders approved the remuneration for the Board of Directors, the Audit Committee and subcommittees not exceeding Baht 5.20 million. The quarterly meeting fees, meeting allowances, and rewards are allocated. The Nomination and Remuneration Committee and the Chairman of the Board of Directors will proceed to allocate these remunerations in detail, which has no compensation and other benefits other than those requested at the meeting.

Remuneration of the directors for year 2018

(Unit : Baht)

Positions	2018	
	Allowances (Quarter)	Meeting allowances*
Board of Directors		
Chairman of the Board	35,000	15,000
Non-Executive Director	30,000	12,000
Executive Director	25,000	5,000
Audit Committee		
Chairman of the Audit Committee	30,000	15,000
Audit Committee Member	25,000	12,000
Executive Committee		
Chairman of the Board	30,000	15,000
Non-Executive Director	25,000	12,000
Executive Director	10,000	5,000
Other committees appointed by the Board of Directors		
Chairman	-	15,000
Non-Executive Director	-	12,000
Executive Director	-	5,000

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

Remuneration of Directors in 2018, totaling Baht 5.20 million (including meeting allowance and pension). The payment was based on directors' participant.

(Unit: Baht)

Name of Directors	Meeting allowances						Pension	Total
	Board of Directors	Audit committee	Executive Committee	Nomination and Remuneration Committee	Corporate Governance and Corporate Social Responsibility Committee	Risk Management Committee		
1. Mr. Sahas Treetipbut ^{1/}	290,000	-	30,000	-	-	-	186,000	506,000
2. Mr. Ekarat Changyoo ^{2/}	150,000	-	10,000	-	5,000	15,000	120,000	300,000
3. Mr. Viruch Wongnirund ^{3/}	150,000	-	10,000	-	-	15,000	120,000	295,000
4. Ms. Theinvanee Changyoo ^{4/}	125,000	-	-	-	-	15,000	120,000	260,000
5. Ms. Savita Changyoo ^{5/}	150,000	-	-	60,000	-	15,000	120,000	345,000
6. Assoc. Prof. Boonserm Vimuktanandana	240,000	255,000	-	-	-	-	140,000	635,000
7. Supree Wongdeeprom Ph.D. ^{6/}	240,000	159,000	24,000	-	24,000	60,000	140,000	647,000
8. Mr. Suthee Tripornchaisak ^{7/}	66,000	61,000	-	48,000	-	-	40,000	215,000
9. Asst. Prof. Krit Umpote	240,000	208,000	-	-	30,000	-	140,000	618,000
10. Ms. Sumana Vonggaparn ^{8/}	240,000	-	24,000	180,000	-	-	140,000	584,000
11. Prof. Porntep Siriwanarangsun, MD., MPH., PhD ^{9/}	198,000	171,000	-	84,000	-	-	100,000	553,000
12. Surat Wongrattanapassorn Ph.D. ^{10/}	162,000	-	-	-	-	-	80,000	242,000
Total	2,251,000	854,000	98,000	372,000	59,000	120,000	1,446,000	5,200,000

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

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 2016, 2017 and 2018 were Baht 33.85 million, Baht 34.36 million and Baht 49.65 million, respectively.

5. Personnel

Number of personnel or employees

As of 31 December 2018, the Company has 1,609 employees. The number of employees in each key function is as follows:

(Unit: Person)	
Key function	Number of Employees
Sales and Service staff	961
Operating staff	635
Management	13
Total	1,609

Employee Remuneration

In 2018, 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 543.00 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 2016, 2017, and 2018, Company contributions to the provident fund in the amount of Baht 3.94 million, Baht 4.20 million and Baht 3.84 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 by "Training Institute" under the Human Resources and Organization, which has direct mandate to provide internal, external and public trainings. These cover the development of core competency, managerial competency and functional competency for the Company

The Institute has created internal training courses and selected external training courses that are in line with the Company's vision, mission and goals to guarantee personnel development 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 Group of companies.

In 2018, the Training Institute has developed an annual training plan, taking into account the participation of direct line supervisors. This is done through the survey process and training need survey, which is used as a guideline for personnel development in 3 phases, as below;

Development and short-term training

1. New personnel orientation This is to prepare new employees to get to know and understanding the Company. This enables new employees to be able to adapt to the Company easier and faster. This prompts readiness of new employees to perform their assigned duties to achieve the objectives of the Company. In the orientation of new employees, the Institute has set important training content as follows.
 - Vision, mission, strategy of the company
 - Human resources policy
 - Business ethics and social responsibility
 - 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 organized trainings for employees from the operational level, retail level (sales and customer service) and management level. The in-house trainings, total of 4,687.50 hours, public trainings, total of 348.25 hours, and on-the-job trainings, total of 1,440.00 hours were provided, totaling 6,475.75 hours. These capacity development trainings were well received by the Company's personnel from all levels.

In 2018, the Company recorded the training hours as follows:

	Average training hours per person per year
Management/Executive	52.00
Salesperson and customer service	3.46
Operational staff	3.89

Mid-term development and training

Continuous development to improve the professional performance and upgrade the standard of service for agencies/units as appropriate. In 2018, 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 2018, 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 -

Corporate Governance

In 2019, the Company was given a “Very Good” ranking (four-star) by an assessment for the Corporate Governance Report of Thai Listed Companies 2018. The Company is one in 241 listed companies that scored Very Good, from a total of 657 companies, from the assessment by the Corporate Governance Report of Thai Listed Companies 2018 organized by the Stock Exchange of Thailand (SET), the Securities and Exchange Commission (SEC), and the Thai Institute of Directors.

Corporate Governance Policy

The Company has established a written corporate governance policy. Which the Board of Directors' meeting acknowledged and understand the principles of good corporate governance revised version 2017, which the Securities and Exchange Commission Issued since March 2017. The Board of Directors therefore considered and reviewed Principles of corporate governance and has improved the corporate governance policy. And other related policies At the Board of Directors' Meeting No. 9/2018 on Monday 24 September 2018, the Company determined that directors, executives and employees comply with various rules and regulations as prescribed by the Securities and Exchange Commission. And the Stock Exchange of Thailand Set in all respects.

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 the Corporate Governance and Corporate Social Responsibility Committee and Management Committee.

The Board of Directors

Duties and responsibilities of the Board

1. Determine the vision, mission, strategies and policies of the company, including 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. Ensure that the management perform their duties in accordance with the Company's policies, except the following matters which, required by laws, that 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 Chief Executive Officer/ 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 Chief Executive Officer/ 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 subsidiarys.
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 The Board of Director will monitor and evaluate the effectiveness of risk management regularly through the Audit Committee.
7. The Board of Directors must provide a Corporate Governance Policy, Code of Conduct Handbook, Anti-Corruption Policy and the Company's policy to receive complaints and clues of misconduct and fraud (Whistle Blowing) for use as guidelines in the organization.
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.
10. The Committee must support and encourage the management to create innovations that bring value for the business while generating benefits for customers or those involved and at the same time, ensure the commitment towards society and environment.

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.

The Audit Committee

Duties and responsibilities of the Audit Committee

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 auditor's remuneration to the Board of Directors before tabling to the shareholder 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.

Executive Committee

Duties and responsibilities of the Executive Committee

1. Manage the Company in accordance with applicable laws, its objects and the Articles of Association and resolutions of meetings of shareholders.
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 relevant parties; ensure the transparency of business administration; and act in the best interests of the shareholders.

The authority of the Executive Committee shall not include an approval of any items that may have conflict of interest or any item that the Executive Committee or related persons with the Executive Committee having interests or benefits in any other manner that conflicts with the Company or its subsidiary, as set out according the rules of the Stock Exchange of Thailand. The approval of such transactions must be submitted to the Board of Directors' meeting and or the Shareholders' Meeting to consider and approve such transactions in accordance with the Company's regulations or relevant laws.

Anything other than those mentioned above, the Executive Committee are not authorized until the Board hold the meeting to give its approval.

3. Review and approve purchase requisition and order in accordance with the objectives of the Company.
 - Credit limit not exceeding 6,000,000 baht for fixed assets (Excluding land)
 - Credit limit of not more than 2,000,000 baht for non-fixed assets
 - Credit limit of up to 45,000,000 baht for distributed products and manufacturing materials used in production
 - Credit limit of not more than 2,000,000 baht for fuel

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.

The Management Committee

Duties and responsibilities of the Management Committee

1. Manage the Company in accordance with applicable laws, its objectives and the Articles of Association and resolutions under the law 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 by arranging internal auditor to monitor, perform and 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. Review and approve purchase requisition and order in accordance with the objectives of the Company.
 - Credit limit not exceeding 5,000,000 baht for fixed assets (Excluding land)
 - Credit limit of not more than 1,000,000 baht for non-fixed assets
 - Credit limit of up to 40,000,000 baht for distributed products and manufacturing materials used in production
 - Credit limit of not more than 1,000,000 baht for fuel
7. Consider and enter into contracts, as assigned, concerning business operation of the Company. Each transaction must be within the amount not exceeding 5 million baht, but not exceeding the budget approved by the Board of Directors for an important investment spending specified in the annual expenditure budget.
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.
10. Create innovations that brings value for the business while generating benefits for customers or those involved and at the same time, ensure the commitment towards society and environment.

Term of Office

The Management Committee have a term of service from entering the position of Deputy Chief Executive Officer and/or being appointed by the Board of Directors. The high-level Executive Directors will vacate office when resigning from the Company's employee.

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

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 Management 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; Regularly review the risk management policy at least once a year.
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. The Risk Management Committee member whose term has expired may be re-elected to the position. The Risk Management Committee vacates office after resigning from being a Director of the Company or resigning from being the Company's employee.

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.
4. 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.

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 policy to promote mutual value of good corporate governance and social responsibility. an effective strategies and policies in good corporate governance;
2. Establish a Corporate Governance Policy, Code of Conduct Handbook and various policies. Associated For the company to disseminate or communicate through various channels To those involved for use as a guideline and to be known all over
3. Develop and review the Corporate Governance Policy, Business Ethics Guidelines and relevant policies as specified by the announcements to be consistent and suitable for the business of the Company.
4. Promote and support the creation of shared values and social responsibility for the entire Company.
5. Review, report and provide opinion for company's practices in good corporate governance and social responsibility;
6. Propose code of business practices for Board of Directors or propose Board of Directors Charter to Every Board committee resolution;
7. Promote communication and coordination to create cooperation among employees to be in the same direction by enhancing better understanding of corporate policy and motivating employees to have a shared vision towards the Company's goals.

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. Set the meeting agenda by discussing with the Chief Executive Officer/Managing Director and 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

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

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, The Management Committee 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.

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 year. 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, 2018 The Company has six 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 Managing Director/ Chief Executive Officer

The Company has assigned the Nomination and Remuneration Committee to consider and nominate Managing Director/Chief Executive Officer who has knowledge, skills, competencies and experience that are beneficial to the operations of the Company. The selected Managing Director/Chief Executive Officer must possess good understanding of the business of the Company and have the characteristics necessary to drive the Company towards its goals in accordance to the scope of authority and to comply with good corporate governance guidelines. The Managing Director/Chief Executive Officer will hold the position no more than three companies.

5) Nomination of Senior Management

The Company has assigned the Nomination and Remuneration Committee together with Managing Director to consider and nominate Senior Management. The Committee and Managing Director select and nominate people with knowledge, skills, competencies and experience that are suitable and beneficial to the operations of the Company as Senior Management in accordance with the scope of authority of the Senior Management as specified.

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.

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 2018 the directors and management of companies reported their shareholdings by comparing the increase (decrease) during the period from 29 December, 2017 and 10 January 2019 as follows.

No.	Name	Number of shares				Shares Increase (decrease) during the year (Shares)
		10 January 2019		29 December 2017		
		Own	Spouse or Underage Children	Own	Spouse or Underage Children	
1.	Mr. Sahas Treetipbut Treetipbut ^{1/}	0	0	0	0	0
2.	Mr. Ekarat Changyoo ^{2/}	33,408,413	577,275	33,408,413	192,175	385,100
3.	Mr. Viruch Wongnirund ^{3/}	1,062,498	0	926,498	0	136,000
4.	Ms. Theinvanee Changyoo ^{4/}	33,695,673	0	36,421,415	0	(2,725,742)
5.	Ms. Savita Changyoo ^{5/}	34,433,796	0	34,159,538	0	274,258
6.	Assoc. Prof. Boonserm Vimuktanandana	0	0	0	0	0
7.	Dr. Supree Wongdeeprom Ph.D. ^{6/}	0	0	0	0	0
8.	Mr. Suthee Tripornchaisak ^{7/}	0	0	0	0	0
9.	Asst. Prof. Krit Umpote	0	0	0	0	0
10.	Ms. Sumana Vonggapan ^{8/}	0	0	55,256	0	(55,256)
11.	Prof.Porntep Siriwanarangsun, MD., MPH., PhD ^{9/}	0	0	-	-	0
12.	Surat Wongrattanapassorn Ph.D. ^{10/}	0	0	-	-	0
13.	Mr. Werawat Changyoo ^{11/}	98,145,325	5,133,332	-	-	103,278,657
14.	Mr. Paitoon Homchan ^{12/}	4,495,532	0	4,495,532	0	0
15.	Mr. Watcharin Watcharatham ^{13/}	1,778,900	0	1,780,000	0	(1,000)
16.	Mr. Siam Uralwong ^{14/}	580,000	0	0	0	580,000
17.	Mr. Paitoon Sukhanaphorn ^{15/}	33,000	0	0	0	33,000

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.

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 Limited is the auditor for year of the year 2018, 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 2018, the Company paid audit fees of Baht 2.70 million, no remuneration for other services.

Other principles of good corporate governance

In 2018, the Company complied with the principles of good corporate governance and guidelines that are in line with the relevant rules. The Company ensured the directors, executives and employees are complied with the specified code of conduct. As a result, the Company has received good corporate governance awards as follows:

- Evaluation of the corporate governance survey of listed companies in 2018 at the level of "very good", the overall average score of 88 percent, higher than the average score of overall listed companies at 81 percent.
- Quality assessment of the Annual General Meeting of Shareholders for 2018 from Thai Investors Association scored 97% higher than the average score of 92.42%.

In addition to the above-mentioned awards, the Company also followed the principles of good corporate governance in other matters as follows.

(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 will be held at least every 3 months. The schedule of the Board of Directors' meetings and sub-committees is set in advance. 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. All directors, including the management, can propose matters that are beneficial to the Company into the meeting agenda. Sufficient supporting documents must be prepared for the meeting and shared with the Board prior the meeting. The Board of Directors should study the information and review the details before attending the meeting. In the meeting, the Board must consist of not less than one-half of the total number of Directors to constitute a quorum. In 2018, the Company held twelve regular meetings of the Board of Directors, and one special session, and one joint meeting with the management to review the budget and annual operation plan.

The company has arranged for Non-Executive Directors to have a meeting among themselves at least once a year to discuss various management issues with no presence from the management team. The results of the meeting were reported to the Chief Executive Officer/Managing Director. In 2018, the Company arranged one internal meeting for Non-Executive Directors as specified.

During the meeting, the Chairman of the Board and the Chief Executive Officer/ Managing Director 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. When the Board of Directors cast their vote, it is required that at least two-thirds of the total number of Directors must be present and decided by a majority vote. Each director shall have 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 2018 Directors as of 2 January 2019						
	Board of Directors	Audit Committee	Executive Committee	Annual General Meeting 2018	Risk Management Committee	Corporate Governance and Corporate Social Responsibility Committee	Nomination Of Remuneration Committee
1. Mr. Sahas Treetipbut ^{1/}	14/14	-	-	1/1	-	-	-
2. Mr. Ekarat Changyoo ^{2/}	14/14	-	2/2	1/1	3/4	1/2	-
3. Mr. Viruch Wongnirund ^{3/}	14/14	-	2/2	1/1	3/4	-	-
4. Ms. Theinvanee Changyoo ^{4/}	13/14	-	-	1/1	3/4	-	-
5. Ms. Savita Changyoo ^{5/}	14/14	-	-	1/1	3/4	-	12/12
6. Assoc. Prof. Boonserm Vimuktanandana	14/14	13/13	-	1/1	-	-	-
7. Dr. Supree Wongdeeprom Ph.D. ^{6/}	14/14	8/8	2/2	1/1	4/4	2/2	-
8. Mr. Suthee Tripornchaisak ^{7/}	4/4	4/4	-	1/1	-	-	4/4
9. Asst. Prof. Krit Umpote	14/14	13/13	-	1/1	-	2/2	-
10. Ms. Sumana Vonggapan ^{8/}	14/14	-	2/2	1/1	-	-	12/12
11. Prof. Porntep Siriwanarangsun, MD., MPH., PhD ^{9/}	12/12	11/11	-	1/1	-	-	7/7
12. Surat Wongrattanapassorn Ph.D. ^{10/}	9/10	-	-	-	-	-	-

Remark: ^{1/} Mr. Sahas Treetipbut was appointed as the Chairman of the Executive Committee on 28 February 2018

^{2/} Mr. Ekarat Changyoo was appointed as the Member of Executive Committee and Chairman of the Management Committee on 28 February 2018

^{3/} Mr. Viruch Wongnirund resigned from the Member of Executive Committee and Member of Management Committee and Managing Director on 31 December 2018

^{4/} Ms. Theinvanee Changyoo was appointed as the Member of Management Committee on 28 February 2018 and Vice Chief Executive Officer on 1 March 2018

^{5/} Ms. Savita Changyoo was appointed as the Member of Management Committee on 28 February 2018

- ^{6/} Dr. Supree Wongdeeprom Ph.D. resigned from the Independent Director and Member of Audit Committee on 28 February 2018 and resigned the Member of Executive Committee on 31 May 2018 and was re-appointed as the Independent Director and Member of Audit Committee on 31 May 2018
- ^{7/} Mr. Suthee Tripornchaisak retired from the Independent Director, Member of Audit Committee and Member of Nomination Remuneration Committee on 27 April 2018
- ^{8/} Ms. Sumana Vonggapap was appointed as the Member of Executive Committee on 28 February 2018
- ^{9/} Prof. Porntep Siriwanarangsun, MD., MPH., PhD was appointed as the Independent Director and Member of Audit Committee on 27 February 2018 and appointed as the Member of Nomination Remuneration Committee on 15 May 2018
- ^{10/} Surat Wongrattanapassorn Ph.D was appointed as the Independent Director on 27 April 2018
- ^{11/} Mr. Werawat Changyoo was appointed as the Chief Executive Officer Assistant on 20 March 2018
- ^{12/} Mr. Paitoon Homchan was appointed as the Member of Management Committee on 28 February 2018 and Vice Chief Executive Officer on 1 March 2018
- ^{13/} Mr. Watcharin Watcharatham was appointed as the Member of Management Committee on 28 February 2018 and Vice Chief Executive Officer on 1 March 2018
- ^{14/} Mr. Siam Uralwong was appointed as the Member of Management Committee on 28 February 2018 and Vice Chief Executive Officer on 1 March 2018
- ^{15/} Mr. Paitoon Sukhanaphorn was appointed as the Member of Management Committee on 28 February 2018 and Vice Chief Executive Officer on 1 March 2018
- ^{16/} Mr. Naret Charoonwittayakul was appointed as the Chief Executive Officer Assistant on 2 January 2019

(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) Orientation for new directors

The Company requires the preparation of orientation documents for new directors to use as guidance in performing their duties. These include the introduction of business and the business operation guidelines of the Company. The Company also encourages its directors to attend training courses from the Thai Institute of Directors Association (IOD) to promote development and support the performance of duties of the Board of Directors.

