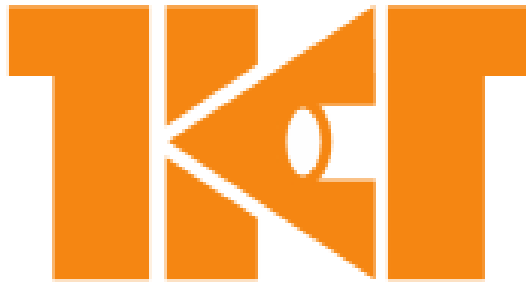




T.KRUNGTHAI INDUSTRIES PUBLIC CO.,LTD.

ANNUAL REPORT
2013



T.Krungthai Industries Public Company Limited

Head Office 23 Soi Chan 43, Yak 21, Chan Road, Tungwatdon, Sathorn, Bangkok 10120

Tel : 0-2211-3732, 0-2211-2762 Fax : 0-2212-4864

Factory 1 59 Mu 6 King Kaew Road, Rajateva, Bangplee, Samutprak 10540

Tel : 0-2738-4690-9, 0-2326-8013-5 Fax : 0-2326-8016

Factory 2 517 Mu 9, Nongki, Kabinburi, Prachinburi 25110

Tel : 037-455-430-3, 037-455 435 Fax:: 037-455-434

Factory 3 28/4 Mu 1, Suwintawong Road, Klong Udom Cholajorn, Maung, Chachoengsao 24000

Tel: 038-593-334-41 Fax : 038-593-344

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*****The company had posted 56-1 report at www.sec.or.th and www.tkrungthai.com,
So that investor can learn from both of web sites

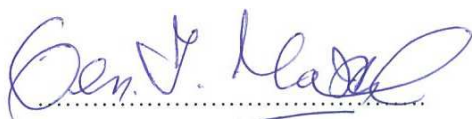
Report from the Chairman

Thailand total automotive production in 2013 totaled to 2.46 million units, a fall of 2.55 million units from the target but comparing to year 2012 it was 0.14% higher of the total car production, highest in 52 years, and resulted Thailand to be one of the top ten car manufacturers in the world. By the year 2013, the production of passenger cars totaled to 1.07 million units accounted to 43.59 % of the total production, an increase of 11.85 % from the previous year and 1 ton pick-up production totaled to 1.33 million units, accounted to 54.25 % of the total production.

The company's financial result total revenue amounted to Baht 1,924 million, increased slightly from the previous year 0.53% from the previous year. The decrease on the company's revenue is due to the slowing down of the economy combined with the effect of political issue and the expiration of first car policy. However the company is committed to developing a better performance to reduce the loss in the production therefore, it expanded its investment on painting, purchase new plastic injection machine and research development as well as human resource development and to support long term growth and to control costs and expenses in accordance with the planned budget.

Besides company's performance, the Board of Directors are striving to improve a good corporate governance and sticking to the company's philosophy, " Sufficiency Economy" to be applied to the organization to ensure its stability and sustainability, sustainable life of employees and society. IOD evaluated the company's corporate governance as " Excellent" for the three consecutive years. Moreover, the company is committed to its social responsibility or CSR with morality, community and environmental care and to give importance to stakeholders, showed unified spirit to fight against corruption / anti corruption which we believe that these factors and significant to the growth of the company

The Board of Directors thank 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 its business goals successfully and smoothly.



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



Mr. Pairuch Sahamethapat
Independent Director



Mr. Paotep Chotinuchit
Independent Director



Mr. Virasak Sutanthavibul
Independent Director



Dr. Kosol Surakomol
Independent Director



Mr. Sumate Techakraisri
Director



Mr. Kumpee Chongthurakit
Director



Mrs. Yupa Techakraisri
Director



Mr. Apichart Kasemkulsiri
Director



Dr. Naruepont Pongcharoen
Director



Mr. Phreecha Techakraisri
Director



Mr. Kowate Limtrakul
Director



Mr. Chumpol Techakraisri
Director



Mr. Prasong Techakraisri
Director

1. Policy and Overall business operation

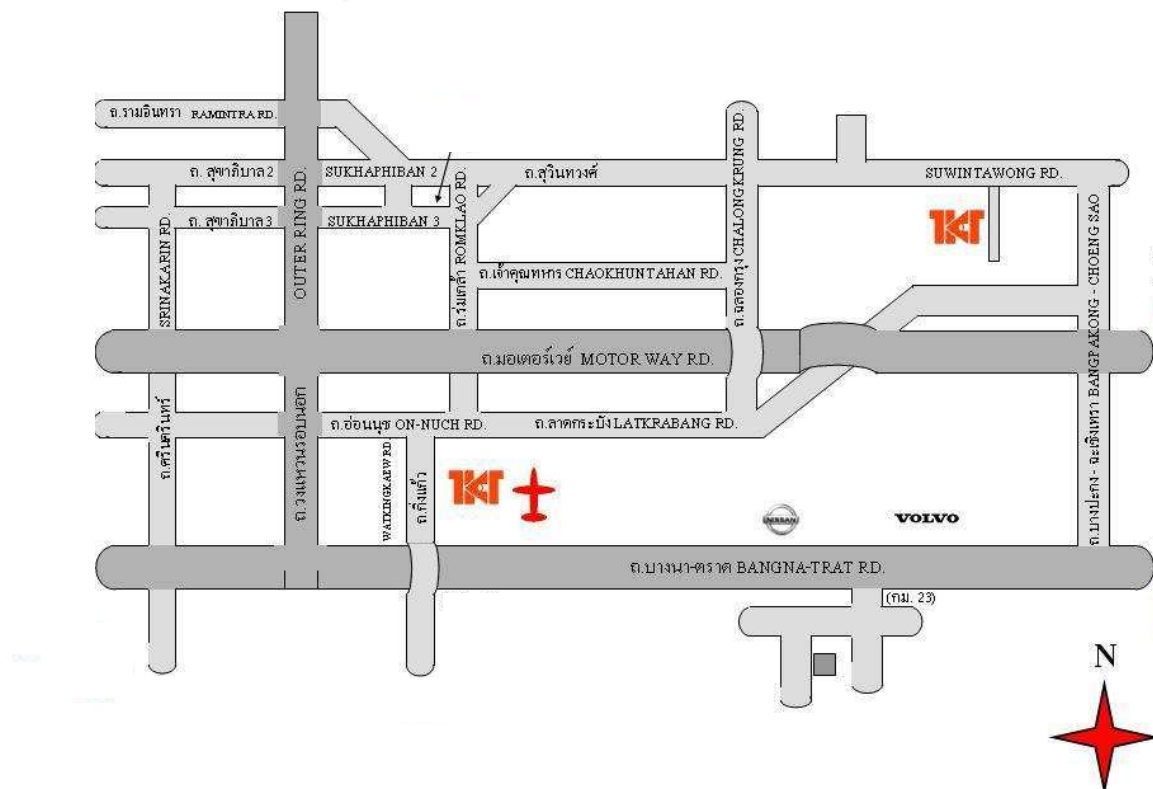
T.Krungthai Industries Public Company Limited (“TKT”) is the producer of plastic parts, including the spray painting, silk-screen & hot stamping and sub assembly, and the service provider on mold design, mold production and mold repair for plastic parts to the leading Automobile, Electrical appliance 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 2013, the company purchased machineries to support the increasing production



Policies and long-term goals of the company.

