



T.KRUNGTHAI INDUSTRIES PUBLIC CO.,LTD.

ANNUAL REPORT

2012



T.Krungthai Industries Public Company Limited

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Contents

	Page
1 Financial Summary	1
2 Report from Directors	2
3 Vision and Mission	3
4 Board of Director	4
5 General information	9
6 Nature of Businees	10
7 Income Structure	20
8 Risk Factors	34
9 Shareholders Structure	38
10 Organization	39
11 The Administration	40
12 Board of Directors Information	40
13 Remuneration to Directors and the Management	44
14 Corporate Governance	49
15 Control System and Internal Audit	58
16 Investor Relationship	59
17 Preventative usage of Company's internal information	59
18 Employees	60
19 Corporate Social Responsibility (CSR)	61
20 Details of the Directors, the Management and the Authorized Directors	64
21 Related Transactions	69
22 Analysis on Financial Status & Operational Performance	70
23 Financial Statements and Auditor's Report	75
24 Report from Chairmand of Audit Committee	109
25 Report from Chairmand of Remuneration Committee and Nomination Committee	110

Financial Summary

		2012	2011	2010
Performance				
Revenue from sales - Plastic products	'000 Baht	1,844,071	1,175,903	1,142,874
Revenues from sales - Moulds	'000 Baht	120,255	98,716	87,568
Net profit	'000 Baht	88,806	-14,846	40,644
Balance sheet highlight				
Total Assets	'000 Baht	1,209,695	1,018,089	948,515
Total liabilities	'000 Baht	734,471	620,971	496,720
Shareholders' equity	'000 Baht	475,224	397,118	451,795
Common stock highlight				
Authorized share capital	Mil' share	214,000	214,000	214,000
Par value	Baht / share	1.00	1.00	1.00
Book value	Baht / share	2.22	1.86	2.11
Basic earning per share	Baht / share	0.41	-0.07	0.19
Financial Ratio				
Current Ratio	Times	0.95	0.85	0.78
Account Receivable Turnover	Times	6.84	5.70	6.10
Inventory Turnover	Times	9.44	8.66	12.72
Account Payable Turnover	Times	7.06	7.71	8.41
Debt to Equity Ratio	Times	1.55	1.56	1.10
Sale's Growth (%)	%	54.10	3.59	42.49
Profit before interest and income tax expenses (%)	%	5.99	-0.02	4.58
Net profit (%)	%	4.52	-1.16	3.30

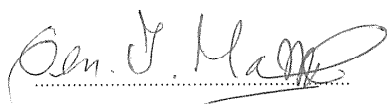
Report from the Chairman

The year 2012 was the year that the country's economy recovered reasonably from last year which was affected by the great flood in the fourth quarter of 2011. In the case of automotive industry it had improved and recovered significantly in the year 2012. Thailand's total automobile production totaled 2,453,717 units, up from the year 2011 by 68 %, car sales totaled 1,436,335 units, up from the year 2011 by 81 % and total export of 1,026,671 units, up from the year 2554 by 40 %. The increase in total production had caused the car manufacturers increase their production capacities in the year 2012 in order to compensate the production losses from the floods in late 2011 and the first car policy..

As a result, sales of the company grew higher combined with success in controlling costs and reduce wastes losses in production. As a result, the company's financial result in 2012 improved significantly over last year. But, the managements and staffs did not stop and still continued to learn and improve to achieve much better result. We remain committed to developing a better performance and meet the needs of our customers. The company will invest more on machineries and equipments, research development as well as human resource development and to support long-term growth.

Besides company's performance, the Board of Directors are striving to improve a good corporate governance by sticking to the company's philosophy, "Sufficiency Economy" to be applied to the organization to ensure stability and sustainability, sustainable life of employees and society. IOD evaluated the company corporate governance as "excellent" for two consecutive years. Moreover, the company direct the organization on their social responsibility or CSR with morality, community and environmental care concern and to give importance to stakeholders which we believe that these factors are significant to the company growth.

Board of Directors thanks those who have been involved along with employees at all levels and the management of the company for dedicating themselves and exerting utmost effort, giving ideas and time to support and promote the company to achieve the business goals set. Our Board of Directors will stand to their commitment to conduct business in an ethical manner and morality for the growth and stability of the company.



General Terdsak Marrome
Chairman



Mr. Sumate Techakraisri
Chief Executive Officer

Vision

“To be a leader in service rendering in the automobile plastic parts production and other related industry in terms of quality and service for the interest of all.”

Mission

- ❖ To meet or fulfill the need of customers in quality and service.
- ❖ To have a chance in business expansion.
- ❖ To improve management system, production system and quality system to be of international standard.
- ❖ To improve human resources and provide them continuous knowledge and information.
- ❖ To have good and proper communication both in and out of the company
- ❖ To strengthen our image and have good relationship to our employees, customers and shareholders.

Board of Director

General Terdsak Marrome

Chairman

Age 77

Working Experience

2004 – Present : Chairman of T.KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

1986 – Present : Special Force in 21st infantry, Royal guard

1997 – Present : Royal Guard

1992 –Present : President, Sahapant Santiphap International (Thailand)

1986 –Present : President, Vietnam War Veteran Association under Royal Patronage

2012-President : Tai Kaew Foundation, Tamwati School

Education

Bachelor of Science, Military institution

National Defense Academy

Director Accreditation Program (DPA) 10/2004, Thai Institute of Directors (IOD)



Mr. Sumate Techakraisri

Director, Chief Executive Directors, Executive Director of Remuneration and Nomination Committee, Corporate Governance Committee

Age 66

Working Experience

1980 – Present : Chief Executive Directors Authorized Director of

T.KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

1978 – Present : Chief Executive Directors of Greenland Marketing Co., Ltd.

1984 –Present : Executive Directors of Data Products Toppan Forms Ltd.

1987 –Present : Executive Directors of Prairie Marketing Co., Ltd.

2003 –Present : Director of Cinkara Ltd.

Education

Bachelor of Economics, Thammasat University

Mini MBA Chulalongkorn University



Mr. Pairuch Sahamethapat

Independent Director, Chairman of Audit Committee

Age 69

Working Experience

2004 -Present : Chairman of Audit Committee

T.KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

2004 -Present : Audit Committee, Siam Sport Syndicate PLC.

2004 –2552 : Audit Committee, Bangkok Ranch PLC.

2000 –2004 : Director of Region Revenue 1, The Revenue Department

Education

Bachelor of Accountant , Chulalongkorn University

Director Certification Program (DCP) 102/2008, Thai Institute of Directors (IOD)



Mr. Paotep Chotinuchit

Independent Director, Audit Committee, Chairman of Remuneration Committee

And Nomination Committee, Chairman of Corporate Governance Committee

Age 80

Working Experience

2004–Present : Audit Committee

T.KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

1996 –Present : Audit Committee, Technology Suranaree Univeristy

1995 –Present : President Qualine Management Co., Ltd.

Education

M.Sc Metallurgical engineer, University of Arizona,USA.

Director Accreditation Program (DAP) 11/2004, Thai Institute of Directors (IOD)



Mr. Virasak Sutanthavibul

Independent Director, Audit Committee

Age 56

Working Experience

2005 –Present : Directors at Bangkok Insurance Public Company Limited

2004 –Present : Audit Committee, T.KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

1998 –Present : Senior Executive Vice President in charge of Commercial

Banking, Bangkok Bank PLC.

2001 –Present : Director at Toyota Leasing (Thailand) Co., Ltd.

2001 –Present : Director at Asia Lamp Industry Co., Ltd.

2001 –Present : Director at Thai Indo Kordsa Co., Ltd.

2009 –Present : Director at The Grand-UB Co., Ltd.

Education

Master Degree, Industrial Engineering, Texas A&M University, Texas, USA.

Director Accreditation Program (DAP) 21/2004, Thai Institute of Directors (IOD)



Dr. Kosol Surakomol

**Independent Director, Remuneration and Nomination Committee,
Corporate Governance Committee**

Age 74

Working Experience

2010 –Present : Independent Director,

T.KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

2008 –Present : Chief Executive Officer, Fuji Asia Co., Ltd.

2003 –2006 : Operations Director, Summit Auto Seats Industry Co.,Ltd.

2001 –2003 : Executive Director, Thonburi Automotive Assembly Plant Co.,Ltd.

1979 -2000 : Managing Director, Bangchan General Assembly Company Limited

Education

M.S. in Chemical Engineering, Wayne State University, Detroit, Michigan, U.S.A.



Mr. Kumpee Chongthurakit

Director, Remuneration and Nomination Committee, Corporate Governance Committee

Age 59

Working Experience

1989 –Present : Director, T.KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

1992 –Present : Director, & Executive Director LPN Development PLC.

1992 –Present : Director, Lumpini Property Management Co., Ltd.

1992 –Present : Director, SSA Industries Co., Ltd.

1987 –Present : Director, Sri Sum-Ank Supplier Co., Ltd

Education

Bachelor of Marketing, Assumption University

Director Certification Program (DCP) 48/2004, Thai Institute of Directors (IOD)



Mrs. Yupa Techakraisri

Director, Executive Director

Age 63

Working Experience

1989 –Present : Director and Executive Director of LPN Development PLC.

1992 –Present : Director of Lumpini Property Management Co., Ltd.

Director of Lumpini Project Management Service Co., Ltd.

Director of Pornsanti Co., Ltd.

1989 –Present : Director, Executive Director and Authorized Director

T.KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

1987 –Present : Director of Sri Sam-Ank Supplier Co., Ltd.

Education

Bachelor of Economics, Ramkamheang University

Accounting Advance of Pitman Examination Institute

Director Certification Program (DCP) 32/2003, Thai Institute of Directors (IOD)



Mr. Prasong Techakraisri

Director

Age 45

Working Experience

1996 –Present : Managing Director, Chaiwattana Accessories Co., Ltd.

2004 –Present : Director, T.KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

Education

Bachelor of Economics Ritsumeikan University, Japan

Director Accreditation Program (DAP) 11/2004, Thai Institute of Directors (IOD)



Mr. Apichart Kasemkulsiri

Director, Executive Director

Age 47

Working Experience

2004 –Present : Executive Director T.KRUNGTHAI INDUSTRIES
PUBLIC COMPANY LIMITED

2005 –Present : Senior Executive Vice President, ICBC PLC

2005 –Present : Director, ICBC Leasing Co.,Ltd.

2007 -Present : Executive Director Sri Sam-Ank Supplier Co., Ltd.

Education

MBA National of business administration of Sasin, Chulalongkorn University

Director Certification Program (DCP) 73/2006, Thai Institute of Directors (IOD)



Mr. Kowate Limtrakul

Director, Executive Director

Age 61

Working Experience

1998 –Present : Director, T.KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

Education

Master of Business Administration, Chulalongkorn University

Director Certification Program (DCP) 105/2008, Thai Institute of Directors (IOD)



Mr. Phreecha Techakraisri
Director, Executive Director

Age 51

Working Experience

1993 –Present : Deputy Managing Director Authorized Director person
T.KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

1996 –Present : Director, T. Thai Snack Food Co., Ltd.

1997 –Present : Director, Sri Sam-Ank Supplier Co., Ltd.

Education

Master of marketing Youngstown State University ,USA

Director Accreditation Program (DAP) 10/2004, Thai Institute of Directors (IOD)



Mr. Chumpol Techakraisri
Director, Executive Director, Company Secretary, Asst. Managing Director

Age 33

Working Experience

2003 –Present : Asst. Managing Director

2004 –Present : Authorized Director, T.KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

Education

Bachelor of Finance and Banking, Chulalongkorn University

Director Certification Program (DCP) 102/2008, Thai Institute of Directors (IOD)



Dr. Naruepont Pongcharoen
Director, Executive Director, Managing Director

Age 56

Working Experience

2007 –Present: Managing Director, T.KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

2006 –2007 : Managing Director, TMBP Co., Ltd.

1989 –2006 : Plant Manager, The –Swedish Assembly

Education

Master Degree, (Management), National Institute of Development Administration

Doctor (Doctor of Business Administration), South of Australia University

Director Certification Program (DCP) 105/2008, Thai Institute of Directors (IOD)



General Information

T.Krungthai Industries Public Company Limited (“TKT”), the Company, has conducted business on production of plastic parts and services of mold design, mold production and mold repair for plastic parts to the leading Automobile manufacturers, Electrical appliance manufacturers and Original Equipment Manufacturers (“OEM”).

The head office is located on 23 Soi Chan 43 Yak 21, Chan Road, Tungwatdon, Sathorn, Bangkok 10120 Tel. 0-2211-3732 (6 automatic lines); Fax. 0-2212-4864;

Plants Location: 1. 59 Moo 6 King Kaew Road, Rajateva, Bangplee, Samutprakarn 10540
2. 517 Moo 9 Nongkee, Kabinburi, Prachinburi 25110
3. 28/4 Moo 1 Suwintawong Road, Klong-udom-Chonlajorn,
Muang, Chachengshao 24000

Company Registration No.	: 0107547000010
Telephone	: 0-2211-2762, 0-2211-3732, 0-2212-4719
Fax	: 0-2212-4864
Investor relation	: investor@tkrungthai.com
Independent Director	: independentdirector@tkrungthai.com
Web Site	: www.tkrungthai.com

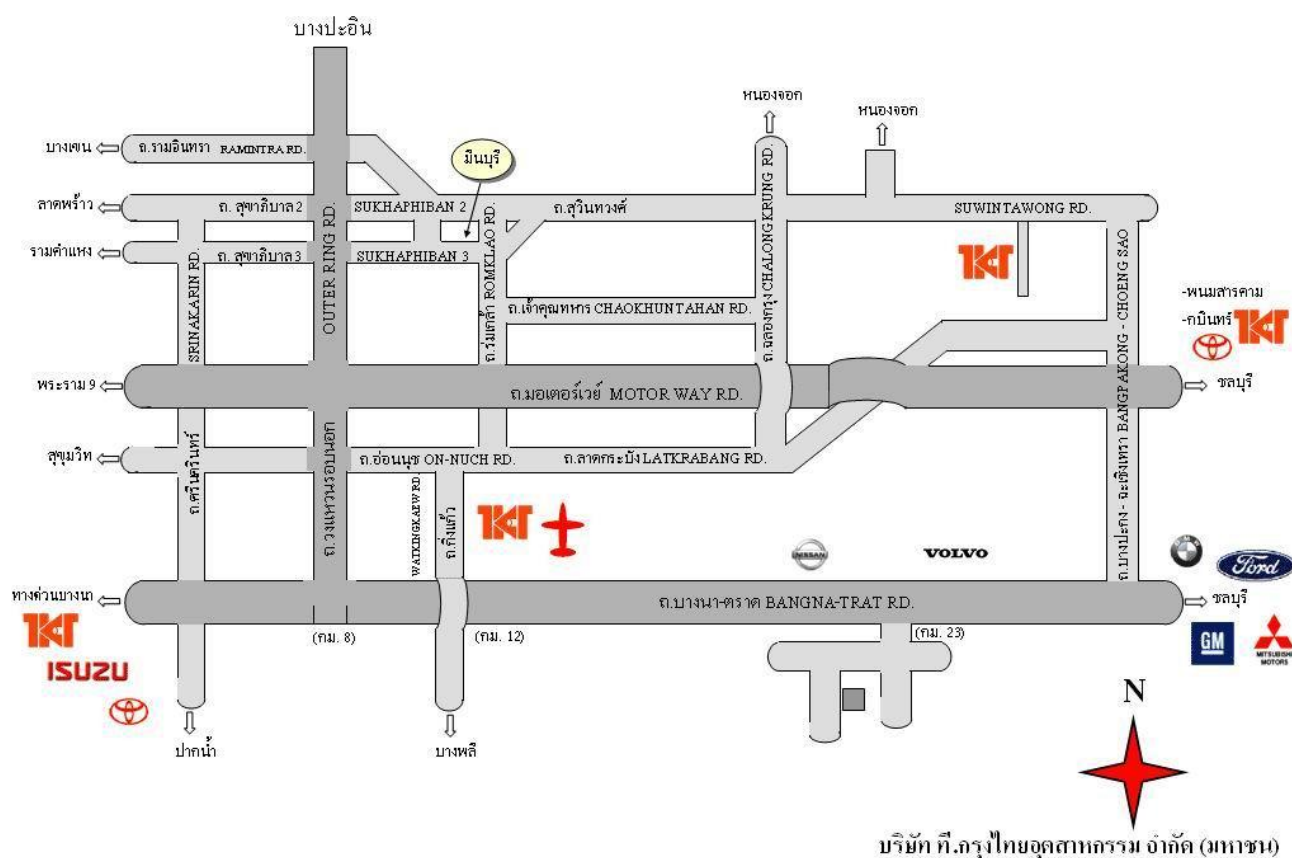
Referential Persons:

Registrar	: Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building , Tel. (02) 359-1200 Fax (02) 359-1259
Auditors	: Karin Audit Company Limited 138 Boonmitr 6 th Floor Room B1, Silom Road Suriyawong, Bangrak, Bangkok 10500 Tel. 0-2634-2484-6 Fax. 0-2634-2668 Auditor : Mrs.Vimolsri Jongudomsombat, C.P.A. Thailand No. 3899
Legal Advisor /Consultant	: Far East Law (Thailand) Co., Ltd. 127/74-75 RS Tower Bldg. 24 th . Rachadapisek, Dindaeng, Bangkok 10400

Nature of Business

T.Krungthai Industries Public Company Limited (“TKT”) is the producer of plastic parts, including the spray painting, silk-screen & hot stamping and sub assembly, and the service provider on mold design, mold production and mold repair for plastic parts to the leading Automobile, Electrical appliance and Original Equipment Manufacturers (OEM).

Currently, the Company owns 3 production plants. The first plant is located at Bangplee, Samutprakarn. Its production emphasizes on supporting the demand of plastic parts for automotive and electrical appliance industries. The second plant is located at Kabinburi, Prachinburi. This plant has been operated since April 2004 and emphasizes on the production to support electrical appliance industry. The third plant is located on Suwintawong Road, Muang, Chachengshao. This plant has been operated since Quarter 3, year 2005 and emphasizes on production of injection mold. In the year 2012, the company purchased machineries to support the increasing production.



Types of products and services

The Company's products are classified into two categories:

1. Injection Molding

The Company is the producer of plastic parts. After the process of injection molding, plastic parts would be brought into further processes such as spray painting, silk-screen & hot stamping and sub assembly. The production of plastic parts supports the three groups of industry as follows:

Group 1 Plastic parts for Automotive Industry

Products including in this group are plastic parts for interior, dashboard components/trim, Grilles, Wheel covers, Mud guards/Flaps, Engine covers, Radiator supports, etc.

Group 2 Plastic parts for Electrical Appliance Industry

Products including in this group are external and interior parts of refrigerators, washing machines, televisions, radios, etc.

Group 3 Plastic parts for other industries

Products including in this group are plastic parts, which are the components of packaging for consumer products such as can covers, etc.

2. Mold Production and Repair

A) Mold Design and Production

The Company provides services on mold design and manufacture of plastic injection molds. With professional teams, having more than 10-year experience in mold design and production, computers are used in designing process such as Mold Flow which is used to analyze the design. Computer Aid Design (CAD) and Computer Aid Manufacturing (CAM), the Company was able to produce good quality molds, which are right according to designs. Moreover, the Company has sent the technicians, who take care of the mold production, over for training both domestically and abroad. The trainings were aimed to develop on mold production of the Company.

B) Mold Repair

Besides from services on mold production, the Company also provides services on mold repair. The Company's professional technicians would provide immediate repair services right at the customers' sites. The customers' time would not be wasted for sending the molds externally for repair. These services are aimed to create creditability towards the Company's mold production.

Investment Support from Board of Investment Directors (BOI)

T. Krungthai Industries Public Company Limited got a support from the Board of Investment Directors (BOI) in Distric3 (Prachinburi Province) for our second plant located at industrial zone , our revenue started only in April 2004 as per following details :

1. Import tax exemption for new purchased machineries used for production.
2. Corporate tax exemption for the net profit not more than 100 % of investment amount for 8 years from the date of income revenue.
3. Corporate tax exempted in calculating dividends from the BOI for tax payment during the given period.
4. Import tax exemption on tools and equipments and raw material which is used for production for export purpose for a period of 5 years starting on the date of import.