When a new director is appointed, the Company provides an orientation for newly appointed directors by providing a briefing on vision, mission, values, strategies, goals, and business practices guidelines implemented by the Chairman, Chief Executive Officer Managing Director and/or Executive Committee. The Company also provides documents for newly appointed directors to perform their duties including memorandum of association, the Company regulations and annual reports. These documents contain important information namely the roles and responsibilities of the Board of Directors, the Corporate Governance Policy of the Company, the approval authority and the prohibition of the actions of the directors in accordance with the relevant laws, including the roles and duties of the various sub-committees. In 2018, the Company has appointed two new directors. Which the company has follow procedure to already attended orientation for new directors.

(9) 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 2018, the Board of Directors and Sub-Committee members attended courses provided by the IOD and other institutions as follows:

Courses organized by the Thai Institute of Directors (IOD):

Name	Courses
Mr. Ekarat Changyoo	Director Certification Program (DCP) Class 263/2018
Dr. Supree Wongdeeprom Ph.D.	Risk Management Program for Corporate Leaders (RCL) Class 14/2018

Courses organized by The Securities and Exchange Commission (SEC):

Name	Courses
Assoc. Prof. Boonserm Vimuktanandana	Inaugural Corporate Governance Conference 2018, Bangkok Building Trust in a Transforming

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 - DCP 263/2018
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 - RCL 14/2018
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
11. Prof.Porntep Siriwanarangsun, MD., MPH., Ph.D.	- DCP 212 - FSD 28/2015
12. Surat Wongrattanapassorn Ph.D.	- DCP 233/2017

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 2018 is 95.74% in average or Excellence.

The Board of Directors also allows each director to evaluate individual performance by using self-assessment methods in accordance with assessment criteria in various aspects, including the Company's performance, performance of each director, scope of duties and responsibilities, Board meetings and ethics compliance. The criteria for self-assessment evaluation is the same format as the evaluation of the entire board. In 2018, the Company Secretary summarized of the assessment results of each individual director and reported to the Board of Directors' meeting. The assessment results are at 95.23 percent or are in excellent criteria.

Sub-Committee Evaluation

Each committee will be evaluated by self-assessment survey collected and summary by company secretary

The evaluation form topics consist of structure and qualifications of the board, roles duties and responsibilities of the board, the meetings of Board. The evaluation results of the sub-committee in 2018 are as follows:

The Audit Committee received an average score of 98.79 percent and the individual Audit Committee member received an average score of 98.79 percent.

The Nomination and Remuneration Committee received an average score of 100 percent and the individual Nomination and Remuneration Committee member received an average score of 98.33 percent.

The Good Corporate Governance and Social Responsibility Committee received an average score of 90.65 percent, the individual Good Corporate Governance and Social Responsibility Committee member received an average score of 97.64 percent.

The Risk Management Committee received an average score of 99.06 percent and the individual Risk Management Committee member received an average score of 98.17 percent.

The Executive Committee did not evaluated by self-assessment survey either by group or individually Because there is no meeting. And The Management Committee has no urgent agenda to consider

Chief Executive Officer and Managing Director Evaluation

Nomination and remuneration committee is responsible for annual Chief Executive Officer and 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. In 2018, the Chief Executive Officer has been evaluated by the Nomination and Remuneration Committee and the Board of Directors, with an average score of 100 percent.

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.

Guidelines

The Company has set good practices for to facilitate the exercise of the rights of shareholders as follows:

1. The Company will hold an annual general meeting. The board will determine the date, time and location of the meeting. The meeting is held within 4 months from the date of the last day of the Company's fiscal year. 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. Including disseminating such information on the company website at <http://www.thiensurat.co.th> At least 30 days before 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 objectives and reasons contain opinions or recommendations of the Board of Directors. In 2018, The Company sent the documents before the meeting for a period of 14 days.
2. 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 shareholder meeting, the Company The meeting will be conducted with integrity, transparency and efficiency and conducive to allowing shareholders to exercise their rights by using the technology to facilitate the Shareholders' Meeting, for the registration of shareholders, counting and showing results for the meeting to be conducted quickly accurately. Before the meeting start, the number and proportion of shareholders attending the meeting in person and by proxy, meeting method, voting and vote counting will be announced. 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.

7. After the end of the Shareholders' Meeting, the Board of Directors will disclose the resolutions of the Shareholders' Meeting with voting results within the next business day through the news system of the Stock Exchange of Thailand and on the website of the Company and prepare accurate and complete Minutes of the Shareholders' Meeting. A copy of the Minutes of the Shareholders' Meeting will be sent to the Stock Exchange of Thailand within 14 days from the date of the Shareholders' Meeting.

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.

Guideline

1. The company will oversee 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.
2. The company has a policy to facilitate the shareholders to nominate directors, and added to the agenda In advance, including proposing questions in advance in accordance with rules set by the Company, which publishes the details in website at <http://www.thiensurat.co.th>. Within for 3 months until the end of the fiscal year of the company.
3. The Company formulates measures designed to prevent the improperly 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.
4. The company requires informs 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 creditors of the company 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:

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) | Creditors of the Company | The Company will comply strictly comply with conditions of business to creditors as well as monitor the payment of loans and interest to all types of creditors in accordance with the agreed schedule and strictly comply with conditions of the loan under the agreement without using the loan in a way that is contrary to the purpose of the loan. In addition, the Board of Directors will ensure that the company operates to safeguard confidence of creditors in their financial status and ability to pay debts as well as supervise the reporting of correct and complete information to creditors. |
| (E) | Competitors | The Company promotes free and fair competition policy and shall comply with a good competition framework. |
| (F) | Employees | The Company has a policy to treat all employees equally by complying with relevant laws and standards fairly and respecting human rights. The Company provides appropriate remuneration and welfare not less than the minimum wage rate set out by the relevant laws, including support to the staff for their skills and knowledge development. |
| (G) | 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. |
| (H) | 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-Corruption Policy

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.

7. Related policies and Handbook

- (1) Corporate Governance Policy
- (2) Code of Conduct Handbook
- (3) Regulations governing the operation of the company
- (4) Whistle Blowing

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 according to the specified channel.

3. Whistleblower and complaint procedure listed as follows:

- 3.1 Tel: 02-819-8899 / Call Center 1210
- 1.2 Fax: 02-962-6951-3
- 1.3 The post office:
Audit Committee
Thiensurat Public Company Limited
43/9, Moo 7, Soi Chuchart Arnusorn 4, Bangtalad Sub-district,
Pakkred district, Nontaburi 11120
- 3.4 Social Network :
Facebook: <https://www.facebook.com/safewaterfilter/>
Facebook: <https://www.facebook.com/ponsabuy/>
Line: @ponsabuy
Line: @safe1210
Line: @TSR.NEWS
- 3.5 E-mail :
www.ponsabuy.com/
www.safealkaline.com/contacts
Appeal.AC@thiensurat.co.th
- 3.6 The company's comments box

4. Complaint mechanism policy and procedure

- 1. A complain raised or notified by a complainant through the complaint channels as mentioned above.
- 2. The recipient of the complaint informs the matter to
 - 2.1 Audit Committee
 - 2.2 Company Secretary (In the case of matters related to the Directors, Executives or the Chief Executive Officer/Managing Director)
- 3. Investigate the complaint
- 4. Report the results to the complainant and the improvement

5. Punishment measures to offenders

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

6. 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.

7. Policies and relevant manuals are listed as follows.

- (1) Corporate Governance Policy
- (2) Code of Conduct
- (3) Anti-corruption Policy
- (4) Regulations governing the operation of the company.

8. 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 according to relevant rules, standards and through accessible channels under the principles of equality and reliability.

Guidelines

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.

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) Disclosure of financial and non-financial information, such as financial statements, annual reports, 56-1 Form which can reflect the financial status and operating results. adequately This includes the management discussion and analysis (MD&A) for the disclosure of quarterly financial statements in order to allow investors to get information and better understand the changes in financial status and operating results of the Company in each quarter in addition to the numbers in the financial statements alone.in 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 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 and 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:

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.

Information presentation activities	Number	location
Opportunity Day	2	The Stock Exchange of Thailand
Company visit	5	Thiensurat Public Company Limited
Analyst Meeting	1	Thiensurat Public Company Limited
Provide information to foreign investors	1	Thiensurat Public Company Limited by Conference Call

Category 5 Responsibilities of the Board of Directors

Structure of the Board

The Board consists of At least 5 directors, but not more than 12 people. The Board consists of persons who have diverse knowledge, skillsets, and expertise as well as executive leadership experience. The Board of Directors will review the board structure both in terms of size, composition, proportion of independent directors that are appropriate and necessary to lead the Company to set the objectives and goals.

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 also appointed 6 series of sub-committee. Those are Audit Committee, Executive Committee, Risk Management Committee, Corporate Governance and Corporate Social Responsibility Committee, Nomination Remuneration Committee and The Management 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.

Roles and duties of the Board

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. The company requiring directors, executives and employees comply with the rules and regulations as prescribed by the Securities and Exchange Commission. And the Stock Exchange of Thailand. In all respects

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 Chairperson 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. Asst. Prof. Krit Umpote | Member of the Audit Committee |
| 4. Dr. Porntep Siriwanarangsun, MD.,MPH.,Ph.D. | 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 2018, 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 2018, the company appointed Ms. Sunisa Phaemane as the Internal Auditor, and Resign on 30 April 2018, and appointed Ms. Pichayaporn Kongsomnam 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 2018 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 2018. 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 2018.

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 Chairperson 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. Dr. Porntep Siriwanarangsun, MD.,MPH.,Ph.D. | 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 Vice chief executive officer.

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 two (2) Independent Directors, and One (1) Executive Director, which the Chairperson 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. Acknowledged the compliance with the Corporate Governance Report of Thai Listed Companies.
2. Acknowledged the CSR projects implemented in 2018.
3. Developed the vision of the Company on sustainability strategy.
4. Reviewed the Sustainability Report for further revision and approval.
5. Reviewed the Good Governance and Good Corporate Responsibility Policies for further revision and approval.
6. Consider approval or revision of the Code of Conduct.
7. Consider approval or revision of the Anti-Corruption Policy.
8. 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 One Independent Directors, and Five Executive Director, which the Chairperson 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 4 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

Report of the Executive Committee

Dear shareholders of Thiensurat Public Company Limited,

The Executive Committee of Thiensurat Public Company Limited comprises of 3 Directors, and 1 Executive Director, Appointed by the Board of Directors meeting No.2/2018 held on Monday 26 February 2018 to perform the tasks as assigned by the Board of Directors as follows:

- | | |
|-------------------------|-------------------------------------|
| 1. Mr. Sahas Treetipbut | Chairman of the Executive Committee |
| 2. Ms. Sumana Vonggapan | Member of the Executive Committee |
| 3. Mr. Ekarat Changyoo | Member of the Executive Committee |

Executive Committee performs the duties in accordance with the Charter of the Executive Committee. This includes arrangement and organization of the Executive Committee meetings twice after the appointment. According to the latest meeting, the Executive Committee provided advice to the management in developing the KPI indicators for the senior management to measure the Company's progress towards the goals as well as the sales strategy and any other matters as assigned by the Board of Directors

On behalf of the Executive Committee



(Mr. Sahas Treetipbut)
Chairman of the Executive Committee

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)

Internal Control and Risk Management

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.2/2019 held on 25 February 2019 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 outside 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 Limited who audited the Company's 2018 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 2018, 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.

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.

The head of internal control and the head of corporate governance

The Audit Committee's meeting No.1/2018 held on 17 January 2018 appointed Ms. Sunisa Phaemane was duties of the company's Internal Auditor and The Audit Committee's meeting No.8/2018 held on 9 August 2018 appointed Ms. Pichayaporn Kongsomnam as the head of Internal Audit Office, effective on 9 August 2018. She is primarily responsible for performing the duties of the company's Internal Auditor for 2018 to closely monitor and evaluate the internal control system. The Audit Committee has considered the qualifications of Ms. Pichayaporn Kongsomnam and is of the opinion that it is appropriate to appoint her to perform the duties of the Internal Auditor.

Related Party Transactions

Related party transactions between the Company ("TSR") and its subsidiaries or among subsidiaries occurred in 2017 and 2018, 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:

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 2018</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 26.26% 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 2018</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**/Chairman of Executive Committee • Advisor of TSR (Information Technology)
4. Mr. Werawat Changyoo	-	<ul style="list-style-type: none"> • A major shareholder of TSR As at 31 December 2018, Mr. Werawat Changyoo held 17.85%, and Changyoo Group* held 63.87% of registered and paid up share capital of TSR. • Assistant Chief Executive Officer (appointed on 20 Mar. 2018)
5. Ms. Theinvanee Changyoo	-	<ul style="list-style-type: none"> • A shareholder of TSR As at 31 December 2018, Ms. Theinvanee Changyoo held 6.13%, and Changyoo Group* held 63.87% of registered and paid up share capital of TSR.

Persons/companies who/that may have conflict of interest, conducted business transactions with TSR and/or its subsidiaries	Nature of Business	Relationship
		<ul style="list-style-type: none"> • Director/Member of the Risk Management Committee /Company Secretary/Member of the Executive Committee/Vice Chief Executive Officer**
6. Ms. Kanittha Changyoo	-	<ul style="list-style-type: none"> • A shareholder of TSR and spouse of Mr. Werawat Changyoo As at 31 December 2018, Ms. Kanittha Changyoo held 0.93%, and Changyoo Group* held 63.87% of registered and paid up share capital of TSR.
7. Ms. Savita Changyoo	-	<ul style="list-style-type: none"> • A shareholder of TSR As at 31 December 2018, Ms. Savita Changyoo held 6.26%, and Changyoo Group* held 63.87% of registered and paid up share capital of TSR. • Director/Member of the Risk Management Committee /Member of the Nomination and Remuneration Committee /Advisor of TSR (Evaluation, Monitoring and Organizational Development / Member of the Executive Committee
8. Mr. Ekarat Changyoo	-	<ul style="list-style-type: none"> • A shareholder of TSR As at 31 December 2018, Mr. Ekarat Changyoo held 6.08%, and Changyoo Group* held 63.87% of registered and paid up share capital of TSR. • Director/Member of the Corporate Governance and Corporate Social Responsibility Committee/ Member of the Risk Management Committee /Chairman of the Executive Committee /Chief Executive Officer**
9. Ms. Sumana Vonggapan	-	<ul style="list-style-type: none"> • Director**/Chairman of the Nomination and Remuneration Committee/Member of the Executive Committee • 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**/ Chairman of Risk Management Committee/Member of Audit Committee/ Member of the Corporate Governance and Corporate Social Responsibility Committee • Advisor of TSR (Marketing Strategy Development, Sales Strategies, Marketing and Sales Management Techniques, Market Growth and Maintaining Market Share Strategies)

Persons/companies who/that may have conflict of interest, conducted business transactions with TSR and/or its subsidiaries	Nature of Business	Relationship
11. Dr.Porntep Siriwanarangsun, MD., MPH., Ph.D.		<ul style="list-style-type: none"> • Director/Member of Audit Committee/ Member of the Nomination and Remuneration Committee • Advisor of TSR (Cost, selling & administrative and bad debt saving, process improvement)
12. Mr. Paitoon Sukhanaphorn		<ul style="list-style-type: none"> • Vice Chief Executive Officer in Finance & Accounting
13. COL Public Company Limited	Stationery and office equipment retail store	<u>As at 31 December 2018</u> <ul style="list-style-type: none"> • Had a director in common, i.e., Mr. Sahas Treetipbut
14. Internet Thailand Public Company Limited	Provide internet and information technology service, distribute computer equipments and devices	<u>As at 31 December 2018</u> <ul style="list-style-type: none"> • Had a director in common, i.e., Mr. Sahas Treetipbut
15. S.S. Air Services Co., Ltd.	Provide service and distribute air conditioners, equipments and spare parts	<u>As at 31 December 2018</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.
16. TSR Lao Co., Ltd.	Distribute water purifier, equipments and electric appliances	<u>As at 31 December 2018</u> <ul style="list-style-type: none"> • A joint venture between TSR and J.B. Group, in which TSR held 49% shareholding.
17. WESU SALE Co., Ltd.	Distribute air conditioner	<u>As at 31 December 2018</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”

2. Related party transactions between TSR and its subsidiaries with related persons/companies for the years ended 31 December 2017 and 2018

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

2.1.1 Purchase/sales of goods and services

Affiliates	Description of the related party transactions	Transaction Amount (Million Baht)		Pricing Policy
		2018	2017	
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>	0.13 -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>	0.20 0.01	0.29 0.01	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 0.03	0.40 0.01	Regular price as Ideal Water Co., Ltd. normally charged to Safe Trade International Co., Ltd.
3. Mr. Sahas Treetipbut	<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 Advisor.
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>	0.46 -0-	2.76 -0-	Contract price which is regular price charged by a third party Advisor.