In addition to the annual work plan consisting of annual budget and action plan approved by the Board of Directors. BOD and Management team also pay attention in doing business for long term and to serve needs of all stakeholders. Therefore, the company set policies and business goals in the long term period as follows:

1. Focus on developing competitive advantage by responding to customer needs in terms of quality,

delivery, cost, innovation, service and development of new products. Company shall conduct a customer satisfaction survey for all 6 criteria at least 2 times a year.

2. Concentrate on the potential development of the human resources in the company by building core competencies consistent with the values of the organization which support the growth of the company.
3. The company has plans to improve growth both its sale and profit goals annually from year 2014 – 2018 based on the growth of the industry and competitors in the same industry. The Company has a strategic plans to achieve these goals.
4. The Company has established a Corporate Governance Committee to review the corporate governance policy appropriately in fairness to the shareholders as well.

In the year 2013, the company purchased 5 machineries from Suwintawong plant to prepare for production increase and a robot for painting, and for king kaew plant old machine were replaced by new machine, and the company is now one of Isuzu Supplier.

2. Nature of Business

The Company's products are classified into two categories:

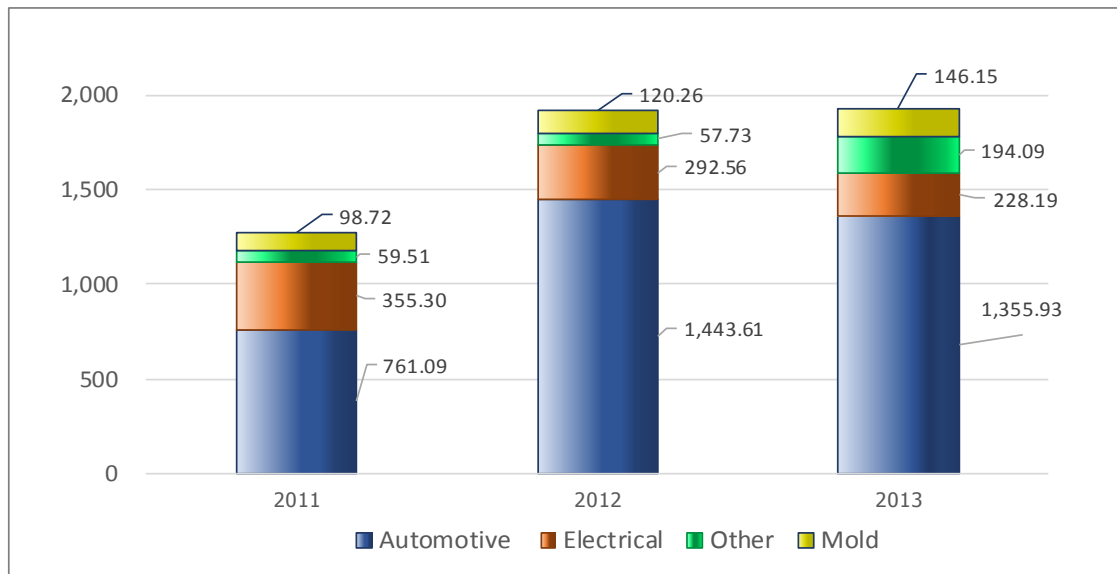
1. Injection Molding
 - Automotive Industry
 - Electric Industries
 - other Industry
2. Mold Production and repair

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	2011		2012		2013	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales Income						
Automotive Industry	761.09	59.71	1,443.61	75.42	1,355.93	70.46
Electrical Appliance Industry	355.30	27.87	292.56	15.28	228.19	11.86
Other Industries	59.51	4.67	57.73	3.02	194.09	10.09
Mold Production Services	98.72	7.75	120.26	6.28	146.15	7.59
Total sales Income	1,274.62	100.00	1,914.16	100.00	1,924.36	100.00



2.1 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 for industry. 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.

The company's quality control process are monitored and controlled efficiently starting from the import of raw materials, production process, production of good quality products, best service and up to the time of delivery to the customer for which the company earns the customers confidence, trust and satisfaction.

2. Mold Production for Plastic Injection Production

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

Mold 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, mold 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.

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 ours' 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)

The Company has received promotional privileges from the Board of Investment (BOI) in Zone 2 (Chachoengsao) for plant Suwinthawong on February 25, 2011 to indicate that the user is encouraged to invest in the business. mold manufacturing and mold repair itself. The gist has been promoted as follows.

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. Exemption on dividends paid by the Company has been promoted calculation . To pay income

tax for the period that has been promoted is exempted from income tax throughout the BOI privilege period.

3. Reduction on imported machineries and material in the manufacturing and export for 1 year.
4. Reduction import duty for the BOI privilege import and export in 1 year.

On October 25, 2012 , the Company acquired additional type of business from Board of Investment (BOI) that is Manufacture of plastic or plastic coated . Following are the overview of the acquired privileges :

- 1 . Exemption from income tax on profits derived from such business on the BOI privilege which does not exceed 100 percent of the investment , excluding land and working capital for a period of 3 years.
- 2 . Exemption on the dividends paid by the company under the BOI privilege and to pay income tax for the period of the exemption given to the company by BOI.
- 3 . Exempt from import duty on raw and essential materials imported from abroad for use in the production for export for a period of one year.
4. Exemption from import duties for imported be encouraged to return to a period of one year

2.2. 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.
(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 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.

To achieve policies in marketing actuary measure for the satisfaction level of customers yearly. The target score for satisfaction is 85% up and set 5 points for rating they are Quality, Cost, Delivery, Management and Engineering.

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 78.81% such as Toyota Motor Asia Pacific Engineering and Manufacturing Co.,Ltd., Kawasaki Motor Enterprise (Thailand) Co.,Ltd.,
2. **Electrical Appliances Industry Group** this group consist of electrical appliances producers for household and business sector with a total sales of 12.34% such as Haier Electric (Thailand) PCL, Hitachi Consumer Products (Thailand) Co.,Ltd. BSH Home Appliance Manufacturing Co.,Ltd., Panasonic Home Appliances (Thailand) Co.,Ltd., Mitsubishi Heavy Industries Co.,Ltd.
3. **Other Industry Group** this group consist of manufacturers of products made from plastics such as packaging, in the year 2013 revenue was 1.28% of the total income such as Prairie Marketing Co., Ltd.
4. **Molding Industry Group and Repair** in the year 2013, customer sales portion sale ratio 7.58% of the total income such as Toyota Motor Asia Pacific Engineering and Manufacturing Co.,Ltd., Kawasaki Motor Enterprise (Thailand) Co.,Ltd.

The company has one customer which has a market share of 30 % in the automotive industry that is Toyota Group

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 a 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 electronics industries. Followings are situations on the Company's principal related industries:-

Condition of Automobile Industry in the year 2013

Condition of Automobile 2013

In the year 2012 Thailand automotive industry forecast was not realized. During the 1st half of 2013, production was better but on the 2nd half it was down due to the economic downturn, first car policy and political instability .

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.

After being affected by the massive flood that occurred in late 2011, the automotive industry continued to recover since early 2012 both for domestic and export production. Thailand first car was a major factor in this recovery in the year 2012 and the domestic car sales has risen to a record.

Automobile production for year 2013 totaled to 2,457,086 units, an increase by 0.14% compared to the same period of 2012 and it is one of the greatest production in 52 years which made Thailand one of the top ten car manufacturer in the world. Production of passengers car for year 2013 totaled to 1,071,076 units equal to 43.59% of the total production, an increase of 11.85%, while the 1-ton pick-up truck production totaled to 1,332,913 units equal for 54.25 % of the total car production, a decreased of 8.22% from the previous year.

Automotive Industry in 2014

Early 2014, trend of automotive sales and production is still down. However it is expected that second half of the year automotive sales and production will pick up again.