On February 25, 2011, the company acquired BOI at area 2 (Chachoengsao) for plant no. 3 as with following & privileges :

1. Exemption in company income tax for the net profit on the BOI privilege for 8 years and reduction on corporate income tax in the Net Profit 50% for 5 years after 8 years.
2. Reduction on imported machineries and material in the manufacturing and export for 1 year.
3. Reduction import duty for the BOI privilege import and export in 1 year.

Marketing and Competition

1. Marketing

Marketing Strategy

Being 40 years in business the company are already familiar with our customers needs and requirements. Most of the customers are not really concern on prices but more concerned in their trust, quality of the product, service ability and capability so the company came up with a marketing strategy and policy as per our customers requirements and needs be it in short or long term period as follows :

Q (Quality) : product quality must be standard and accepted by our customers, quality

Competitive with other manufacturers.

C (Cost) : cost in production shall be lower and control production expense by increasing the production and reduce wastes during production.

- D (Delivery) : Delivery efficiency by on time delivery and quicker delivery to the customers by setting up a section for quicker and on time delivery
- M (Management) : Management efficiency, policy making and strategy in management from board of directors emphasized on more efficiency in working and in marketing by using standard quality system such as QS 9000, ISO 9001 – ISO/ TS 16949 and ISO 14000 up to TPM and TPS : for customers satisfaction.
- E (Engineering) : Support and improve the ability and capability of engineering of the company in a modern way improve designing of products for (One-Stop Service)
- C (Communication) : Good quality of communication both in and out of the company.

Nature of Customers and Customer Target Group

The company has divided target customers into 4 groups as follows :

- 1. Automobile Industry Group** this group consist of : various automobile producers including the parts manufacturers with a total sales of 77.01 % in the year
- 2. Electrical Appliances Industry Group** this group consist of electrical appliances producers for household and business sector with a total sales of 16.01 % of the total income like
- 3. Other Industry Group** this group consist of manufacturers of products made from plastics such as packaging, in the year 2012 revenue was 1 % of the total income such as Prairie Marketing Co., Ltd.
- 4. Molding Industry Group** in the year 2012 income was 6 % of the total income.

Sales & Method of Selling

The company make direct sales to clients (End User) by not going through an agent and it's a domestic sale but other products of the company are being assembled and exported indirectly (Indirect Export) in the form of finished product and parts. Most of our customers are Japanese companies and they normally have representative or affiliate companies to make purchases for them. From our experience our company's plastic products are well accepted and used in the assembly of electrical and automobile industries in Japan. Besides, our company has better know how in the working system of Japanese companies and use this to improve our products and service in order to be competitive with the Japanese companies, along with the improvement of human resource in all levels. Our company uses production standard , work closely with customers, so we could know directly the requirement of the customers. This is the reason why Thai producers are well accepted in this line of products and service. The company is able to offer its service to other manufacturers on both industry.

Industry Situation and Competition

Industry Structure

The Company commercially produced and distributed the plastic parts to the customers, who further use them as an component of any readymade products that were sold to the end users.

Presently, the business on production of injection molding rapidly grew. With characteristics of being high torsion & impact resistance and light in weight, the demand of the products were rising from various industries such as automotive, electrical appliance and electronic industries. Followings are situations on the Company's principal related industries:-

Condition of Automobile Industry in the year 2012

Thailand automobile production for year 2012 has increased and recovered significantly for domestic and export market. Car production still have a tendency to grow more and Thailand can be the no. 9 producer in the world due to the fast recovery after the flooding in the year 2011 and the first car policy. There was a total car reservation of cars totaling 1,256 million units for the 1st car policy and the launching of new model in the market which was a success and attractive to the consumers.

After the economy recovered from the flooding Thailand economy continued to improve and the first car was a major factor in this recovery. Thailand automobile industry in the year 2013 is expected to be another good year for the industry. Small cars under 1500 cc market share has moved up to 1:3 from 1:4 of the total car market. And for the launching of smaller cars are on demand as the price is quite affordable to consumers. This growth and development also expanded and spread out to the country side and the taste of the consumers also changed. Country side revenue also grew so the demand to own a car became in trend especially on ECO car with 1300 cc become popular in the market.

Similarly, the export market in the year 2012 has recorded a record a record high as well. Although the global economy faced a crisis in Europe the export of cars in Europe accounted to 9% of Thailand's total car exports also fell slightly. But the major markets of Thailand grew in ASEAN like Australia, Middle East etc. Thailand has exported small ECO cars in Japan also grew and another factor is the relocation of Japanese manufactures outside their country and is expected that Thailand car export to Japan will likely to increase.

Export of cars in 2012 recorded the highest ever with an approximate total export of 1 million to 1,040,000 units a growth of 36 % to 41 % higher than last year of 735,627 units or 17.9 %. This market growth both domestic and international is significant and positive factor which made year 2012 automobile production totaled to 2,453,717 units or 68/3 % higher than that of last year totaling

1,457,795 units. In the year 2012 Thailand leaped up of to rank no. 9 as automobile manufacturer in the world from 14th rank.

Automotive Industry in 2013

Automotive industry result for year 2012 to 2013 have the highest **record** in earnings in the export market and manufacturing sectors.

In terms of domestic market there is still positive factor especially on the outstanding deliveries of orders resulting from the first car policy and this can cause the automotive industry to pull ahead in the future. On the 2nd half most of the outstanding undelivered orders are expected to be delivered within this 2nd half of the year. Domestic income might decline after the delivery of these outstanding orders but the launching of new models will help drive economic growth in the domestic market. When the launching of ECO Car new model, vehicle manufacturers will have to work hard or do promotional activities to boost sales on the 2nd half. It is expected that the revenue on the 2nd half of the year will be reduced to 1,340,000 units to 1,410,000 or 2 to 7 %. But the figure is still higher if compared to the revenue few years ago.

For export market on the year 2013 will benefit from the global economy is likely to recover. Capacity scaling for export production will continue to support the new orders in the future. Export market have a tendency to grow to help the declining of revenue in the past. Kasikorn Thai Research Center expects that export Thai market in year 2013 will grow the highest totaling 1,230,000 units up to 1,290,000 units or 20 to 26 % which make the domestic production grow the highest. This highest growth will continue for another year to 2,500, 000 units to 2,600,000 units or 5 to 9 %. according industrial economic bureau (Government Section) approximate Thai Automotive Production In Year 2013 will be 2.8 Million units domestic sale 1.6 million units and for export Sale 1.2 Million units Respectively

Summary for year 2012 – Thailand automotive industry is successful with a domestic income, export and production higher than we expected and that we had the highest total production of 2.4 million units which made Thailand the No. 9 producers of automobiles . The positive factor of this recovery after the flood last year is the launching of new models which received better respond to market needs. The first car policy was a major factor helping the car market Thailand automotive industry. The trend of car industry for year 2013 is the best year especially on the export market that production capacity for the export market rose to 1,230,000 up to 1,290, 000 or 20 to 26 % to help offset compensate the domestic market shrinkage by 2 to 7 % or about 1,340,000 to 1,410,000 units, after the result of the first car policy the demand of cars increased. As a result, sales revenue on the 2nd half dropped from the same period of 2012 but exports made up for this contraction. The automobile production in 2013 is likely to have the highest record between 2,600,000 to 2,800,000 units or 6 to 14 %.

Electric and Electronic Industries in Thailand. (Information from the Office of Industrial Economics.)**Electrical Appliances**

The production index is 125.01 a bit lower 1.57 % down slightly compared to the same period of last year. However, there are products that are on demand to consumers such as electric wirings, fans, refrigerator up to 23.04%, 17.57 %, 13.49% and this is due to the domestic consumption.

Electric appliance sales declined on colored TV with screen size of 21 inches and bigger that 21 inches, colored TV with a size of 20 inches and thermos. The shrinkage rate 53.57 %, 19.57%, 6.19% respectively TV's (CRT-TV) declined as consumers turned to buy flat screen TV those are LED and LCD and Plasma.

Market Conditions

Export for electric and electronics for the month of January to October 2012

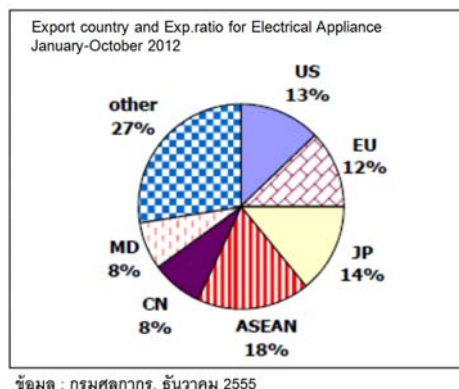
Total amount US\$ 19,208,51 an increase of 1.09 % compared to the same period of last year to the major export market in Asia totaling US\$ 3,433.04 next is Japan 2,739.58 US\$, USA US\$2,451,69 respectively.

For the electric appliance highest export in the first 3 levels from January to October 2012 are Air conditioner, video camera, editing equipments with an export value of 2,952,46 US\$, 1,920.01 UD\$ and 1,647.42 US\$ respectively.

Structure of Export of the top 3 electronics market in Asia

Market in Asian countries with 17.87 % , followed by Japan with 14.2%, and the USA with 12.76%

For the other markets, the exports of electrical appliance during the month of January to October 2012 a totaled to US\$ 5,262.86 an increase of 24.4 % compared to the same period of last year with a proportion of exports accounted for 27.40 %.



Trend Forecast for year 2013

For year 2013, we expect that electrical appliances industry will increase but the increase is not that high. Electrical appliances will increase 4 % for domestic and export market. Consumption is always in demand but there is still a risk factor on the economic recovery where the uncertainty is quite high in the part of EU.

Mold Industry

For the mold industry in the year 2013, there will be an increase of 15 % to 20 % from that of 2012 amounting 32,000 million Baht higher than that of last year amounting Baht28,000 million.

For year 2012, there will be an increase on mold manufacturing, domestic market will expand due to the following 2 factors :

1. Need to purchase molds from China has a tendency to increase price and there is a problem in (tuning) imported molds .
2. Car Industry is preparing on the expansion of molds for new models for year 2013 to 2015 .

For the export of molds, Thailand molding industry continues to compete with Taiwan, Korea and China. The export for Thailand mold exported to other countries is not that satisfactory. Mold production in China, price is quite high and the quality is not that stable so Thailand mold export will likely rise.

Exploration / Search of Product or Service

1. **Production** – at present the company has a 3 plants to provide services

Details as follows :

Factory 1 : Located at 59 Mu 6 Kingkaew Road, Rajateva, Bangplee, Samutprakarn 10540 with an area of 9 rai . 10,200 square meter is used for factory bldg. comprise of marketing dept., engineering dept., production dept. For full production capacity we use 3,600 tons / year.

Factory 2 : Located at 517 Moo 9, Nongkee ,Kabinburi Prachinburi 25110. Area -13 rai. 6,000 square meter is used for factory bldg. for better and bigger production for our customers requirement, started on February 2004 and with a full capacity of 5,040 tons/ year.

Factory 3 : Located at 28/4 Moo 1 Suwintawongse Road, Klong Udom Chulachon, Amphur Muang, Chachoengsao 24000 . 6,700 square meters is used for mold making that can be used in the production of mold for injection ranging from 30 to 1,800 tons.

To be able to gain the trust and provide satisfaction to our beloved customers, we have set an

important policy for production i.e to concentrate on the quality of product as per customers requirements with on time delivery.

3. Search of Raw Material for Plastic Production

- **Raw material for production of plastic products**

The main raw material used for production of plastic products are Pellets purchased from local representative vendors and the purchase of these materials are composed of the following groups.

- **Plastic Product for automotive industry**

Raw material to be used in the product production, the company purchase the material in advance from local vendors. 95 % purchase of plastic products , the customers and the sellers specify what kind of material is to be used in order to control the material quality according to customers requirement.

The company has 26 raw material vendors.

- **Plastic Product for Electronic Appliances Industry**

Purchase of raw material for the production of electronic appliances plastic parts comprise of two categories : customers provide the company with material and or the company purchase the material. For the year 2012, proportion volume is 54.93 % and 45.07 % respectively.

For the purchase of raw material of the above 2 groups, the company can deal with the customers, the company has no difficulty in finding material vendors who could provide cheaper with the same quality as per customers requirement.

Kind of plastic material are separated into the following groups : Polystyrene – PS, Polypropylene-PP (Engineering Grade), PC/ABS (PC Alloy), Nylon (PA+GF) Poly Acetal (POM),Acrylonitrile Butadiene Styrene-ABS and others.

3. Finding material for mold making

- **Material for Mold Making**

The main material is steel (Mold Base) and steel mould parts, the company purchased from many local vendors. These vendors has been with the company for a long period of time, the steel used are of good quality according to the injection mould specification with less wastes. Mould making is divided into two groups.

1. New Mold for customers' order

For this, the company will make mold for injection according to the customers specification and make the mold in accordance with the design details agreed by both sides.

2. Customer provide mold for repair and adjustment

For this, the customers provide molds for repair and adjustment , both the company and the customer support each other for the improvement of surface, mould design for injection improvement and adjustment for quicker production or as per the customers requirement. This sort of service build trust

from customers in the injection process and if the mold has been damaged the company also give service in this matter.

Production and repair of molds the company give quotation for their service depending on the size of the mold , difficulty and simplicity of the mold repair and the working time / lead time recorded as an income from sales and service.

4. Analysis and Development of Mold Making

The company allocated fund for purchase of program *MoldFlow*® for the past 2 years to support our analysis in the problem of plastic melting during injection process, to support us in designing and production of mold for plastic injection. Due to these factors, designing and mold productions' quality is improved.

5. Repair of Mold

Besides offering service on mold the company also give service on damage molds during the working process and this kind of service on repair can build trust from customers. Our company's mould section officers can also give service at our customers' factory/plant.

6. Environment

The company give importance on the environment that affect our employees, production and quality of product so we requested the safety department of area 6,f Theparak , Samut Prakarn and they notify the result of the working environment for example : sound level, lighting level, dust in the air etc. that it is on standard level.

n the year 2006, the company improved the environment in a standard level so we acquired a certificate of Standardize on Environment System or ISO 14001 / 2004 No.: TH21040601 E / 21.04.2006

Undelivered Job (Especially on Project with High Value)

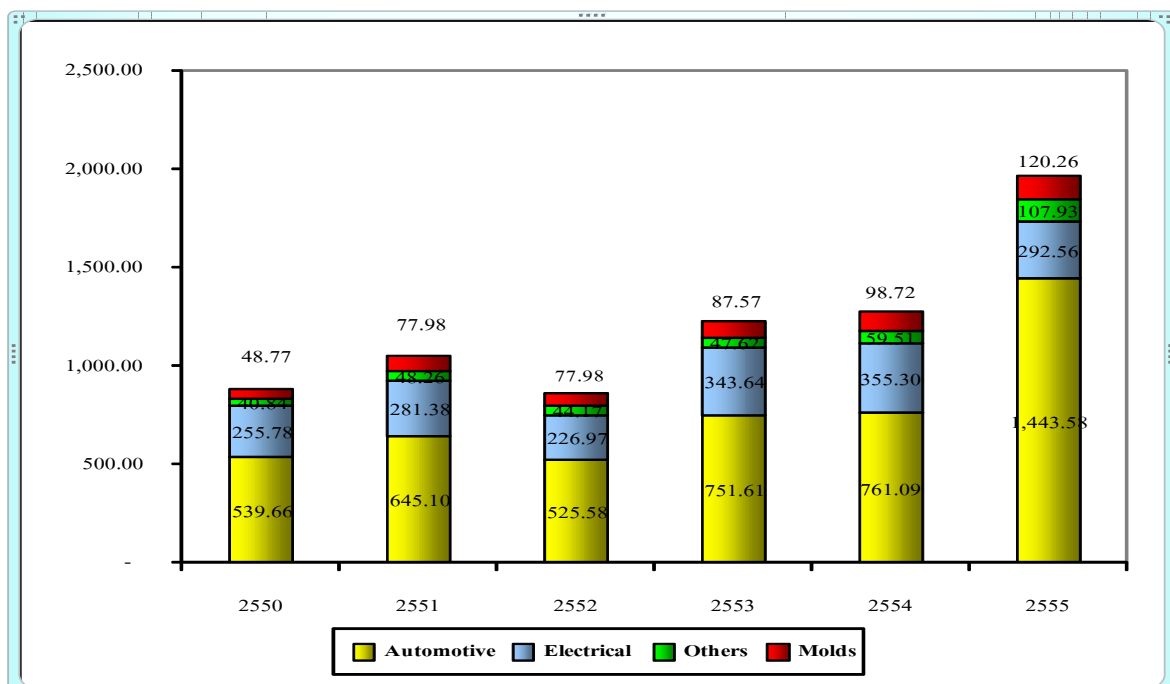
-None -

Income Structure

T.Krungthai Industries Public Company Limited, the Company, supplied all of its products to the domestic customers. The Company's income structure was as follows:

Income Structure Tables

Value of Salesa	2010		2011		2012	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales Income						
Automotive Industry	751.61	61.08	761.09	59.71	1,443.58	73.49
Electrical Appliance Industry	343.64	27.93	355.30	27.87	292.56	14.89
Other Industries	47.62	3.87	59.51	4.67	107.93	5.49
Mold Production Services	87.57	7.12	98.72	7.75	120.26	6.12
Total sales Income	1,230.44	100.00	1,274.62	100.00	1,964.33	100.00



The Company's objectives

The Company's operations focus on developing product quality by adapting the international quality management and at the same time developing the customer services that create speed and conveniences to the customer. "One Stop Service" will be the main strategic tool to be used to reach the target.

According to the target, the Company has set policies to give "One Stop Service" to the customers. The Company considers that providing customer convenience is an important factor to expand the customer base, so the Company raises more interest on development of a full service production. Currently, the "One Stop Service" has been implemented. The Company has involved with customers starting from products design, mold design, production, painting, paint coating, pattern screen until the parts assembly. The Company has also manufactured products i.e. plastic parts that support the automotive industries, electronic appliance industries and provides services on mold design, in which the Company is an expert in plastic molding injection for more than 30 years. Moreover, the Company provides services on the maintenance of worn out molds from production. This helps ensure the parts quality and capability to deliver in the time limit.

As a constant growth of automotive industry, the Company seeks to make alliance with this industry. This needs the creation of the Company's creditability, trust, and excellent past business record. The Company has employed the strategies on quality, cost, deliver, management and engineering (QCDME), in which the Company firmly believes that they potentially match the needs of this industry. Furthermore, the Company moves forward with the continuous development that ensures as being a part of growing alliance in this automotive industry.

The Company is well aware that the quality production is the heart of quality products, therefore, the Company has improved the production process as well as the quality control, which the Company was awarded ISO9001 : 2000, QS-9000 : 1998 3edition. Even though many awards were received, the Company does not stop its improvement in production process and quality. Later, the Company was awarded another ISO/TS 16949 : 2002 No. 0411120021389 on 16 September 2005 (the 3quarter of Year 2005). In Year 2006, the Company was awarded again with certificate in Environmental management ISO14001/2004 No:TH21040601E/21.04.2006 on 21 April 2006.

With regards to the continuous improvement in production process as well as the "One Stop Service" and "Past Recording", the Company believed that these would create customer satisfaction and would be the main factor to sustain the existing customers together with expanding the new customer base. The Company has also developed the organization to be the learning organization, where all staffs would have chances to develop their knowledge and competences. The human development was significant for the moving forward of the Company.

Besides, the company had set a principle and carried them out strictly with good governance for the wellness of the community. Activities CSR gave an importance on the development of the community equally and the followed the sufficiency economy system. The company doesn't need high profit but to develop and compensate all concerned.

Award received from customers for year 2012

As the company give importance to all be it main customers or small customers awards were awarded to the company for year 2012 as follow :

- Certificate of The Best corporation during Flooding 2011-2012 From Tokai Eastern Rubber (Thailand), LTD.