Affiliates	Description of the related party transactions	Transaction Amount (Million Baht)		Pricing Policy
		2018	2017	
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	0.55	0.08	Regular price charged by a third party Advisor.
	<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	0.43	0.08	Regular price charged by a third party Advisor.
	<u>Outstanding Balances</u>	-0-	-0-	
7. Dr. Porntep Siriwanarangsun, MD., MPH., Ph.D.	<u>Expenses on Advisory for the Executive Committee</u> Upon request, TSR hired Dr. Porntep Siriwanarangsun, MD., MPH., Ph.D. to provide advice on cost, selling & administrative and bad debt saving including process development	0.43	-0-	Regular price charged by a third party Advisor.
8. COL Public Company Limited	<u>7.1 Purchase of office equipment</u> TSR purchased office equipment and stationery used for its operation.	0.04	0.12	Regular price as normally charged to other clients
	<u>Outstanding Balances</u>	0.01	0.01	
	<u>7.2 Advertising expenses</u> TSR used catalogue advertising to advertise products.	-0-	0.15	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-	0.05	Cost plus margin
	<u>Outstanding Balances</u>	-0-	0.05	

Affiliates	Description of the related party transactions	Transaction Amount (Million Baht)		Pricing Policy
		2018	2017	
9. 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.	7.46	5.95	Regular price as normally charged to other clients
	<u>Outstanding Balances</u>	0.29	0.28	
	<u>8.2 Revenues from sales of goods</u> TSR sold water purifiers to Internet Thailand Public Company Limited.	-0-	0.03	Cost plus margin
	<u>Outstanding Balances</u>	-0-	0.03	
10.. TSR Lao Co., Ltd.	<u>Revenues from sales of goods</u> TSR sold water purifiers to TSR Lao Co., Ltd.	8.31	9.17	Cost plus margin
	<u>Outstanding Balances</u>	1.63	2.34	
11. WESU SALE Co., Ltd.	<u>Revenues from sales of goods</u> Fedders Thai Co., Ltd. sold water purifiers to WESU SALE Co., Ltd.	1.05	5.10	Cost plus margin
	<u>Outstanding Balances</u>	0.6	-0-	

2.1.2 Acquisition and disposal of fixed assets

-None-

2.1.3 Land and building rental

Affiliates	Description of the related party transactions	Transaction Amount (Million Baht)		Pricing Policy
		2018	2017	
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. <u>Outstanding Balances</u>	0.09 -0-	0.16 -0-	Comparable to market price in the vicinity
	<u>1.2 Revenues from factory rental</u> TSR gave its factory for rent to Better Dreams Co., Ltd. <u>Outstanding Balances</u>	0.08 -0-	0.08 -0-	Comparable to market price in the vicinity
2. Ideal Water Co., Ltd.	<u>Revenues from factory rental</u> TSR gave its factory for rent to Ideal Water Co., Ltd. <u>Outstanding Balances</u>	0.12 -0-	0.12 -0-	Comparable to market price in the vicinity
	<u>Revenue from utilities</u> TSR will charge all the utilities used as the actual payment. <u>Outstanding Balances</u>	0.09 -0-	0.08 -0-	Comparable to market price in the vicinity

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:

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
		2018	2017	
1. Mr. Werawat Changyoo	Domestic short-term and long-term borrowings of TSR were guaranteed by Mr. Werawat Changyoo.	-0-	940.30	Under regular terms and conditions of borrowings from financial institutions. The guarantor did not receive any compensation for such guarantees.

Affiliates	Description of the related party transactions	Transaction Amount (Million Baht)		Pricing Policy
		2018	2017	
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	1.12	Under regular terms and conditions of borrowings from financial institutions. The director did not receive any compensation for such guarantees.

2.2.2 Borrowings

Affiliates	Description of the related party transactions	Transaction Amount (Million Baht)		Pricing Policy
		2018	2017	
1. S.S. Air Services Co., Ltd.	Borrowings	-0-	0.40	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 2018			
	Additional borrowings			
	Repayment			
	31 Dec 2017			
	Interest expenses	-0-	-0-	

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.

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.

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.

Board of Directors' Responsibilities for the Financial Statements

Dear shareholders of Thiensurat Public Company Limited,

The Board of Directors of Thiensurat PCL. is responsible for and has provided the Consolidated Financial Statements and those for its Subsidiaries together with the associated information relating to their respective financial status as presented in this Annual Report. These Financial Statements and reports on the performance results for the financial year 2018 are prepared in accordance with generally accepted accounting principles and through the use of appropriate accounting policies that are consistently applied by the Company together with the use of careful consideration and best estimates. Further, all important and relevant information are adequately disclosed within the Notes to the Financial Statements.

Towards this end, the Board of Directors has appointed an Audit Committee consisting of Independent Directors, which is responsible reviewing the quality of these Financial Statements, the internal controls. The opinions and comments of the Audit Committee relating to these matters appear in the Audit Committee's Report that is included this Annual Report.

The Board of Directors is of the opinion that the overall internal controls system of the Company has functioned satisfactorily and, thus, has provided reliable, accurate and adequate information for the Consolidated and Financial Statements and those for its Subsidiaries for the financial year ending 31 December 2018.



(Mr. Sahas Treetipbut)
Chairman of the Board of Directors



(Mr. Ekarat Changyoo)
Chief Executive Officer

Financial Highlight

1. Financial Statements

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 2018 is presented below.

Financial Statements for the Year Ended 31 December 2018

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 Thiensurat Public Company Limited and its subsidiaries as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

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.

In 2018, the Company and its subsidiaries changed their accounting policy on valuation of inventories from first-in, first-out method to moving average method, in order to more properly reflect unit costs of inventories. The effect of applying new policy is immaterial to the Company and its subsidiaries' financial statements. Therefore, the Company and its subsidiaries adopted the new policy prospectively from 1 January 2018 onwards.

On 24 September 2018, the Extraordinary General Meeting of the shareholders of Thiensurat Leasing Company Limited, a subsidiary, approved an increase in its registered share capital from Baht 50 million to Baht 100 million, by issuing additional 10 million ordinary shares with a par value of Baht 5. The subsidiary registered its increase of share capital with the Department of Business Development, Ministry of Commerce on 4 October 2018. The Company acquired additional share capital in proportion of existing investment which already made full payment on 1 October 2018.

Consolidated financial statements of the Group for the years ended 31 December 2016 – 2018 are presented as follows:

(1) STATEMENTS OF FINANCIAL POSITION

Assets	Consolidated financial statements as of 31 December					
	2018		2017		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Current assets						
Cash and cash equivalents	47.59	3.4	32.57	2.2	101.40	5.4
Trade and other receivables	27.24	1.9	23.77	1.6	24.45	1.3
Current portion of hire purchase receivables	599.77	42.2	611.21	41.3	903.76	48.5
Current portion of loan receivables	0.90	0.1	1.35	0.1	-	-
Current portion of receivables under right transfer agreements	1.90	0.1	3.47	0.2	3.92	0.2
Inventories	142.99	10.1	158.51	10.7	161.02	8.7
Other current assets	26.17	1.8	27.69	1.9	18.28	1.0
Total current assets	846.56	59.6	858.57	58.0	1,212.83	65.1
Non-current assets						
Restricted bank deposits	1.07	0.1	2.89	0.2	18.70	1.0
Hire purchase receivables - long-term portion	4.03	0.3	9.04	0.6	9.43	0.5
Loan receivables - long-term portion	0.33	0.0	1.06	0.1	-	-
Receivables under right transfer agreements - long-term portion	2.59	0.2	4.16	0.3	4.63	0.3
Investment in joint venture	15.07	1.1	13.78	0.9	-	-
Investment properties	58.63	4.1	58.70	4.0	58.78	3.2
Property, plant and equipment	427.74	30.1	471.03	31.8	499.88	26.8
Intangible assets	37.24	2.6	35.84	2.4	25.05	1.3
Deferred tax assets	20.74	1.5	17.99	1.2	26.55	1.4
Other non-current assets	5.84	0.4	8.25	0.5	8.23	0.4
Total non-current assets	573.28	40.4	622.74	42.0	651.25	34.9
Total assets	1,419.84	100.0	1,481.31	100.0	1,864.08	100.0

Liabilities and shareholders' equity	Consolidated financial statements as of 31 December					
	2018		2017		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Current liabilities						
Short-term loans from financial institutions	29.50	2.1	129.91	8.8	596.92	32.0
Short-term loan from related party	-	-	0.40	0.0	-	-
Trade and other payables	83.52	5.9	97.30	6.6	102.83	5.5
Current portion of liabilities under finance lease agreements	20.70	1.5	28.65	1.9	28.22	1.5
Current portion of long-term loans	6.37	0.4	12.27	0.8	21.83	1.2
Income tax payable	13.08	0.9	8.44	0.6	9.29	0.5
Other current liabilities	19.28	1.4	16.39	1.1	25.57	1.4
Total current liabilities	172.45	12.2	293.36	19.8	784.66	42.1
Non-current liabilities						
Liabilities under finance lease agreements, net of current portion	15.79	1.1	36.56	2.5	53.92	2.9
Long-term loans, net of current portion	3.33	0.2	9.70	0.7	19.27	1.0
Provision for long-term employee benefits	20.07	1.4	16.88	1.1	22.27	1.2
Deferred tax liability	5.20	0.4	3.45	0.2	1.64	0.1
Total non-current liabilities	44.39	3.1	66.59	4.5	97.10	5.2
Total liabilities	216.84	15.3	359.95	24.3	881.76	47.3
Shareholders' equity						
Registered						
662 million ordinary shares of Baht 1 each	662.20		662.20		662.20	
Issued and fully paid share capital						
550 million ordinary shares of Baht 1 each	549.68	38.7				
517 million ordinary shares of Baht 1 each			516.73	34.9		
467 million ordinary shares of Baht 1 each					467.18	25.1
Share premium	295.29	20.8	268.34	18.1	227.80	12.2
Premium on share-based payments	10.25	0.7	10.25	0.7	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	30.69	2.2	26.00	1.7	21.63	1.2
Unappropriated	313.18	22.0	294.33	19.9	246.84	13.2
Equity attributable to owners of the Company	1,197.74	84.3	1,114.30	75.2	972.35	52.2
Non-controlling interests of the subsidiaries	5.26	0.4	7.06	0.5	9.97	0.5
Total shareholders' equity	1,203.00	84.7	1,121.36	75.7	982.32	52.7
Total liabilities and shareholders' equity	1,419.84	100.0	1,481.31	100.0	1,864.08	100.0

(2) STATEMENTS OF COMPREHENSIVE INCOME

Performance	Consolidated financial statements for the years ended 31 December					
	2018		2017		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
<u>Revenues</u>						
Sales	1,378.50	87.5	1,431.69	86.8	1,607.62	87.6
Hire purchase interest income	196.40	12.5	217.63	13.2	228.53	12.4
Income from loan receivables	0.60	0.0	0.24	0.0	-	-
Total revenues	1,575.50	100.0	1,649.56	100.0	1,836.15	100.0
Cost of sales	(388.52)	(24.7)	(400.42)	(24.3)	(421.59)	(23.0)
Gross profit	1,186.98	75.3	1,249.14	75.7	1,414.56	77.0
Other income	37.59	2.4	43.82	2.7	28.41	1.6
Profit before expenses	1,224.57	77.7	1,292.96	78.4	1,442.97	78.6
<u>Expenses</u>						
Selling and distribution expenses	(537.19)	(34.1)	(595.00)	(36.1)	(666.30)	(36.3)
Administrative expenses	(387.30)	(24.6)	(427.89)	(25.9)	(416.38)	(22.7)
Bad debts and doubtful accounts	(168.52)	(10.7)	(159.45)	(9.7)	(235.29)	(12.8)
Finance cost	(5.60)	(0.3)	(16.03)	(1.0)	(25.56)	(1.4)
Total expenses	(1,098.61)	(69.7)	(1,198.37)	(72.7)	(1,343.53)	(73.2)
Profit before share of profit from investment in joint venture and income tax expenses	125.96	8.0	94.59	5.7	99.44	5.4
Share of profit from investment in joint venture	1.29	0.1	0.01	-	-	-
Profit before income tax expenses	127.25	8.1	94.60	5.7	99.44	5.4
Income tax expenses	(22.26)	(1.4)	(20.14)	(1.2)	(20.36)	(1.1)
Profit for the year	104.99	6.7	74.46	4.5	79.08	4.3
<u>Other comprehensive income:</u>						
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	(0.17)	(0.0)	5.50	0.3	-	-
Actuarial gains (loss) - net of income tax						
Total comprehensive income for the year	104.82	6.7	79.96	4.8	79.08	4.3

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

Performance (continued)	Consolidated financial statements for the years ended 31 December		
	2018	2017	2016
	Million Baht	Million Baht	Million Baht
Profit attributable to:			
Equity holders of the Company	106.79	77.37	80.59
Non-controlling interests of the subsidiaries	(1.80)	(2.91)	(1.51)
Total comprehensive income attributable to:			
Equity holders of the Company	106.62	82.87	80.59
Non-controlling interests of the subsidiaries	(1.80)	(2.91)	(1.51)
Basic earnings per share			
Profit attributable to equity holders of the Company	0.21	0.16	0.18
Number of weighted average of ordinary shares (Million shares)	520.59	496.10	456.40
Diluted earnings per share			
Profit attributable to equity holders of the Company	0.21	0.13	0.11
Number of weighted average of ordinary shares (Million shares)	520.59	602.51	766.22

Remarks: * In 2016, the Company increased registered share capital for reserving share dividend of 40.13 million shares.

In 2017, the Company increased registered share capital as a result of warrants exercise in May 2017 totaling 49.55 million shares.

In 2018, the Company increased registered share capital as a result of warrants exercise in May and December 2018 totaling 5.12 million shares and 27.84 million shares respectively.

Therefore, the Company retroactively adjusted number of weighted average of ordinary shares for earnings per share calculation of 2016, 2017 and 2018.

(3) STATEMENTS OF CASH FLOWS

Operating Activities	Consolidated financial statements for the years ended 31 December		
	2018	2017	2016
	Million Baht	Million Baht	Million Baht
Cash flows from operating activities			
Profit before tax	127.25	94.60	99.44
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortization	54.33	52.39	45.16
Bad debt and doubtful accounts	168.52	159.45	235.29
Reduce cost of inventories to net realizable value	4.94	1.02	(1.95)
Reversal of allowance for goods returned	(0.56)	(0.36)	(0.54)
Share of gain from investment in joint venture	(1.29)	(0.01)	-
Gain on sales of equipment	(0.88)	(1.06)	(1.03)
Allowance for impairment loss on equipment	0.07	-	-
Allowance for impairment loss on intangible assets	0.04	-	-
Allowance for goods warranty (reversal)	3.26	(1.59)	0.62
Provision for long-term employee benefits	3.12	1.72	3.79
Interest income	(0.05)	-	-
Finance cost	5.60	16.03	25.56
Profit from operating activities before changes in operating assets and liabilities	364.35	322.19	406.34
Operating assets (increase) decrease			
Trade and other receivables	(5.06)	0.62	(0.18)
Hire purchase receivables	(149.91)	134.84	(397.96)
Loan receivables	1.17	(2.41)	-
Receivables under right transfer agreements	3.13	0.92	1.14
Inventories	10.18	1.49	(6.24)
Other current assets	1.52	(10.31)	11.96
Other non-current assets	2.41	(0.02)	(2.96)
Operating liabilities decrease			
Trade and other payables	(15.42)	(3.64)	14.08
Other current liabilities	(0.37)	(7.59)	12.38
Cash paid for long-term employee benefits	(0.15)	(0.24)	(2.78)
Cash from operating activities	211.85	435.85	35.78
Cash paid for interest expenses	(5.61)	(16.06)	(25.61)
Cash paid for income tax	(18.57)	(12.00)	(49.05)
Net cash flows from operating activities	187.67	407.79	(38.88)

Investing and Financing Activities	Consolidated financial statements for the years ended 31 December		
	2018	2017	2016
	Million Baht	Million Baht	Million Baht
<u>Cash flows from investing activities</u>			
Decrease in restricted bank deposits	1.81	15.82	3.10
Cash paid for investment in joint venture	-	(13.77)	-
Acquisition of property, plant and equipment	(8.15)	(15.70)	(55.67)
Acquisition of intangible assets	(5.30)	(13.45)	(4.64)
Proceeds from sales of equipment	2.71	1.51	1.35
Interest received	0.05	-	-
Net cash flows used in investing activities	(8.88)	(25.59)	(55.86)
<u>Cash flows from financing activities</u>			
Decrease in short-term loans from financial institutions	(100.41)	(467.01)	218.86
Cash receipt from short-term loan from related party	-	0.40	-
Repayment of liabilities under finance lease agreements	(28.71)	(22.17)	(24.33)
Repayment of long-term loans	(12.27)	(19.14)	(21.62)
Cash receipt from share capital issued as a result of warrants exercise	59.91	90.08	46.75
Dividend paid	(82.29)	(33.19)	(57.15)
Net cash flows used in financing activities	(163.77)	(451.03)	162.51
Net increase (decrease) in cash and cash equivalents	15.02	(68.83)	67.77
Cash and cash equivalents at the beginning of year	32.57	101.40	33.63
Cash and cash equivalents at end of year	47.59	32.57	101.40

(4) FINANCIAL RATIOS

Financial Ratios	Unit	Consolidated financial statements for the years ended 31 December		
		2018	2017	2016**
<u>Liquidity Ratios</u>	-			
Liquidity ratio	Time	4.91	2.93	1.55
Quick ratio	Time	3.93	2.29	1.32
Liquidity of cash flow from operation	Time	0.81	0.76	(0.06)
Account receivable turnover	Time	2.27	1.89	1.96
Average collection period	Day	160.82*	190.32	183.84
Inventory turnover	Time	5.84	6.31	8.44
Average sale period	Day	62.47*	57.09	42.66
Account payable turnover	Time	17.56	11.41	12.29
Average payment period	Day	20.79*	31.55	29.30
Cash cycle	Day	202.50	215.86	197.20
<u>Profitability Ratios</u>				
Gross profit margin	%	75.34	75.73	77.04
Operating profit margin	%	5.69	3.08	3.87
Cash to profitability	%	209.30	803.08	(54.73)
Realized interest under hire purchase ratio	%	32.44	28.73	32.66
Interest rate paid (Borrowings)	%	3.82	3.42	4.13
Interest spread	%	28.61	25.31	28.53
Net profit margin	%	6.66	4.51	4.31
Return on equity	%	9.03	7.08	8.33
<u>Efficiency Ratios</u>				
Return on assets	%	7.24	4.45	4.59
Return on fixed assets	%	35.45	26.13	25.83
Asset turnover	Time	1.09	0.99	1.07
<u>Financial Ratios</u>				
Debt to equity	Time	0.18	0.32	0.90
Interest bearing debt to equity	Time	0.06	0.19	0.73
Interest coverage	Time	38.46	27.69	0.28
Cash flow coverage	Time	0.81	0.72	0.65
Dividend payout	%	91.35	82.75	63.57

Remarks: * The number of days be calculated is 365.