The export production is steadily increasing to offset the slowing down in the domestic market after the end of first car policy. It is believed that car production for year 2014 is likely to be close as that of year 2013 with a total production of 2.457 million units.

Export to ASEAN countries, Australia, New Zealand, Middle East and South America has expanded especially pick-up truck. It is expected that the pending orders since 2012 are still not completely manufactured and delivered due to the high demand and order received on the stimulus first car policy.

However the production may be more than 2.457 million vehicles, this is depending on various environmental factors. Should the situation does not change its direction that will adverse the impact on the automotive industry such as political issues, energy prices along with the monitoring the agricultural prices to

be not too low both rice and rubber products for which the government sector must find a way to release or sell the stocks.

If the assessment for car production is neutral, car production for year 2014 will be more than 2.457 million units. depending on the main factors that is about political issues and international market

As US and Europe and Japan economy is picking up, labor shortage is not a prime problem for many car industries as earnings better and laborers are interested to work in this kind of industry . Earnings for the car parts manufacturer is lower compared to the first group such as during the flooding workers are not able to work but manufacturers are able to find substitute to continue with the production.

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

Electrical Appliances

Production Index on appliances in 2013 totaled 285.71 down 2 % compared to the same period of last year. Electrical industry was down 0.76 % compared to last year and this is due to the slowing down on international and domestic market .

For electrical industry yield dropped by 0.76 % compared to the same period of last year. During the 1st quarter of year 2013 yield is up moderately by 4.07 % compared to the same period of last year. As the economy slowed down during the 2nd half of 2013, yield for electrical appliances also declined such as fans, refrigerator, kettles, television for domestic consumers were down due to the slowing down of economy therefore consumers were quite careful in their expenditures . But for air-conditioning it increased due to the expansion of residential construction projects in the country.

Market Conditions

Export

Export for electric and electronics for 2013 Total amount US\$ 22,726.23 a decreased of 0.45 % compared to the same period of last year. Export market in the USA and Japan declined while in countries in Asia and Europe increased

Trend on Electrical Industry and Electronics for year 2014

For this new year it is expected that electricity and electronic appliances will increase by 2 -3 % compared to the previous year. This kind of industry, it is expected to grow 1 % as ASEAN and Asia exports will increase but the domestic market is still sluggish.

Mold Industry

In 2014 it is predicted that the mold will grow even more than that of 2013 compared to the same period of last year.

“There will be an increase on mold manufacturing for domestic market due to the following 3 factors”

1. Domestic mold manufacturing increase because 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 2014 to 2015.
3. Policies to purchase mold in domestic from automobile manufacturers

For the export of molds, Thailand molding industry continues to compete with Taiwan, Korea and China. Thailand mold exported value to other countries is not high compared to the mold imported from China. However, Mold production in China, price and labor cost is quite high and the quality is not that stable so Thailand mold export will likely rise.

2.3 Exploration / Search of Product or Service

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. Area -25 rai. 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 and a plastic injection molding machine ranging from 230 to 850 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.

➤ 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 2013, proportion volume is 38.90 % and 61.10 % 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.

- **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.

- **Analysis and Development of Mold Making**

The company got a Mold Flow to support our analysis and help us in the design and the manufacturing of plastic injection molds. and as a result the molds produced higher and better quality . The company made researches to develop new technologies for the higher quality production with lower cost in collaboration with NSTDA which will start in the year 2014

- **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.

- **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, 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.

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

2.4 Undelivered Job (Especially on Project with High Value)

-None -

3. 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.

In the year 2013, the company had managed its risk management strategy in order to avoid severe consequences. The implementation and factors of the risk management in the year 2013 are as follows :

3.1 Risk in business

- **The risk of few customers**

The company has 3 groups of customers, they are automotive, electrical appliances and others. For the automotive and electrical appliances industry the company has 3 major customers totaling 70% of total revenue. The major customers are Toyota Motor (Thailand), Siam Nissan Co., Ltd., Mitsubishi Motor (Thailand) Ltd. and Toyoda Gosei (Thailand) Ltd. For these companies the risk is quite low as their financial status is quite stable and have liquidity

Due to the above reasons, the company focused on increasing its sales and look for new customers to balance with the major customers. The company must have sales strategy, reliability, product quality, on time delivery and competitive prices along with best engineering capabilities, best service for the satisfaction of our customers. These are the reasons in maintaining the major customers and their trust to the company and also gaining the trust of the new customers. These can reduce the risk on the dependence on major customers.

- **The risk of selling price decrease**

As the company is a service company, goods ordered are delivered to customer's plant However, prices may vary or change as a result of the design and in technology changes.

In order to minimize the risks that may arise, the company made a research and studied the development of modern manufacturing technology to be able to cope with the changes that may affect the price level.

- **The risk in the change of raw material price**

If the price of raw material become higher our cost of goods sold will also be higher which will make out profit less

Change of material price has no impact to the company operation as prices quoted to the customers are calculated based on the raw material cost and cost structure and the responsibility on this is given to the marketing dept. to follow up the price change of the raw material and quote the price to customers as per the material cost.

3.2 Operation Risk

- **Risk in Cost of Production higher than competitor due to machinery and technology**

If production costs are higher than that of the competitors due to the obsolete / outdated machineries and technology that makes our production waste higher and less production combined with higher maintenance cost and higher cost of goods sold .

Therefore the company has to follow up any changes in technology all the time and send its employees regularly both abroad and locally. In the case of the machineries used for production, we have to check its efficiency on a regular basis and calculate the maintenance cost once a year and make sure that the maintenance expenses won't be high. If the outcome is not satisfactory then the company must take into consideration to purchase new machine

- **Risk in lack of raw materials**

Material used for production is a special kind of raw material for automotive industry, should the material used is not enough it will affect our production and delivery.

The company control this risk by purchasing the material from trusted and reliable suppliers, make plans ahead and must be under control and monitored regularly.

3.3 Risk in Management

- **Risk in major Shareholding hold 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.

However, to achieve a balance in the company and reduce the risk, the company has invited outsiders with experiences as directors, executive directors and auditors in proportion to the independent directors which is more than one third of the total directorship to reduce counterbalance and reduce risk.

3.4 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 with the highest 2.5:1 at present D/E ratio 1.53 for fiscal year 2013.

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.

However, the Company has planned to reduce such risk by finance at the lower interest rate. The company interest expenses 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 forwarding contract for foreign exchange rated as a hedge against such risk for the purchase of machineries and equipments from foreign country.

- **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.

- **The risk of non-compliance with the agreement**

The company has a potential risk of the counterparties' failure to comply with contract requirements which cause a financial loss .

To avoid this risk, the Company is monitoring the compliance in each contract regularly.

3.5 Other Risk

- **Risk on not complying to 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 use of pirated software**

The company has a risk on use of pirated software as our business must use ERP program and other programs required by the organization as per the users requirement such program for engineering, as



problem may occur on patented program which will affect our company and can be sued / accused about copyrighting.

The company has set a policy to protect the use of patented license both in and out of the company and control the authorization of users to set up their own programs. The setting-up of these programs is under the control of IT officers only and should the company decide to purchase new computers the software used must be licensed and patented only.