Various Activities for year 2012

The company realized that besides running the business the company has to give importance on employees' activities and surrounding area of the company in all our branches. Therefore every year the company carry out activities such as afforest tree planting, merit offering, listen to religious sermons and teachings, offer candles to temples during rainy season, present robes to monks at the end of Buddhist Lent and make an off-season offering of robes and other needs of monks at the nearby temples where our employees were born / residing along with activities on Mother's Day, Aids Prevention and Drugs Prevention, Blood donation every quarter are organized. Volunteering by the company and support fund for "Muak Mai Pom Tan Pai Now " and encourage employees to make knitting hats and give to those who are suffering from cold weather. The company also do fundraising activities to support the HIV patients at " Pabat Nampoo Temple.

☺ Listening to Monk Sermon ☺



☺ New Year Party & TKT 40 Year ☺



☺ Helped purchase products from Disabled ☺



☺ Planting Trees” ☺



☺ Fundraising even for those infected with HIV "Pabat Nampoo Temple" ☺



[illegible]

☺ Sport Day year 2012 ☺



☺ Blood Donation Year 2012 ☺



☺ Education support for employees' children ☺



☺ Mother's Day ☺



☺ Father 's Day ☺



☺ Songkran Day Festival ☺



☺ Buddhist Lent Candle Offering ☺



☺ Off-Season Offering of robes offered to employees birthplace ☺



😊 5 S 😊



😊 Fire Protection Training and Evacuation for year 2012 😊



Business Risk

Today and for the future risk management is very essential for the company. The company has written a risk management guidelines and appointed directors for this matter to evaluate and propose a protection to avoid the risk. A team is set up to make the follow up and analyze and manage the said risk for the entire organization.

For the year 2012, the company had managed it's risk as follows :

Strategy Risk

- **Human Resource Risk-human resource problem comes from the recovering of electrical appliances and automotive.**

During the 4th quarter of 2011, Thailand industries were affected by the flooding, that made the production during the end of 2011 is lesser than that of forecasted quantity. However, production of from the 1st quarter of 2012 increased reasonably and it was according to our projection . Although there was a shortage of human resource we were not at all affected.

As the company's evaluation on the risk of human resource shortage, and it is expected on year 2013 there is still a problem of human resource shortage . The company has a policy about this risk by motivating and developing our workers skill in in-house production by engineering to increase production continuously to avoid the human resource shortage. Along with the production assessment to cope with the market requirement to avoid this risk.

- **Dependency Risk on our Main Customers is very petite**

With only 2-3 large automobile and electrical appliances manufacturers total revenue was accounted for 70 % of total income. Therefore, if one of these customers encounters financial problem and liquidity and in case of losing some of them will cause problem to our company's performance

Due to the mentioned reason, the company provide and make sure to increase sales revenue by looking for new customers to reduce the dependency risk to our leading customers, through using marketing strategy and reliability of the company. The company provide and make sure that customers are satisfied with our service in terms of quality, just in time delivery, competitive price along with expert engineering and service to the customers as per their requirement.

Management Risk

- **Shareholding structure Risk more than 50 %**

At present Techakraisri group holding shares amounts to more than 50% of the Company's total shares issued. Then, Techakraisri group was able to take control over the resolutions from the shareholders meeting. They could influence the set up of the Company's directors or post topic on

the shareholders meeting, except legal relevant issues that needed 3 out of 4 vote proportions from the shareholder meeting. Moreover, the major shareholders took part as the Company's management team. With all of the above, other shareholders were unable to collect votes in order to examine and negotiate on issues proposed by the major shareholders

In this connection, the company has appointed an independent inspector to examine and check votes during the Annual General Meeting by using ballots along with giving a chance to the other shareholders to propose a director and propose agenda for the Annual General Meeting which has to be posted on the website.

- **Administration Risk from the major shareholder**

Techakraisri group, as the major shareholder, had authority in the Company's administration. The Company was at risk to be under control of this group of shareholders since 5 out of 14 directors and 4 out of 7 executive directors were from Techakraisri group, therefore the Techakraisri group has the right to manage the organization.

However, in order to create a balance in management, the Company has invited the individuals with well recognized working experience to take positions of Directors, Executive Directors and Audit Committee including other management team of the company. In the year 2010 the company had a policy to add another independent director totaling 5 pax (more than 1/3 of the total directors) in order to create a balance on independent directors which will reduce the risk.

Account and Financial Risk

The Company has planned to reduce the liabilities on current loan as to give flexibility in financial management and to provide support for future business to yield satisfactory rate of return As you can see from D/E Ratio 1.55 for fiscal year 2012.

The Company has focus on monetary regulations and proper financial management. The Company regularly analyzed impacts of all risks in order to prepare for the sudden affects from any unpleasant situations that might happen. Financial risks that the Company put focuses is to closely protect financial risk that can affect our expenses.

- **Risk form interest rate**

Risk from interest rates incurred from the change of interest rates in the future which effects upon results of operation and cash flow of the Company. Bank deposit, bank overdraft loan due from and long-term loans due the bank.

However, the Company has planned to hedge against such risk by finance at the interest rate of the lower market rate for future use, the company interest rate is quite low compared to the total income.

- **Risk from exchange rate**

The Company has certain foreign currency transactions that give rise to significant exposure to market risk from change in foreign exchange rates.

However, the Company has committed purchase-sell forward contract for foreign exchange rated as a hedge against such risk.

- **Risk from credit provision**

The Company constitute risk from the credit offered in respect of trading accounts receivable since trade accounts receivable may not be able to settle debt pursuant to term and covenant agreed upon and also risk from counter party who cannot comply with the term and covenant in the contract of loan which may incur financial loss.

However the Company hold the policy to hedge against such risks via the analysis of financial status and consideration of capability in term of debt repayment of clients and each counter-party. Regarding the consideration of audit granted for trading accounts receivable who are anticipated of uncollectable in debt settlement, the Company sufficiently considered the allowance of doubtful debt.

- **Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Company.

To control the risk, the Company has a prudent credit control policy, constant follow up account receivables, vary large number of customers base. Therefore, the management of the Company does not anticipate significant losses from debt collection.

Risk on Rules and Regulations

- **Risk on not observing and following the rules and regulation of SET/SEC**

The SET / SEC have set regulations for listed companies to observe and follow rules in administering companies in appropriate manner including the prohibitions and punishments for the companies who do not observe and follow the rules.

The company has to strictly and closely follow SET / SEC rules and has to appoint someone to be directly responsible to follow up news / reports, and or latest regulations for listed companies for confidence that the company strictly follows the rules of SET / SEC on time.

Risk on Information Technology

- **Risk on use of pirated software**

The company set a policy on IT to control the authorization of users to set up their own programs both in and out of the company. The setting-up of programs is under the control of IT

officers of the company.

The company has set a policy to purchased new computers with patented programs to replace the old computers along with buying a license for every program required by the organization as per the users requirement.

Shareholders Structure

The Company' S Equity

The Company's total registered capital was Baht 214 million (Two Hundreds and Fourteen million Baht), divided into 214 million common shares with par value of Baht 1 (one Baht). Besides, the company has no other shares that is different from common shares such as Preferred shares.

Main Shareholders of the company has no agreement in terms of management of the company and the sales of company's shares.

Shareholders

List of major shareholders as at 31 December 2012

No.	Name	As at 31 December 2012	
		# of shares	Holding rate (%)
1	Mr. Sumate Techakraisri	33,500,000	15.65
2	Mrs. Yupa Techakraisri	24,000,000	11.21
3	Mr. Kam Kwan Koon	12,750,000	5.96
4	Mr. Mit Techakraisri	6,500,000	3.04
5	Mrs. Uraiwan Saetae	6,300,000	2.94
6	Mr. Phreecha Techakraisri	6,138,400	2.87
7	Mrs. Taeteiasri Saetae	6,000,000	2.80
8	Mrs. Ouy-ngor Saetae	3,500,000	1.64
9	Mrs.Chan Hung kum	3,000,000	1.40
10	Others	112,311,600	52.48
	Total	214,000,000	100

Thai citizen shareholders 189,435,000 shares equal to (%) 88.69

Foreigner shareholders 24,565,000 shares equal to (%) 11.31

Foreign Shareholders' limitation

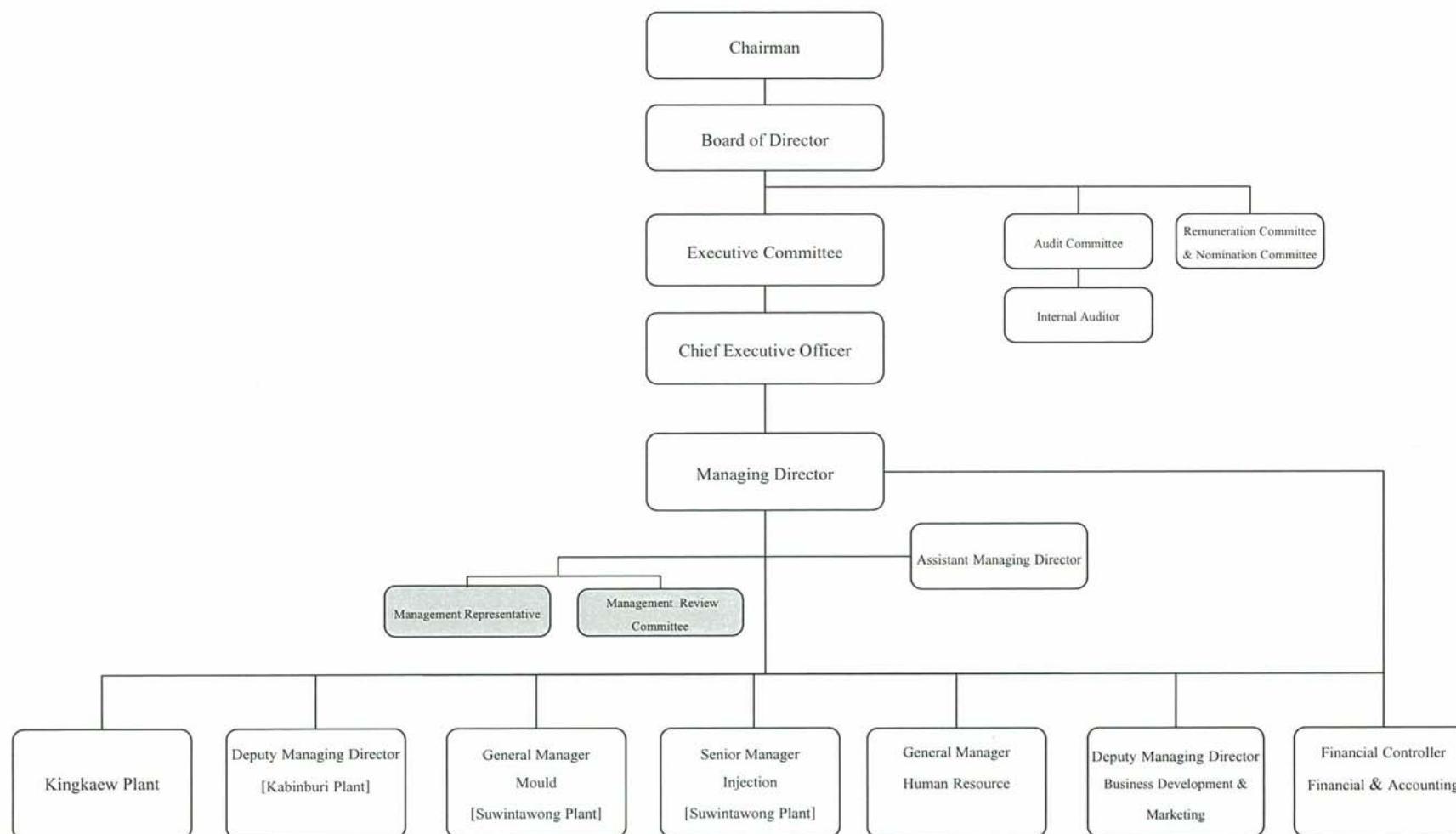
Foreigners are not allowed to hold more than 40% of total company shares.

Policy of Paying Dividends

The company has to pay the dividends to the shareholders not less than 40% of net profit of each year except if the company has plans to invest on others investments.

Management structure

Management structure as at 31 December 2012



The Administration

The Company's directors whose qualifications are right in accordance with Section no. 68 of an act of legislation on public company limited. The Company's directors do not have any actions against the Securities Exchange Commission's prohibited announcement no. kor chor 12/2000 with the subject of requesting for permission and the permission to offer newly issued shares dated 22 March 2000. The names of all groups of directors are as follows:

Board of Directors have 5 teams as follows :

1. Company Directors
2. Audit Committee
3. Remuneration and Nomination Committee
4. Corporate Governance Committee
5. Management Committee

1. The Company's Board of Directors

As at 31 December 2012, there were 14 Company's Directors

No	Name -Surname	Position	Director (DCP) & (DAP)
1	Gen.Terdsak Marrome	Chairman/ Chairman of Independent Committee	DAP # 10/2004
2	Mr.Pairuch Sahamethapat	Chairman of Audit Committee / Independent Director	DCP # 102/2008
3	Mr.Paotep Chotinuchit	Audit Committee / Independent Director /	DAP # 11/2004
		Chairman of Remuneration and Nomination Committee	
		Chairman of Corporate Governance Committee	
4	Mr.Virasak Sutanthavibul	Audit Committee / Independent Director	DAP # 21/2004
5	Mr.Sumate Techakraisri	CEO / Remuneration and Nomination Committee /Corporate Governance Committee	DCP # 137/2010
6	Dr. Kosol Surakomol	Independent Director / Remuneration and Nomination Committee /Corporate Governance Committee	DCP # 137/2010
7	Dr. Naruepont Pongcharoen	Director / Managing Director	DCP # 105/2008
8	Mr.Kumpee Chongthurakit	Director/ Remuneration and Nomination Committee /Corporate Governance Committee	DCP # 48/2004
9	Mr.Prasong Techakraisri	Director	DAP # 11/2004
10	Mrs.Yupa Techakraisri	Director / Executive Director	DCP # 32/2003
11	Mr..Apichart Kasemkulsiri	Director / Executive Director	DCP # 73/2006
12	Mr.Kowate Limtrakul	Director / Executive Director	DCP # 105/2008
13	Mr.Phreecha Techakraisri	Director / Executive Director	DAP # 10/2004
14	Mr.Chumpol Techakraisri	Director / Executive Director	DCP # 102/2008

The secretary to the Company's Board of Directors is Mr.Chumpol Techakraisri

The Board of Directors had set the qualifications of an independent director which is in equal with the requirement of SEC and at least there must be 3 independent directors with the following qualifications :

1. Hold no more than 0.5% of total voting stocks of TKT, its parent company, its subsidiaries and its associated companies, related juristic entity with conflicts including stocks held by related persons.
2. Not a Board member or in the management team of the company / employee / wages / consultant who gets regular salary / has the authority to manage and direct the company , parent company , its subsidiaries, and its associated companies or related juristic entity with conflicts (present and for the past 2 years before the appointment)
3. Not related by blood or legal registration such as parents, spouse, brothers, sisters and children including the directors' children spouses, main shareholders, power to control and juristic entity who is appointed to manage the company or its subsidiaries.
4. No business relationship with TKT , parent company, its subsidiaries and its associated companies, or related juristic entity in order to have freedom in exercising the rights to express their ideas and opinions on the company performance
5. Is not appointed as a representative of the company's director, major shareholders or shareholders who are related to the major shareholders of the company.
6. No other impediments or impairments to express independent opinions concerning the operations of the company.
7. If qualified for the item 1-6, the independent director may be assigned by the Board of Directors to make decisions relating to business operations of the company, the company's major shareholder, a subsidiary an associate a subsidiary of the same tier or any juristic person with a conflict of interests, on the basis of collective decision.

Authorized Directors

The authorized directors, whose signatures are required in business operation, comprised of Mr. Sumate Techakraisri to jointly-sign with Mrs.Yupa Techakraisri or Mr.Chumpol Techakraisri or Mr.Phreecha Techakraisri. Two signatures together with the Company's logo stamp are required for juristic transactions binding upon the Company.

The duties & responsibilities of the Board of Directors

1. The Board of Directors hold the duties & responsibilities in accordance with regulations stated in civil and commercial laws, including any regulations stated in listed companies.
2. The Board of Directors hold the duties & responsibilities in accordance with the Company's articles of association.
3. To monitor and regulate the Company's principal policies on operations, corporate finance, fund-raising, capital risk, benefit risk, and risk management.
4. To consider for the approval of investment amount and to monitor the Company's operations in pursuant to the plans.

5. Set strategy for the business goal and projection plan
6. To operate under laws, objectives and articles of association of the Company, resolution from the Shareholders Meeting and Statements in the prospects of the Company.
6. To assign an or several individuals as the Executive Director(s) to act on behalf of the Board of Directors.

Followings are exceptional issues that should be raised to and required for approval from the Shareholders Meeting. Moreover, no votes should be made by directors, who may have conflicts of interest with the company or its subsidiaries.

- Legal issues that require resolution from the Shareholders Meeting
- Issues regarding the Directors interests that require resolution from the Shareholders Meeting, according to regulations of the Stock Exchange of Thailand and laws.
- Besides, followings are issues that require approvals from the Board of Directors Meeting and Shareholders Meeting with the votes of no less than $\frac{3}{4}$ or 75% of the total votes from total number of shareholders attended.
 - The sales or transference of all or parts of the Company's business to outsiders
 - The acquisition of other public or private companies
 - The agreement, amendment or termination of contracts relating with the rental, a whole business or some significant parts of business of the Company; assigning outsiders to oversee and manage the business or the merger with purpose of sharing profits and losses
 - Capitalization of the Company's debts by issuing new common shares for the creditors.
 - Decrease of the company's registered capital by the amounts of shares or par value.
 - Increase or decrease of the Company's registered Capital, bond or debenture issuance, merger or wind up of business.
 - Any other law related issues.

2. Audit Committee

Company's audit committee who has qualification according to the rules set by SET / SEC totaling 3 persons and one of them must have accounting and financial knowledge for which at present there are 3 directors, all of which are independent directors and set that audit committee will serve 3 years term. Names of these directors are as follows :

No	Name -Surname	Position
1	Mr. Pairuch Sahamethapat	Chairman of Audit Committee
2	Mr.Paotep Chotinuchit	Audit Committee
3	Mr.Virasak Sutanthavibul	Audit Committee

The secretary to the Company's Board of Directors is Mr.Chumpol Techakraisri

The duties & responsibilities of Audit Committee

1. To examine and ensure that the Company's financial reports were correct, complete and sufficiently disclosed. This was to do with the cooperation from the external auditor and the management, who were responsible for providing quarterly and annually financial reports.
2. To examine and ensure that the Company operated the proper and effective internal control system and internal audit. This was to do with cooperation from both external and internal auditors.
3. To examine and ensure that the Company's operations were conducted in accordance with the regulations of the Stock Exchange of Thailand (SET) or any regulations related with the Company's business.
4. To recruit and assign the Company's auditor together with his/her remunerations through the consideration of creditability, sufficiency of resources, quantity of auditing works of the particular audit office and the experience of the individual assigned for the Company's auditing.
5. To examine and ensure that the Company's related transactions or any issues that might incur conflict of interests to be clearly and completely revealed.
6. To proceed according to the delegation of the Board of Directors (if Audit Committee deemed appropriate to do so) such as to review the policies on financial and risk management; to review the implementation on code of conduct of the management; to review with the management on any significant reports (such as the executive report and analysis, etc.) that should be publicized according to the legal regulations.
7. To provide report on activities of Audit Committee and reveal the report in the Company's annual report. The report should attach the signature of the Chairman of Audit Committee and contain the following information:
 - point of view on process of report composition and disclosure in the Company's financial reports (with consideration on correctness, completeness and reliability)
 - point of view on sufficiency of internal control system of the Company
 - reasons to support whether The Company's auditor is appropriate to be assigned for another term

- point of view on the Company's operations whether they were conducted in accordance with the regulations of the Stock Exchange of Thailand (SET) or any regulations related with the Company's business
- other reports that deemed appropriate to publicize according to duties and responsibilities assigned from the Board of Directors

3. Remuneration Committee and Nomination Committee

In looking after the business and better administration of the Board of Directors for listed companies, Company Directors appointed remuneration committee and nomination committee to be responsible in finding qualified candidates for directorship and be responsible in director and board of directors remuneration as per the rules set as follows :

Rules in determination of board of directors remuneration

"Determination of this remuneration, the company has to consider the suitability and the duty and responsibility that has been assigned to him and able to compare with other listed companies in the same industry and similar size for which the remuneration of the director is enough to persuade them to have quality and capability in their assigned job with honesty"

Policy in Nomination Committee Candidates

"Search of Directors :-the company has to consider the qualification , ability, experience, good work history, and a leader having broad vision along with virtue and morality including good attitude to the organization, able to dedicate sufficient time which is essential to the company's activities with clear procedures"

Limitation and Power of Remuneration Committee and Nomination Directors

1. To determine the qualification of the candidates for directorship.
2. To propose the qualified candidates for the directorship and propose during the Annual General Meeting for approval.
3. To consider and determine the standard procedure for the company's directors' remuneration
4. To consider the remuneration of directors and propose to the company's board of directors and put as an agenda during the shareholder meeting.
5. To consider and propose the remuneration of Managing Director during the Directors' meeting for consideration and approval.
6. To be responsible in setting a plan for the CEO and Executive Directors to be proposed to the Director's meeting for consideration
7. To be responsible in the job assigned by the Board of Directors.