** Financial ratios of 2016 are calculated based on the reclassified financial statements to be comparable to that of 2017

Management Discussion and Analysis

1. Management Discussion and Analysis of Financial Position and Operating Results

1.1 Overview of Operating Results

The Group engages in manufacturing and distribution of water purifier business including water filters 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 for home electric appliances under PONSaBUY Program to the Company's customer based. 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 2018, revenues of the Group decreased due to the Group's more stringent measures of credit approval policy to prevent the default risk caused by the impact of high public debt burden and fact that Thailand's economic not so clearly improved that the consumer have reduced their consumption for unnecessary goods. Furthermore, the weather in Thailand was cooler than prior year that the air conditioner market significant decreased. However, the concern 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 1,575.50 million decreased from last year by 4.49%, but the Group could generated net profit (Net Profit represents the net profit attributable to equity holders of the Company).of Baht 106.79 million increased by 38.03% due to higher proportion of Online to Offline sales which have lower selling expenses as well as the Company's measures of expense control seriously and continuously

In 2018, the Group continues its marketing strategy by expanding distribution channels for direct sales, online to offline through the digital marketing, modern trade and 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 household 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. 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 digital marketing. Together with PONSaBUY Program, sales of electric appliances continuously 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. TSR Lao's sale growth of water purifier in Lao for two years ago was increased by 87%.

In terms of products, the Company continues to invest in product research and development for improving our water purifier products by conditioning 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.

1.2 Analysis of Operating Results

In 2018, the Group Company changed their accounting policy on valuation of inventories from first-in, first-out method to moving average method in order to more properly reflect unit costs of inventories. The effect of applying new policy is immaterial to the Group's financial statements. Therefore, the Group adopted the new policy prospectively from 1 January 2018 onwards.

Certain amounts in the financial statements as of 31 December 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 3 major types of revenues in terms of both cash sales and installment sales, which are revenues from direct sales, revenues from distributing products through a leading direct sale company, and revenues from distributing products through Online marketing.

For 2016, 2017 and 2018, the Group earned total revenues (revenues from sales of goods, hire purchase interest income and income from loan receivables) amounting to Baht 1,836.15 million, Baht 1,649.56 million, and Baht 1,575.50 million respectively. Comparing between 2017 and 2018, total revenues decreased by Baht 74.06 million from previous year or dropped by 4.49% year-on-year. Total revenues consisted of revenue from sales of goods amounting to Baht 1,378.50 million, a decrease of Baht 53.19 million or 3.72%; hire purchase interest income including income from loan receivables of Baht 197.00 million, a decrease of Baht 20.87 million, or decreased by 9.58%. The Group's more stringent measures of credit approval policy to prevent the default risk caused by the impact of high public debt burden and fact that Thailand's economic not so clearly improved that the people have reduced their consumption for unnecessary goods. Furthermore, the weather in Thailand was cooler than prior year that sales of air conditioner was significantly decreased. However, the concern 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

Sales by distribution channels are presented below.

Revenues	For the Years Ended 31 December					
	2018		2017		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales:						
Cash and credit	204.75	13.0	202.37	12.3	218.29	11.9
Hire purchase	1,173.75	74.5	1,229.32	74.5	1,389.33	75.7
Total sales	1,378.50	87.5	1,431.69	86.8	1,607.62	87.6
Hire purchase interest income	196.40	12.5	217.63	13.2	228.53	12.4
Income from loan receivables	0.60	0.0	0.24	0.0	-	-
Total revenues	1,575.50	100.0	1,649.56	100.0	1,836.15	100.0

Details of revenues from major distribution channels are as follows:

(1) Revenues from direct sales

The revenue was mainly from direct sales (Door to door) for the water purifier and water filters under the company's brand of "SAFE"

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

The Company manufactures and distributes products through a leading direct sale company, such as, Giffarine Skyline Unity Co., Ltd., Addwell Beauty (Thailand) Co., Ltd., and Successmore Being Public Co., Ltd.

(3) Revenues from distribution through Online Marketing

Regarding to serve the customers' demand and the rapid change of technology, company started to operate sales of electric appliances through Online Marketing in the end of 2017 and got more experience to develop it to **Online to Offline (O2O)** for sales of water purifier in 2018

Comparing sales by product groups, revenues from sales of water purifier products in 2016, 2017 and 2018 were Baht 1,286.83 million, Baht 1,119.79 million and Baht 1,026.15 million respectively. For 2018, the revenue from sales of water purifier decreased Baht 93.64 million from previous year or by 8.36% year-on-year due to the impact of changing water purifier model to be the model with lower after sale service cost and meet the customers' demand but lower in selling price. In 2018, sale volume was higher than 2017, but sale value became lower due to such reasons, including more stringent measures of credit approval policy.

The revenues from sales of water filters in 2016, 2017 and 2018 were Baht 180.16 million, Baht 130.24 million, and Baht 170.28 million respectively. For 2018, the revenues from sales of the replacement filter increased by Baht 40.04 million from previous year or increased by 30.74% year-on-year, caused by the warranty period of filter for water purifiers sold came due which is the duty of Telesales and customer retention (CRD) to remind the customers to replace new filters regarding to their family health effected to increased in sale of water filter

In 2018, sale of air conditioner significantly dropped caused by the weather in Thailand was cooler than prior year. However, the Company focused on selling the good quality electric appliances under the leading brands such as, television, washing machine, refrigerator, freezer, water heater to through online marketing under PONSaBAY program to cover the decreased from air conditioner sale. The revenues from sales of these electric appliances in 2018 amounting to Baht 182.07 million.

For 2018, revenues by products are shown below:

Revenues by Products	Amount (Million Baht)	%
Water purifier	1,026.15	74.4
Replacement filter	170.28	12.4
Electric appliances and others	182.07	13.2
Total	1,378.50	100.0

Cost of sales

Costs of sales consist of raw material costs, labor costs of production staff, manufacturing overhead and other costs. The costs of sales for 2016, 2017 and 2018 were Baht 421.59 million, Baht 400.42 million, and Baht 388.52 million respectively, and cost of sales to total revenues ("Cost to sales revenue ratio") were 22.96%, 24.27% and 24.66%, respectively. Cost of sales for 2018 decreased from previous year of Baht 11.90 million, or 2.97%, 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 2016, 2017 and 2018 were Baht 25.56 million, Baht 16.03 million, and

Baht 5.60 million, respectively. Compared to 2016 and 2017, the finance costs of 2018 was very 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, 2017 and 2018, the Company had cash receipt of Baht 46.75 million, Baht 90.08 million and Baht 59.91 million respectively 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 2018 decreased from those of 2017.

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 such as namely commission, travelling expenses, allowances, etc. The selling expenses of 2016, 2017 and 2018 were Baht 666.30 million, Baht 595.00 million and Baht 537.19 million, respectively. The proportions of selling expenses to total revenues were decreasing (2016: 36.29%, 2017: 36.07%, 2018: 34.10%). 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 2016, 2017 and 2018 were Baht 235.29 million, Baht 159.45 million and Baht 168.52 million, respectively. The amounts have been increasing from 2017, but decreasing from 2016 because of the one-time adjustment of allowance for doubtful accounts according to the revised accounting policy in 2017 in order to more properly reflect for the actual bad debts occurred in the past. by continuously review of accounting policies. 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 2016, 2017 and 2018 at Baht 28.41 million, Baht 43.82 million and Baht

37.59 million, respectively. In 2018, the Company has issued the measurement to manage water purifiers returned from customers by grading the returned water purifiers into Grade A, B for cleansing and modifying the products ready to sell in lower price or to donate and Grade C for being plastic scrap.

Administrative expenses

Administrative expenses included employees' expenses, depreciation, utility expenses, etc. Administrative expenses of the Group for 2016, 2017 and 2018 were Baht 416.38 million, Baht 427.89 million and Baht 387.30 million respectively. The significant decrease in administrative expenses were mainly due to the Company's measurements to reduce and control all redundant administrative expenses by using IT technologies and outsourcings to support the operations and reduce employees' expenses

Net profit

In 2016, 2017 and 2018, the Group generated net profits of Baht 80.59 million, Baht 77.37 million, and Baht 106.79 million respectively. Compared to 2017, the Group's net profit increased by Baht 29.42 million, or increased by 38.03%. A significant increase in net profit of 2018 was due to the Company's plan to manage cost of sales, selling and administrative expenses by using call center, credit approval, outsourcing and IT supporting in the proper level under the Company's strategies to increase sale proportion from Online to Offline through digital marketing which has lower selling expenses than direct sales. The net profit ratios, calculated from the net profits presented in the consolidated financial statements, were 4.31%, 4.51% and 6.66%, for 2016, 2017 and 2018, respectively.

1.3 Financial Position Analysis

1.3.1 Assets

Total assets of the Group as at 31 December 2016, 2017 and 2018 were Baht 1,864.08 million, Baht 1,481.31 million and Baht 1,419.84 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)	2018	2017	2016
Total assets	1,419.84	1,481.31	1,864.08
Current assets	846.56	858.57	1,212.83
Proportions of current assets to total assets (%)	59.62	57.96	65.06

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 2018 and 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 including with the consideration to shorten hire purchase term for water purifier reduced to 12-13 months in order to avoid the risk of bad debts occurred.

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 2016, 2017 and 2018, the Group had net hire purchase receivables of Baht 913.19 million, Baht 620.25 million and Baht 603.80 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		
	2018	2017	2016
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*	50 and 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		
	2018	2017	2016
Current	1	1	2.5
Overdue 1 installment	2	2	6
Overdue 2 installments	10	10	30
Overdue 3 installments	20	20	50
Overdue 4 installments	30	30	100
Overdue 5 installments	40	40	100
Overdue 6 installments	50	50	100
Overdue exceeding 6 installments	50 and 100*	50 and 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 2016 - 2018 are presented in the below table:

Water Purifier

Hire purchase receivables	Hire purchase receivable as at						Allowance for doubtful accounts					
	31 December 2018		31 December 2017		31 December 2016		31 December 2018		31 December 2017		31 December 2016	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Current	385.85	72.20	447.42	79.36	710.13	75.76	9.76	2.5	11.29	2.5	17.82	2.5
Overdue 1 installment	84.74	15.86	49.24	8.73	106.86	11.40	5.08	6	2.95	6	6.41	6
Overdue 2 installments	23.56	4.41	21.33	3.78	44.63	4.76	7.07	30	6.40	30	13.39	30
Overdue 3 installments	15.16	2.84	15.42	2.74	30.74	3.28	7.58	50	7.71	50	15.37	50
Overdue exceeding 3 installments	25.10	4.69	30.39	5.39	45.04	4.80	20.35	50 and 100*	25.26	50 and 100*	45.05	100
Total	534.41	100.00	563.80	100.00	937.40	100.00	49.84		53.61		98.04	

*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 2018		31 December 2017		31 December 2016		31 December 2018		31 December 2017		31 December 2016	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Current	78.91	62.34	73.75	62.29	66.34	79.77	0.52	1	0.45	1	1.66	2.5
Overdue 1 installment	14.51	11.46	13.14	11.10	6.36	7.65	0.17	2	0.17	2	0.38	6
Overdue 2 installments	9.95	7.86	8.47	7.15	4.73	5.69	0.60	10	0.56	10	1.42	30
Overdue 3 installments	6.44	5.09	6.06	5.12	2.34	2.81	0.80	20	0.80	20	1.17	50
Overdue 4 installments	5.00	3.95	5.51	4.65	1.44	1.73	0.92	30	1.11	30	1.44	100
Overdue 5 installments	3.47	2.74	4.33	3.66	1.05	1.26	0.86	40	1.17	40	1.05	100
Overdue 6 installments	2.94	2.32	3.45	2.91	0.33	0.40	0.93	50	1.18	50	0.33	100
Overdue exceeding 6 installments	5.37	4.24	3.69	3.12	0.57	0.69	2.14	50 and 100*	1.93	50 and 100*	0.56	100
Total	126.59	100.00	118.40	100.00	83.16	100.00	6.94		7.37		8.01	

* 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 2018 to those as of 31 December 2017, there was no significant change in aging of accounts receivable from hire purchase. In 2017, except the quality of hire purchase receivables of water purifier in current period and overdue 1 instalments of 2018 that was higher in 2017 due to the grace period of 60 days that the Group allowed to the customers for their payment counted after the completed installation of water purifier, but in the Financial Aging Report, it was still counted from the calendar day. By the way, 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 2016, 2017 and 2018 were Baht 98.04 million, Baht 53.61 million and Baht 49.84 million respectively. Allowance for doubtful accounts of electric appliances hire purchase receivables as at 31 December 2016, 2017 and 2018 were Baht 8.01 million, Baht 7.37 million and Baht 6.94 million respectively.

Inventories

Inventories as at 31 December 2016, 2017 and 2018 amounting to Baht 161.02 million, Baht 158.51 million and Baht 142.99 million, respectively. The inventories were gradually reduced due to the Company's measures of inventory management to control all purchase of raw materials to maintain stock at the optimum inventory level including with the measure to control both slow movement and non- movement inventory closely.

Property plant and equipment (PPE), and intangible assets

As at 31 December 2016, 2017 and 2018, the Group had PPE amounting to Baht 499.88 million, Baht 471.03 million and Baht 427.74 million, respectively, and intangible assets of Baht 25.05 million, Baht 35.84 million and Baht 37.24 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, 2017 and 2018 were from vehicles for additional sales teams, building and building improvement, office equipment and computer software including Call Center and Telesales System, 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 had gone live in the Quarter 2nd 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 2016, 2017 and 2018, the Group recorded the deferred tax assets of Baht 26.55 million, Baht 17.99 million and Baht 20.74 million, respectively. The deferred tax liabilities were Baht 1.64 million, Baht 3.45 million and Baht 5.20 million, respectively. The deferred tax of the Group mainly derived from allowance for doubtful accounts and employee benefit obligations.

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 2016, 2017 and 2018 amounting to Baht 881.76 million, Baht 359.95 million and Baht 216.84 million, respectively. In 2016, the Group's liabilities increased in line with an increase in hire purchase receivables. In 2017, and 2018 the Group's liabilities decreased because of a high liquidity from an increase in the portion of cash sales including 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 2018, the Group's short-term loans from financial institutions in terms of promissory notes were Baht 29.50 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 2018, the outstanding balance trade and other payables of the Group was Baht 83.52 million. The balance decreased from 2017 due to stock control measurement to keep the optimum inventory level and higher early payments to get more cash discount from the exceed cash on hand.
- **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 2018 was Baht 36.49 million which decreased from 2017 of Baht 28.72 million.
- **Long-term loans** as of 31 December 2018 was Baht 9.70 million, decreased from 2017 of Baht 12.27 million because the Company has made repayment of the principals.
- **Provision for long-term employee benefits** as at 31 December 2018, the Group recorded the provision for long-term employee benefits, based on the actuarial calculation, of Baht 20.07 million which increased from 2017 of Baht 3.19 million due to the number of employees increased for telesales and call center to serve the business expansion in online marketing; whereas, the number of employees in the back operation decreased after Group has deployed the mobile application in sales and collection operations.

1.3.3 Shareholders' equity

As at 31 December 2016, 2017 and 2018, the Group's shareholders' equity were Baht 972.35 million, Baht 1,114.30 million, and Baht 1,197.74 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 2018 regarding shareholders' equity, apart from annual profits, are as follows:

- **Dividend payment** The Company paid interim dividend totaling Baht 41.75 million, pursuant to the resolution of the Board of Directors' Meeting No. 8/2018, held on 14 August 2018. 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 2018 was Baht 549.68 million (2017: Baht 516.73 million), increased by Baht 32.95 million. The share premium was Baht 295.29 million (2017: Baht 268.34 million), increased Baht 26.95 million because the shareholders had exercised warrant to purchase the common shares at the market price which higher than par value.

1.3.4 Financial structure

As at 31 December 2016, 2017 and 2018, the Group's Debt to Equity ratios were 0.90, 0.32 and 0.18, respectively. The ratios of interest bearing debt to equity were 0.73, 0.19 and 0.06, respectively. The debt to equity ratio and interest bearing debt to equity ratio of 2018 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.

1.3.5 Liquidity

Cash Flows

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

Unit : Million Baht	As at 31 December		
	2018	2017	2016
Operating Activities	187.67	407.79	(38.88)
Investing Activities	(8.88)	(25.59)	(55.86)
Financing Activities	(163.77)	(451.03)	162.51
Net cash increase (decrease)	15.02	(68.83)	67.77
Cash and cash equivalent, beginning of the year	32.57	101.40	33.63
Cash and cash equivalent, ending of the year	47.59	32.57	101.40

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 82.29 million during the year 2018 (2017: Baht 33.19 million).