4. General Information

Company Name	: T.KRUNGTHAI INDUSTRIES PUBLIC CO.,LTD.
Business	: 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").
Authorized Capital	: The Company has an issued and paid-up share capital of 214 million baht to 214 million shares.
Head office	: 23 Soi Chan 43 Yak 21, Chan Road, Tungwatdon, Sathorn, Bangkok 10120
Plants Location	: 1. 59 Moo 6 King Kaew Road, Rajateva, Bangplee, Samutprakarn 10540 : 2. 517 Moo 9 Nongkee, Kabinbure, 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
Audit Committee (Independent Director)	: auditor@tkrungthai.com
Web Site	: www.tkrungthai.com

Reference

Registrar	: Thailand Securities Depository Co., Ltd. 62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Bangkok 10110 Tel: (66 2) 229 2800, Fax: (66 2) 359 1259
Auditors	: Karin Audit Company Limited 138 Boonmitr 6th 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. 24th. Rachadapisek, Dindaeng,

Bangkok 10400

5. Shareholders Structure

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.

List of major shareholders as at 28 December 2013

No.	Name	As at 28 December 2013	
		# 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	6,500,000	3.04
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	112,111,600	52.39
	Total	214,000,000	100

Thai citizen shareholders 189,703,000 shares equal to (%) 88.65

Foreigner shareholders 24,296,600 shares equal to (%) 11.35

Foreign Shareholders' limitation

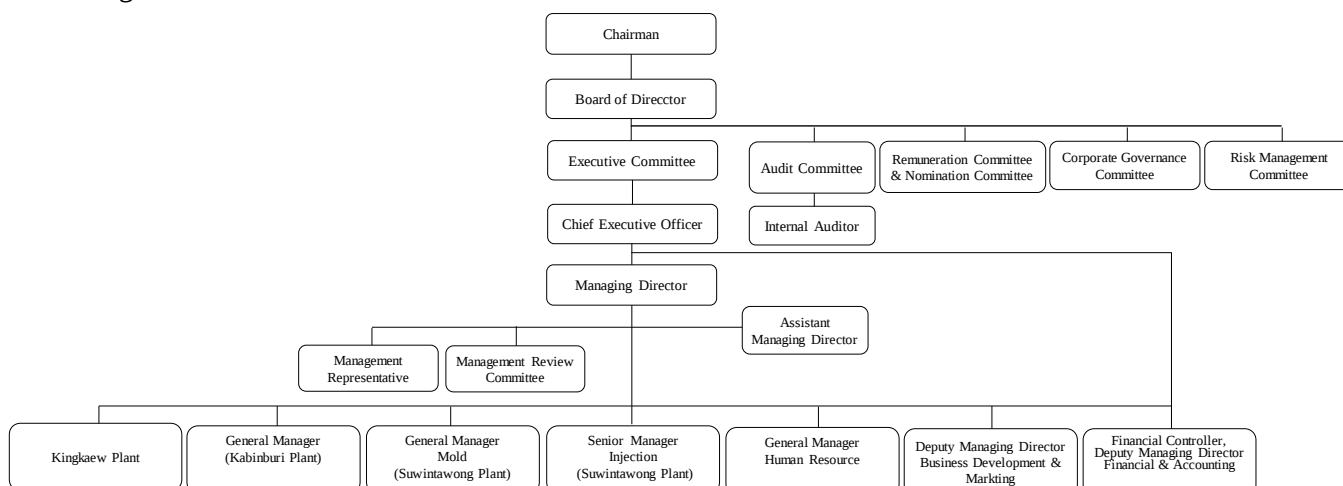
Foreigners are not allowed to hold more than 40% of total company shares.

6. 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.

7. Management structure

Management structure as at 31 December 2013



7.1 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:

Details of attendants in Board of Directors Meeting in Year 2013				
No.	Name - Surname	Position	Director (DCP) & (DAP)	Attendance
1	Gen.Terdsak Marrome	Chairman/ Independent Director	DAP รุ่นที่ 10/2004	10/10
2	Mr.Pairuch Sahamethapat	Chairman of Audit Committee/Independent Director	DCP รุ่นที่ 102/2008	10/10
3	Mr.Paotep Chotinuchit	Director Audit Committee/ Independent Director Chairman of Remuneration Committee and Chairman of Nomination Committee Chairman of Corporate Governance Committee	DAP รุ่นที่ 11/2004	10/10
4	Mr.Virasak Sutanthaibul	Director and Audit Committee/Independent Director	DAP รุ่นที่ 21/2004	10/10
5	Mr.Sumate Techakraisri	CEO Director of Remuneration and Nomination Committee Corporate Governance Committee	DCP รุ่นที่ 137/2010	10/10
6	Dr. Kosol Surakomol	Independent Director Director Remuneration and Nomination Committee Corporate Governance Committee	DCP รุ่นที่ 137/2010	9/10
7	Mr.Kumpee Chongtharakit	Director Director Remuneration and Nomination Committee Corporate Governance Committee	DCP รุ่นที่ 48/2004	10/10
8	Dr. Naruepont Pongcharoen	Executive Director / Managing Director	DCP รุ่นที่ 105/2008	10/10
9	Mr.Phreecha Techakraisri	Executive Director /Deputy Managing Director	DAP รุ่นที่ 10/2004	10/10
10	Mr.Chumpol Techakraisri	Executive Director / Asst. Managing Director Company Secretary	DCP รุ่นที่ 102/2008	10/10
11	Mrs.Yupa Techakraisri	Executive Director	DCP รุ่นที่ 32/2003	10/10
12	Mr.Kowate Limtrakul	Executive Director	DCP รุ่นที่ 105/2008	10/10
13	Mr.Apichart Kasemkulsiri	Executive Director	DCP รุ่นที่ 73/2006	10/10
14	Mr.Prasong Techakraisri	Director	DAP รุ่นที่ 11/2004	10/10
Dr. Kosol Surakomol sick leave				

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

Definition of Independent Director

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.
7. To assign an or several individuals as the Executive Director(s) to act on behalf of the Board of Directors.
8. Provide for the administration of corporate governance principles.

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.

7.2 The Management

The Management comprise of 7 persons as follows:

No.	Name -Surname	Position
1	Mr.Sumate Techakraisri	Chief Executive Director
2	Mr.Kowate Limtrakul	Executive Director
3	Dr. Naruepont Pongcharoen	Managing Director
4	Mr.Phreecha Tachakraisri	Deputy Managing Director
5	Mr. Phoompong Worrawattanakul	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.

7.3 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.

7.4 Remuneration to Directors and the Management**A) Monetary Remuneration for Company's Director year 2013**

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 2013

No.	Name - Surname	Position	Remuneration for Director	Pension
1	Gen.Terdsak Marrome	Chairman/ Independent Director	530,400	80,000
2	Mr.Pairuch Sahamethapat	Chairman of Audit Committee/Independent Director	442,800	60,000
3	Mr.Paotep Chotinuchit	Director Audit Committee/ Independent Director Chairman of Remuneration Committee and Chairman of Nomination Committee Chairman of Corporate Governance Committee	312,000	60,000
4	Mr.Virasak Sutanthaibul	Director and Audit Committee/Independent Director	268,800	60,000
5	Mr.Sumate Techakraisri	CEO Director of Remuneration and Nomination Committee Corporate Governance Committee	-	-
6	Dr. Kosol Surakomol	Independent Director Director oRemuneration and Nomination Committee Corporate Governance Committee	188,400	60,000
7	Mr.Kumpee Chongthurakit	Director Director oRemuneration and Nomination Committee Corporate Governance Committee	188,400	60,000
8	Dr. Naruepont Pongcharoen	Executive Director / Managing Director	-	-
9	Mr.Phreecha Techakraisri	Executive Director /Deputy Managing Director	-	-
10	Mr.Chumpol Techakraisri	Executive Director / Asst. Managing Director Company Secretary	-	-
12	Mr.Kowate Limtrakul	Executive Director	-	-
11	Mrs.Yupa Techakraisri	Executive Director	268,800	60,000
13	Mr.Apichart Kasemkulsiri	Executive Director	268,800	60,000
14	Mr.Prasong Techakraisri	Director	159,600	60,000
Total			2,628,000	560,000