The Board of Directors has approved the remuneration committee and nomination committee on November 13, 2008 with 4 Directors as follows :

No	Name -Surname	Position
1	Mr.Paotep Chotinuchit	Chairman of Remuneration Committee and Nomination Committee
2	Mr.Sumate Techakraisri	Executive Director of Remuneration and Nomination Committee
3	Dr. Kosol Surakomol	Executive Director of Remuneration and Nomination Committee
4	Mr.Kumpee Chongthurakit	Executive Director of Remuneration and Nomination Committee

The secretary to the remuneration and nomination committee is Mr.Chumpol Techakraisri

4. Corporate Governance Committee

Board of Directors give importance for good corporate governance and on Feb. 20th, 2013, governance committee has been appointed to help promote on the corporate governance and management to be the best under the principles of good Corporate Governance. To focus on maximizing the shareholders. Taking into account the stakeholders as a whole integrity in business practices, with transparency, accountability, monitoring the implementation of the social responsibility for the community and environment. The commission are to provide good governance to the stakeholders and efficiently. There are 4 committee members with two independent directors as follows :

No	Name -Surname	Position
1	Mr.Paotep Chotinuchit	Chairman of Corporate Governance Committee
2	Mr.Sumate Techakraisri	Corporate Governance Committee
3	Dr. Kosol Surakomol	Corporate Governance Committee
4	Mr.Kumpee Chongthurakit	Corporate Governance Committee

The secretary to the Corporate Governance Committee is Mr. Chumpol Techakraisri

Limitation and Power of Corporate Governance Committee

1. Rules and Regulations and best practices of effective corporate governance processes appropriately.
2. Propose and practice good corporate governance to the Board of Directors of the company.
3. Follow up new announcements involved and to determine the appropriate improvements.
4. To review and consider the practice and principles of corporate governance that are appropriate to the business.
5. Propose Code of Conduct regulations in business ethics for the management and staffs to practice.
6. Provide policies and practices in the area of corporate social responsibility (CSR) and to the surrounding environment

5. Executive Directors

Executive Directors as at 31 December 2012 comprise of:

No	Name -Surname	Position
1	Mr.Sumate Techakraisri	Chief Executive Director
2	Mrs.Yupa Techakraisri	Executive Director
3	Mr.Phreecha Techakraisri	Executive Director
4	Mr.Chumpol Techakraisri	Executive Director
5	Mr.Apichart Kasemkulsiri	Executive Director
6	Mr.Kowate Limtrakul	Executive Director
7	Dr. Naruepont Pongcharoen	Executive Director, Managing Director

The duties & responsibilities of Executive Directors

1. To make decision on the Company's significant operations such as to limit and regulate the Company's objectives, dimension of missions, policies; to monitor the overall operations including products and customers relationship all of which should be done within the Company's plan and budget set by the Board of Directors.
2. To consider and give approval on procurement, investment and sales & purchase of the Company's fixed assets. Proposal to the Board of Directors is needed in the case of procurement, investment and sales & purchase of the Company's fixed asset is not in plan or budget assigned.
3. To be the representative of the Company to agree upon with outsiders on any related issues that are beneficial to the Company's business.
4. To propose to the Board of Directors the issue on fund raising.
5. To authorize any consultancies that are necessary to business operations.
6. To manage the general operations of the Company.
7. To consider and authorize any duties and plans of each department together with considering the approval on each department requests that are beyond the department's decision authority
8. To propose and ask for approval from the Executive Directors if the operations according to the Company's plan exceeds 10% of the proposed budget.

The Executive Directors must follow the regulations and limits assigned above and shall not approve any transactions that self or other will have benefits over the Company or approve any transactions that will create a loss to the Company. All approvals must be reported to Board of Directors. Any other limits that do not include in the above, the authority from the Board of Directors is needed.

Corporate Secretary

The company entrusted Mr. Chumpol Techakraisri as the corporate secretary to be responsible for overseeing and providing legal matters and advice to the Board and the Management about the rules and regulation that the board has to know. To oversee the activities of the board along with the coordination on the compliance on the resolved matters of the company. Below are the responsibilities and duties of the corporate secretary.

1. Advice and assist the Directors regarding legal matters and corporate governance of the company, to comply with the relevant laws and regulations and make regular follow ups and inform Directors of any changes which will be of relevance to the company
2. Organize Shareholder Meeting and Board of Director as per the company's corporate governance and comply with these rules.
3. Record the minutes of shareholders' meeting and the Board of Directors and monitor the activities if the resolved matters are being followed.
4. Oversee the disclosing of information related to the given responsibility as per the regulations set by the law.
5. Contact and inform the shareholders their rights and information about the company.
6. Oversee the activities of the board.

The Management

The Management comprise of 7 persons as follows:

No.	Name -Surname	Position
1	Mr.Sumate Techakraisri	Chief Executive Director
2	Dr. Naruepont Pongcharoen	Managing Director
3	Mr. Phoompong Worrawattanakul	Deputy Managing Director
4	Mr.Phreecha Tachakraisri	Deputy Managing Director
5	Mr.Kowate Limtrakul	Deputy Managing Director
6	Mr.Chumpol Techakraisri	Assistant Managing Director
7	Mr. Prinya Kaeoluan	Senior Accounting & Financial Manger

The duties & responsibilities of Managing Directors

1. To monitor and control on general operations and promote the qualitative management.
2. To follow up and evaluate the operational performance according to the Company's plan.
3. To be the leader in the review of qualitative management.

The Managing Directors must follow the regulations and limits assigned above from the Board of Directors and/or Executive Directors. Any other issues besides the mentioned duties and responsibilities shall be authorized by the Board of Directors or Executive Directors.

Yearly evaluation of Managing Director's Responsibilities

The Board of Directors set a policy to yearly assess and evaluate the responsibilities of Managing Director by using the objective and criterion as set by the company for remuneration consideration.

Remuneration to Directors and the Management

A) Monetary Remuneration for Company's Director year 2012

The remuneration and nomination committee has approved the company's remuneration with clarity and in accordance with the company's policy and business situation as compared to the same industry before proposing during the annual general meeting respectively.

Table: Monetary Remuneration to the Company's Board of Directors and Executive Directors in Year 2012

No.	Name -Surname	Position	Remuneration for Directors
1	Gen.Terdsak Marrome	Chairman	481,800
2	Mr.Pairuch Sahamethapat	Director and chairman of Audit Committee	402,600
3	Mr.Paotep Chotinuchit	Director, Audit Committee, Chairman of Remuneration Committee Chairman of Nomination Committee , Chairman Corporate Governance Committee	283,800
4	Mr.Virasak Sutanthavibul	Director and Audit Committee	244,200
5	Mr.Sumate Techakraisri	Director and Chairman of Executive Directors, Remuneration and Nomination Committee, Corporate Governance Committee	-
6	Dr. Kosol Surakomol	Independent Director and Remuneration and Nomination Committee, Corporate Governance Committee	171,600
7	Dr. Naruepont Pongcharoen	Director, Managing Director and the Management	-
8	Mr.Kumpee Chongthurakit	Director, Remuneration and Nomination Committee, Corporate Governance Committee	145,200
9	Mr.Prasong Techakraisri	Director	145,200
10	Mrs.Yupa Techakraisri	Director, Executive Director	244,200
11	Mr.Apichart Kasemkulsiri	Director, Executive Director	244,200
12	Mr.Kowate Limtrakul	Director, Executive Director	-
13	Mr.Phreecha Techakraisri	Director, Executive Director and the Management	-
14	Mr.Chumpol Techakraisri	Director, Executive Director and the Management	-
		Total	2,362,800

B) Management Remuneration

Management remuneration and company's director following Management Director totaling 4 pax and Directors with the same level as that of level 4 totaling 8 pax shown as follows:

Item	Remuneration	
	Person	Baht
Salary	8	13,162,779
Bonus	7	3,414,965

Remark : Year 2012 comprise of 8 management pax as follows : Dr. Naruepont Pongcharoen, Mr. Phreecha Tachakraisri, Mr. Chumpol Techakraisri, Mr. Phoompong Worrawattanakul and Mr. Prinya Kaeoluan

* Miss. Ungkana Thaijarassatian resigned from the company on May 1, 2012

Others Remuneration

Item	Person	Baht
Provident Fund	5	155,118

Remark :Year 2011 Executive Directors comprised of 5 pax : Dr. Naruepont Pongcharoen, Mr. Phreecha Tachakraisri, Mr. Chumpol Techakraisri, Mr. Phoompong Worrawattanakul And Mr. Prinya Kaeoluan

* Miss. Ungkana Thaijarassatian resigned from the company on May 1, 2012

Corporate Governance

The Board of Directors have a policy to follow Code of Best Practice according to the principles set by SET. From this, the company was rewarded as follows :

1. We were one of the 59 companies who was awarded excellent CG scoring for year 2012 from 513 companies.

2. Awarded 100 % by Thai Investors Association for Annual General Meeting for year 2012.

The principles of year 2012 are presented in 5 categories namely,

1. Rights of Shareholders

Besides the basic shareholder rights are rights to buy, sell or transfer shares ,the company obtained relevant and adequate information on company in a timely manner and on a regular basis, shareholders are given the rights to :

- The company informed shareholders of the invitation and information in Thai and English on company's website in advance 37 days before the meeting occurs to enable the shareholders to examine before the meeting and allows the shareholders to send questions reg. the meeting agenda addressed to Board of Directors before the meeting at www.tkrungthai.com. For the "news" (post

March 4, 2013) the company has to pass through the SET news.

- An invitation letter notice has been published / posted in the newspaper 3 days before the meeting for 3 consecutive days.
- The company respect the rights of shareholders by holding annual general meeting year 2013 on April 10, 2013 at Montien Riverside Hotel for the convenience of shareholders and proxies joining the said meeting.
- All the directors attended shareholders meeting totaling 14 pax and Top Management of the company informed and answered all the questions raised by shareholders. Moreover, an auditor representative from Karin Audit was also present during the meeting to answer the question regarding company's financial statement along with one legal counselor from Far East as witness in vote counting for clarity.
- Before the meeting the Chairman of the Board introduced to the shareholders all the Board of Directors team along with the Auditor. It was also announced during the meeting on how to vote and the rights of the shareholders. The Chairman of the Board controls the meeting as set on the agenda which was already sent to the shareholders and allocate appropriate time for discussion for each agenda and encourage shareholders to express their opinions and raise questions related to the company's operation. All the discussions made were recorded accordingly along with the resolution and transparency of voting and counting of votes.
- Year 2012, the company cannot append or change any agendas items without notifying other shareholders in advance. Shareholders are given rights to raise questions and free to express their opinions during the meeting before the resolution details as per the annual general meeting 2012.
- The company assigned The Thailand Securities Depository Co., Ltd (TSD) to be the registrar and send invitations to the shareholders 14 days before the meeting. The company give rights to the late comers to vote on the agenda that are not resolved yet and counted them as attendees.
- Any action that can be considered in violation of the shareholders' right to study the company's information should be prohibited.
- The company announced to the shareholders through the invitation letter on how to join the AGM. Voting and counting of votes is not complicated and did not require higher cost.
- The chairman of the meeting allocate appropriated time for discussion and encourage shareholders to express their opinions and questions related to the company's operation.
- Minutes of meeting was posted in TKT's website 14 days after the meeting for the shareholders to express their opinion and check and shareholders do not have to wait until the next meeting.
- In the year 2013, the company had paid dividends to shareholders for the company's operation year 2012 at Baht0.18/share which is equal to 43.37 % of the net profit which is in accordance with the company's dividends payment policy (not less than 40 % of the net profit except if the company has make another investment)
- The company proposed principles and remunerations for the Board of Directors to the shareholders to

consider and approved

2. Equitable Treatment of Shareholders

All shareholders, including those with management positions, non-executive shareholders and foreign shareholders should be treated in an equal way.

For year 2012, the company got “Excellence” performance from SEC and LCA with 100 points from 100 points from 3 types, they are : Before the meeting, during the meeting, and after the meeting. Moreover, shareholders were treated equally as follows :

- The company allows the shareholders to cast their votes individually for the resigning directors during the annual general meeting to give chance for the shareholders.
- The company allows the shareholders to propose an agenda and propose a name for directorship candidacy on September 28, 2012 up to December 30, 2012 through SET news information and also posted on our company’s website. In the year 2011, there was no agenda proposal and name for directorship candidacy from the shareholders.
- To give rights to the shareholders to cast votes as per their no. of shares equally and fairly.
- The company encouraged the use of proxy forms on which shareholders are able to specify their votes and provide an option to shareholders whereby they may appoint an independent director as their proxy.
- The company attached proxy form B for the proxy to cast votes for each agenda which was already sent by mail along with the original invitation letter along with proxy form A, B and C both in Thai and English on our website for the shareholders to download.
- The company has a rule to prevent directors, management and employees to disclose or reveal any internal information for their own interest and benefit and make regular follow up. The board of directors and management have to inform the SET their very first shares and changes made as per matra 59 p.r.b SET/SEC 2008.
- Shareholders with management positions are aware that they can not append any agenda items without notifying other shareholders in advance.
- The company use computer in the registration and votes counting for speedy result and for the convenience of the shareholders.
- The company use ballots in casting votes. However, the agenda regarding the resigning directors, casting of votes is obligatory for each resigning director.

As the company does not have any subsidiary and did not have any joint venture with any company so no related transaction made to any company which might have a conflict/interest and no financial help rendered to other companies.

3. Role of Stakeholders

All groups of stakeholders are significant to the company be it internal and out for cooperation between the stakeholders and the company to build strength and security on financial aspect for the stability of the organization including the importance and responsibility to the environment and society.

Therefore we had a code of business conduct to follow for the directors, management and employees for strictly follow such as Social Security System, improvement of employees by attending seminars and human rights. The company gives significance to all groups stakeholders and that's the reason we have the code of business conduct. Stakeholders comprise of :

Employees	:The Company equally treats all employees, fairly, reasonably and remunerates them properly as per set by the law by giving bonus.
Trading parties	: The Company purchases goods and services from trading parties under the trading terms and complies with the agreement made with the trading parties
Creditors	: The Company complies with the conditions stated in the loan agreement Customers : The Company constantly pays attention and holds responsibilities towards all customers by providing good quality products, prompt service and keep customers' information confidentially.
Competitors	: The company treat and handle our competitors with honesty.
Environment	: The company also consider and care for the environment so we got ISO 14001
Community	: The Company have activities for the well being of the community such as offering scholarship to employees' children and blood donation and merit offering at employees birth place.

The company has set a policy not to violate the patent license, resist corruption, not to use bribery for the wellness of the company. To encourage the employees to save and use the company resources wisely.

Moreover, the company protect its employees who gives information to the authorities. The company must be fair to its employees be it changing position, work place and kind of work, laying off from the given information by others. Encouragement to employees to gain knowledge and point out their duties towards the environment and let the employees be aware on these, this also includes to allow shareholders and stakeholders to give comments and complains to the independent directors.

4. Disclosure and Transparency

The Board of Directors have a policy to make the company a good example by working in transparency which can be verified. Following have been disclosed to all concerned :

- Send financial report to SEC / SET on time and the report was in conformity with generally accepted accounting principles. For year 2012, the company did not receive any order from SEC to change the said financial report or any related documents.
- Give significance in the disclosing of financial status and other information such as annual report on time, both in Thai and English through SET community portal and company website. In the year 2011, the company did not get any order from SET / SEC to make an amendment or changes on Financial Statement nor any kind of related document.
- The board of directors should provide a summary of the corporate governance policy approved by

the board together with the implementation of the policy through various channels such as the company's annual report and company's website

- The board of directors provided a statement of its responsibilities concerning the company's financial reports. The statement should be presented along side the auditor report in the company's annual report.
- The board of directors and other directors ensured that its roles and responsibilities together with those of its committees are disclosed in the company's annual report.
- The board of directors ensured the disclosure of its remunerations according to related regulations, which is compared with the same industry, company performance and responsibilities of each person.
- The board of directors ensured the number of meetings and attendance of each directors.
- The board of directors must disclose to the stakeholders their personal and other relatives in case of personal interest with the company.
- To disclose the no. of shares of the Board of Directors and Top Managements and set a policy to report the sale and purchase of company stocks to the Chairman through the company secretary.
- The company give importance to investors so we organize opportunity day every quarter and designated a department to perform the "investor relations" function to communicate with outsiders such as shareholders .The company gives significance on the information of the company performance for transparency whatever the performance of the company on that quarter.
- The company gave chances to investors and analysts to visit our plants and to have a chance meeting and talking with the management in the "Opportunity Day" activity from SET every quarter. In the year 2012 investors and analysts visited our Suwintanwongse plant on the 25th of October. The investors can also ask information through IR Contact and can contact at e-mail address : investor@tkrungthai.com, telephone no. 02-211-3732 ext. 104.

5. Responsibilities of the Board

The company gave importance to the role and responsibility of the Board of Directors to protect the benefits of the shareholders and stakeholders for transparency of the business as follows :

5.1 Board Structure

The Board of Directors consists of knowledgeable persons, have ability, capability and experienced for the benefits of the company and by having appropriate no. of Directors as per the size of the company.

The company has 14 directors details as follows :

o Independent Directors	5 pax	(35.7%)
o Directors who are not in the management team	2 pax	(14.3%)
o Directors who are in the management team	7 pax	(50.0 %)

- Board Directors must not have any criminal record as per the policy requirement of SEC/SET
- Board of Directors set internal control system appropriately where the internal auditor is an

independent auditor and report directly to the Audit Committee

- Board of Directors set a policy of mismanagement appropriately and follow – up regularly and by appointing mismanagement team for the evaluation of the risk that might occur. In addition to this the team find ways to protect the company from this risk.
- The term of service of directors is 3 years, and no limitation of terms and this is clearly stated in the company's corporate governance policy.
- The company had disclosed the information details about board positions (details of directors and management)
- The roles and responsibilities of the chairman of the board are different from those of the managing director, the two positions to be held by different individuals.
- The board of directors appointed independent director to elect chairman of the company.
- Mr. Chumpol Techakraisri is the company secretary who serves the board of directors in areas of providing legal advice, taking care of the board's activities, and monitoring compliance to the board's resolutions.
- The Board of Directors do not serve on not more 5 listed companies and the company must disclosed these information in the Directors Annual Report and Form 56-1
- During the annual general meeting, 1/3 of the company directors will have to resign. Should the directors cannot be divided into 3 groups, then it has to be divided to the nearest no.
- The company informed in 56-1 and annual report the names of Directors holding other positions in other companies. The holding of such positions by the directors will not surely affect their position with the company as they have given advices to the company in the past.