1.4 Analysis of Return on Shareholders' Equity

Return on Shareholders' Equity (ROE) increased from 7.08% in 2017 to 9.03% in 2018. Major factors affecting ROE are as follows:

- (1) **Cost management:** Net Profit Margin increased from 4.51% to 6.66% as a result of decreases in selling & administrative expenses as well as the finance cost. Therefore, the proportions of selling & administrative expenses and finance cost to total revenues decreased.
- (2) **Asset turnover:** Asset Turnover of 2018 was at 1.09 times which was no significant change from 2017 (2017:0.99 times) despite decreasing in total assets of Baht 61.47 million in 2018. This showed the efficiency in asset management of the Group.
- (3) **Financial structure:** Debt to Equity Ratio dropped from 0.32 to 0.18 times as a result of a high liquidity from an increase of the portion of cash sale including 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.

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 2017) and new accounting treatment guidance 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 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.

Due to the adoption of TFRS 9 in 2020, this TFRS related to financial instruments relating to the classification of financial instruments and its measurement at fair value or amortized cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

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

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

Name	Mr. Sahas Treetipbut
Age (Years)	71
Position	<ul style="list-style-type: none"> Chairman of the Board Chairman of the Executive Committee (Date of appointment on 28 Feb 2018)
Shareholding (%)	None
Education	<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. Academic seminar The Flagship Summit: Future Fast-Forward by the Faculty of Commerce and Accountancy Chulalongkorn University
Relations	- None
Work Experience 5 Years up	
2013 - Present	Chairman of the Board / Chairman of the Executive Committee Thiensurat Public Company Limited
2014 - Present	Chairman of the audit Committee / Independent director / Member of Nomination and Remuneration Committee Origin Property Public Company Limited
2013 - Present	Director MBK Resort 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

Name	Mr. Ekarat Changyoo
Age (Years)	34
Position	<ul style="list-style-type: none"> Director Member of Corporate Governance and Corporate Social Responsibility Committee Member of Risk Management Committee Member of Executive Committee (Date of appointment on 28 Feb 2018) Chairman of the Management Committee (Date of appointment on 28 Feb 2018) Chief Executive Officer
Shareholding (%)	6.08
Education	<ul style="list-style-type: none"> Master of science, International Business& English, University of Portsmouth, Hampshire, UK. Bachelor Degree Accounting, Kasetsart University.

	<ul style="list-style-type: none"> - Director Accreditation Program (DAP) Class SET/2012 Thai Institute of Directors. - Family Business Sustainability (FBS) Class 1/2014 Thai Institute of Directors. - Director Certification Program (DCP) Class 263/2018 Thai Institute of Directors.
Relations	<ul style="list-style-type: none"> - Son of the person No.13 - Little brother of the person No.4 and No.5
Work Experience 5 Years up	
Feb 2018 - Present	Member of Executive Committee / Chairman of the Management Committee Thiensurat Public Company Limited
2016 - Present	Chief Executive Officer Thiensurat Public Company Limited
2016 - Present	Director Thiensurat Leasing Company Limited
2013 - Present	Director / Member of Corporate Governance and Corporate Social Responsibility Committee / Member of Risk Management Committee Thiensurat Public Company Limited
2014 - July 2016	Deputy Managing Director - New Sale Channel and Customer Service Group Thiensurat Public Company Limited
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

Name	Mr. Viruch Wongnirund
Age (Years)	67
Position	<ul style="list-style-type: none"> • Director • Member of Risk Management Committee • Member of Executive Committee (Date of resign effective on 31 Dec 2018) • Member of Management Committee (Date of resign effective on 31 Dec 2018) • Managing Director (Date of resign effective on 31 Dec 2018)
Shareholding (%)	0.19
Education	<ul style="list-style-type: none"> - Master of Business Administration (MBA) Florida International University, Miami, Florida, USA - Certificate in Production and Manufacturing, Florida International University, Miami, Florida, USA - Bachelor of Science in Industrial Technology (Honor) Florida International University, 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 (SFE) Class 11/2010 Thai Institute of Directors. - Audit Committee Program (ACP) Class 37/2011 Thai Institute of Directors
Relations	- None

Work Experience 5 Years up	
2013 - Present	Director / Member of Risk Management Committee Thiensurat Public Company Limited
2016 - Jan 2018	Director Thiensurat Leasing Company Limited
Feb - Dec 2018	Member of Executive Committee / Member of Management Committee Thiensurat Public Company Limited
2013 - 2018	Managing Director Thiensurat Public Company Limited
2014 - Feb 2017	Director / Member of Risk Management Committee Krungthai-AXA Company Limited
2012 - 2013	Organizational Development and Systems Thiensurat Company Limited
2011 - 2014	Director / Chairman of the Audit Committee / Member of Executive Committee Krungthai - AXA Company Limited
2010 - 2016	Director / Chairman of the Audit Committee KTB Computer Services Company Limited

Name	Ms. Theinvanee Changyoo
Age (Years)	39
Position	<ul style="list-style-type: none"> • Director • Member of Risk Management Committee • Member of Management Committee (Date of appointment on 28 Feb 2018) • Vice Chief Executive Officer (Date of appointment on 1 Mar 2018) • Company Secretary
Shareholding (%)	6.13
Education	<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) 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. - Digital HR Forum on 29-30 August 2018, Ministry of Digital Economy and Society - Enhancing Good Corporate Governance based on CGR Scorecard on 11 September 2018, Thai Institute of Directors - Certificate in investor on 3 -11 October 2018, The Stock Exchange of Thailand
Relations	<ul style="list-style-type: none"> - Daughter of the person No.13 - Older sister of the person in No.2 and No.5

Work Experience 5 Years up	
Mar 2018 - Present	Vice Chief Executive Officer Thiensurat Public Company Limited
Feb 2018 - Present	Member of Management Committee Thiensurat Public Company Limited
Nov 2017 - Feb 2018	Deputy Managing Director Thiensurat Public Company Limited
July 2017 - Present	Company Secretary Thiensurat Public Company Limited
2017 - Present	Director / Member of Risk Management Committee Thiensurat Public Company Limited
2015 - Present	Director Fedders Thai Company Limited
2015 - Jan 2017	Company Secretary Thiensurat Public Company Limited
Mar 2013 - May 2016	Director Thiensurat Public Company Limited
2009 - Mar 2013	Director / Managing Director Thiensurat Company Limited
2006 - Present	Director Safe Trade International Company Limited
2005 - Present	Director Better Dreams Company Limited
2005 - Present	Director ThienTham Property Company Limited
2003 - Present	Director Ideal Water Company Limited

Name	Ms. Savita Changyoo
Age (Years)	37
Position	<ul style="list-style-type: none"> • Director • Member of Nomination Remuneration Committee • Member of Risk Management Committee • Advisor Evaluation, Monitoring, and Organization Development. • Member of Management Committee (Date of appointment on 28 Feb 2018)
Shareholding (%)	6.26
Education	<ul style="list-style-type: none"> - Bachelor of Science Program in Home Economics, Kasetsart University. - Postgraduate Diploma in Marketing and Management, Loughborough university, the United Kingdom. - Director Accreditation Program (DAP) Class 99/2012 Thai Institute of Directors. - Family Business Sustainability (FBS) Class 1/2014 Thai Institute of Directors.
Relations	<ul style="list-style-type: none"> - Daughter of the person No.13 - Older sister of the person in No.2 - Younger sister of the person in No.4
Work Experience 5 Years up	
Nov 2018 - Present	Managing Director Thiensurat Leasing Company Limited
Feb 2018 - Present	Member of Management Committee Thiensurat Public Company Limited

Sep 2017 - Present	Advisor Evaluation, Monitoring, and Organization Development. Thiensurat Public Company Limited
2017 - March 2018	Acting Deputy Managing Director - Business Development Group Thiensurat Public Company Limited
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 - Present	Director Safe Trade International Company Limited
2005 - Present	Director Better Dreams Company Limited
2005 - Present	Director Ideal Water Company Limited

Name	Assoc.Prof. Boonserm Vimuktanandana
Age (Years)	70
Position	<ul style="list-style-type: none"> • Independent Director • Chairman of the Audit Committee
Shareholding (%)	None
Education	<ul style="list-style-type: none"> - M.B.A.(Accounting), Arizona State University, USA. - Master of Accountancy (M.A.), Chulalongkorn University. - Bachelor of Accountancy (B.A.), (2nd Honor) 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 1/2017 by the Federation of Accounting Professions under the Patronage.of His Majesty the King. - Inaugural Corporate Governance Conference 2018, Bangkok Building Trust in a Transforming Economy, The Securities and Exchange Commission, Thailand
Relations	- None
Work Experience 5 Years up	
Present	Independent Director / Chairman of Audit Committee Thiensurat Public Company Limited
2013 - 2018	Director / Chairman of Audit Committee / Independent Director Union Textile Industries Public Company Limited
2008 - Present	The special lecturer Faculty of Commerce and Accountancy Chulalongkorn University.

Present	Special instructor Public and private universities
2007 - Present	Chairman and Director of the Training Projects Chulalongkorn University
2011 - Present	Subcommittee Test, Practices pertaining to the audit

Name	Dr. Supree Wongdeeprom Ph.D.
Age (Years)	65
Position	<ul style="list-style-type: none"> • Independent Director • Member of Audit Committee (Date of appointment on 31 May 2018) • Member of Corporate Governance and Corporate Social Responsibility Committee • Chairman of the Risk Management
Shareholding (%)	None
Education	<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 MahaChakriSirindhorn - 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 - Risk Management Program for Corporate Leaders (RCL) Class 14/2018 Thai Institute of Directors.
Relations	- None
Work Experience 5 Years up	
May 2018 - Present	Independent Director / Member of Audit Committee Thiensurat Public Company Limited
May 2017 - Present	Chairman of the Risk Management Thiensurat Public Company Limited
Feb - May 2018	Member of Executive Committee Thiensurat Public Company Limited
2015 - Present	Member of Corporate Governance and Corporate Social Responsibility Committee Thiensurat Public Company Limited
2013 - Feb 2018	Independent Director / Member of Audit Committee Thiensurat Public Company Limited
2018 - Present	Association President National Father's Association
2015 - Present	Luminaries Audit Committee to solicit public The Prime Minister
2015 - Present	Vice President National Medical Emergency at first
2013 - Present	Vice President Divinity Equity Association Under the Patronage of HRH the Princess Royal Mother minister
2012 - Present	President of Academic Affairs King Prajadhipok Institute's Society
2007 - Present	Special Advisor China Sanchi Ginseng Research Institute

2002 - Present	Special instructor Public and private universities
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Name	Mr. Suthee Tripornchaisak
Age (Years)	68
Position	<ul style="list-style-type: none"> • Independent Director • Member of Audit Committee • Member of Nomination • Remuneration Committee (Retired of effective on 27 April 2018)
Shareholding (%)	None
Education	<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.
Relations	- None
Work Experience 5 Years up	
2014 - April 2018	Independent Director / Member of Audit Committee / Member of Nomination Remuneration Committee Thiensurat Public Company Limited
2013 - 2015	Director / Member of Audit Committee / Independent Director KTB General Services Company Limited

Name	Asst. Prof. Krit Umpote
Age (Years)	78
Position	<ul style="list-style-type: none"> • Independent Director • Member of Audit Committee Chairman of the Corporate Governance and Corporate Social Responsibility Committee
Shareholding (%)	None
Education	<ul style="list-style-type: none"> - 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
Relations	- None
Work Experience 5 Years up	
2015 - Present	Independent Director / 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 / Member of Nomination Remuneration Committee Thai British Security Printing Public Company Limited
2007 - 2014	Independent Director / member of Audit Committee / Member of Nomination Remuneration Committee MFC Asset Management Public Company Limited

Name	Ms. Sumana Vonggapan
Age (Years)	68
Position	<ul style="list-style-type: none"> • Independent Director • Chairman of the Nomination Remuneration Committee • Member of Executive Committee (Date of appointment on 28 Feb 2018)
Shareholding (%)	None
Education	<ul style="list-style-type: none"> - M.B.A, Southeastern Oklahoma State USA. (1975) - Bachelor of Communication Arts, (Honor) Chulalongkorn University. - Strategic Human Resource Management, Harvard Business School. Banking Management ADB. Japan. - Director Accreditation Program (DAP) Class 47/2005 Thai Institute of Directors
Relations	- None
Work Experience 5 Years up	
Feb 2018 - Present	Member of Executive Committee Thiensurat Public Company Limited
2015 - Present	Independent Director / Chairman of the Nomination Remuneration Committee Thiensurat Public Company Limited
2014 - Present	Chairman of the board Dhipaya Training Center Co., Ltd
2010 - Present	Advisory Executive Management Dhipaya Insurance Public Company Limited
2010 - 2015	Chairman of the board KTB General Services Co., Ltd
2010 - 2015	Chairman of the Audit Committee / Independent Director KTB Leasing Co., Ltd
2010 - 2015	Chairman of the Audit Committee / Independent Director KTB Advisory Company Limited

Name	Prof.Porntep Siriwanarangsun, MD., MPH., PhD
Age (Years)	63
Position	<ul style="list-style-type: none"> • Independent Director Date of (appointment on 27 Feb 2018) • Member of Audit Committee (Date of appointment on 27 Feb 2018) • Member of Nomination Remuneration Committee (Date of appointment on 15 May 2018)
Shareholding (%)	None
Education	<ul style="list-style-type: none"> - M.D., Chiang Mai University, Chiang Mai, Thailand - M.P.H., Mahidol University, Bangkok, Thailand - Certificate of Epidemiology, Medical Council, Thailand - Ph.D (Health Planning and Financing), University of London, U.K. - Certificate of the Community Mental Health Programs, The Medical Council - Diploma, National Defence - Directors Certification Program (DCP) Class 212 Thai Institute of Directors - Financial Statement for Directors (FSD) Class 28/2015 Thai Institute of Directors
Relations	- None
Work Experience 5 Years up	
Feb 2018 - Present	Independent Director / Member of Audit Committee Thiensurat Public Company Limited

May 2018 - Present	Member of Nomination Remuneration Committee Thiensurat Public Company Limited
2018 - Present	Deans Faculty of Medicine, Western University
2016 - Present	Independent Director / Member of Audit Committee Srivichaivejvivat Public Company Limited
Present	Advisor to the Director The Dental Unit in the Royal Majesty
Present	Director Provincial Waterworks Authority
Present	Executive Director The Institute of Nuclear Technology
Present	The Board of Directors of the second plans Thai Health Promotion Foundation
Present	Director National Institute of Standards ISO
Present	Workmen's Compensation Department, Social Security Office Member of the Medical Board Office Fund
2013 - 2015	Director-General Department of Health

Name	Surat Wongrattanapassorn Ph.D.
Age (Years)	52
Position	• Independent Director (Date of appointment on 27 April 2018)
Shareholding (%)	None
Education	<ul style="list-style-type: none"> - Ph.D. (Business Administration), Nova Southeastern University, U.S.A. - Master of Engineering (Computer), Assumption University - Bachelor in Business Administration Major in Marketing, Assumption University - Director Certification Program (DCP) Class 233/2017 Thai Institute of Directors. - IT Governance and Cyber Resilience Program (ITG) Class 3/2016 Thai Institute of Directors.
Relations	- None
Work Experience 5 Years up	
April 2018 - Present	Independent Director Thiensurat Public Company Limited
2017 - Present	Director / Vice President Information Technology Division ICC International Public Company Limited
2016 - Present	Director Tiger Distribution & Logistics Co., Ltd.
2015 - Present	Director Eastern ICC Co., Ltd.
2014 - Present	Director Pan Asia Footwear Public Company Limited
2011 - Present	Director Thai Itokin Co., Ltd.