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 7 pax shown as follows:

Item	Remuneration	
	Person	Baht
Salary	7	12,420,000
Bonus	4	1,225,761

Remark : Year 2013 comprise of 7 management pax as follows : Mr.Sumate Techakraisri

Dr. Naruepont Pongcharoen, Mr. Phreecha Tachakraisri, Mr. Kowate Limtrakul,

Mr. Chumpol Techakraisri, Mr. Phoompong Worrawattanakul and Mr. Prinya Kaeoluan

* Mr. Phoompong Worrawattanakul resigned from the company on March 1, 2013

Others Remuneration

Item	Person	Baht
Provident Fund	4	211,442.40

Remark : Year 2013 Executive Directors comprised of 4 pax : Dr. Naruepont Pongcharoen,
Mr. Phreecha Tachakraisri, Mr. Chumpol Techakraisri, And Mr. Prinya Kaeoluan

7.5 Employees

As at 31 December 2013, the Company's total numbers of employees (excluding the Management) are as follows :

Department		Total numbers of employees		
		2011	2012	2013
1	Back Office	163	177	212
2	Factories	932	929	903
	Total	1,095	1,106	1,115

Total Employees in each department

Department	Amount		
	Dec 31,2011	Dec 31,2012	Dec 31,2013
1. Production	599	629	660
2.Engineer & Research	44	47	55
3. Quality, Planning and Maintenance	158	150	145
4. Purchase & Delivery	60	50	48
5.Raw Material & warehouse	106	100	81
6. Human Resource & Administration	34	36	35
7. Sale & Marketing	12	14	12
8. Accounting & Financial/Information Technology	25	26	29
9. Management & Operation	57	54	50
Total	1,095	1,106	1,115

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

Employee Remuneration

The total employees remuneration for year 2013 amounted to Baht 277,106,322.42 more than that of 2012 which was Baht 4,445,418.73 and this include 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 convenience 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.

8. Corporate Governance**8.1 Policy Corporate Governance**

The Board of Directors have a policy to follow Code of Best Practice according to the principles set by SET after the completion of company's listing . The company has set governance policy and code of conduct for distribution to the directors, management and employees for carrying out.

The Company operates under a framework of good governance as mentioned above. In 2013, the company was awarded the Corporate Governance by the SEC.

1. We were one of the 87 companies who was awarded excellent CG scoring for year 2013 from 526 companies.
2. Awarded 100 % by Thai Investors Association for Annual General Meeting for year 2013.
Presented in 3 categories namely, 100 points from 3 types, they are : Prior to the meeting, during the meeting, and after the meeting for 3 consecutive years.

In addition, the Company has followed the principles of corporate governance. The guidelines cover the following five categories

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 :

- 1.1 The company allows the shareholders to propose agenda prior to the meeting and raise questions related to the agenda of the General Shareholders Meeting for year 2014 and notify the Stock Exchange of Thailand in advance between September 10, to December 31, 2013 and publish the guidelines under the announcement clearly on the company's website (www.tkrungthai.com)
- 1.2 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, 2014) the company has to pass through the SET news.
- 1.3 An invitation letter notice has been published / posted in the newspaper 3 days before the meeting for 3 consecutive days.
- 1.4 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.
- 1.5 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.
- 1.6 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.
- 1.7 Year 2013, 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 2013.

- 1.8 The company assigned The Thailand Securities Depository Co., Ltd (TSD) to be the registrar and send invitations to the shareholders 21 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.
- 1.9 Any action that can be considered in violation of the shareholders' right to study the company's information should be prohibited.
- 1.10 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.
- 1.11 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.
- 1.12 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.
- 1.13 The company has set a policy regarding payment of dividends of not less not 40% of the net profit except if the company has made plans for another investment. In the year 2014 the company will propose a payment of dividends from the performance of 2013 at Baht 0.15/share.
- 1.14 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.

The Company continues / sustain to treat shareholders equally

- 2.1 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.
- 2.2 The company allows the shareholders to propose an agenda and propose a name for directorship candidacy on September 10, 2013 up to December 31, 2013 through SET news information and also posted on our company's website. In the year 2013, there was no agenda proposal and name for directorship candidacy from the shareholders.
- 2.3 To give rights to the shareholders to cast votes as per their no. of shares equally and fairly.
- 2.4 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.
- 2.5 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.
- 2.6 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.

- 2.7 Board of Directors set guidelines for the executives and managements to disclose their personal assets to stakeholders under Section 89/14 of the Securities and Exchange Act BE 2008 and report for the first time within 30 days after the trade and if there are any changes report must be done every quarter within 15 days of the following month from the last day of each quarter. The secretary must collect and keep these documents and make copies for the Chairman of the Board and Chairman of the Audit Committee within 7 days.
- 2.8 Shareholders with management positions are aware that they can not append any agenda items without notifying other shareholders in advance.
- 2.9 The company use computer in the registration and votes counting for speedy result and for the convenience of the shareholders.
- 2.10 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 The Company's policy on evaluation of performance with KPI indicators to measure actual achievements against agreed expectations (Objective Measurement).
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 declaration of intent in view of establishing Thailand's private sector collective action coalition against corruption, not to use / make 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 policies to make the company a good example by working in transparency which can be verified and disclose .These are IT policy, Environmental policy, Energy policy and others and must be published on the company website (www.tkrungthai.com) under Investor Relations / Corporate

Following have been disclosed to all concerned :

- 4.1 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.
- 4.2 Give significance in disclosing financial status with transparency and other information such as annual report on time both in English and Thai through SET Community portal and company website (www.tkrungthai.com)
- 4.3 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
- 4.4 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.
- 4.5 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.
- 4.6 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.
- 4.7 The board of directors ensured the number of meetings and attendance of each directors.

- 4.8 The board of directors must disclose to the stakeholders their personal and other relatives in case of personal interest with the company.
- 4.9 The company has implemented a whistle blower crime (whistle blowing) to promote cooperation between the company and stakeholders and protect the interest in promoting the operations of the company which serves as an instrument /defines mechanisms to protect the rights of the stakeholders. Board of directors must monitor the accuracy of the financial report, internal control deficiency or unethical practice by the audit committee (Independent Director) auditor@tkrungthai.com and publish on the company's website www.tkrungthai.com
- 4.10 To disclose the no. of shares of the Board of Directors and Top Management, both directly and indirectly and set a policy for directors and executives and report to the Chairman the sale and purchase of shares through the company secretary