5.2 Committees

The Board of Directors appointed audit committee, executive committee, and remuneration and nomination committee with clear roles and responsibilities, the chairman is not allowed to be a chairman and member of this committee

5.3 Roles and Responsibilities of the Board

- Division of roles of board of directors and other positions are divided clearly. All important matters has to be approved by the board of directors to be fair and clear to all concerned.
- The Board of Director joins the executive directors to plan and must have vision and mission strategy, target, business plan and budgeting by holding seminars between the board of directors and top management.
- The board of directors set and approve a written corporate governance policy for the company.
- The board of directors are free from the management team and no position as independent director.
- As one or under separate position the chairman of the board shall not be with the management team and different from the CEO and roles and responsibility is obviously spited. The chairman has to act as the chairman during the meeting of the board, has to set the policy, planning, and the most important is to ensure that management team has to strictly follow. All the directors are free to

propose agendas, voice out ideas regarding the company performance along with evaluation and solution of any problems with transparency and must be regularly monitored.

- The CEO of the board is the leader of the board, responsible to the company directors in taking care of the business conduct and the company performance to be in compliance with the directors policy. CEO has to monitor the directors performance by holding meetings to report on the success of the performance monthly. Division of power shall be given to the management responsibility and approve financial amount.
- The directors ensured that a written code of business conduct be in place so that all directors, executives and employees understand business ethical standards of the company. Compliance to the code should be closely monitored by the board.
- The board of directors established a risk management policy to cover all activities of the company and reviewed the risk management system or assess the effectiveness of risk management at least annually.
- The board of directors ensured that internal control system is in place, including financial, work performance, in compliance with the policy .The board also assigned an external auditor to independently audit and report on the system.
- The Board of Directors take a responsibility to company's financial statement and information regarding financial status which is in the annual report. This financial statement has to be of standard as per Thai accounting law and has to be posted on the remarks of the financial statement.
- The directors shall set a policy on the purchase and sale of shares of the company and inform during the meeting.
- The directors shall set a policy to all the directors to inform the stakeholders to the company.
- The company directors ensured that internal financial control system, work performance has to be in compliance with the policy by assigning independent internal auditor and report to the auditor committee. On Feb. 20, 2013, the audit committee assessed that we have enough internal control system.

5.4 Board Meetings

- The board of directors set its meeting schedule in advance and notify each directors of the schedule so that each member of the board can manage time to attend the meeting. For year 2012 set 9 times.
- The number of board meeting are appropriated to the obligations and responsibilities of the board and nature of the company.
- The chairman of the board and the managing director set the board meeting agenda together.
- Meeting documents are sent to each director in advance 7 days prior to the meeting date for the directors to have ample time to review the topics before the meeting.
- The company of the board appropriately allocate the meeting time for complete management's presentation and comprehensive directors' discussion and the CEO shall assess the ideas and give the final resolution.
- Top executives of the company, other than the managing director, should be able to attend the board

meeting to present details on the issues that they are directly responsible for.

- Non-executive directors are able to meet, as necessary, among themselves without the presence of the management team in order for them to discuss their concerns. The meeting outcome should be notified to the managing director. For year 2012, a meeting was held on Dec. 15th 2012.
- During the directors meeting, all directors are free to openly discuss their ideas and the chairman shall collect these ideas and the resolution for each topic which is recorded by the secretary of the board and after the approval, this record has to be kept on the 2nd floor of the head office at Trokchan in order to have easy access of all the directors.
- The Board of Directors are also involved along with the Top Management for policy making, mission, strategy, goal, business plan and budgeting of the company through providing independent opinions.

Details of attendants in Board of Directors Meeting in Year 2012

No.	Name – Surname	Position	BOD	AC	RC&NC	AGM	Ex-Com
1	Gen.Terdsak Marrome	Chairman/ Independent Director	9/9	-	-	1/1	-
2	Mr.Pairuch Sahamethapat	Chairman of Audit Committee/Independent Director	9/9	4/4	-	1/1	-
3	Mr.Paotep Chotinuchit	Director Audit Committee/ Independent Director / Chairman of Remuneration Committee and Chairman of Nomination Committee / Chairman of Corporate Governance Committee	9/9	4/4	1/1	1/1	-
4	Mr.Virasak Sutanthaibul	Director and Audit Committee/Independent Director	8/9	3/4	-	1/1	-
5	Mr.Sumate Techakraisri	Director of Remuneration and Nomination Committee/ CEO /Corporate Governance Committee	9/9	-	1/1	1/1	19/19
6	Dr. Kosol Surakomol	Independent Director/ Remuneration and Nomination Committee / Corporate Governance Committee	8/9	-	1/1	1/1	-
7	Dr. Naruepont Pongcharoen	Managing Director	8/9	-	-	1/1	19/19
8	Mr.Kumpee Chongthurakit	Director / Remuneration and Nomination Committee / Corporate Governance Committee	9/9	-	-	1/1	-
9	Mr.Prasong Techakraisri	Director	8/9	-	-	1/1	-
10	Mrs.Yupa Techakraisri	Executive Director	8/9	-	-	1/1	19/19
11	Mr.Apichart Kasemkulsiri	Executive Director	9/9	-	-	1/1	19/19
12	Mr.Kowate Limtrakul	Executive Director	8/9	-	-	1/1	19/19
13	Mr.Phreecha Techakraisri	Executive Director	8/9	-	1/1	1/1	18/19
14	Mr.Chumpol Techakraisri	Executive Director / Secretary to the Board	9/9	-	-	1/1	18/19

The previous BOD meeting agenda was to approve Financial reports of each quarter, information of company performance and different strategies on business management.

In the year 2012, a meeting was held but not the top management on the Dec. 15, 2012 attended by as follows :

No.	Name – Surname	Position	Attendance
1	Gen.Terdsak Marrome	Chairman/ Independent Director	1/1
2	Mr.Pairuch Sahamethapat	Chairman of Audit Committee/Independent Director	1/1
3	Mr.Paotep Chotinuchit	Director Audit Committee/ Independent Director / Chairman of Remuneration Committee and Chairman of Nomination Committee / Chairman of Corporate Governance Committee	1/1
4	Mr.Virasak Sutanthaibul	Director and Audit Committee/Independent Director	1/1
5	Dr. Kosol Surakomol	Independent Director/ Remuneration and Nomination Committee / Corporate Governance Committee	1/1
6	Mr.Kumpee Chongthurakit	Director / Remuneration and Nomination Committee / Corporate Governance Committee	1/1
7	Mr.Prasong Techakraisri	Director	0/1

Assessment of CEO

The company gives importance in assessing the working performance of the CEO and the purpose of this assessment is to improve the working performance in many ways such as planning strategy , leadership, financial , management of the company, planning to replace the resigning staffs, human resource , communication and good relationship among the Board of Directors

5.5 Board Self Assessment

The board of Directors must annually evaluate their own work performance and management to enhance and improve working responsibilities as follows :

No.	Topic of Assessment	Result (%)	
		Year 2011	Year 2012
1	Structure and Qualifications of Directors	91.40	94.46
2	Responsibilities and Duties of the Directors	82.00	91.47
3	Directors meeting	90.40	97.32
4	Work Performance of Directors	90.10	96.17
5	Relationship towards management division	84.30	95.36
6	Self improvement of directors and management	81.50	88.99
	Total percentage	86.25	93.96

Evaluation of Managing Director Performance

There is a regulation from the Board of Directors to assess and evaluate the Managing Director performance annually as per the rules set by the Board of Directors for the success of the administration and approve appropriate salary for the Managing Director.

Orientation of New Director

The company has a rule to have new director's orientation along with the all the directors to explain the scope of our business. The secretary of the Board of Directors has to prepare all the necessary documents, besides, the new director will be introduced and visit the 3 plants including the Head office for them to understand more about the scope of our business. For year 2011, the company did not have any new Director so no orientation was done. The 2011, the company has no new director so no orientation was made.

5.6 Remuneration

The company has to consider the remuneration of the directors as compared to the same industry, company performance and their responsibilities. However, the remuneration committee will assess the managing director's performance and the chairman of the board will be the one to inform the managing director.

5.7 Board and Management Training and successor during their absence

The company recognized the significance on Directors' know-how, ability and capability so the company supports and give convenience to the directors and the secretary of the board to have regular and continuous training held by Director Accreditation Program (DAP) and Director Certification Program (DCP). Furthermore, a training from other organization to improve knowledge.

A work chart plans for others to carry on working when one of the directors is not able to perform his/her duties. Further, a meeting is held on our plants on rotation basis for the directors to see and observe the work performance of the employees.

Control System and Internal Audit

The Company recognized the importance of internal control system for the management as well as the operation level so that they could work effectively. The Company has already, put clearly in writing, set duties and responsibilities for operators and management as well as the usage of Company's assets. The duties in operation and monitor, control & evaluation were separated. This was to balance and cross check each function easily. Moreover, there was a financial control system, where a financial report was required to be

submitted to the line responsible person at each sector.

The Company hired IVL as our Internal Audit Officers, and their duties and responsibilities are to ensure that the key operation and financial activities have effectively pursued the Company's objectives. This would also include the examination on law enforcement in operation and compliance control. To ensure the independency and effectiveness on working of internal audit, the Internal Audit Department would be directly reported and evaluated to the Audit committee.

Risk Management

To reach our goal in good governance and protect the interest of company's stakeholders the company made a rule for risk management in controlling related to management of the organization in order to control the risk of the company. Besides, directors of risk management has been appointed on the 1st of January, 2009 and control the following areas

1. Strategic Risk
2. Operational Risk
3. Financial and Accounting Risk
4. Compliance Risk
5. Information System Risk

Investor Relationship

The Company's Board of Directors realized that either Company's financial or non financial information has an influence on the decision making of the investors as well as all of the stakeholders. The Company has always stressed out to the management to provide regular, complete, correct, accurate, and prompt information to the public. Moreover, the Company has appointed Mr. Chumpol Techakraisri, Assistant Managing Director, to be a contact person with financial institutions, shareholders, analysts and related government sectors on the investors' relations related issues.

In this connection, the company held an activity who are interested in the company's performance by inviting them to visit our Suwintawongse plant on October 25, 2012.

Besides, the company holds "Opportunity Day" every quarter for the investors and analyst to regularly be informed the performance of the company.

Preventative usage of Company's internal information by the Management

1. The Company has set up policy of not to reveal any information to non related persons or business groups.
2. The Company's Management who are involved with the financial information must not take any advantages prior the information has been revealed to public. Moreover, the Company's management is not allowed to make any transactions on the Company's share 1 month prior to the public

announcement of financial information.

3. After the Company was enlisted in the Stock Exchange of Thailand (SET), Directors and the Management must report the holding of Company's shares according to code no. 59 of the announcement made by the Securities and Exchange Commission at Sor.Chor. 14/2540 with the subject of provision and disclosure of report on share holding status dated 12 of May 1997.
4. The responsibilities of the first 4 levels of directors and management team is to reveal the information on gain and loss for their own and relatives interests.

In this connection, the company has a punishment procedure should a certain director and managements do not follow the set rules.

Employees

As at 31 December 2012, the Company's total numbers of employees (excluding the Management) are as follows :

Total Employees in each department

Department		Total numbers of employees		
		2010	2011	2012
1	Back Office	152	163	177
2	Factories	875	932	929
	Total	1,027	1,095	1,106

Department	Amount		
	Dec 31,2010	Dec 31,2011	Dec 31,2012
1. Production	604	599	629
2.Engineer & Research	38	44	47
3. Quality, Planning and Maintenance	136	158	150
4. Purchase & Delivery	44	60	50
5.Raw Material & warehouse	79	106	100
6. Human Resource & Administration	35	34	36
7. Sale & Marketing	11	12	14
8. Accounting & Financial/Information Technology	27	25	26
9. Management & Operation	53	57	54
Total	1,027	1,095	1,106

Remark : The company has no problem with employees for the past year

Employee Remuneration

The total employees remuneration for year 2012 amounted to Baht272,660,903.69 more than that of 2011 which was Baht60,281,480.31 and this includes salaries, bonus, social security and other welfares.

Human Resource Development Policy

The Company recognized the importance of employees development not less than the quality of raw materials or production process. With the belief that the quality of products not only comes from good raw materials but quality labor directly and indirectly included into the production process.

The Company recognized the importance of human resources since the beginning of the recruitment process. The Company recruited and hired employees based on their knowledge and skills. The Company also provides a safety working environment and training both internally and externally as well as overseas training to the employees. As indirect development of employees, the Company also set up the policy on recruitment of foreigners as a consultant to help increase the employees proficiency and competency to be up to the international standards.

The Company's training system or in House training such as OJT (On the Job Training), ERP (Enterprise Resource Planning), Qualitative management as ISO/TS 16949, ISO14001 and Public Training will also be available for the employees.

From the progress of employee development, the Company discovered that the employees have higher involvement in reduction of the faulty production and can also be working effectively as shown in the cost reduction of the Company. This cost reduction reflects the competitive advantages of the Company over the competitors in the same industry.

Preparation for the Successor

The preparation for the successor is the duty of the directors of the organization to make work chart in order to make it convenient to the successor to go on with the work and prepare human resource to accept the work chart of the management by setting a policy for the candidate with quality and have someone to impart the knowledge and inform the weakness of the business for better quality.

Corporate Social Responsibility (CSR)

For the company, regarding social responsibility, it is not just an activity but responsibility. For this, our company follows the words of Mr Bjorn Stigson, Chairman of the World Business Council for Sustainable Development or (WBCSD) that "Business cannot succeed in a society that fails" :

In 2012, the company held activities for the surrounding community and environment as follows :

1. Respect the human rights of the employees

Better business foundation depends on the foundation of the employees which is significant for the success of the business. Meaning, business has to show the importance of employees by giving them proper and good working environment, good and better life and offering them good privileges and respect their human rights and fair treatment to the employees. The company has to improve the working environment, offer better life as follows :

1.1 Have to follow human rights and not to use underage children.

1.2 Give support by offering better privileges to the employees in terms of salary/wages, bonus, social security system like giving free rice, discounted lunch cost, clean water RO system, diligent allowance, fund for family death, give support on education of our employees' children from kindergarten up to 3rd year high school (mathayom 3), yearly health check-up.

1.3 Appoint directors to take care of these privileges.

1.4 Appoint work force for the safety at the factory, working area like safety measures on fire and annual fire protection training, check the fire protection tools.

1.5 Safety measures for the working area environment like production safety not to affect the health of the employees, working safety measure week, put exhaust fans to reduce the heat in production line, small relaxing area and resting place during the break.

1.6 Sending employees to a seminar in and out of the organization to prepare the suitable person for the position.

1.7 Officer to listen to the problems of the employees on fair treatment of the company.

1.8 Encourage the employees to use sufficiency economy along with the wellness of the community.

1.9 Merit offering in temples at employees birthplace and meditation practice and listen to monk sermon during mother and father's day at company premises.

1.10 Carry on the Thai customs and tradition such as New Year, Songkran Festival, Father and Mother's day.

1.11 To improve the human resource in all levels as per the policy of the company for short and long term basis under Knowledge Management to make our company as Learning Organization.

1.12 To improve the management and leadership for all management level through training and coaching.

1.13 Sports and exercise is one way to promote cooperation and unity of the staffs.

1.14 There is bone mass check-up and pap smear.

2. Environmental Protection

As we are all aware that global warming is getting worse in terms of water, environment, wastes, environment is suffering so it is everybody's duty to help on these these problems. The company encouraged the employees to use the energy wisely through holding training, switching lights off, strictly follow ISO 14001, water treatment before releasing after the production, more activities such as switch off lights if not in use, reduce paper use, consultant for the reduction of electricity consumption, fund for the purchasing tools and equipments for these systems.

3 Community Development

Business can be successful if it is with strong community, long time improvement so the company holds community improvement by searching proper way as per our kind of business such as :

3.1 Childrens's Day along with King-kaew community 56

3.2 Blood Donation with Red Cross

3.3 Merit offering and Candle Offering Nong Pre Temple

3.4 Giving a chance for the disabled from BangKlang District and Klongkoy Disabled Club to sell OTOP products in the factory , proceeds goes to support the disabled as per international project for disabled people.

3.5 To make our factory pure as white along with the surrounding community the company had informed the subjects about the disadvantages of using illegal drugs and a regular check-up is being done.

3.6 Second hand items and other things were sold at the factor, proceeds of which goes to the employees who were flood victims. Besides, the management and staffs made a contribution to help the said victims in addition to the above.

3.7 During the crisis the management and staffs had provided fresh , dried foods and daily necessities to the affected areas.

3.8 Fundraising event for those infected with HIV patients

3.9. Support the hospital “ You Wa Prasat”, Austistic children and give them a place at factory site to sell things

3.10 Top Management and Employees planted trees and plants to reduce the global warming at “Ta Takiap” at Chachoensao Province.

3.11. Recreational activities for children at “Ban TaKan” Chachoensao Province and give sports equipments and provide lunch

3.12 Give fund to employees who were affected by the floods in late 2011.

3.13 Encourage employees by providing funds to purchase and do knitting of hats and give to areas affected y cold weather such as Chiang Mai and Hill Country District.

Details of the Directors, the Management and the Authorized Directors

No.	Name –Surname / Position	Age	Education	Share holding Structure (%)	Relationship	Working Experience	
						Year	Position -Company
1	General Terdsak Marrome - Chairman - Independent Director	77	- Bachelor of Science Rama IV Military institution - National Defense Academy - Director Accreditation Program (DAP) 10/2004, Thai Institute of Directors (IOD)	0.10	N/A	2004 - Present 1986 - Present 1992 - Present 1997 - Present 2004 - Present 2012 - Present	Chairman T.Krungthai Industries Public Company Limited Special force in 21st infantry, Royal guard Tai Kaew Foundation, Tamwati School Royal Guard President, Vietnam War Veteran Association under Royal Patronage President, Sahapant Santiphap International (Thailand)
2	Mr. Pairuch Sahamethapat - Independent Director - Chairman of Audit Committee	69	- Bachelor of Accountant , Chulalongkorn University - Director Certification Program (DCP) 102/2008, Thai Institute of Directors (IOD)	N/A	N/A	2004 - Present 2004 - Present 2004 - 2009 2000 - 2004	Chairman of Audit Committee T.Krungthai Industries Public Company Limited Audit Committee, Siam Sport Syndicate PLC. Audit Committee, Bangkok Ranch PLC. Director of Region Revenue 1, The Revenue Department
3	Mr. Paotep Chotinuchit - Independent Director - Audit Committee - Chairman of Remuneration Committee and Nomination Committee - Chairman of Corporate Governance Committee	80	- M.Sc Metallurgical engineer, University of Arizona, USA. - Director Accreditation Program (DAP) 11/2004, Thai Institute of Directors (IOD)	0.001	N/A	2004 - Present 1996 - Present 1995 - Present	Audit Committee T.Krungthai Industries Public Company Limited Audit Committee Technology Suranaree University President Qualine Management Co., Ltd.