Name	Mr. Werawat Changyoo
Age (Years)	69
Position	<ul style="list-style-type: none"> Chief Executive Officer Assistant (Date of appointment on 1 Mar 2018)
Shareholding (%)	18.78% (shares of spouse 0.93%)
Education	<ul style="list-style-type: none"> Master of Engineer (ENV) University Of Roorkee, India. Bachelor of Science Program in Public Health Mahidol University. Director Accreditation Program (DAP) Class SET/2012 Thai Institute Family Business Sustainability (FBS) Class 1/2014 Thai Institute of Directors. Director Accreditation Program (DAP) Class SET/2012 Thai Institute of Directors. The Boss Class 24, Management and Psychology Institute.
Relations	<ul style="list-style-type: none"> The father of the person in No.2, No.4 and No.5 The uncle of the person in No.17
Work Experience 5 Years up	
Mar 2018 - Present	Chief Executive Officer Assistance Thiensurat Public Company Limited
Nov 2016 - Feb 2018	Advisor to the Executive Committee Thiensurat Public Company Limited
2013 - Nov 2016	Director / Chairman of the Executive Board /Member of the Corporate Governance and Corporate Social Responsibility Committee / Chairman of the Board Thiensurat Public Company Limited
2005 - 2013	Chairman of the Board Thiensurat Company Limited
Present	Chairman of the Board Safe Trade International Company Limited
Present	Director Ideal Water Company Limited
Present	Director Better Dreams Company Limited
2007 - Present	Director ThienTham Property Company Limited

Name	Mr. Paitoon Sukhanaphorn
Age (Years)	60
Position	<ul style="list-style-type: none"> Member of Management Committee (Date of appointment on 28 Feb 2018) Vice Chief Executive Officer (Date of appointment on 1 Mar 2018) Chief Financial Officer (Date of appointment on 23 July 2018)
Shareholding (%)	0.01
Education	<ul style="list-style-type: none"> Master Degree in Finance, Chulalongkorn University Bachelor Degree in Accounting, Chulalongkorn University. Bachelor Degree in Law, Ramkhamhaeng University. Bachelor Degree in Law, Sukhothaithammathirat University. Director Certification Program (DCP) Class 110/2008 TLCA Executive Development Program (EDP) Thai Institute of Directors Inaugural Corporate Governance Conference 2018, Bangkok Building Trust in a Transforming Economy, The Securities and Exchange Commission, Thailand

	<ul style="list-style-type: none"> - The impact of the new financial reporting standards regarding revenue recognition from contracts made with customers (TFRS 15) and lease agreements (TFRS 16) on the preparation of financial reports of listed companies, 2018 The Stock Exchange of Thailand - FinTech Lending & Trend : INNOVATION OF THE FUTURE class 1, 2018 The Thai Institute of Banking and Finance Association
Relations	- None
Work Experience 5 Years up	
July 2018 -Present	Chief Financial Officer Thiensurat Public Company Limited
Mar 2018 - Present	Vice Chief Executive Officer Thiensurat Public Company Limited
Feb 2018 - Present	Member of Management Committee Thiensurat Public Company Limited
Nov 2017 - 28 Feb 2018	Member of Executive Committee / Deputy Managing Director - Business Support Group Thiensurat Public Company Limited
Aug - Nov 2017	Independent Director Thiensurat Public Company Limited
Nov 2016 - July 2017	Executive Vice President Accounting and Financial Department Synnex (Thailand) Public Company Limited
2009 - Oct 2016	Director and Chief Financial Officer Singer Thailand Public Company Limited

Name	Mr. Paitoon Homchan
Age (Years)	58
Position	<ul style="list-style-type: none"> • Member of Risk Management Committee • Member of Management Committee (Date of appointment on 28 Feb 2018) • Vice Chief Executive Officer (Date of appointment on 1 Mar 2018)
Shareholding (%)	0.82
Education	<ul style="list-style-type: none"> - Bachelor of General Management, Valaya Alongkorn Rajabhat University - Director Accreditation Program (DAP) Class SET/2012 Thai Institute of Directors
Relations	- None
Work Experience 5 Years up	
Mar 2018 - Present	Vice Chief Executive Officer Thiensurat Public Company Limited
Feb 2018 - Present	Member of Management Committee Thiensurat Public Company Limited
Sep 2017 - 28 Feb 2018	Acting Deputy Managing Director - Marketing Group Thiensurat Public Company Limited
2013 - 28 Feb 2018	Executive Committee Member / Deputy Managing Director Administrative Management Group Thiensurat Public Company Limited
2013 - Present	Member of Risk Management Committee Thiensurat Public Company Limited
2013 - Present	Director Safe Trade International Company Limited

2005 - Present	Director Better Dreams Company Limited
2002 - Present	Director Ideal Water Company Limited

Name	Mr. Siam Uralwong
Age (Years)	50
Position	<ul style="list-style-type: none"> Member of Management Committee (Date of appointment on 28 Feb 2018) Vice Chief Executive Officer (Date of appointment on 1 Mar 2018)
Shareholding (%)	0.11
Education	<ul style="list-style-type: none"> Master Degree M.B.A. International Business, Nova Southeastern University, Florida, USA. Bachelor Degree of Business Administration, Department of Marketing Assumption University NUS International Degree of Business Executive Program Certificate Stanford 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.
Relations	- None

Work Experience 5 Years up

Mar 2018 - Present	Vice Chief Executive Officer Thiensurat Public Company Limited
Feb 2018 - Present	Member of Management Committee Thiensurat Public Company Limited
June 2017 - Feb 2018	Deputy Managing Director - Accounts Receivable Management Group / Deputy Managing Director - Corporate Customers / Deputy Managing Director - Digital Online&Tele-Marketing Thiensurat Public Company Limited
Mar 2017- Feb 2018	Member of Executive Committee Thiensurat Public Company Limited
Feb 2017- Feb 2018	Chief Executive Officer Assistant Thiensurat Public Company Limited
2012 - 2016	Managing Director SG Capital Company Limited

Name	Mr. Watcharin Watcharatham
Age (Years)	42
Position	<ul style="list-style-type: none"> Member of Management Committee (Date of appointment on 28 Feb 2018) Vice Chief Executive Officer (Date of appointment on 1 Mar 2018)
Shareholding (%)	0.32
Education	<ul style="list-style-type: none"> Bachelor of Public Health Faculty of Public Health Mahidol University. Director Accreditation Program (DAP) Class 98/2012 Thai Institute of Directors
Relations	<ul style="list-style-type: none"> Nephew of the person No.13 Relative of the person No.2, No.4 and No.5

Work Experience 5 Years up	
Mar 2018 - Present	Vice Chief Executive Officer Thiensurat Public Company Limited
Feb 2018 - Present	Member of Management Committee Thiensurat Public Company Limited
2013 - Feb 2018	Deputy Managing Director Production Group Thiensurat Public Company Limited
2013	Director Production Thiensurat Public Company Limited
2011 - 2013	Director Marketing Department Thiensurat Company Limited
2005 - Present	Director Safe Trade International Company Limited.
2002 - Present	Director Ideal Water Company Limited.
2004 - Present	Director Better Dreams Company Limited.

Name	Ms. Preeyaporn Kraisiruwut
Age (Years)	44
Position	Chief Financial Officer (Date of resign effective on 21 July 2018)
Shareholding (%)	None
Education	- Master of Management Mahidol University - Bachelor of Accountancy, Thammasat University.
Relations	- None
Work Experience 5 Years up	
May 2015 - July 2018	Chief Financial Officer Thiensurat Public Company Limited
May 2014 - May 2015	Senior Manager Unit Compliance Thoresen Thai Agencies Public Company Limited
Oct 2013 - April 2014	Accountant, Accounting and Finance Department Chevron Thailand Exploration and Production, Ltd.
Sep 2007 - Sep 2013	Senior Manager consulting, risk and internal controls PricewaterhouseCoopers ABAS Limited

Thiensurat Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2018

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 2018, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Thiensurat Public Company Limited for the same period.

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

Basis for Opinion

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

Key Audit Matters

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

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

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

Revenue recognition 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 87% 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 10 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 2018, the Group had balances of hire purchase receivables of Baht 604 million (accounting for 43% 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 2018, the Group recorded commission expenses amounting to Baht 314 million which was a significant amount (accounting for 21% 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: 27 February 2019

Thiensurat Public Company Limited and its subsidiaries
Statement of financial position
As at 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	8	47,587,009	32,573,246	26,087,219	13,568,752
Trade and other receivables	9	27,241,444	23,772,447	36,987,756	40,825,195
Current portion of hire purchase receivables	10	599,765,408	611,210,384	487,673,594	573,451,687
Current portion of loan receivables		900,318	1,345,997	-	-
Current portion of receivables under right transfer agreements		1,905,820	3,469,338	1,905,820	3,469,338
Short-term loan to related party	7	-	-	1,200,051	4,565,694
Inventories	11	142,993,197	158,511,109	126,815,077	133,127,475
Other current assets		26,169,400	27,685,263	17,741,448	21,129,971
Total current assets		846,562,596	858,567,784	698,410,965	790,138,112
Non-current assets					
Restricted bank deposits	12	1,073,000	2,885,000	1,073,000	2,885,000
Hire purchase receivables - long-term portion	10	4,032,683	9,038,216	2,030,576	3,535,436
Loan receivables - long-term portion		333,084	1,060,142	-	-
Receivables under right transfer agreements - long-term portion		2,588,095	4,160,285	2,588,095	4,160,285
Investments in subsidiaries	13	-	-	110,778,145	72,597,190
Investment in joint venture	14	15,073,103	13,782,178	13,767,427	13,767,427
Investment properties	15	58,629,648	58,703,148	58,629,648	58,703,148
Property, plant and equipment	16	427,740,585	471,025,668	416,627,393	458,882,424
Intangible assets	17	37,235,724	35,842,189	36,505,833	35,395,800
Deferred tax assets	27	20,736,076	17,993,199	18,362,599	16,028,633
Other non-current assets		5,837,907	8,250,418	5,778,151	8,200,714
Total non-current assets		573,279,905	622,740,443	666,140,867	674,156,057
Total assets		1,419,842,501	1,481,308,227	1,364,551,832	1,464,294,169

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 2018

(Unit: Baht)

	<u>Note</u>	Consolidated financial statements		Separate financial statements	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	8	29,500,000	129,906,893	-	129,906,893
Short-term loan from related party	7	-	398,300	-	-
Trade and other payables	19	83,519,426	97,304,394	81,893,047	93,768,719
Current portion of liabilities under finance lease agreements	20	20,696,675	28,646,969	20,470,200	28,416,587
Current portion of long-term loans	21	6,371,143	12,270,594	6,371,143	12,270,594
Income tax payable		13,085,945	8,437,118	12,726,200	8,056,998
Other current liabilities		19,278,433	16,391,582	18,730,477	15,799,020
Total current liabilities		<u>172,451,622</u>	<u>293,355,850</u>	<u>140,191,067</u>	<u>288,218,811</u>
Non-current liabilities					
Liabilities under finance lease agreements, net of current portion	20	15,793,351	36,558,520	15,438,877	35,977,564
Long-term loans, net of current portion	21	3,327,272	9,697,918	3,327,272	9,697,918
Provision for long-term employee benefits	22	20,063,757	16,876,998	16,743,626	13,780,926
Deferred tax liability	27	5,200,922	3,454,945	5,200,922	3,454,945
Total non-current liabilities		<u>44,385,302</u>	<u>66,588,381</u>	<u>40,710,697</u>	<u>62,911,353</u>
Total liabilities		<u>216,836,924</u>	<u>359,944,231</u>	<u>180,901,764</u>	<u>351,130,164</u>

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 2018

(Unit: Baht)

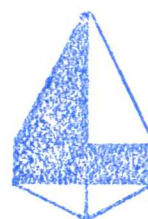
	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Shareholders' equity					
Share capital					
Registered					
662,198,922 ordinary shares of Baht 1 each					
(2017: 662,199,169 ordinary shares of Baht 1 each)		662,198,922	662,199,169	662,198,922	662,199,169
Issued and fully paid					
549,682,133 ordinary shares of Baht 1 each					
(2017: 516,730,430 ordinary shares of Baht 1 each)	23	549,682,133	516,730,430	549,682,133	516,730,430
Share premium	23	295,290,819	268,336,325	295,290,819	268,336,325
Premium on share-based payments		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	30,691,033	25,999,156	30,691,033	25,999,156
Unappropriated		313,175,960	294,335,120	297,737,033	291,849,044
Equity attributable to owners of the Company		1,197,742,118	1,114,303,204	1,183,650,068	1,113,164,005
Non-controlling interests of the subsidiaries		5,263,459	7,060,792	-	-
Total shareholders' equity		1,203,005,577	1,121,363,996	1,183,650,068	1,113,164,005
Total liabilities and shareholders' equity		1,419,842,501	1,481,308,227	1,364,551,832	1,464,294,169

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


Ekarat Changyoo

Directors


Savita Changyoo



THIENSURAT PUBLIC COMPANY LIMITED

Thiensurat Public Company Limited and its subsidiaries
Statement of comprehensive income
For the year ended 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit or loss:					
Revenues					
Sales		1,378,498,308	1,431,693,626	1,355,807,019	1,412,997,137
Hire purchase interest income		196,396,636	217,631,236	164,825,564	214,326,492
Income from loan receivables		605,707	238,653	-	-
Other income		37,586,069	43,820,453	37,760,640	44,722,099
Total revenues		1,613,086,720	1,693,383,968	1,558,393,223	1,672,045,728
Expenses					
Cost of sales		388,519,234	400,419,952	384,057,485	400,374,563
Selling and distribution expenses		537,183,750	595,004,577	527,008,200	583,132,229
Administrative expenses		387,294,395	427,892,475	360,927,741	406,437,532
Bad debts and doubtful accounts		168,521,169	159,444,208	154,233,719	157,808,828
Finance cost		5,604,403	16,034,376	4,660,415	15,999,454
Impairment loss on investment in subsidiary	13	-	-	11,819,035	-
Total expenses		1,487,122,951	1,598,795,588	1,442,706,595	1,563,752,606
Profit before share of profit from investment in joint venture and income tax expenses					
		125,963,769	94,588,380	115,686,628	108,293,122
Share of profit from investment in joint venture	14	1,290,925	14,751	-	-
Profit before income tax expenses		127,254,694	94,603,131	115,686,628	108,293,122
Income tax expenses	27	(22,261,653)	(20,146,319)	(21,849,105)	(20,868,317)
Profit for the year		104,993,041	74,456,812	93,837,523	87,424,805
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gains (loss) - net of income tax		(171,463)	5,506,444	(171,463)	5,028,277
Total comprehensive income for the year		104,821,578	79,963,256	93,666,060	92,453,082
Profit attributable to:					
Equity holders of the Company		106,790,374	77,365,326	93,837,523	87,424,805
Non-controlling interests of the subsidiaries		(1,797,333)	(2,908,514)		
		104,993,041	74,456,812		
Total comprehensive income attributable to:					
Equity holders of the Company		106,618,911	82,871,674	93,666,060	92,453,082
Non-controlling interests of the subsidiaries		(1,797,333)	(2,908,418)		
		104,821,578	79,963,256		
Earnings per share					
Basic earnings per share					
Profit attributable to equity holders of the Company	28	0.205	0.156	0.180	0.176
Diluted earnings per share					
Profit attributable to equity holders of the Company	28	0.205	0.128	0.180	0.145

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 2018

(Unit: Baht)

Consolidated financial statements									
Equity attributable to owners of the Company									
			Premium on share-based payments	Difference of changes in investment proportion in a subsidiary	Retained earnings		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
					Appropriated - statutory reserve	Unappropriated			
	Issued and paid-up share capital	Share premium							
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)	-	-	-	-	-	(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	<u>516,730,430</u>	<u>268,336,325</u>	<u>10,249,050</u>	<u>(1,346,877)</u>	<u>25,999,156</u>	<u>294,335,120</u>	<u>1,114,303,204</u>	<u>7,060,792</u>	<u>1,121,363,996</u>
Balance as at 1 January 2018	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
Profit for the year	-	-	-	-	-	106,790,374	106,790,374	(1,797,333)	104,993,041
Other comprehensive income for the year	-	-	-	-	-	(171,463)	(171,463)	-	(171,463)
Total comprehensive income for the year	-	-	-	-	-	106,618,911	106,618,911	(1,797,333)	104,821,578
Increase in share capital (Note 23)	32,951,703	26,954,494	-	-	-	-	59,906,197	-	59,906,197
Dividend paid (Note 31)	-	-	-	-	-	(83,086,194)	(83,086,194)	-	(83,086,194)
Transferred to statutory reserve (Note 25)	-	-	-	-	4,691,877	(4,691,877)	-	-	-
Balance as at 31 December 2018	<u>549,682,133</u>	<u>295,290,819</u>	<u>10,249,050</u>	<u>(1,346,877)</u>	<u>30,691,033</u>	<u>313,175,960</u>	<u>1,197,742,118</u>	<u>5,263,459</u>	<u>1,203,005,577</u>

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 2018

(Unit: Baht)

	Separate financial statements					
	Issued and paid-up		Premium on	Retained earnings		Total
	share capital	Share premium	share-based	Appropriated -		shareholders'
			payments	statutory reserve	Unappropriated	equity
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)	-	-	-	-	(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
Balance as at 1 January 2018	516,730,430	268,336,325	10,249,050	25,999,156	291,849,044	1,113,164,005
Profit for the year	-	-	-	-	93,837,523	93,837,523
Other comprehensive income for the year	-	-	-	-	(171,463)	(171,463)
Total comprehensive income for the year	-	-	-	-	93,666,060	93,666,060
Increase in share capital (Note 23)	32,951,703	26,954,494	-	-	-	59,906,197
Dividend paid (Note 31)	-	-	-	-	(83,086,194)	(83,086,194)
Transferred to statutory reserve (Note 25)	-	-	-	4,691,877	(4,691,877)	-
Balance as at 31 December 2018	549,682,133	295,290,819	10,249,050	30,691,033	297,737,033	1,183,650,068

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities				
Profit before tax	127,254,694	94,603,131	115,686,628	108,293,122
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	54,326,338	52,393,459	52,847,963	50,937,695
Bad debt and doubtful accounts	168,521,169	159,444,208	154,233,719	157,808,828
Reduce cost of inventories to net realisable value	4,940,171	1,017,378	1,626,022	769,337
Reversal of allowance for goods returned	(563,504)	(359,033)	(563,504)	(359,033)
Share of gain from investment in joint venture	(1,290,925)	(14,751)	-	-
Allowance for impairment loss on investment in subsidiary	-	-	11,819,035	-
Gain on sales of equipment	(883,034)	(1,062,937)	(900,021)	(833,526)
Allowance for impairment loss on equipments	71,085	-	-	-
Allowance for impairment loss on intangible assets	44,987	-	-	-
Allowance for goods warranty (reversal)	3,256,558	(1,592,860)	3,256,559	(1,592,860)
Provision for long-term employee benefits	3,124,730	1,724,341	2,900,671	1,602,028
Interest income	(52,330)	-	(177,030)	-
Finance cost	5,604,403	16,034,376	4,660,415	15,999,454
Profit from operating activities before changes in operating assets and liabilities	364,354,342	322,187,312	345,390,457	332,625,045
Operating assets (increase) decrease				
Trade and other receivables	(5,064,253)	615,301	2,245,725	(22,063,032)
Hire purchase receivables	(149,911,900)	134,836,323	(64,792,006)	178,807,570
Loan receivables	1,172,737	(2,406,491)	-	-
Receivables under right transfer agreements	3,135,708	915,323	3,135,708	915,323
Inventories	10,179,441	1,488,990	8,052,019	20,136,648
Other current assets	1,515,863	(10,310,067)	3,388,523	(4,932,444)
Other non-current assets	2,412,511	(16,626)	2,422,563	8,931
Operating liabilities decrease				
Trade and other payables	(15,417,905)	(3,639,695)	(13,495,621)	(6,091,714)
Other current liabilities	(369,707)	(7,584,493)	(325,102)	(7,360,355)
Cash paid for long-term employee benefits	(152,300)	(237,701)	(152,300)	(237,701)
Cash from operating activities	211,854,537	435,848,176	285,869,966	491,808,271
Cash paid for interest expenses	(5,613,950)	(16,058,753)	(4,682,950)	(16,023,832)
Cash paid for income tax	(18,566,860)	(12,002,952)	(17,725,026)	(11,130,915)
Net cash flows from operating activities	187,673,727	407,786,471	263,461,990	464,653,524

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from investing activities				
Decrease in restricted bank deposits	1,812,000	15,815,705	1,812,000	1,815,705
Cash paid for short-term loan to related party	-	-	-	(4,565,694)
Cash paid for investment in a subsidiary	-	-	(49,999,990)	(5)
Cash paid for investment in joint venture	-	(13,767,427)	-	(13,767,427)
Acquisition of property, plant and equipment	(8,154,223)	(15,700,264)	(7,676,840)	(15,145,131)
Acquisition of intangible assets	(5,304,334)	(13,452,091)	(4,916,833)	(13,052,089)
Proceeds from sales of equipment	2,706,629	1,512,363	2,707,729	1,266,930
Interest received	52,330	-	173,488	-
Net cash flows used in investing activities	(8,887,598)	(25,591,714)	(57,900,446)	(43,447,711)
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	(100,406,893)	(467,013,832)	(129,906,893)	(467,013,832)
Cash receipt from short-term loan from related party	-	398,300	-	-
Repayment of liabilities under finance lease agreements	(28,714,363)	(22,168,532)	(28,485,074)	(21,946,992)
Repayment of long-term loans	(12,270,097)	(19,134,371)	(12,270,097)	(19,134,371)
Cash receipt from share capital issued as a result of warrants exercise	59,906,197	90,084,883	59,906,197	90,084,883
Dividend paid	(82,287,210)	(33,188,797)	(82,287,210)	(33,188,797)
Net cash flows used in financing activities	(163,772,366)	(451,022,349)	(193,043,077)	(451,199,109)
Net increase (decrease) in cash and cash equivalents	15,013,763	(68,827,592)	12,518,467	(29,993,296)
Cash and cash equivalents at the beginning of year	32,573,246	101,400,838	13,568,752	43,562,048
Cash and cash equivalents at end of year	47,587,009	32,573,246	26,087,219	13,568,752
	-	-	-	-
Supplementary cash flows information:				
Non-cash transactions				
Purchases of assets for which no cash has been paid	843,500	320,510	843,500	320,510
Assets acquired under finance lease agreements	-	5,236,151	-	4,245,497

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 2018

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

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

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

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

TFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

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

4. Change in accounting policy

In 2018, the Company and its subsidiaries changed their accounting policy on valuation of inventories from first-in, first-out method to moving average method, in order to more properly reflect unit costs of inventories. The effect of applying new policy is immaterial to the Company and its subsidiaries' financial statements. Therefore, the Company and its subsidiaries adopted the new policy prospectively from 1 January 2018 onwards.