Sharedolding Details of Board of Directors and Management						
No.	Name - Surname	Position	Number of shares December 31, 2012	Number of shares December 31, 2013	Number of shares changed (Increase/Decrease) 2013	Shareholding (%)
1	Gen.Terdsak Marrome (spouse and children who are underage)	Chairman/ Independent Director	220,000 0	220,000 0	0 0	0.10 0
2	Mr.Pairuch Sahamethapat (spouse and children who are underage)	Chairman of Audit Committee/Independent Director	0 0	0 0	0 0	0 0
3	Mr.Paotep Chotinuchit (spouse and children who are underage)	Director Audit Committee/ Independent Director Chairman of Remuneration Committee and Chairman of Nomination Committee Chairman of Corporate Governance Committee	20,000 0	20,000 0	0 0	0.01 0
4	Mr.Virasak Sutanthaibul (spouse and children who are underage)	Director and Audit Committee/Independent Director	0 0	0 0	0 0	0 0
5	Mr.Sumate Techakraisri (spouse and children who are underage)	CEO / Director of Remuneration and Nomination Corporate Governance Committee	33,500,000 24,000,000	33,500,000 24,000,000	0 0	15.65 11.21
6	Dr. Kosol Surakomol (spouse and children who are underage)	Independent Director Remuneration and Nomination Committee Corporate Governance Committee	0 0	0 0	0 0	0 0
7	Mr.Kumpee Chongtharakit (spouse and children who are underage)	Director Remuneration and Nomination Committee Corporate Governance Committee	500,000 0	500,000 0	0 0	0.23 0
8	Dr. Naruepont Pongcharoen (spouse and children who are underage)	Executive Director / Managing Director	0 0	0 0	0 0	0 0
9	Mr.Phreecha Techakraisri (spouse and children who are underage)	Executive Director /Deputy Managing Director	6,138,400 3,258,940	6,138,400 3,258,940	0 0	2.87 1.52
10	Mr.Chumpol Techakraisri (spouse and children who are underage)	Executive Director / Asst. Managing Director Company Secretary	956,940 0	956,940 0	0 0	0.45 0
11	Mrs.Yupa Techakraisri (spouse and children who are underage)	Executive Director	24,000,000 33,500,000	24,000,000 33,500,000	0 0	11.21 15.65
12	Mr.Kowate Limtrakul (spouse and children who are underage)	Executive Director	275,000 0	275,000 0	0 0	0.13 0
13	Mr.Apichart Kasemkulsiri (spouse and children who are underage)	Executive Director	0 0	0 0	0 0	0 0
14	Mr.Prasong Techakraisri (spouse and children who are underage)	Director	2,903,606 0	2,903,606 0	0 0	1.36 0

- 4.11 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 ransparency whatever the performance of the company on that quarter.
- 4.12 The company gave chances to investors and analysts to visit our plants and to have a chance meeting and talking with the management during the company visit. In the year 2013 investors and analysts visited our Suwintanwongse plant on the 15th 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.

4.13 There were 5 interviews made to our company's top management during the year 2013 by an analyst.

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

5.1.1 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 %)

5.1.2 Board Directors must not have any criminal record as per the policy requirement of SEC/SET

5.1.3 Board of Directors set internal control system appropriately where the internal auditor is an independent auditor and report directly to the Audit Committee

5.1.4 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.

5.1.5 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.

5.1.6 The company had disclosed the information details about board positions (details of directors and management)

5.1.7 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.

5.1.8 The board of directors appointed independent director to elect chairman of the company.

5.1.9 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.

5.1.10 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

5.1.11 The company has adopted a policy that the Managing Director can serve as a director to other companies of not more than 2 companies. The said company shall not have any conflict with the company prior to the appointment and this has to be informed and reported to the board of

directors.

5.1.12 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.

5.1.13 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 5 committees they are : 1) audit committee 2) executive committee 3) remuneration and nomination committee 4) corporate governance committee and 5) risk 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

5.3.1 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.

5.3.2 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.

5.3.3 The board of directors set and approve a written corporate governance policy for the company.

5.3.4 The board of directors are free from the management team and no position as independent director.

5.3.5 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.

5.3.6 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.

5.3.7 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.

5.3.8 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 twice a year.

- 5.3.9 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.
- 5.3.10 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.
- 5.3.11 The directors shall set a policy on the purchase and sale of shares of the company and inform during the meeting.
- 5.3.12 The directors shall set a policy to all the directors to inform the stakeholders to the company.
- 5.3.13 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. 26, 2014, the audit committee assessed that we have enough internal control system.

5.4 Board Meetings

- 5.4.1 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 2013 set 10 times.
- 5.4.2 The number of board meeting are appropriated to the obligations and responsibilities of the board and nature of the company.
- 5.4.3 The chairman of the board and the managing director set the board meeting agenda together.
- 5.4.4 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.
- 5.4.5 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.
- 5.4.6 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.
- 5.4.7 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 2013, a meeting was held on Nov. 13th 2013.
- 5.4.8 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 . For each resolution there must be 2 out of 3 from the total director which shall be 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.

5.4.9 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 2013								
No.	Name - Surname	Position	BOD	AC	RC & NC	CG	Ex-com	AGM
1	Gen.Terdsak Marrome	Chairman/ Independent Director	10/10	---	---	---	---	1/1
2	Mr.Pairuch Sahamethapat	Chairman of Audit Committee/Independent Director	10/10	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	10/10	4/4	2/2	2/2	---	1/1
4	Mr.Virasak Sutanthaibul	Director and Audit Committee/Independent Director	10/10	4/4	---	---	---	0/1
5	Mr.Sumate Techakraisri	CEO / Director of Remuneration and Nomination Corporate Governance Committee	10/10	---	2/2	2/2	16/16	1/1
6	Dr. Kosol Surakomol	Independent Director Remuneration and Nomination Committee Corporate Governance Committee	9/10	---	2/2	2/2	---	1/1
7	Mr.Kumpee Chongthurakit	Director Remuneration and Nomination Committee Corporate Governance Committee	10/10	---	2/2	2/2	---	1/1
8	Dr. Naruepont Pongcharoen	Executive Director / Managing Director	10/10	---	---	---	16/16	1/1
9	Mr.Phreecha Techakraisri	Executive Director /Deputy Managing Director	10/10	---	---	---	13/16	1/1
10	Mr.Chumpol Techakraisri	Executive Director / Asst. Managing Director Company Secretary	10/10	---	---	---	15/16	1/1
11	Mrs.Yupa Techakraisri	Executive Director	10/10	---	---	---	10/16	1/1
12	Mr.Kowate Limtrakul	Executive Director	10/10	---	---	---	14/16	1/1
13	Mr.Apichart Kasemkulsiri	Executive Director	10/10	---	---	---	10/16	1/1
14	Mr.Prasong Techakraisri	Director	10/10	---	---	---	---	1/1

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 2013, a meeting was held but not the top management on the Nov. 13, 2013 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	1/1

5.5 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 by having assessment form from the SET to be check for improvement as per our company's requirement

5.6 Board Self Assessment

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

The company uses form from SET and improve as per our company's standard and requirements. Following are the assessment for the year 2013.

No.	Topic of Assessment	Result (%)
1	Structure and Qualifications of Directors	95.89
2	Responsibilities and Duties of the Directors	91.57
3	Directors meeting	97.32
4	Work Performance of Directors	94.39
5	Relationship towards management division	94.64
6	Self improvement of directors and management	90.18
	Total percentage	94.00

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.

5.7 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.

5.8 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.

In year 2013 Company Directors attended seminars as follows:

1. Chairman of Executive Committee participated in the " Program Executives (generation 17), organized by the Capital Market Academy.
2. Directors attended the seminar " The Board Monitoring - how to build the spirit of good CG" organized by the Stock Exchange of Thailand.
3. Directors attended the seminar "An approach to prepare a report on Corporate Governance for Listed Companies 2013" organized by the Stock Exchange of Thailand and Thailand Institute of Directors Association.
4. Directors attended the seminar "The updated COSO's 2013 Integrated Internal Control: what the Board and Managements should do" by the Stock Exchange of Thailand.

In additional, there are succession plan to ensure the business continuity 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.

8.2 Committee

The Board of Directors appointed 5 committees :

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

The chairman is not allowed to be a chairman and member of this committee

1. Executive Directors

Executive Directors as at 31 December 2013 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.