Details of the Directors, the Management and the Authorized Directors

No.	Name –Surname / Position	Age	Education	Share holding Structure (%)	Relationship	Working Experience	
						Year	Position -Company
4	Mr. Vrasak Sutanthavibul - Independent Director - Audit Committee	56	- Master Degree, Industrial Engineering, Texas A&M University, Texas,USA. - Director Accreditation Program (DAP) 21/2004, Thai Institute of Directors (IOD)	N/A	N/A	2005 - Present 2004 - Present 1998 - Present 2001 - Present 2001 - Present 2001 - Present 2009 - Present	Directors at Bangkok Insurance Public Company Limited Audit Committee T.Krungthai Industries Public Company Limited Senior Executive Vice President in charge of Commercial Bangkok Bank Public Company Limited Director, Toyota Leasing (Thailand) Co., Ltd. Director, Asia Lamp Industry Co., Ltd. Director, Thai Indo Kordsa Co., Ltd. Director, The Grand-UB Co.,Ltd.
5	Dr. Kosol Surakomol - Independent Director - Remuneration and Nomination Committee - Corporate Governance Committee	74	- M.S. in Chemical Engineering, Wayne State University, Detroit, Michigan, U.S.A. - Director Accreditation Program (DCP) 137/2010, Thai Institute of Directors (IOD)	N/A	N/A	2010 - Present 2008 - Present 2003 - 2006 2001 - 2003 1979 - 2000	Independent Director, T.Krungthai Industries Public Company Limited Chief Executive Officer, Fuji Asia Co., Ltd. Operations Director, Summit Auto Seats Industry Co.,Ltd. Executive Director, Thonburi Automotive Assembly Plant Co.,Ltd. Managing Director, Bangchan General Assembly Company Limited

Details of the Directors, the Management and the Authorized Directors

No.	Name –Surname / Position	Age	Education	Share holding Structure (%)	Relationship	Working Experience	
						Year	Position -Company
6	Mr. Sumate Techakraisri • Director • Chief Executive Directors • Executive Director of Remuneration and Nomination Committee • Corporate Governance Committee	66	• Bachelor of Economics, Thammasat Univesity • Mini MBA Chulalongkorn University • Director Accreditation Program (DAP) 10/2004, Thai Institute of Directors (IOD)	15.65	Father of Mr. Chumpol Techakraisri	1980 - Present 1978 - Present 1984 - Present 1987 - Present 2003 - Present	Chief Executive Directors Authorized Director at T.Krungthai Industries Publc Company Limited Chief Executive Directors of Greenland Marketing Co., Ltd. Executive Directors of Data Products Toppan Form Co., Ltd. Executive Directors of Prairie Marketing Co., Ltd. Director of Cinkara Co., Ltd.
7	Mrs. Yupa Techakraisri • Director • Executive Director	63	• Bachelor of Economics, Ramkamheang University • Accounting Advance of Pitman Examination Institute • Director Certification Program (DCP) 32/2003, Thai Institute of Directors (IOD)	11.21	Mother of Mr. Chumpol Techakraisri	1989 - Present 1992 - Present 1989 - Present 1987 - Present	Director and Executive Director of LPN Development PLC. Director of Lumpini Property Management Co.,Ltd Director of Lumpini Project Servide Management Co.,Ltd Director of Pornsanti Co.,Ltd Director, Executive Director and Authorized Director, T.Krungthai Industries Publc Company Limited Executive Director of Sri Sam-Ank Supplier Co.,Ltd
8	Mr. Apichart Kasemkulsiri • Director • Executive Director	47	• MBA National of business administration of Sasin Chulalongkorn university • Director Certification Program (DCP) 73/2006, Thai Institute of Director (IOD)	N/A	Cousin of Mr. Phreecha and Mr. Chumpol Techakraisri	2004 - Present 2005 - Present 2005 - Present 2007 - Present	Executive Director T.Krungthai Industries Publc Company Limited Senior Executive Vice President, ICBC PLC. Director ICBD Leasing Co., Ltd. Executive Director Sri Sam Ank Supplier Co., Ltd.

Details of the Directors, the Management and the Authorized Directors

No.	Name –Surname / Position	Age	Education	Share holding Structure (%)	Relationship	Working Experience	
						Year	Position -Company
9	Mr. Kowate Limtrakul • Director • Executive Director	61	• Master of Business Administration, Chulalongkorn University • Director Certification Program (DCP) 105/2008, Thai Institute of Directors (IOD)	0.12	N/A	1998 - Present	Director T.Krungthai Industries Public Company Limited
10	Dr. Naruepont Pongcharoen • Director • Executive Director • Managing Director	56	• Master Degree, (Management), National Institute of Development Administration • Doctor (Doctor of Business Administration), South of Australia University • Director Certification Program (DCP) 105/2008, Thai Institute of Directors (IOD)	N/A	N/A	2007 - Present 2006 - 2007 1989 - 2006	Managing Director, T.Krungthai Industries Public Company Limited Managing Director, TMBP Co., Ltd. Plant Manager, The –Swedish Assembly
11	Mr. Phreecha Techakraisri • Director • Executive Director • Deputy Managing Director	51	• Master of marketing Youngstown State University ,USA • Director Accreditation Program (DAP) 10/2004, Thai Institute of Directors (IOD)	2.87	Nephew of Mr.Sumate Techakraisri	2010 - Present 1993 - Present 1996 - Present 1997- Present	Authorized Director person T.Krungthai Industries Public Company Limited Deputy Managing Director, T.Krungthai Industries Public Company Limited Director, T. Thai Snack Food Co., Ltd Director, Sri Sam-Ank Supplier Co., Ltd.

Details of the Directors, the Management and the Authorized Directors

No.	Name –Surname / Position	Age	Education	Share holding Structure (%)	Relationship	Working Experience	
						Year	Position -Company
12	Mr. Chumpol Techakraisri - Director - Executive Director - Company Secretary - Asst. Managing Director	33	- Bachelor of Finance and Banking, Chulalongkorn University - Director Certification Program (DCP) 102/2008, Thai Institute of Directors (IOD)	0.44	Son of Mr. Sumate and Mrs. Yupa Techakraisri	2003 - Present 2004 - Present 2011 - Present	Asst. Managing Director Authorized Director T.Krungthai Industries Public Company Limited Director of Pace Development Corporation PLC.
13	Mr. Kumpee Chongthurakit - Director - Remuneration and Nomination Committee - Corporate Governance Committee	59	- Bachelor of Marketing Assumption University - Director Certification Program (DCP) 48/2004, Thai Institute of Directors (IOD)	0.23	Uncle of Mr. Chumpol Techakraisri	1989 - Present 1992 - Present 1992 - Present 1992 - Present 1987 - Present	Director T.Krungthai Industries Public Company Limited Director & Executive Director LPN Development PLC Director Lumpini Property Management Co., Ltd. Director, SSA Industries Co., Ltd Director, Sri Sum-Ank Supplier Co., Ltd
14	Mr. Prasong Techakraisri Director	45	- Bachelor of Economics Ritsumeikan University, Japan - Director Accreditation Program (DAP) 11/2004, Thai Institute of Directors (IOD)	1.36	Nephew of Mr.Sumate Techakraisri	1996 - Present 2004 -Present	Managing Director Chaiwattana Accessories Co., Ltd. Director T.Krungthai Industries Public Company Limited
15	Mr. Prinya Kaeoluan Accounting & Financial Senior Manager	47	- Bachelor of Accounting Ramkhamhaeng University - Master of Accountancy Kasetsart University	N/A	N/A	2012 - Present	Senior Accounting & Financial Manager T.Krungthai Industries Public Company Limited

Related Transactions**Disclosure of Related Transactions**

Details on individual accounting or related activities have been attached to the sixth (6)th note to financial statements:

Necessities and Reasonable of related-transactions

The related transactions in Year 2012 were reasonable and necessary to bring about the best benefit to the Company. It was making a full use of the production capacity on machine. This related transaction was examined by the Audit committee which deemed the transaction as a common nature of business and the Company has received and paid the fees at fair prices.

Rules and Procedure in approval of related transactions

As the Rules and Procedure in approval of related transactions, any transactions that involve with the individuals, who might have conflicts of interest with the Company's business should be proposed to and taken into consideration by the Audit committee and get approval from the Board of Directors. The Audit committee should be presented in any meeting regarding the related transactions. In addition, votes from directors that might have conflict of interests will not be counted.

Policy and Trend of Related Transactions

If there is a necessity to have related transaction with individuals that might have conflict of interests with the Company in the future, the Company would set up policy to ensure the normal transaction and prices shall be marked to market and can be comparing with the outsiders. Hence, the Company's Audit Committee or the Company's auditor should help consider whether the prices are suitable and reasonable for having this related transaction.

For any related transactions that might occur in the future, the directors shall follow the Company's rules and regulations and shall not approve any transactions in which themselves will have conflict with the Company's interests. The Company must follow the rules and regulations set by the Stock Exchange of Thailand (SET) and must disclose all related information on any gains or losses of assets in related transactions of the Company or the affiliates.

If there are any related transactions with individuals that may have conflict of interests with T.Krungthai Industries Public Company Ltd. now or in the future, the Audit committee will be responsible to give suggestion or advise on price, compensation and necessity of such transactions. In the case that the Audit Committee lacks of knowledge in considering, the Company directors will make decision by opinion of independent specialists or the auditor. The Company will also disclose any related transactions in the note to financial statements that has been given approval from Company auditor.

Analysis on Financial Status & Operational Performance

From analysis, the Operational Performance & Financial Status :

The company is a plastic parts manufacturer, designs mold, make and repair of molds which are used to manufacture plastic parts. These parts are sold to automobile and electrical appliances producers of original equipment manufacturer (Original Equipment Manufacturer OEM) in the country. In the year 2012 the company increased its revenue from the recovery of the industry various manufacturers increased their car production to compensate the losses from the flood in late 2011 and the first car policy. Due to these reasons car sales was stimulated that caused higher sales.

Operational Performance

Income

In the year 2012, our total revenue amounted Baht 1,964.33 million, higher than last year of Baht 689.71 million or equal to 54.11% from sales index of 159.64 % compared to the same period of year (2010)

The company revenue from sales of products and service increased as a result of the quantity of product orders especially in automobile sales and the first car policy. Mold sales also increased compared to the same period of last year due to the orders from new customers. For electrical appliances parts and components orders declined due to the reduced orders from major customers and the moving of production overseas.

From the Financial Statement the revenue on sales products in the year 2012 and 2011, the revenue in automobile parts amounts to Baht 1,443.58 million and Baht 761.09 million (respectively). The revenue on electrical appliances parts and components amounts to Baht 292.56 million and Baht 355.30 million, (respectively). The revenue from other products amounted to Baht 107.93 million and Baht 59.51 million (respectively) Revenue on moulds amounts to Baht 120.26 and Baht 98.72 million (respectively)

Cost of Sales and Expenses

Cost of Sales and Service

In the year 2012, the company's cost of sales and service totaled to Baht 1,667.86 million an increase of Baht 542.40 million than that of last year which was 48.19%. The cost of sales index increased by 161.56% compared to the same period of (2010) Cost of sales to the total sales of 2012 which was equal to 84.91% there is an increase of 3.39% from last year due to the success to reduce costs and losses in year 2012 approximately Bat 50 million and the production plan at Suwingtawongse plant can continue with their production in order to reduce production time. The result has been increased in the economy scale in spite of the adjustment of minimum wages increased in April .

Selling and Administrative Expenses

The company had selling and administrative expenses for year 2012 totaled to Baht 188.37 million higher than last year of Baht 31.18 million equal to 19.84%, the selling and administrative index is higher which is equal to 126.88 % compared to the period of (2010) expenses higher than last year due to the higher sales revenue and the adjustment of the minimum wages from April 2012. As a result the costs associated with more staffs.

Finance Costs

The company has a finance costs for year 2012 equal to Baht 18.72 million higher than last year of Baht 4.07 million equal to 27.78% due to the short term loan to pay for raw materials purchased to prepare for sales increase. The repayment of long term loan interest obtained for new injection mold machines to replace the old ones.

As the company has the ability to pay the interest for year 2012, equal to 6.29 times an increased from last year of 6.30 as for year 2012 the company got a profit and for the year 2011 we incurred operating loss.

Corporate Income Tax

In the year 2012 the company will have a corporate income tax of Baht 10.16 million due to the performance gains, and in the year 2011 so the company is not liable to pay corporate income tax due to company's operating loss.

Net Profit

In the year 2012, a net profit loss of Baht 88.81 million or equivalent to 4.52 of the proceeds from the sales of goods is higher compared to the same period of 2011. The net loss amounted to 14.85 million or equivalent to 1.16 of the proceeds from the sales of goods. Earnings per share of revenue increased by 5.68 % due to the increased sales of automotive parts due to the recovery in the automotive industry and the first car policy. Including the ability of the company to maintain its proportion of costs of goods sale decreased and the increase of sales from this decrease and the reduction of wastes in spite of the adjustment of wages In the year 2012.

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2. Financial Status

Assets

The company's Financial Statement stated that total asset as at December 31, 2012 and December 31, 2011 equaled to Baht 1,209.69 million and Baht 1,018.09 million (respectively) higher of Baht 191.60 million or equal to 18.82%

Trade Accounts and Notes Receivable

The company's value on trade accounts and net notes receivable at December 31, 2012 amounted to Baht 359.07 million and Baht 215.01 million as at December 31, 2011 with proportion of

trade accounts of total assets equivalent to 29.68% and 21.12% (respectively).

Collection period for year 2012 is about : 53 days and for 2011 it was 64 days which is almost the same credit term as per the company's policy which was 60 – 90 days . This is due to the reliability of our customers belong to big companies who manufacture automotive and electrical appliances. The company will continue with this system regarding the subject. The trade accounts and notes receivable for year 2011 to 2012 we are able to separate the timing of the trade accounts.

Inventories

The company's net inventories as December 31, 2012 totaling Baht 187.73 million and Baht 165.73 million as at December 31, 2011 as the portion of total assets which is equal to 15.52% and 16.28% (respectively)

The company's average inventory turnover for year 2012 is 38 days including molds during production, but if excluding molds during production the company's average inventory turnover in year 2012 is 25 days. The company well recognized on the importance of controlling the inventories as well as not having a policy on over production and purchase of raw material . The company will make a production plan weekly, specify the quantity of product for production and the amount of raw material required. On top of that the company has to research, plan, improve production system and delivery for maintaining the selling period at an appropriate level.

Non-Current Assets

As at December 31, 2012, the company property, plant and equipment and intangible assets (net) of Baht 605.02 million and Baht 589.13 million as at December 31, 2011. The total value of property, plant and equipment and intangible assets (net) of total assets which is equal to 50.02 % and 57.87 (respectively)

Total Liabilities

Total liabilities as at December 31, 2012 amounts to Baht 734.47 million divided into current liability and total liability. Current liability equal to Baht 622.53 million and the non-current liabilities amounts to Baht 111.94 million, higher from last year of Baht 113.50 million or equal 18.28% is payable and notes payable increased by Baht 108.75 million due to the expansion of production and sales increased. Payable for purchased of property is up Baht 21.75 million from the investment in machineries and equipments in preparation of the painting section at Suwintawongse. Short term loans from financial institutions increased by Baht 20 million to working capital for liquidity management. Production and sales as well as the development of new production lines increased due to the company's short term loan from financial institution is higher.

Shareholders Equity

Shareholders' Equity as at December 31, 2012, totaling Baht 475.22 million an increase from last year by Baht 78.10 million or equal to 19.67 %.

As per the resolution during the annual general meeting on April 10, 2012, it was resolved to pay dividends from the profit for year 2011 at 0.05 Baht total shares of 214 million shares totaling Baht 10.70 million. Dividends were paid on April 27, 2012.

As at December 31, 2012, the company legal reserved combined the total liability amounts to Baht 734.47 million and the shareholders' equity amounts Baht 475.22 million or equal to 1.55 times of the liabilities and the shareholder equity.

3. Analysis of Statement of Cash Flow

Cash Flows and Liquidity

The cash flows and liquidity as at December 31, 2012 increase by Baht 22.75 million which is better than that of year 2010. The decrease of Baht 3.36 million as the operating cash flows increased of Baht 27.44 million because of the profit in operating performance before the change of asset and the liabilities increased by Baht 62.63 million the asset performance increase by Baht

57.59 million. And the operating performance liabilities increased by Baht 22.40 million. Besides, there is still net cash used in investing activities by Baht 113.15 million for machineries, tools and equipments. Net cash provided by financing activities by Baht 108.45 million from loan from financial institutions and payment of dividends. Therefore cash and cash equivalents at beginning Baht 0.87 million and this makes the company's cash flow at ending of Baht 23.61 million at end year 2011.

The cash flows and liquidity as at December 31, 2012 increased by Baht 12.75 million which is less better than that of 2011 amounting Baht 22.75 million. The company net operating cash flow increased by Baht 114.55 as a result from operating performance before the change in asset and liability increased by Baht 179.95 . The increase of asset by Baht 162.21 million and the liabilities increased by Baht 96.81 in investment activities Baht 49.66 million to repay our creditors , debts, machineries and equipments and he amount of Baht 52.14 million to repay our long term loan and interest including the payment of dividends. The cash and cash equivalent The cash and cash equivalent from Baht 23.61 million as a result of company's cash and cash equivalents of Baht 36.36 million by the end of 2012.

Investments Expenses

In the year 2012, the company increased its fixed asset totaling Baht 49.66 million. Most of the investments are in machineries and tool, including payments for machineries due for payment

Source of Capital

Source of capital for year 2012 was derived from accounts receivable and trade account lower Account receivable management is faster by taking into account the collection period of about 53 days for year 2012 which is more than that of 2011 in which the collection period is 64 days. , On the 3rd quarter of

2011 to facilitate liquidity management and the company set a new check collection and billing date for each month. The billing date is set on the 20th and 21st of the following month for year 2012 which made our credit term from our suppliers more than that of last year. The time of repayment is equal to 51 days in the year 2012 and the period of repayment on 2011 is 47 days resulting in total liquidity which is higher than that of 2011. The ratio of liability to shareholders equity for year 2010, 2011, 2012 is equal 1.10 times, 1.56 times, 1.55 times respectively. This shows the investment of the company for year 2012 mainly coming from financial institution.

but the company's credit terms from vendors is better than that of last year which was only 43 days and now we get 47 days credit term. From the liability of shareholders for year 2009, 2010 and 2011 is 0.63 times, 1.10 times and 1.56 times respectively. This shows that investment of the company for year 2011, source from financial institution loan.

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012
AND AUDITOR'S REPORT

REPORT OF CERTIFIED PUBLIC ACCOUNTANT

To The Shareholders of T. Krungthai Industries Public Company Limited

I have audited the accompanying of financial statements of T. Krungthai Industries Public Company Limited which comprise the statement of financial position as at December 31, 2012, the statements of comprehensive income, changes in equity and the cash flows statements for the year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are explanatory information.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



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Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position as at December 31, 2012, and performance and cash flows for the year then ended of T. Krungthai Industries Public Company Limited in accordance with Thai Financial Reporting Standards.



(Wimolsri Jongudomsombut)

Certified Public Accountant

Registration No. 3899

Karin Audit Company Limited

Bangkok

February 18, 2013

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

ASSETS

		Baht	
		As at	As at
	Note	December 31, 2012	December 31, 2011
Current assets			
Cash and cash equivalents	5	36,360,207.41	23,610,538.26
Trade accounts and notes receivable - net	6	359,067,155.96	215,013,243.74
Inventories - net	7	187,726,843.61	165,731,488.38
Other current assets		6,476,908.07	9,789,526.30
Total current assets		589,631,115.05	414,144,796.68
Non-current assets			
Property, plant and equipment - net	8	600,599,634.12	582,144,527.54
Intangible assets - net	9	4,429,524.35	6,991,898.45
Other non-current assets - net	10	15,034,564.09	14,807,977.31
Total non-current assets		620,063,722.56	603,944,403.30
Total assets		1,209,694,837.61	1,018,089,199.98

Notes to the financial statements are an integral part of these statements.

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION (cont.)

LIABILITIES AND EQUITY

		Baht	
	Note	As at December 31, 2012	As at December 31, 2011
Current liabilities			
Short - term loan from financial institutions	11	255,000,066.69	235,000,000.00
Trade accounts and notes payable		268,327,250.41	159,574,018.63
Payable for purchase on assets		26,305,893.62	4,560,441.90
Current portion of long-term loans	11	37,841,146.67	53,518,485.11
Current portion of accounts payable under hire - purchases and financial leases agreement	12	3,385,346.81	2,324,493.23
Other current liabilities	13	31,666,032.00	33,040,452.47
Total current liabilities		622,525,736.20	488,017,891.34
Non-current liabilities			
Long-term loans - net	11	87,543,853.33	111,780,200.00
Accounts payable under hire - purchases and financial leases agreement - net	12	5,340,553.60	4,567,732.47
Employee benefit obligations	14	19,060,468.23	16,605,626.31
Total non-current liabilities		111,944,875.16	132,953,558.78
Total liabilities		734,470,611.36	620,971,450.12
Equity			
Share capital			
Authorized share capital			
Common share 214,000,000 shares Baht 1.00 par value		214,000,000.00	214,000,000.00
Issued and fully paid-up share capital			
Common share 214,000,000 shares Baht 1.00 par value		214,000,000.00	214,000,000.00
Additional paid-in capital			
Premium on common shares		144,236,932.71	144,236,932.71
Retained earnings			
Appropriated			
Legal reserve	16	18,765,796.49	14,325,472.67
Unappropriated		98,221,497.05	24,555,344.48
Total equity		475,224,226.25	397,117,749.86
Total liabilities and equity		1,209,694,837.61	1,018,089,199.98

Notes to the financial statements are an integral part of these statements.