5. Significant accounting policies

5.1 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 and six installments past the due date for water purifier and electric appliances respectively. 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 three 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.

Dividends

Dividends are recognised when the right to receive the dividends is established.

5.2 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.

5.3 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.

5.4 Inventories

Finished goods and work in process are valued at the lower of cost (moving average 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 (moving average method) and net realisable value and are charged to production costs whenever consumed.

5.5 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.

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

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

5.6 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.

5.7 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	5, 10 and 20 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.

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.

5.8 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.

5.9 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.

5.10 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.

5.11 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.

5.12 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.

5.13 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.

5.14 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.

5.15 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.

5.16 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.

6. 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.

Impairment of investments in subsidiaries

The Company will record impairment loss on investments in subsidiaries when the objective evidence of impairment exists. The determining impairment of investments in subsidiaries requires the management judgement with respect to its projections of future performance of the subsidiaries.

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.

7. 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 financial statements		Separate financial statements		Pricing policy
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	195.6	95.2	Cost plus margin
Other income	-	-	2.8	1.5	The price as mutually agreed
Purchase of goods and service	-	-	3.3	7.7	Cost plus margin or market price
Purchase of assets	-	-	1.4	0.2	Cost plus margin or market price
<u>Transactions with joint venture</u>					
Sales of goods	8.3	9.2	8.3	9.2	Cost plus margin
<u>Transactions with related companies</u>					
Sales of goods	1.0	5.1	-	-	Cost plus margin
Rental and service expenses	7.6	6.1	7.5	6.1	Contract price
<u>Transaction with related individuals</u>					
Consulting fees	4.2	5.3	4.2	5.3	Contract price

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade and other receivables - related parties (Note 9)</u>				
Subsidiaries	-	-	14,947	23,558
Joint venture	1,633	2,342	1,633	2,342
Related companies (related by directors)	70	88	9	88
Total trade and other receivables - related parties	1,703	2,430	16,589	25,988

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade and other payables - related parties</u> (Note 19)				
Subsidiaries	-	-	103	178
Joint venture	199	-	199	-
Related companies (related by directors)	347	309	326	303
Total trade and other payables - related parties	<u>546</u>	<u>309</u>	<u>628</u>	<u>481</u>

Loan to and loan from related party

As at 31 December 2018 and 2017, the balances of loans between the Company and those related companies and the movement are as follows:

Short-term loan to related party

(Unit: Thousand Baht)						
Company	Related by	Interest rate (percent per annum)	Separate financial statements			
			Balance as at	Increase	Decrease	Balance as at
			31 December 2017	during the year	during the year	31 December 2018
Fedders Thai Company Limited	Subsidiary	5.00	<u>4,566</u>	<u>-</u>	<u>(3,366)</u>	<u>1,200</u>

Short-term loan from related party

(Unit: Thousand Baht)						
Company	Related by	Interest rate (percent per annum)	Consolidated financial statements			
			Balance as at	Increase	Decrease	Balance as at
			31 December 2017	during the year	during the year	31 December 2018
S.S. Air Services Company Limited	Related company (related by director)	5.00	<u>398</u>	<u>-</u>	<u>(398)</u>	<u>-</u>

Directors and management's benefits

During the year ended 31 December 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and managements as below.

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	48,003	49,707	40,724	39,949
Post-employment benefits	359	555	189	492
Total	<u>48,362</u>	<u>50,262</u>	<u>40,913</u>	<u>40,441</u>

8. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	5,926	3,232	3,687	2,866
Bank deposits	41,661	29,341	22,400	10,703
Total cash and cash equivalents	<u>47,587</u>	<u>32,573</u>	<u>26,087</u>	<u>13,569</u>

As at 31 December 2018, 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 (2017: between 0.1% and 1.0% per annum) (the Company only: between 0.1% and 1.0% per annum (2017: between 0.1% and 1.0% per annum)).

9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	1,636	2,361	16,470	12,920
Past due				
Up to 3 months	58	18	-	12,915
3 - 6 months	-	16	-	16
6 - 12 months	-	27	-	27
Over 12 months	-	5	-	5
Total trade receivables - related parties	<u>1,694</u>	<u>2,427</u>	<u>16,470</u>	<u>25,883</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	16,783	11,729	13,206	7,231
Past due				
Up to 3 months	5,578	5,440	4,109	3,472
3 - 6 months	110	467	110	467
6 - 12 months	496	240	496	240
Over 12 months	168	-	168	-
Total	<u>23,135</u>	<u>17,876</u>	<u>18,089</u>	<u>11,410</u>
Less: Allowance for doubtful accounts	(1,701)	(307)	(1,701)	(307)
Allowance for goods returned	(33)	(48)	(33)	(48)
Total trade receivables - unrelated parties, net	<u>21,401</u>	<u>17,521</u>	<u>16,355</u>	<u>11,055</u>
Total trade receivables - net	<u>23,095</u>	<u>19,948</u>	<u>32,825</u>	<u>36,938</u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Other receivables</u>				
Other receivables - related parties	9	3	119	105
Other receivables - unrelated parties	4,703	4,169	4,597	4,118
Total	4,712	4,172	4,716	4,223
Less: Allowance for doubtful accounts	(566)	(348)	(553)	(336)
Total other receivables - net	4,146	3,824	4,163	3,887
Total trade and other receivables - net	27,241	23,772	36,988	40,825

10. Hire-purchase receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Hire-purchase receivables	792,141	815,499	635,942	755,142
Less: Deferred hire-purchase interest	(87,354)	(87,377)	(60,126)	(74,851)
Deferred output tax	(43,791)	(45,930)	(34,467)	(42,070)
Total	660,996	682,192	541,349	638,221
Less: Allowance for doubtful accounts	(56,785)	(60,982)	(51,231)	(60,272)
Allowance for goods returned	(413)	(962)	(413)	(962)
Hire-purchase receivables - net	603,798	620,248	489,705	576,987
Less: Current portion	(599,765)	(611,210)	(487,674)	(573,452)
Hire-purchase receivables - long-term portion	4,033	9,038	2,031	3,535

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						
	Receivables less						
	Number of receivables		deferred interest		Rate of allowance	Allowance for doubtful	
	(account)		and output tax		for doubtful	accounts	
	2018	2017	2018	2017	accounts (percent)	2018	2017
Aged on the basis of due dates							
Not yet due	57,153	62,291	385,854	447,418	2.5	9,758	11,292
Overdue 1 installment	10,531	5,994	84,740	49,242	6	5,084	2,955
Overdue 2 installments	2,773	2,487	23,556	21,330	30	7,067	6,399
Overdue 3 installments	1,693	1,807	15,157	15,414	50	7,578	7,707
Non-consecutive overdue							
exceeding 3 installments	1,363	2,091	9,491	10,272	50	4,746	5,136
Consecutive overdue							
exceeding 3 installments	1,419	1,895	15,609	20,119	100	15,609	20,119
Total	<u>74,932</u>	<u>76,565</u>	<u>534,407</u>	<u>563,795</u>		<u>49,842</u>	<u>53,608</u>

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

(Unit: Thousand Baht)

	Electric appliances						
	Consolidated financial statements						
	Receivables less						
	Number of receivables		deferred interest and		Rate of allowance	Allowance for doubtful	
	(account)		output tax		for doubtful	accounts*	
	2018	2017	2018	2017	accounts (percent)	2018	2017
Aged on the basis of due dates							
Not yet due	8,390	7,323	78,909	73,744	1	522	447
Overdue 1 installment	1,626	1,092	14,510	13,142	2	173	169
Overdue 2 installments	1,007	666	9,948	8,469	10	603	562
Overdue 3 installments	627	480	6,441	6,056	20	801	801
Overdue 4 installments	479	425	4,998	5,512	30	919	1,114
Overdue 5 installments	327	328	3,475	4,332	40	860	1,168
Overdue 6 installments	260	254	2,938	3,452	50	934	1,178
Non-consecutive overdue							
exceeding 6 installments	428	155	3,385	1,653	50	870	572
Consecutive overdue							
exceeding 6 installments	179	116	1,985	2,037	100	1,261	1,363
Total	<u>13,323</u>	<u>10,839</u>	<u>126,589</u>	<u>118,397</u>		<u>6,943</u>	<u>7,374</u>

(Unit: Thousand Baht)

Electric appliances							
Separate financial statements							
Receivables less							
Number of receivables (account)		deferred interest and output tax		Rate of allowance for doubtful accounts (percent)		Allowance for doubtful accounts*	
2018	2017	2018	2017			2018	2017
Aged on the basis of due dates							
Not yet due	297	4,661	539	39,833	1	-	202
Overdue 1 installment	122	715	362	7,231	2	1	83
Overdue 2 installments	84	466	282	5,164	10	3	314
Overdue 3 installments	87	430	388	5,212	20	14	672
Overdue 4 installments	71	425	441	5,512	30	38	1,114
Overdue 5 installments	96	328	616	4,332	40	92	1,167
Overdue 6 installments	95	254	604	3,452	50	113	1,177
Non-consecutive overdue							
exceeding 6 installments	380	155	2,779	1,653	50	658	572
Consecutive overdue							
exceeding 6 installments	114	116	931	2,037	100	470	1,363
Total	1,346	7,550	6,942	74,426		1,389	6,664

* 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 electric appliances.

As at 31 December 2018 and 2017, 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				
2018		2017		
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	781,583	805,320	673,154	
After one year but not more than five years	10,558	10,179	9,038	
Total	792,141	815,499	682,192	
Less: Deferred hire-purchase interest	(87,354)	(87,377)		
Deferred output tax	(43,791)	(45,930)		
Present value of future minimum lease payments receivables	660,996	682,192		

(Unit: Thousand Baht)

Separate financial statements				
	2018		2017	
	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	633,760	539,318	751,448	634,686
After one year but not more than five years	2,182	2,031	3,694	3,535
Total	635,942	541,349	755,142	638,221
Less: Deferred hire-purchase interest	(60,126)		(74,851)	
Deferred output tax	(34,467)		(42,070)	
Present value of future minimum lease payments receivables	541,349		638,221	

11. Inventories

(Unit: Thousand Baht)

Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net
	2018	2017	2018	2017	2018 2017
Finished goods	61,706	70,039	(5,135)	(674)	56,571 69,365
Work in process	17,617	21,929	(449)	(10)	17,168 21,919
Raw materials	67,883	67,537	(1,040)	(1,000)	66,843 66,537
Raw materials in transit	1,244	3	-	-	1,244 3
Supplies	1,167	687	-	-	1,167 687
Total	149,617	160,195	(6,624)	(1,684)	142,993 158,511

(Unit: Thousand Baht)

Separated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net
	2018	2017	2018	2017	2018 2017
Finished goods	41,966	44,407	(1,573)	(426)	40,393 43,981
Work in process	17,617	21,929	(449)	(10)	17,168 21,919
Raw materials	67,883	67,537	(1,040)	(1,000)	66,843 66,537
Raw materials in transit	1,244	3	-	-	1,244 3
Supplies	1,167	687	-	-	1,167 687
Total	129,877	134,563	(3,062)	(1,436)	126,815 133,127

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 5.5 million (2017: Baht 1.2 million) (the Company only: Baht 2.2 million (2017: Baht 0.9 million)), to reflect the net realisable value. This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 0.6 million (2017: Baht 0.2 million), and reduced the amount of inventories recognised as expenses during the year.

12. Restricted bank deposits

As at 31 December 2018, the Company 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 (2017: Saving account and fixed deposits which are carrying interests between 0.4% per annum).

13. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage (percent)		Cost		Impairment of investments		(Unit: Thousand Baht) Carrying amounts based on cost method - Net	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Safe Trade International Co., Ltd.	4,000	4,000	99.98	99.98	3,999	3,999	-	-	3,999	3,999
Fedders Thai Co., Ltd	31,000	31,000	59.99	59.99	18,598	18,598	(11,819)	-	6,779	18,598
Thiensurat Leasing Co., Ltd.	100,000	50,000	100.00	100.00	100,000	50,000	-	-	100,000	50,000
Total investments in subsidiaries					122,597	72,597	(11,819)	-	110,778	72,597

On 24 September 2018, the Extraordinary General Meeting of the shareholders of Thiensurat Leasing Company Limited, a subsidiary, approved an increase in its registered share capital from Baht 50 million to Baht 100 million, by issuing additional 10 million ordinary shares with a par value of Baht 5. The subsidiary registered its increase of share capital with the Department of Business Development, Ministry of Commerce on 4 October 2018. The Company acquired additional share capital in proportion of existing investment which already made full payment on 1 October 2018.

For the years 2018 and 2017, 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		Separate	
			financial statements		financial statements	
			Carrying amounts based on equity method		Carrying amounts based on cost method	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
TSR Lao Company Limited	49	49	15,073	13,782	13,767	13,782
Total investment in joint venture			<u>15,073</u>	<u>13,782</u>	<u>13,767</u>	<u>13,782</u>

As at 31 December 2018, 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>2018</u>	<u>2017</u>
TSR Lao Company Limited	1,291	15
Total share of profit from investment in joint venture	<u>1,291</u>	<u>15</u>

For the year 2018 and 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>2018</u>	<u>2017</u>
Cash and cash equivalents	8.9	11.2
Other current assets	18.2	11.8
Non-current assets	5.9	6.2
Other current liabilities	4.4	2.7
Net assets	28.2	29.6
Shareholding percentage	49%	49%
Share of net assets	13.8	14.5
Elimination entries	1.3	(0.7)
Carrying amounts of joint ventures based on equity method	15.1	13.8

Summarised info about comprehensive income.

	(Unit: Million Baht)	
	TRS Lao Company Limited	
	For the year ended 31 December	
	<u>2018</u>	<u>2017</u>
Revenue	28.8	15.9
Profit	2.9	10.5
Other comprehensive income	-	-
Total comprehensive income	2.9	10.5

15. Investment properties

The net book value of investment properties as at 31 December 2018 and 2017 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 2018:			
Cost	52,290	21,346	73,636
Less: Accumulated depreciation	-	(15,006)	(15,006)
Net book value	52,290	6,340	58,630
As at 31 December 2017:			
Cost	52,290	21,346	73,636
Less: Accumulated depreciation	-	(14,933)	(14,933)

(Unit: Thousand Baht)

	Consolidated/Separate financial statements		
	Land not use in operating	Land and building for rent	Total
Net book value	52,290	6,413	58,703

A reconciliation of the net book value of investment properties for the years 2018 and 2017 is presented below.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	<u>2018</u>	<u>2017</u>
Net book value at beginning of year	58,703	58,777
Depreciation for the year	(73)	(74)
Net book value at end of year	<u>58,630</u>	<u>58,703</u>

The fair value of the investment properties as at 31 December 2018 and 2017 stated below:

(Unit: Million Baht)

	Consolidated/Separate financial statements	
	<u>2018</u>	<u>2017</u>
Land not use in operating	104.6	104.6
Land and building for rent	73.1	73.3

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 3 input.

As at 31 December 2018, certain rental 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 (2017: Baht 14.2 million).