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

- Report on the performance of the Audit Committee, the Board of Directors acknowledged every quarter

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. The term of office in 3 years commencing from 15 August 2013 to 14 August 2016 with 4 Directors as follows :

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

The secretary to the remuneration and nomination 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. Risk Management Committee

On 26th February 2014, BOD appointed Risk Management Committee. The term of office is 3 years commencing from 26 February 2014 to 25 February 2017 comprising 6 members of the company director and senior management

No	Name - Surname		Position
1	Mr. Kowate	Limtrakul	Chairman of Risk Management Committee
2	Dr. Naruepont	Pongcharoen	Risk Management Committee
3	Mr. Chumpol	Techakraisri	Risk Management Committee
4	Mr. Pitsanu	Vilawanjit	Risk Management Committee
5	Mr. Prinya	Kaeoluan	Risk Management Committee
6	Miss Bubpha	Kodkhangplu	Risk Management Committee

And committee secretary of the Risk Management Committee is Miss Pornthip Puangsab

Scope and Authority of the risk management committee

1. To study, review and evaluate the risks that may occur which may affect the company.
2. To set a risk management policy and propose to the Board of Directors.
3. To formulate strategies to meet the risk management policy and strategic direction of the company.
4. To review the adequacy of the risk management policy and to assess with continuous control and monitoring of the system.
5. To seek and push the support, cooperation and to monitor the set policy in order to mitigate or eliminate the risk according to the set target.
6. To continue develop the risk management, monitor regularly throughout the company in consistent with the international standard.
7. To analyze the damage which may occur in a systematic way both normal or abnormal to ensure that the survey has covered all stages of the risk in doing business and report to the BOD at least twice a year.

8.3 Recruitment and appointment of director and management

Remuneration and Nominating Committee are responsible to look for new directors or replace the directors who resigned / retired and fill in the vacated position based on knowledge, integrity, experiences in a related business which conform with the requirement of the Securities and Exchange Commission

The remuneration and nomination committee propose the recruitment to the company directors that deemed appropriate and to approve the said appointment as per the company's requirement and standard during the company's shareholders meeting

Appointment process of the Board of Directors.

Board of Directors must be appointed by the shareholders in the shareholder meeting and comprised of at least 5 persons. The Board of Directors will select Chairman, Deputy Chairman, Managing Director and any other positions that deemed appropriate. At least, half of the Board of Directors must reside in Thailand.

Methods of election are as follows :

1. Each shareholder has the voting right of one share per one vote.
2. The election of the Board of Directors may be done for one or more directors at a time at the discretion of the Company's shareholders' meeting. Nevertheless, for each shareholders' resolution, all shareholder's votes shall be given to a particular candidate or group of candidates. Each shareholder's votes cannot be divided for each candidate or group of candidates.
3. Persons who receive the highest votes arranged in order from highest to lowest in a number equal to that of directors are to be appointed and or elected as directors of the company. In the event of a tie at a lower place, which would make the number of directors greater than that required the Chairman shall cast his vote to be considered as final

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.

8.4 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.

8.5 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 Suwintawong 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.

9 Corporate Social Responsibility

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" :

Social responsibility , Safety, Health and Environment policies

The company operates under principle and good governance along with attentive care of the environment and society and aims to contribute to the development of sustainable business with transparency and social responsibility. Board of Directors have approved the policy on social responsibility in business ethics of the company.

The objective is to run a business that is beneficial to the economy and society. The importance on the preservation of local traditions is the company's policy to adhere, to behave as a good citizen , law- abiding and committing oneself to follow regulations, cooperate with the government and community to enhance the quality of society to follow regulations.

The Implementation and Report Preparation

The company has implemented and report corporate social responsibility. Details of these implementation of principles and 8 guidelines set by the SET has been published on the company website (www.tkrungthai.com) In year 2013 the company had conducted its activities to communities 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, 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, give presents to the employees' children.

- 1.3 Define security policies within workplace such as in the factory and organize annual fire prevention practice, fire evacuation drills and regular checking the availability of firefighting equipments.
- 1.4 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.
- 1.5 Sending employees to a seminar in and out of the organization to prepare the suitable person for the position.
- 1.6 Officer to listen to the problems of the employees on fair treatment of the company.
- 1.7 Encourage the employees to use sufficiency economy along with the wellness of the community.
- 1.8 Merit offering in temples at employees birthplace and meditation practice and listen to monk sermon during mother and father's day at company premises.
- 1.9 Carry on the Thai customs and tradition such as New Year, Songkran Festival, Father and Mother's day.
- 1.10 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.
- 1.11 To improve the management and leadership for all management level through training and coaching.
- 1.12 Sports and exercise is one way to promote cooperation and unity of the staffs.
- 1.13 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 Support children's day by giving gifts to local schools in Samut Prakarn and Bangkaew Police Stations
- 3.3 Blood Donation with Red Cross
- 3.4 Merit and Candle Offering at Sangkaraja Temple, Lakkrabang, Bangkok

- 3.5 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.
- 3.6 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.
- 3.7 Support and give chance to Autistic Children from Yowaprasart Hospital to work at the company
- 3.8 To encourage employees to volunteer their service on their spare or free time by knitting Winter Wool Hats for 2 consecutive years. All the necessary tools are funded by the company and donate these hats to Chiangrai Panyanukul School.
- 3.9 To support the education of young people in the wilderness at Patrol Police School Border, Mittr Monchon 2, Srisawad Kanchanaburi

☺ various activities for year 2013 ☺

☺ Listening to Monk Sermon ☺



☺ TKT 40 Year Anniversary ☺



☺ Volunteers: Support Education Project for youths as the wilderness area ☺



☺ Volunteers in Knitting “Muak Mai Pom Tan Pai Now” year 2 ☺



☺ Sport Day ☺



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



☺ Buddhist Lent Candle Offering ☺



☺ Blood Donation ☺



☺ Education support for employee's children ☺



☺ Songkran Day Festival ☺



☺ Morning Talk ☺



☺ Awarded white Factory for Clear Drug Prevention ☺



☺ 5S ☺



☺ Fire Protection Training and Evacuation ☺



10 . 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.

At the meeting for Audit committee on 20 February 2013, No.1/2013 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

11. 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.

12. Financial Highlights

		2013	2012	2011
Performance				
Revenue from sales - Plastic products	'000 Baht	1,778,213	1,793,896	1,175,903
Revenues from sales - Moulds	'000 Baht	146,146	120,255	98,716
Net profit	'000 Baht	38,966	81,759	-14,846
Balane sheet highlight				
Total Assets	'000 Baht	1,212,256	1,211,033	1,026,475
Total liabilities	'000 Baht	732,777	734,471	620,971
Shareholders' equity	'000 Baht	479,479	476,562	405,504
Common stock highlight				
Authorized share capital	Mil' share	214,000	214,000	214,000
Par value	Baht / share	1	1.00	1.00
Book value	Baht / share	2.24	2.22	1.89
Basic earning per share	Baht / share	0.18	0.38	-0.07
Financial Ratio				
Current Ratio	Times	0.89	0.95	0.85
Account Receivable Turnover	Times	5.88	6.67	5.70
Inventory Turnover	Times	9.18	9.15	8.66
Account Payable Turnover	Times	6.89	7.56	7.71
Debt to Equity Ratio	Times	1.53	1.54	1.53
Sale's Growth (%)	%	0.53	50.17	3.59
Profit before interest and income tax expenses (%)	%	3.52	6.15	-0.02
Net profit (%)	%	2.01	4.25	-1.16

13. 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 2013 the company's revenue slightly increased by Baht10.2 million as the sales of automotive manufacturers slowed down and the ending of first car policy, due to these reasons car sales declined.