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

		Baht	
	Note	2012	2011
Revenue from sales - Plastic products		1,844,071,174.53	1,175,903,117.72
Revenue from sales - Moulds		120,255,384.06	98,715,997.67
Total revenue from sales and services		1,964,326,558.59	1,274,619,115.39
Cost of sales and services		(1,667,855,486.34)	(1,125,455,564.99)
Gross profit margin		296,471,072.25	149,163,550.40
Other income		9,582,759.71	7,830,180.77
Profit before expenses		306,053,831.96	156,993,731.17
Selling expenses	17	(40,189,442.95)	(29,241,053.22)
Administrative expenses	4	(130,778,139.33)	(111,664,275.27)
Management benefit		(17,403,333.08)	(16,283,556.08)
Total expenses		(188,370,915.36)	(157,188,884.57)
Profit (loss) before finance costs and income tax expenses		117,682,916.60	(195,153.40)
Finance costs		(18,720,270.29)	(14,651,226.21)
Profit (loss) before income tax expense		98,962,646.31	(14,846,379.61)
Income tax expenses		(10,156,169.92)	-
Total comprehensive income (loss) for the years		88,806,476.39	(14,846,379.61)
Basic earning (loss) per share			
Net profit (loss) (Baht per share)	18	0.41	(0.07)

Notes to the financial statements are an integral part of these statements.

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

		Baht			
	Note	Issued and fully paid-up	Premium on	Retained earnings	
		share capital	common shares	Appropriated -legal reserve	Unappropriated Total
Balance as at January 1, 2011		214,000,000.00	144,236,932.71	14,325,472.67	65,081,724.09
Dividend	15	-	-	-	(25,680,000.00)
Comprehensive loss for the year		-	-	-	(14,846,379.61)
Balance as at January 1, 2012		214,000,000.00	144,236,932.71	14,325,472.67	24,555,344.48
Dividend	15	-	-	-	(10,700,000.00)
Appropriated for legal reserve	16	-	-	4,440,323.82	(4,440,323.82)
Comprehensive income for the year		-	-	-	88,806,476.39
Balance as at December 31, 2012		214,000,000.00	144,236,932.71	18,765,796.49	98,221,497.05

Notes to the financial statements are an integral part of these statements.

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Baht	
	2012	2011
Cash flows from operating activities		
Net profit (loss)	88,806,476.39	(14,846,379.61)
Adjustment to net profit (loss) for cash received (paid) from operations		
Depreciation	59,749,810.46	54,440,226.12
Amortization	2,985,074.10	3,747,706.78
Loss from declining in inventories valuation	1,797,113.67	2,767,978.04
Reversal allowance for declining in inventories valuation	(2,131,607.34)	(419,510.80)
(Gain) loss on sales of fixed assets	(2,478,530.81)	(749,848.12)
Unrealized (gain) loss on exchange rates	(23,127.02)	-
Provisions for employee benefits	2,454,841.92	2,454,841.64
Interest income	(193,580.53)	(145,583.06)
Interest expenses	18,720,270.29	14,651,226.21
Written off withholding income tax deducted at source	105,833.54	727,820.28
Corporate income tax	10,156,169.92	-
Net profit before changes in operating assets and liabilities	179,948,744.59	62,628,477.48
(Increase) decrease in operating assets		
Trade accounts and notes receivable	(144,053,912.22)	16,909,199.43
Inventories	(21,660,861.56)	(73,792,622.28)
Other current assets	3,312,618.23	(53,367.42)
Other non-current assets	193,162.50	(654,000.00)
Increase (decrease) in operating liabilities		
Trade accounts and notes payable	108,776,358.80	27,023,395.84
Other current liabilities	(1,285,672.09)	158,934.70
Withholding tax received	1,597,670.10	7,253,532.99
Income tax paid	(12,279,422.84)	(12,031,283.88)
Net cash provided by operating activities	114,548,685.51	27,442,266.86

Notes to the financial statements are an integral part of these statements.

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS (cont.)

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Baht	
	2012	2011
Cash flows from investing activities		
Interest received	193,580.53	145,583.06
Purchase of assets	(57,521,480.86)	(41,336,722.24)
Proceeds from disposal of assets	4,145,040.89	834,943.93
Payable for purchase on asset (decrease)	3,942,951.72	(71,576,670.72)
Purchase of intangible assets	(422,700.00)	(1,216,250.37)
Net cash used in investing activities	(49,662,607.72)	(113,149,116.34)
Cash flows from financing activities		
Interest paid	(18,759,201.12)	(14,339,826.55)
Short-term loan increase	20,000,066.69	74,115,422.48
Long-term loans increase (decrease)	(39,913,685.11)	76,713,205.57
Payment for accounts payable hire - purchases and financial lease agreement	(2,713,771.55)	(2,358,039.62)
Dividends paid	(10,749,817.55)	(25,678,399.48)
Net cash provided by (used in) financing activities	(52,136,408.64)	108,452,362.40
Net increase in cash and cash equivalents	12,749,669.15	22,745,512.92
Cash and cash equivalents, at beginning of years	23,610,538.26	865,025.34
Cash and cash equivalents, at end of years	36,360,207.41	23,610,538.26

Supplemental disclosures of cash flows information :

Non - cash items

Purchases of asset for under hire - purchases agreement	4,547,446.26	3,256,500.00
Payable for purchase on asset	17,802,500.00	-

Notes to the financial statements are an integral part of these statements.

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

1. GENERAL INFORMATION

(a) Legal status and address for company

The Company established as juristic person in accordance with the public company limited on January 22, 2004, while the Head Office is located at 23 Soi Chan 43, Yak 21, Tungwatdon, Sathorn, Bangkok. The locate of 3 factories are as follow:

Factory 1 was located at 59 Mu 6, King Kaew Road, Rajateva, Bangplee, Samutprakarn.

Factory 2 was located at 517 Mu 9, Nongki, Kabinburi, Prachinburi.

Factory 3 was located at 28/4 Mu 1, Sunwinthawong Road, Khlong Udom Chonlachon Muang, Chacheangsoa.

The major shareholders of the Company are Techakraisri family (owned 56.89%)

(b) Nature of the Company's business

Main business activities of the Company are manufacturing plastic products, and produce moulds.

2. BASIS OF FINANCIAL STATEMENT PREPARATION

2.1 Basis of financial statements preparation

The financial statements are prepared in accordance with Thai Financial Reporting Standards ("TFRS") including related interpretations and guidelines promulgated by the Federation of Accounting Professions (FAP); applicable rules and regulations of the Thai Securities and Exchange Commission and with generally accepted accounting principles in Thailand.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements.

The following new accounting standards, amendments to accounting standards, new financial reporting standard and new interpretation are mandatory, but the Company has not early adopted them.

Effective for the periods beginning on or after 1 January 2013

TAS 12	Income Taxes
TAS 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments
TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Effective for the periods beginning on or after 1 January 2014

TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TSIC 29	Service Concession Arrangements: Disclosure

The Company's management has determined that the new accounting standards, amendments to accounting standards, new financial reporting standard and new interpretation will not significantly impact the financial information being presented, except for TAS 12 Income Taxes which the management is currently assessing the impact of applying this standard.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost.

2.3 Presentation currency

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded to the nearest thousand or million unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements is included in the following note:

Note 14 Discount rate, salary increase rate, employee turnover rate and mortality rate

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Revenue recognition

The Company recognizes revenue as sale when title to the goods sold passed to buyer and the invoice amount has been used to record the sale. Estimated discount and goods return are deducted from sale, if any.

Revenue from service agreement is recorded under the completion method and invoice, because the service agreements are normally in a short-term period.

Interest income is recognized under the accrual basis. The Company will discontinue to record accrued interest when collectability is in doubt.

Dividend income is recognized when dividend is proposed and declared

3.2 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, and highly liquid short-term investments that are readily convertible to known amount or that are subject to an insignificant risk of change in value, but not include time deposits with maturity exceed three-month period (fixed deposits).

Time deposits with maturity exceed three-month period but less than twelve-month period are recorded as current investment, if any.

3.3 Trade account receivables

Trade account receivables are presented at realizable value. The Company provides allowance for doubtful accounts equal to the amount of expected uncollectible receivable which are based on management evaluation of ability to pay of each receivable.

3.4 Inventories

Inventories are presented at the lower of cost or net realizable value (NRV.). Cost of inventories is recorded under the basis as follows:

Finished goods and work in process	First in first out (By standard cost which approximate to actual cost)
Raw materials	First in first out

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventories. The Company estimates net realizable value from the estimated selling price in the ordinary course of business, less the estimated expenses necessary to make the sale.

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

3.5 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

Leased assets

Leases in terms of which the Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value or the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss statement of income.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment as follows:

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Land improvement	20 years
Buildings and structures	20 years
Buildings and land	20 years
Machinery and equipment	10-20 years
Tools and equipment	10 years
Fixtures and equipment	3-10 years
Vehicles	5 years
Moulds	5 years

3.6 Intangible assets

Intangible asset is computer software and was presented at cost less accumulated amortization and allowance for loss of impairment (if any). The Company amortizes computer software over a period of 5 years by the straight-line method.

3.7 Employee Benefits

Post-employment benefit plan other than a defined contribution plan. The Company's obligation in respect of post employment benefits under defined benefit plans recognized in the financial statements based on calculations by a independent actuary using the projected unit credit method estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The Company recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably

3.8 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 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.

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

3.9 Foreign currencies

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

Gains and losses on exchange are included in determining comprehensive income.

3.10 Impairment of assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same times.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

Impairment losses recognized in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

3.11 Liabilities, provisions and expenses

The Company recognizes liabilities, provisions and expenses in the financial statements when the Company has a legal obligation or probable obligation as a result of past events. It is probable that to settle the obligation the Company's outflow resources may be required, and a reliable estimate amount of that obligation can be determined.

The Company recognizes dividends payable in the period when dividends are proposed, declared, and approved by the shareholders.

3.12 Income tax

The Company uses the accrual basis to record income tax at the amount currently payable under the Revenue Code, if any.

3.13 Basic earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of paid-up ordinary shares in issue during the year.

3.14 Lease

Lease contract where lessee substantially assumes all the risks and rewards of ownership are classified as finance lease. Finance lease payments are recognized as assets and liabilities in the balance sheet at amounts equal to the fair value of the leased assets or at the present value of the lease payments, whichever is the lower. The finance charge is allocated to each period during the lease term based on a pattern reflecting a constant rate of interest on the remaining balance of the liabilities. Lease contract other than finance lease is classified as operating lease. Operating lease payments for use of the assets are recognized as expenses in the income statement.

3.15 Capitalization of borrowing costs

The Company capitalizes its borrowing cost to the extent that the Company has incurred borrowing costs on assets that require a period of time to get the assets ready for the intended use.

3.16 Financial instruments

The Company does not engages in the trading of any derivative financial instruments. The accounting policies on recognition and measurement of financial assets and financial liabilities are disclosed in the respective accounting policies.

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**NOTES TO FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

3.17 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

4. TRANSACTIONS WITH RELATED PARTIES

Significant related parties transactions can be summarized as follows:

- 4.1 The Company and other related parties are related by share the same of directors or shareholders and as the Company's directors as follows:

Related parties	Type of business	Type of relation
Prairie Marketing Co., Ltd.	Consumer products trader	Share the same directors
Chai Wattana Construction Co., Ltd.	Construction materials	Share the same directors
Sri Sam Ank Supplier Co., Ltd.	Footwear manufacturer	Share the same directors
Mr. Sumate Techakraisri	-	Directors

- 4.2 Significant related parties transactions can be summarized as follows:

Revenues and expenses transactions with the related parties for the year ended December 31, 2012 and 2011, are as follows:

		Baht	
		For the year ended December 31,	
	Pricing Policy	2012	2011
Office rental			
Mr. Sumate Techakraisri	Bath 60,500 per month (Since April 2010 to March 2013)	726,000.00	726,000.00

The Company has the pricing policy for purchase, sale and services with the related parties at the market price the same basis as to other parties in the normal course of business.

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**NOTES TO FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011****5. CASH AND CASH EQUIVALENTS**

Consists of :

	Baht	
	As at	As at
	December 31, 2012	December 31, 2011
Cash	180,000.00	180,000.00
Saving deposit accounts	33,039,388.66	7,854,366.74
Current deposit accounts	3,140,818.75	15,576,171.52
Total	36,360,207.41	23,610,538.26

6. TRADE ACCOUNTS AND NOTES RECEIVABLE - NET

Consists of :

	Baht	
	As at	As at
	December 31, 2012	December 31, 2011
The aging of the outstanding trade accounts and notes receivable are as follows :-		
Not yet due	229,197,399.39	172,238,209.51
Over due		
Less than 3 months	126,288,650.27	34,675,562.23
Over 3 months to 6 months	144,450.00	-
Over 6 months to 12 months	1,225,670.66	8,099,472.00
Over 12 months	2,210,985.64	-
Total	359,067,155.96	215,013,243.74

The overdue account receivable who is over 12 months of Baht 2.21 million and the Management believes that it shall be settled within one year.

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

7. INVENTORIES - NET

Consists of :

	Baht	
	As at	As at
	December 31, 2012	December 31, 2011
Finished goods	79,593,601.56	23,421,042.21
Work in process	85,627,138.97	77,761,016.53
Raw materials and others	26,224,318.56	68,602,138.79
Total	191,445,059.09	169,784,197.53
<u>Less</u> Allowance for declining in inventory valuation	(3,718,215.48)	(4,052,709.15)
Net	187,726,843.61	165,731,488.38

Allowance for declining in inventory valuation is changed during the period as follows:

	Baht	
	As at	As at
	December 31, 2012	December 31, 2011
Beginning balance	(4,052,709.15)	(1,704,241.91)
Increase	(1,797,113.67)	(2,767,978.04)
Decrease	2,131,607.34	419,510.80
Ending balance	(3,718,215.48)	(4,052,709.15)

In 2012 and 2011, the Company has recorded allowance for declining in inventory valuation amount of Baht 1.80 million and Baht 2.77 million, respectively and reversed allowance amount of Baht 2.13 million and Baht 0.42 million, respectively. This is due to the Company has use to produce and destructed inventories which has been previously set up allowance.

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

8. PROPERTY, PLANT AND EQUIPMENT - NET

Consisted of:

	Baht				
	Balance as at January 1, 2012	Increase	Decrease	Transfer in / (Transfer out)	Balance as at December 31, 2012
<u>Cost</u>					
Land	27,412,006.76	-	-	-	27,412,006.76
Land improvement	9,972,753.05	-	-	1,295,000.00	11,267,753.05
Buildings and structures	195,186,803.92	72,300.00	-	1,725,050.00	196,984,153.92
Buildings and land	3,274,906.00	-	-	-	3,274,906.00
Machineries and equipments	560,327,849.97	8,099,273.00	(6,372,138.00)	23,313,473.07	585,368,458.04
Tools and equipments	146,930,895.49	9,378,007.21	(2,038,090.15)	9,074,413.36	163,345,225.91
Fixtures and equipments	33,369,342.17	2,564,239.76	(1,653,417.02)	439,900.00	34,720,064.91
Vehicles	35,970,877.71	6,207,308.42	(7,122,676.64)	-	35,055,509.49
Moulds	92,408,868.02	-	-	-	92,408,868.02
Work in progress	856,263.40	53,550,298.73	-	(35,847,836.43)	18,558,725.70
Total	1,105,710,566.49	79,871,427.12	(17,186,321.81)	-	1,168,395,671.80
<u>Accumulated depreciation</u>					
Land improvement	(4,076,670.07)	(512,622.31)	-	-	(4,589,292.38)
Buildings and structures	(90,110,105.18)	(9,530,560.12)	-	-	(99,640,665.30)
Buildings and land	(1,207,808.31)	(162,566.22)	-	-	(1,370,374.53)
Machineries and equipments	(213,892,049.37)	(28,246,473.47)	5,059,514.09	-	(237,079,008.75)
Tools and equipments	(78,751,312.27)	(15,639,653.68)	1,827,757.71	-	(92,563,208.24)
Fixtures and equipments	(22,437,487.97)	(3,698,980.98)	1,509,871.29	-	(24,626,597.66)
Vehicles	(22,120,597.37)	(1,496,102.79)	7,122,668.64	-	(16,494,031.52)
Moulds	(90,970,008.41)	(462,850.89)	-	-	(91,432,859.30)
Total	(523,566,038.95)	(59,749,810.46)	15,519,811.73	-	(567,796,037.68)
Net	582,144,527.54				600,599,634.12

Depreciation for the years ended December 31

2012 59,749,810.46

2011 54,440,226.12

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Baht				
	Balance as at January 1, 2011	Increase	Decrease	Transfer in / (Transfer out)	Balance as at December 31, 2011
<u>Cost</u>					
Land	27,412,006.76	-	-	-	27,412,006.76
Land improvement	9,972,753.05	-	-	-	9,972,753.05
Buildings and structures	190,416,499.92	2,212,355.00	-	2,557,949.00	195,186,803.92
Buildings and land	3,274,906.00	-	-	-	3,274,906.00
Machineries and equipments	508,046,637.15	5,991,436.91	-	46,289,775.91	560,327,849.97
Tools and equipments	131,006,038.24	10,233,802.06	(217,932.81)	5,908,988.00	146,930,895.49
Fixtures and equipments	28,361,274.33	3,352,535.25	(35,697.20)	1,691,229.79	33,369,342.17
Vehicles	33,858,793.21	4,342,000.00	(2,229,915.50)	-	35,970,877.71
Moulds	91,120,691.69	-	-	1,288,176.33	92,408,868.02
Work in progress	40,131,289.41	18,461,093.02	-	(57,736,119.03)	856,263.40
Total	1,063,600,889.76	44,593,222.24	(2,483,545.51)	-	1,105,710,566.49
<u>Accumulated depreciation</u>					
Land improvement	(3,578,412.22)	(498,257.85)	-	-	(4,076,670.07)
Buildings and structures	(80,906,827.17)	(9,203,278.01)	-	-	(90,110,105.18)
Buildings and land	(1,045,686.26)	(162,122.05)	-	-	(1,207,808.31)
Machineries and equipments	(187,387,215.36)	(26,504,834.01)	-	-	(213,892,049.37)
Tools and equipments	(65,647,860.46)	(13,246,632.50)	143,180.69	-	(78,751,312.27)
Fixtures and equipments	(18,930,810.92)	(3,532,032.56)	25,355.51	-	(22,437,487.97)
Vehicles	(23,438,810.69)	(911,700.18)	2,229,913.50	-	(22,120,597.37)
Moulds	(90,588,639.45)	(381,368.96)	-	-	(90,970,008.41)
Total	(471,524,262.53)	(54,440,226.12)	2,398,449.70	-	(523,566,038.95)
Net	592,076,627.23				582,144,527.54
Depreciation for the years ended December 31,					
2011					54,440,226.12
2010					45,529,433.97

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**NOTES TO FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

As at December 31, 2012 and 2011, Land, buildings, machineries and equipments in the cost amount of Baht 652.28 million and Baht 659.92 million, respectively the net book value of Baht 359.65 million and Baht 372.92 million, respectively are pledged as collateral for loans from financial institutions as described in Note 11.

As at December 31, 2012 and 2011, a part of vehicles in the cost amount of Baht 18.18 million and Baht 12.67 million, respectively were assets under hire-purchase contracts and financial leases agreements.

As at December 31, 2012 and 2011, a part of equipments in the cost amount of Baht 197.89 million and Baht 199.62 million, respectively, which are fully depreciated but still operated.

9. INTANGIBLE ASSETS – NET

Consisted of:

	Baht			
	Balance as at January 1, 2012	Increase	Decrease	Balance as at December 31, 2012
Software copyright	21,902,292.20	422,700.00	-	22,324,992.20
<u>Less</u> Amortization	(14,910,393.75)	(2,985,074.10)	-	(17,895,467.85)
Net	6,991,898.45			4,429,524.35

As at December 31, 2012, a part of intangible assets in the cost amount Baht 8.19 million which are fully amortized but still operated.