The Company has mortgaged investment properties with net book value amounting to Baht 57.9 million (2017: Baht 58.0 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 2017	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
Additions	521	760	1,599	2,651	1,671	-	1,185	8,387
Transfer in (out)	-	-	362	-	-	-	(362)	-
Disposals/write-off	-	(799)	-	(1,965)	(385)	(4,409)	-	(7,558)
31 December 2018	243,305	231,542	42,984	36,908	33,435	101,977	823	690,974
Accumulated depreciation								
1 January 2017	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
Depreciation for the year	273	21,159	4,569	4,985	5,700	13,090	-	49,776
Depreciation on disposals/write-off	-	(501)	-	(1,662)	(272)	(3,298)	-	(5,733)
31 December 2018	1,369	134,508	34,667	25,661	22,954	43,715	-	262,874
Allowance for impairment loss								
1 January 2017	-	-	288	-	-	-	-	288
31 December 2017	-	-	288	-	-	-	-	288
Increase during the year	-	-	-	53	18	-	-	71
31 December 2018	-	-	288	53	18	-	-	359
Net book value								
31 December 2017	241,688	117,731	10,637	13,884	14,623	72,463	-	471,026
31 December 2018	241,936	97,034	8,029	11,194	10,463	58,262	823	427,741
Depreciation for the year 2017 (Baht 7.0 million included in manufacturing cost, and the balance in selling and administrative expenses)								49,663
Depreciation for the year 2018 (Baht 9.6 million included in manufacturing cost, and the balance in selling and administrative expenses)								49,776

(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 2017	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
Additions	521	440	1,599	2,640	1,525	-	1,185	7,910
Transfer in (out)	-	-	362	-	-	-	(362)	-
Disposals/write-off	-	(799)	-	(1,863)	(385)	(4,410)	-	(7,457)
31 December 2018	238,505	221,952	42,984	34,878	32,609	97,269	823	669,020
Accumulated depreciation								
1 January 2017	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
Depreciation for the year	273	20,669	4,569	4,851	5,577	12,418	-	48,357
Depreciation on disposals/write-off	-	(501)	-	(1,578)	(272)	(3,298)	-	(5,649)
31 December 2018	1,369	128,624	34,667	23,791	22,567	41,087	-	252,105
Allowance for impairment loss								
1 January 2017	-	-	288	-	-	-	-	288
31 December 2017	-	-	288	-	-	-	-	288
31 December 2018	-	-	288	-	-	-	-	288
Net book value								
31 December 2017	236,888	113,855	10,637	13,583	14,207	69,712	-	458,882
31 December 2018	237,136	93,328	8,029	11,087	10,042	56,182	823	416,627
Depreciation for the year 2017 (Baht 7.0 million included in manufacturing cost, and the balance in selling and administrative expenses)								48,215
Depreciation for the year 2018 (Baht 9.6 million included in manufacturing cost, and the balance in selling and administrative expenses)								48,357

As at 31 December 2018, certain buildings and building improvements items of the Company and its subsidiary have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 78.4 million (2017: Baht 68.4 million) (the Company only: Baht 76.1 million (2017: Baht 66.5 million)).

The Company and its subsidiaries have mortgaged assets with net book value amounting to Baht 286.0 million (2017: Baht 291.9 million) as collaterals against credit facilities received from banks (the Company only: Baht 277.7 million (2017: Baht 283.2 million)).

17. Intangible assets

The net book value of intangible assets as at 31 December 2018 and 2017 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 2018:							
Cost	50,028	133	37	50,198	49,310	40	49,349
Less: Accumulated amortisation	(12,917)	-	-	(12,917)	(12,844)	-	(12,844)
Allowance for impairment	(8)	-	(37)	(45)	-	-	-
Net book value	37,103	133	-	37,236	36,466	40	36,506
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

A reconciliation of the net book value of intangible assets for the years 2018 and 2017 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Net book value at beginning of year	35,842	25,047	35,396	24,992
Acquisitions	5,915	13,452	5,528	13,052
Amortisation	(4,476)	(2,657)	(4,418)	(2,648)
Allowance for impairment loss	(45)	-	-	-
Net book value at end of year	37,236	35,842	36,506	35,396

18. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Promissory notes	3.45 - 4.07	29,500	129,907	-	129,907
Total short-term loans from financial institutions		29,500	129,907	-	129,907

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	
	2018	2017	2018	2017
Trade payables - related parties	38	18	30	11
Trade payables - unrelated parties	13,686	30,516	13,686	30,516
Other payables - related parties	508	291	598	470
Other payables - unrelated parties				
Accrued expenses	37,346	30,974	36,001	27,310
Retention	29,615	34,781	29,597	34,778
Others	2,326	724	1,981	684
Total trade and other payables	83,519	97,304	81,893	93,769

20. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidate financial statements		Separate financial statements	
	2018	2017	2018	2017
Liabilities under finance lease agreements	37,495	67,931	36,885	67,062
Less: Deferred interest expenses	(1,005)	(2,725)	(976)	(2,667)
Total	36,490	65,206	35,909	64,395
Less: Current portion	(20,697)	(28,647)	(20,470)	(28,417)
Liabilities under finance lease agreements, net of current portion	15,793	36,559	15,439	35,978

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 2018 and 2017 were as follows:

(Unit: Thousand Baht)						
Consolidated financial statements						
	2018			2017		
	Less than 1 year	1-5 years	Total	Less than 1 year	1-5 years	Total
Future minimum lease payments	21,448	16,047	37,495	30,365	37,566	67,931
Deferred interest expenses	(751)	(254)	(1,005)	(1,718)	(1,007)	(2,725)
Present value of future minimum lease payments	<u>20,697</u>	<u>15,793</u>	<u>36,490</u>	<u>28,647</u>	<u>36,559</u>	<u>65,206</u>

(Unit: Thousand Baht)						
Separate financial statements						
	2018			2017		
	Less than 1 year	1-5 years	Total	Less than 1 year	1-5 years	Total
Future minimum lease payments	21,202	15,683	36,885	30,107	36,955	67,062
Deferred interest expenses	(732)	(244)	(976)	(1,690)	(977)	(2,667)
Present value of future minimum lease payments	<u>20,470</u>	<u>15,439</u>	<u>35,909</u>	<u>28,417</u>	<u>35,978</u>	<u>64,395</u>

21. Long-term loans

(Unit: Thousand Baht)				
			Consolidated/Separate financial statements	
Loan	Interest rate (percent per annum)	Repayment schedule	2018	2017
1. Loans from local financial institution	MLR, MLR-1, 1.375	Monthly installments as from June 2011 to May 2021	9,698	17,105
2. Loans from local financial institution	MLR-1	Monthly installments as from August 2013 to August 2018	-	4,863
Total			9,698	21,968
Less: Current portion			(6,371)	(12,270)
Long-term loans, net of current portion			<u>3,327</u>	<u>9,698</u>

Movements in the long-term loans account during the year ended 31 December 2018 are summarised below.

	(Unit: Thousand Baht)
	Consolidated/Separate financial statements
Balance as at 1 January 2018	21,968
Less: Repayment during the year	(12,270)
Balance as at 31 December 2018	9,698

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	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Provisions for long-term employee				
benefits at beginning of year	16,877	22,273	13,781	18,702
Included in profit or loss:				
Current service cost	2,665	1,334	2,494	1,231
Interest cost	461	390	407	371
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
- Demographic assumptions changes	174	291	(22)	95
- Financial assumption changes	885	901	872	888
- Experience adjustments	(845)	(8,074)	(636)	(7,268)
Benefits paid during the year	(152)	(238)	(152)	(238)
Provisions for long-term employee				
benefits at end of year	<u>20,065</u>	<u>16,877</u>	<u>16,744</u>	<u>13,781</u>

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost of sales	133	74	133	74
Selling expenses	1,148	683	1,095	592
Administrative expense	1,845	967	1,673	936
Total expenses recognised in profit or loss	<u>3,126</u>	<u>1,724</u>	<u>2,901</u>	<u>1,602</u>

The Company and its subsidiaries expect to pay Baht 1 million of long-term employee benefits during the next year (the Company only: Baht 1 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 3 - 15 years (2017: 3 - 15 years) (the Company only: 11 - 15 years (2017: 11 - 15 years)).

Principal actuarial assumptions at the valuation date were as follows.

	(Percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Discount rate	1.63 - 3.08	1.63 - 3.08	2.71 - 3.08	2.71 - 3.08
Future salary increase rate	3.67 - 5.00	3.67 - 5.00	5.00	5.00
Staff turnover rate	0 - 76.00	0 - 76.00	0 - 76.00	0 - 76.00

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

	(Unit: Million Baht)			
	As at 31 December 2018			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(0.52)	0.33	(0.50)	0.43
Salary increase rate	0.33	(0.32)	0.32	(0.31)
Turnover rate	(0.63)	0.67	(0.61)	0.65

(Unit: Million Baht)

	As at 31 December 2017			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(0.52)	0.56	(0.49)	0.52
Salary increase rate	0.36	(0.24)	0.34	(0.22)
Turnover rate	(0.52)	0.57	(0.51)	0.55

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette and not yet effective in 2018. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive not less than 400 day's compensation at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of approximately Baht 0.2 million (The Company only: Baht 0.2 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the profit or loss of the period in which the law is effective.

23. Share capital

Movements in share capital during the year end as at 31 December 2018 and 2017 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 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
Outstanding as at 31 December 2017	516,730	516,730	268,336
Increase in capital from warrants exercise during			
- May 2018	5,117	5,117	4,186
- December 2018	27,835	27,835	22,769
Outstanding as at 31 December 2018	549,682	549,682	295,291

The Company registered the increase in its issued and paid-up share capital as a result of warrants exercise with the Department of Business Development, Ministry of Commerce on 5 June 2018 and 26 December 2018.

The Company's Annual General Meeting approved a reduction of the Company's registered share capital from Baht 662,199,169 (662,199,169 ordinary shares of Baht 1.00 each) to Baht 662,198,992 (662,198,992 ordinary shares of Baht 1.00 each), by cancelling 247 unissued ordinary shares.

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 2018 and 2017 are provided below.

	(Unit: Thousand Unit)
Banlance as at 1 January 2017	177,291
Exercised during the year	(45,047)
Balance as at 31 December 2017	132,244
Exercised during the year	(29,956)
Expired during the year	(102,288)
Balance as at 31 December 2018	-

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		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Salaries, wages and other employee benefits	447,411	458,191	428,443	439,449
Commission expenses	313,701	406,676	310,072	403,685
Depreciation and amortisation	54,325	52,394	52,849	50,937
Sales promotion expenses	17,443	20,560	16,978	19,147
Changes in raw materials and supplies	201,040	239,889	201,014	239,889
Changes in finished goods and work in process	(15,377)	13,811	(6,754)	(4,837)

27. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows.

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax				
Current income tax charge	23,435	11,598	22,613	10,950
Adjustment in respect of income tax of previous year	(219)	(445)	(219)	(445)
Deferred tax				
Relating to origination and reversal of temporary differences	(954)	8,993	(545)	10,363
Income tax expense reported in the profit or loss.	<u>22,262</u>	<u>20,146</u>	<u>21,849</u>	<u>20,868</u>

Deferred tax relating to each complement of comprehensive income for the year ended 31 December 2018 and 2017 are made up as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax relating to actuarial gain	(43)	1,377	(43)	1,257

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2018 and 2017.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting profit before tax	127,255	94,603	115,687	108,293
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	25,451	18,921	23,137	21,659
Adjustment in respect of income tax of previous year	(219)	(445)	(219)	(445)
Effects of:				
Non-deductible expenses	955	1,096	282	747
Additional expense deductions allowed	(1,249)	(1,277)	(1,234)	(1,253)
Others	(2,676)	1,851	(117)	160
Total	(2,970)	1,670	(1,069)	(346)
Income tax expenses reported in the profit or loss	22,262	20,146	21,849	20,868

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax assets				
Allowance for doubtful accounts	11,808	12,325	10,697	12,183
Allowance for goods returned	89	202	89	202
Allowance for diminution in value of inventories	612	287	612	287
Allowance for asset impairment held for sale	278	7	-	-
Allowance for impairment loss on investment	2,364	-	2,364	-
Allowance for asset impairment	58	58	58	58
Provision from guarantee	1,194	543	1,194	543
Provision for long-term employee benefits	4,011	3,369	3,306	2,756
Unused tax loss	279	1,202	-	-
Total	<u>20,693</u>	<u>17,993</u>	<u>18,320</u>	<u>16,029</u>
Deferred tax liability				
Finance lease agreements	<u>5,201</u>	<u>3,455</u>	<u>5,201</u>	<u>3,455</u>
Total	<u>5,201</u>	<u>3,455</u>	<u>5,201</u>	<u>3,455</u>

As at 31 December 2018, one of the subsidiary has deductible temporary differences and unused tax losses totaling Baht 3.2 million (2017: Baht 2.5 million), on which deferred tax asset have not been recognised as such subsidiary believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

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.

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, plus the weighted average number of ordinary shares which 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders of the Company	106,790	77,365	520,589	496,095	0.205	0.156
Effect of dilutive potential ordinary shares						
TSR-W1	-	-	-	106,411	-	-
Diluted earnings per share						
Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	106,790	77,365	520,589	602,506	0.205	0.128

	Separate financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders of the Company	93,838	87,425	520,589	496,095	0.180	0.176
Effect of dilutive potential ordinary shares						
TSR-W1	-	-	-	106,411	-	-
Diluted earnings per share						
Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	- 93,838	- 87,425	- 520,589	- 602,506	- 0.180	- 0.145

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 2018 and 2017.

(Unit: Million Baht)					
	Hire purchase selling segment		Cash and credit selling segment		Total
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u> <u>2017</u>
Sales	1,173	1,229	205	202	1,378 1,431
Hire purchase interest income	196	218	-	-	196 218
Less: Cost of sales	<u>(250)</u>	<u>(277)</u>	<u>(138)</u>	<u>(123)</u>	<u>(388)</u> <u>(400)</u>
Segment profit	<u>1,119</u>	<u>1,170</u>	<u>67</u>	<u>79</u>	1,186 1,249
Other income					38 44
Selling and distribution expenses					(537) (595)
Administrative expenses					(387) (429)
Bad debts and doubtful accounts					(168) (159)
Finance cost					(6) (16)
Share of profit from investment in joint venture					1 -
Income tax expenses					<u>(22)</u> <u>(20)</u>
Profit for the year					<u>105</u> <u>74</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 2018 and 2017, 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 2018 amounting to approximately Baht 3.2 million (2017: Baht 3.8 million) were recognised as expenses (the Company only: Baht 3.1 million (2017: Baht 3.7 million)).

31. Dividend paid

Dividend	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Interim dividends for 2017	Board of Directors' Meeting on 11 August 2017	31,004	0.06
Total dividend paid in 2017		31,004	0.06
Final dividends for 2017	Annual General Meeting of the shareholders on 27 April 2018	41,338	0.08
Interim dividends for 2018	Board of Directors' Meeting on 14 August 2018	41,748	0.08
Total dividend paid in 2018		83,086	0.16

32. Commitments and contingent liabilities

32.1 Capital commitments

As at 31 December 2018, the Company had capital commitments of approximately Baht 0.4 million, relating to the acquisition of tools and equipment, office equipment, and computer software. (2017: Baht 6.1 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 10 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Payable:				
In up to 1 year	12.4	14.7	12.0	14.3
In over 1 and up to 5 years	6.0	3.3	5.9	3.3

32.3 Guarantees

As at 31 December 2018 and 2017, the Company has outstanding bank guarantees as follows:

	(Unit: Million Baht)	
	Consolidated/Separate financial statements	
	<u>2018</u>	<u>2017</u>
Guarantee for electricity	0.4	0.4
Guarantee for commodity trading	5.2	5.2

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		1 - 5 years		Floating		Non-interest		Total	
	1 year				interest rate		bearing			
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Financial assets										
Cash and cash equivalents	-	-	-	-	48	33	-	-	48	33
Trade and other receivables	-	-	-	-	-	-	27	24	27	24
Financial lease receivables	600	611	4	9	-	-	-	-	604	620
Loan receivables	1	1	-	1	-	-	-	-	1	2
Receivables under right transfer agreements	-	-	-	-	-	-	4	8	4	8
Restricted bank deposits	-	-	-	-	1	3	-	-	1	3
	601	612	4	10	49	36	31	32	685	690
Financial liabilities										
Short-term loans from banks	-	-	-	-	30	130	-	-	30	130
Trade and other payables	-	-	-	-	-	-	84	97	84	97
Liabilities under finance lease agreements	21	29	16	37	-	-	-	-	37	66
Long term loans	-	-	-	-	10	22	-	-	10	22
	21	29	16	37	40	152	84	97	161	315

(Unit: Million Baht)

	Separate financial statements									
	Fixed interest rates									
	Within				Floating		Non-interest			
	1 year		1 - 5 years		interest rate		bearing		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Financial assets										
Cash and cash equivalents	-	-	-	-	26	14	-	-	26	14
Trade and other receivables	-	-	-	-	-	-	37	41	37	41
Financial lease receivables	488	573	2	4	-	-	-	-	490	577
Receivables under right transfer										
agreements	-	-	-	-	-	-	4	8	4	8
Short-term loan to related party	1	5	-	-	-	-	-	-	1	5
Restricted bank deposits	-	-	-	-	1	3	-	-	1	3
	<u>489</u>	<u>578</u>	<u>2</u>	<u>4</u>	<u>27</u>	<u>17</u>	<u>41</u>	<u>49</u>	<u>559</u>	<u>648</u>
Financial liabilities										
Bank overdrafts and short-term										
loans from financial institutions	-	-	-	-	-	130	-	-	-	130
Trade and other payables	-	-	-	-	-	-	82	94	82	94
Liabilities under finance lease										
agreements	20	28	15	36	-	-	-	-	35	64
Long term loans	-	-	-	-	10	22	-	-	10	22
	<u>20</u>	<u>28</u>	<u>15</u>	<u>36</u>	<u>10</u>	<u>152</u>	<u>82</u>	<u>94</u>	<u>127</u>	<u>310</u>

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 2018, the Group's debt-to-equity ratio was 0.18:1 (2017: 0.32:1) and the Company only was 0.15:1 (2017: 0.31:1).

35. Events after the reporting period

On 27 February 2019, the Company's Board of Directors meeting passed a resolution to propose the following matters to the Company's Annual General Meeting of the shareholders which will be held in April 2019 for consideration and approval:

- To pay dividend of Baht 0.08 per share, totaling Baht 46 million in respect of the 2018 earnings. Such dividend will be paid and recorded after approval of the Company's Annual General Meeting of the shareholders is granted.
- To decrease the registered share capital from 662,198,922 shares to 549,682,133 shares by cancelling unpaid share capital, and to consider revising the Company's Memorandum of Association to be consistent with the decrease in the registered capital.

36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2019.