10. OTHER NON-CURRENT ASSETS - NET

Consisted of:

	Baht	
	As at December 31, 2012	As at December 31, 2011
Withholding tax refundable	14,154,536.80	13,734,787.52
Others	880,027.29	1,073,189.79
Total	15,034,564.09	14,807,977.31

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**NOTES TO FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011****11. LOANS**

Consists of :

	Baht	
	As at December 31, 2012	As at December 31, 2011
Short-term loan from financial institutions	255,000,066.69	235,000,000.00
<u>Total</u> short-term loan from financial institutions	255,000,066.69	235,000,000.00
Current portion of long-term loans	37,841,146.67	53,518,485.11
Long-term loans-net	87,543,853.33	111,780,200.00
<u>Total</u> Long-term loans	125,385,000.00	165,298,685.11
Total	380,385,066.69	400,298,685.11

- a) As at December 31, 2012 and 2011, the Company has credit facilities with financial institutions covering overdraft and short-term loans in amount of Baht 445 million and Baht 460 million, respectively. For the short-term loans are loans in promissory notes. The Company bears interest at the rate of 4.25 – 7.48 % per annum which have maturity date during January 4, 2013 to March 21, 2013 and 4.25 – 5.875 % per annum which have maturity date during January 15, 2012 to March 19, 2012, respectively.
- b) During the year 2012, the Company entered into a long-term loan contract with a local financial institution amount of Baht 35.19 million which interest rate of MLR – 2% to MLR - 1.5% per annum for a period of 5 years to purchase machines and additional equipment of machine. The loan from the financial institution will be secured by such machines. As at December 31, 2012 unused loan was at Baht 21.58 million
- c) As at December 31, 2012 and 2011, Long-term loans from two and three local financial institutions , respectively bears interest at the rate of MLR – 2% to MLR - 1.5% and MLR-1.5%, respectively. The repayment of the loans will be paid as specified in the loan agreements. The loan's maturity will not be later than year 2018. Amounts of Baht 37.84 million and Baht 53.52 million, respectively was repayable in the next 12 months and was presented as current liabilities.
- d) The Company has to comply with the loan covenants such as maintaining the D/E ratio at 2.5 to 1 since the period ended December 31, 2004. As of December 31, 2012, D/E ratio was 1.55 to 1.
- e) Land, buildings, machineries and equipments as described in Note 8 are pledged as collateral for loans from financial institutions.

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**NOTES TO FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011****12. ACCOUNTS PAYABLE UNDER HIRE – PURCHASES AND FINANCIAL LEASES AGREEMENTS - NET**

Consists of :

	Baht	
	As at	As at
	December 31, 2012	December 31, 2011
Accounts payable for assets	8,725,900.41	6,892,225.70
<u>Less</u> Current portion of accounts payable for assets	(3,385,346.81)	(2,324,493.23)
Net	5,340,553.60	4,567,732.47

As at December 31, 2012 and 2011, The Company has signed hire-purchases and financial leases contracts for total 18 vehicles and 10 vehicles, respectively. The installment is ranging from 48 months at approximately Baht 322,095 per month and Baht 216,689 per month, respectively. The remaining unpaid is scheduled to be paid within next 12 months and was presented as current liabilities.

13. OTHER CURRENT LIABILITIES

Consists of :

	Baht	
	As at	As at
	December 31, 2012	December 31, 2011
Deposit received	3,802,000.00	11,986,200.00
Accrued expenses	15,416,854.32	11,453,820.70
Others	12,447,177.68	9,600,431.77
Total	31,666,032.00	33,040,452.47

14. EMPLOYEE BENEFIT OBLIGATIONS

The Company adopted TAS 19 Employee Benefits with effect from January 1, 2011

The Company operates a post employment benefit based on the requirement of Thai Labor Protection Act B.E. 2541 (1998) to provide post employee benefit to employees based on pensionable remuneration and length of service.

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**NOTES TO FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

Movement in the present value of the defined benefit obligations:

	Baht	
	2012	2011
For the year ended December 31		
Defined benefit obligations at January 1	16,605,626.31	14,150,784.67
Current service costs and interest	2,454,841.92	2,454,841.64
Benefits paid by the plan	-	-
Defined benefit obligations at December 31	19,060,468.23	16,605,626.31

Principal actuarial assumptions at the reporting date

For the year ended December 31

Discount rate (%)	3.80	3.80
Salary increase rate (%)	4	4
Retirement age (year old)	60	60

15. DIVIDEND PAYMENT

At the 2012 ordinary shareholders meeting held on April 10, 2012, the shareholders resolved to appropriate the retained earnings for the year 2011, for shareholders as dividend in amount of Baht 10.70 million (Common shares 214 million shares, at Value Baht 0.05 per share). The Company has paid dividend to the entitled shareholders on April 27, 2012.

At the 2011 ordinary shareholders meeting held on April 7, 2011, the shareholders resolved to appropriate the net profit for the year 2009, for shareholders as dividend in amount of Baht 25.68 million (Common shares 214 million shares, at Value Baht 0.12 per share). The Company has paid dividend to the entitled shareholders on April 27, 2011.

16. LEGAL RESERVE

According to the Public Companies Act, the Company has appropriated its reserve as a legal reserve not less than 5% of the annual net profit until the reserve reaches the reserves mentioned in the articles of associate.

17. EXPENSES BY NATURE

Significant expenses by nature are as follows:

	Baht	
	2012	2011
Salary and wages and other employee benefits	297,999,231.06	235,237,958.17
Depreciation and Amortization	62,734,884.56	58,187,932.90

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(Gain)Loss on exchange	(336,718.16)	(2,180,875.75)
Raw materials and consumables used	1,001,510,859.35	721,832,852.04
Changes in inventories of finished goods and work in progress	(10,869,520.42)	(55,742,457.16)
Selling expenses	40,189,442.95	29,241,053.22

18. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit (loss) attributable to shareholders by the weighted average number of paid-up ordinary shares in issue during the periods.

For the year ended December 31, 2012 and 2011 :

	Net Profit (Loss)		The Weighted Average Number Of Ordinary Shares		Profit (Loss) Per Share	
	2012	2011	2012	2011	2012	2011
	<u>Thousand</u>	<u>Thousand</u>	<u>Thousand</u>	<u>Thousand</u>		
	<u>Baht</u>	<u>Baht</u>	<u>Share</u>	<u>Share</u>	<u>Baht</u>	<u>Baht</u>
Basic Profit (Loss) Per Share						
Net Profit (Loss)	88,806	(14,846)	214,000	214,000	0.41	(0.07)

19. DISCLOSURE OF SECTORAL BUSINESS OPERATION

The Company's operations are manufacturing and distribution of plastic products as well as molds design, molds production and molds repairing in which separate as follows :-

	Million Baht					
	For the year ended December 31, 2012					
	Manufacturing and distribution of plastic products				Moulds	
	A motor vehicle	Electricity	Other	Total	production and moulds repairing	Total
Revenue	1,443.58	292.56	107.93	1,844.07	120.26	1,964.33
Earning from operation	71.86	14.57	5.37	91.80	25.89	117.69
Finance costs						(18.72)
Income tax expenses						(10.16)
Net Profit						88.81
As at December 31, 2012						
Property, plant and equipments and Intangible assets-net				529.07	75.96	605.03
Other assets						604.66
Total assets						1,209.69

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Million Baht						
For the year ended December 31, 2011						
	Manufacturing and distribution of plastic products				Moulds	
	A motor vehicle	Electricity	Other	Total	production and moulds repairing	Total
Revenue	761.09	355.30	59.51	1,175.90	98.72	1,274.62
Earning from operation	(0.09)	(0.04)	(0.01)	(0.14)	(0.06)	(0.20)
Finance costs						(14.65)
Income tax expenses						-
Net Loss						(14.85)
As at December 31, 2011						
Property, plant and equipments and Intangible assets-net				507.45	81.69	589.14
Other assets						428.95
Total assets						1,018.09

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

20. INVESTMENT PROMOTIONAL BENEFITS AND PRIVILEGES

By virtue of the Investment Promotion Act, B.E. 2520 (1977), the Company was granted some promotional privileges from the Board of Investment as follows :

1. Promotional certificates Nos.	1255(2)/2547	1549/2548*	1899(2)/2553	1965(2)/2553	1241(1)/2554	2593(2)/2555
2. Date of promotional certificates	1/4/2004	17/6/2005	27/8/2010	8/9/2010	25/2/2011	19/9/2012
3. Date of generating income	20/4/2004	5/1/2005	12/1/2011	14/9/2010	15/9/2011	-
4. The promotional privileges for manufacturing of	plastic products or plastic mould	automotive parts	plastic products or plastic mould	plastic products or plastic mould	moulds and repairing self-manufactured moulds	plastic products plastic mould
5. Important privileges and benefits which are granted						
5.1 Exemption from corporate income tax on net profit from promotional operations and totaling is not amount exceed 100 % of investment commencing from the generating revenue date.	8 years (expired on April 19, 2012)	-	3 years	8 years	8 years	3 years
5.2 Exemption from income tax on dividends from Promoted business which was exempted from income tax as 5.1	8 years (expired on April 19, 2012)	-	3 years	8 years	8 years	3 years
5.3 Exemption from import duty on raw materials and necessary supplies imported from overseas for export manufacturing.	5 years (Period was extended to April 4, 2012)	1 year	-	-	1 year	1 year

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

1. Promotional certificates Nos. (cont'd)	1255(2)/2547	1549/2548*	1899(2)/2553	1965(2)/2553	1241(1)/2554	2593(2)/2555
5.4 Exemption from import duty on materials imported for export manufacturing at the first time of import date.	5 years	1 year	-	-	1 year	1 year
5.5 Exemption of import duty for necessary machineries upon the approval of the Board of Investment.	import on October 1, 2006	import on December 17, 2007	-	import on March 8, 2013	import on August 25, 2013	-
5.6 Exception at 50% from import duty on machineries approved by the Board of Investment, except for machineries which import duty rate is below 10%	-	-	import on February 27, 2013	-	-	import on April 25, 2015
5.7 Allowance of reduction the corporate income tax from promotional net profit at 50% of normal rate after the exemption for corporate income tax's period is expired as per 5.1.	-	-	-	5 years	5 years	-
5.8 The companies are entitled for allowance to double deduction of annual transportation expenses, electricity expenses and water supplies expenses from the generating revenue date.	-	-	-	10 years	10 years	-

* The Company has notified the expiration of promotional certificate no. 1549/2548 in accordance with Board of Investment Notification no. Bor.308/2555 dated November 23, 2012.

As a promoted company, the Company has to strictly comply with certain terms and conditions outlined in the promotional certificate

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Statement of income divided by the promoted and non promoted activities are as follows :

	Baht		
	For the year ended December 31, 2012		
	Investment promotional	Non-investment promotional	Total
Revenue from sales-plastic products	157,659,014.92	1,686,412,159.61	1,844,071,174.53
Revenue from sales-moulds	76,768,677.00	43,486,707.06	120,255,384.06
Total revenue from sales and services	234,427,691.92	1,729,898,866.67	1,964,326,558.59
Cost of sales and services	(179,049,958.48)	(1,488,805,527.86)	(1,667,855,486.34)
Gross profit margin	55,377,733.44	241,093,338.81	296,471,072.25
Other income	-	9,582,759.71	9,582,759.71
Profit before expenses	55,377,733.44	250,676,098.52	306,053,831.96
Selling expenses	(5,659,021.12)	(34,530,421.83)	(40,189,442.95)
Administrative expenses	(19,267,012.20)	(111,511,127.13)	(130,778,139.33)
Management benefit	(2,088,399.97)	(15,314,933.11)	(17,403,333.08)
Total expenses	(27,014,433.29)	(161,356,482.07)	(188,370,915.36)
Profit (loss) before finance costs and income tax expenses	28,363,300.15	89,319,616.45	117,682,916.60
Finance costs	(2,246,432.42)	(16,473,837.87)	(18,720,270.29)
Profit (loss) before income tax expenses	26,116,867.73	72,845,778.58	98,962,646.31
Income tax expenses	-	(10,156,169.92)	(10,156,169.92)
Net profit (loss) for the year	26,116,867.73	62,689,608.66	88,806,476.39

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Baht		
	For the year ended December 31, 2011		
	Investment promotional activities	Non-investment promotional	Total
Revenue from sales-plastic products	253,236,971.28	922,666,146.44	1,175,903,117.72
Revenue from sales-moulds	48,966,000.00	49,749,997.67	98,715,997.67
Total revenue from sales and services	302,202,971.28	972,416,144.11	1,274,619,115.39
Cost of sales and services	(258,689,515.24)	(866,766,049.75)	(1,125,455,564.99)
Gross Profit (Loss) margin	43,513,456.04	105,650,094.36	149,163,550.40
Other income	-	7,830,180.77	7,830,180.77
Profit (Loss) before expenses	43,513,456.04	113,480,275.13	156,993,731.17
Selling expenses	(6,977,600.38)	(22,263,452.84)	(29,241,053.22)
Administrative expenses	(23,532,500.40)	(88,131,774.87)	(111,664,275.27)
Management benefit	(3,908,053.46)	(12,375,502.62)	(16,283,556.08)
Total expenses	(34,418,154.24)	(122,770,730.33)	(157,188,884.57)
Profit (Loss) before finance costs and income tax expenses	9,095,301.80	(9,290,455.20)	(195,153.40)
Finance costs	(3,516,294.29)	(11,134,931.92)	(14,651,226.21)
Profit (Loss) before income tax expenses	5,579,007.51	(20,425,387.12)	(14,846,379.61)
Income tax expenses	-	-	-
Net profit for the year	5,579,007.51	(20,425,387.12)	(14,846,379.61)

The Company holds the basis of expense allocation and interest, which cannot be classified as which type of business in accordance with the proportion of revenue of each entity.

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

21. FINANCIAL INSTRUMENT

21.1 Regarding the management policy of financial risk

The Company is exposed to the fluctuation of interest rate and foreign exchange rate. The Company will consider the utilization of appropriate financial instrument so as to hedge against the risk from foreign exchange rates. However, the Company does not constitute any policy to hold or issue financial instrument so as for trading.

21.2 Risk form interest rate

Risk from interest rates incurred from the change of interest rates in the future which effects upon results of operation and cash flow of the Company. Bank deposit, short-term loan and long-term. However, the Company has planned to hedge against such risk by finance at the interest rate of the lower market rate.

21.3 Risk from exchange rate

The Company has certain foreign currency transactions that give rise to significant exposure to market risk from change in foreign exchange rates. However, the Company has committed purchase-sell forward contract for foreign exchange rated as a hedge against such risk.

As at December 31, 2012, the Company did not have any forward contract.

21.4 Risk from credit provision

The Company constitute risk from the credit offered in respect of trading accounts receivable since trade accounts receivable may not be able to settle debt pursuant to term and covenant agreed upon and also risk from counter party who cannot comply with the term and covenant in the contract of loan which may incur financial loss. However the Company hold the policy to hedge against such risks via the analysis of financial status and consideration of capability in term of debt repayment of clients and each counter-party. Regarding the consideration of audit granted for trading accounts receivable who are anticipated of uncollectibility in debt settlement, the Company sufficiently considered the allowance of doubtful debt.

21.5 Fair Value

The following method and assumptions were used by the Company in estimating fair value of financial instruments as disclosed herein. The management believes that the fair of the financial assets and financial liabilities do not materially differ from their carrying value.

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**NOTES TO FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

- Deposits at financial institutions and trade account receivables carry values approximately at the fair value because these monetary assets will be due in a short period.
- Short-term loans from financial institutions and trade account payables carry values approximately at the fair value because these monetary liabilities will be due in a short period.
- Long-term loans from financial institutions carry values approximately at the fair value because these loans bear interest at floating rates close to current market rates.

21.6 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Company. To control the risk, the Company has a prudent credit control policy, constant follow up account receivables, vary large number of customers base. Therefore, the management of the Company does not anticipate significant losses from debt collection

22. CAPITAL MANAGEMENT

The primary objectives of the Company's capital management are to maintain their abilities to continue as a going concern and to maintain an appropriate capital structure.

As at December 31, 2012, debt to equity ratio in the financial statements is 1.55 : 1

23. COMMITMENTS AND CONTINGENCY LIABILITIES

23.1 As at December 31, 2012 and 2011, the Company has commitments to bank according to letter of guarantee as follows.

	Million Baht	
	As at	As at
	December 31, 2012	December 31, 2011
Electricity Guarantee	9.07	8.72

23.2 As at December 31, 2012 and 2011, the Company had other contingent liabilities as follows:

	Million Baht	
	As at	As at
	December 31, 2012	December 31, 2011
Letters of Guarantee		
- Credit Line Baht 12.50 Million in 2012 and 2011		
- Credit not used	3.43	3.78
Unused long term loan	21.58	-

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**NOTES TO FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

23.3 As at December 31, 2012 and 2011, the Company has capital commitments as follows:

	Million Baht	
	As at	As at
	December 31, 2012	December 31, 2011
- Purchasing raw materials	46.61	12.89
- Assets	25.66	-

23.4 As at December 31, 2012 and 2011, the Company has commitments under operating lease contracts as follows:

	Baht	
	As at	As at
	December 31, 2012	December 31, 2011
Within 1 year	5,155,272.00	5,620,032.00
More than 1 to 3 years	45,000.00	1,058,250.00
Total	5,200,272.00	6,678,282.00

24. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Company's Management.

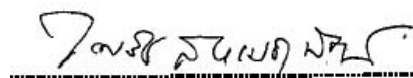
Message from Chairman of the Audit Committee

T. Krungthai Industries Public Company Limited has appointed 3 persons : Mr. Pairuch Sahamethapat, Chairman of Audit Committee, Mr. Paotep Chotinuchit and Mr. Virasak Sutanthavibul, Audit Committee . Audit Committee comprise of 3 competent and qualified non executive directors, 3 out of 3 have knowledge and experience in accounting.

The Audit Committee has met 4 times in Year 2012 to make examination on the following items as;

1. To examine the Company performance and review the Company's quarterly and annually financial statements with the Management and Company certified public accountant before reporting to the Board of Directors to ensure that financial reports were correctly made and sufficiently revealed the information as the generally accepted accounting principles and report any conflict of interests that was clearly consider.
2. To examine the Company's internal control system and suitable internal audit procedure with transparency with the cooperation from external and internal auditor after the approval then send observation for the management to consider and improvement.
3. To Select and propose appointment the Company's auditor including consideration on remuneration of the Company's auditor to the Board of Directors. In year 2012 Karin Audit Co., Ltd. was proposed by the committee during annual general meeting for consideration.
4. To consider the Company's accounting policies with the Management and the Company's auditor.
5. To Report the result of operation to Board of Directors and suggest the better control system.
6. To consider the operations complied with the laws and regulations of the Stock Exchange of Thailand (SET) on securities or any laws related to the Company's business.
7. On risk management, the company has efficient risk management policy to deal with any problem that will occur.

From the examination on the internal control system and report of Company's auditor together, the Audit Committee deemed that the Company has well and sufficient internal control system without any significant faulty items. Besides, **the Audit Committee held a meeting with our Auditors without the presence of Top Management not less than once a year to let them know the problem occurred from the auditing process.**



Mr. Pairuch Sahamethapat
Chairman of the Audit Committee

Message from Remuneration and Nomination Committee

Remuneration and Nomination Committee comprise of Chairman of Independent Committee they are 4 persons : Mr. Paotep Chotinuchit (Independent Director), Dr. Kosol Surakomaol (Independent Director), Mr. Sumate Techakraisri and Mr. Kumpee Chongthurakit with a 3years terms starting from November 13, 2011 respectively.

In the year 2012, Remuneration and Nomination Committee will have to hold 1 meeting for follow up and consider important matters from the Board of Directors as follows:

1. Policies the ways for remuneration and other fringe benefits for the company directors and other directors.
2. Control the no. of directors and their ability and capability for the wellness of the organization along with the outside trend.
3. Control the remuneration of the directors as per the given responsibility.
4. Set a guideline and assess the work performance of the managing director and consider the suitable remuneration.
5. Follow up the plan for successor to propose to the BOD.
6. Report the work performance to the BOD at least once a year.
7. Manage any other responsibilities as per assigned by the BOD



(Mr. Paotep Chotinuchit)
Chairman of Remuneration and Nomination Committee