1. Operational Performance

Income

In the year 2013, our total revenue for sales and service amounted Baht 1,924.35 million, higher than last year of Baht 10.21 million or equal to 0.53% from sales index of 150.97 % compared to the same period of year (2011)

The company revenue from sales of products and service rose slightly due to the economic slowdown as a result of political unrest and the ending of first car policy in 2013. In addition, it appears that one major electrical appliance manufacturer moved its production overseas which made the sales of automotive and electronics did not meet its target. However, mold sales increased compared to the same period of last year due to the orders from new customers

From the Financial Statement the revenue on sales products in the year 2013 and 2012, the revenue in automobile parts amounts to Baht 1,355.93 million and Baht 1443.61 million (respectively). The revenue on electrical appliances parts and components amounts to Baht 228.19 million and Baht 292.56 million, (respectively). Income from mold amounts to Baht 146.15 million and Baht 120.26 million, (respectively). The revenue from other Baht 194.09 million and Baht 57.73 million (respectively)

Cost of Sales and Expenses

Cost of Sales and Service

In the year 2013, the company's cost of sales and service totaled to Baht 1,669.03 million an increase of Baht 51.35 million than that of last year which was 3.17%. The cost of sales index increased by 148.30% compared to the same period of (2011) Cost of sales to the total sales of 2013 which was equal to 86.73% there is an increase of 2.22% . The company expenditures increased and in addition the company has invested in the machinery and painting room of about Baht70 million at the end of year, but by the end of the year the economy slowed down along with the political unrest. As a result sales target did not materialized whilst expenditures on sales and services increased.

Selling and Administrative Expenses

The company had selling and administrative expenses for year 2013 totaled to Baht 199.55 million higher than last year of Baht 11.18 million equal to 5.94%, the selling and administrative index is higher which is equal to 126.95 % compared to the period of 2011 Cost of sales and administration increased from last year to support the sales revenue and the adjustment of the minimum wage across the country since 2013 including the logistic cost which is high compared to the amount of sales revenue that do not increase.

Finance Costs

The company has a finance costs for year 2013 equal to Baht 18.72 million The company managed that its financial cost was the same as that of 2012, although in year 2013 cash flow was higher due to the acquiring assets in 2012 amounting Baht 99.15 million since most companies give us credit to pay for raw materials which increases with the sales revenue. The repayment of long term loan interest for the purchase of

new machines to replace the outdated once with a higher maintenance cost.

As the company has the ability to pay the interest for year 2013, equal to 3.52 times decreased from last year of 2.77 as for year 2013 because of sales target was not met and with rising production costs.

Corporate Income Tax

In the year 2013 the company will have a corporate income tax of Baht 10.05 million due to the year end profit, the company's tax liability for year 2014 is equal to Baht 8.87 million and Baht 1.18 million arising from the temporary deferred tax assets and also the liabilities of the company that may arise in the future.

Net Profit

In the year 2013, a net profit of Baht 38.96 million or equivalent to 2.02% of the proceeds from the sales of goods decreased compared to the same period of 2012. The net profit amounted to 81.76 million or equivalent to 4.27% of the proceeds from the sales of goods. Earnings per share of revenue decreased by 2.25 % or a net decrease of approximately 52.34 % compared to the same period of last year due to the following :

1. Sales target did not materialized due to the reduced production of all manufactures along with the economic slowdown and the political unrest. Moreover, major electrical appliances manufacturers had moved their production to other countries.

2. The cost of sale and administrative expenses increased due to the production expenditures, preparation plan for manpower and the higher logistic expenditures are not in accordance with the sales volume.

2. Financial Status

Assets

The company's Financial Statement stated that total asset as at December 31, 2013 and December 31, 2012 equaled to Baht 1,212.25 million and Baht 1,211.03 million (respectively) higher of Baht 1.22 million or equal to 0.10%

Trade Accounts and Notes Receivable

The company's value on trade accounts and net notes receivable at December 31, 2013 amounted to Baht 295.18 million and Baht 359.07 million as at December 31, 2012 with proportion of trade accounts of total assets equivalent to 24.35% and 29.95% (respectively).

Collection period for year 2013 is about : 61 days and for 2012 it was 54 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 2013 we are able to separate the timing of the trade accounts.

Inventories

The company's net inventories as December 31, 2013 totaling Baht 175.75 million and Baht 187.73 million as at December 31, 2012 as the portion of total assets which is equal to 14.50% and 15.50% (respectively)

The company's average inventory turnover for year 2013 is 39 days including molds during

production, but if excluding molds during production the company's average inventory turnover in year 2013 is 22 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, 2013, the company property, plant and equipment and intangible assets (net) of Baht 689.68 million and Baht 605.03 million as at December 31, 2012. The total value of property, plant and equipment and intangible assets (net) of total assets which is equal to 56.89 % and 49.96 (respectively)

Total Liabilities

Total liabilities as at December 31, 2013 amounts to Baht 732.78 million divided into current liability and total liability. Current liability equal to Baht 582.32 million and the non-current liabilities amounts to Baht 150.46 million, declined from last year of Baht 1.69 million or equal 0.23% is payable and notes payable decreased by Baht 52.38 million due to the expansion of production and sales slowed down. Long term liabilities increased by Baht 45.65 million due to the investments made in machineries and equipment including the preparation of painting department at Suwinthawongse.

Shareholders Equity

Shareholders' Equity as at December 31, 2013, totaling Baht 479.48 million an increase from last year by Baht 2.92 million or equal to 0.61 %.

As per the resolution during the annual general meeting on April 10, 2013, it was resolved to pay dividends from the profit for year 2012 at 0.18 Baht total shares of 214 million shares totaling Baht 38.52 million. Dividends were paid on April 29, 2013.

As at December 31, 2013, the company legal reserved combined the total liability amounts to Baht 732.77 million and the shareholders' equity amounts Baht 479.48 million or equal to 1.53 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, 2013 increased by Baht 0.21 million which is less better than that of 2012 amounting Baht 12.75 million. The company case flow received from operation activities by Baht 158.03 million as a result from operating performance before the change in asset and liability increased by Baht 140.38 million The decrease of asset by Baht 74.22 million and the liabilities decrease by Baht 56.57 in investment activities Baht 158.93 million to repay our creditors , debts, machineries and equipments and received from financing activities by Baht 1.11 million from the increase in long-term loans including the payment of interest and dividends .

The cash and cash equivalent brought forward from Baht 38.36 million as a result of company's cash and cash equivalents of Baht 36.57 million by the end of 2013.

Investments Expenses

In the year 2013, the company increased its fixed asset totaling Baht 158.93 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 2013 was derived from accounts receivable and reduce trade account. Account receivable management be within in the company policy and for collection period of about 61 days for year 2013 which is more than that of 2012 in which the collection period is 54 days, However the company allows the customers to have a credit term from 60 -90 days which is the policy of the company. In year 2013 the credit term was 52 days and in year 2012 it was 48 days, the overall liquidity was higher compared to year 2012. The ratio of liability to shareholders equity for year 2011, 2012, 2013 is equal 1.53 times, 1.54 times, 1.53 times respectively. This shows that the company is able to continue and maintain its debt to equity share which remained constant.

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013
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, 2013, 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, 2013, and performance and cash flows for the year then ended of T. Krungthai Industries Public Company Limited in accordance with Thai Financial Reporting Standards.

Other matter

Without qualifying my opinion, I draw attention to notes 2 and 3 the financial statements describing the effect of the Company adoption January 1, 2013 of certain new accounting policies. The corresponding figures presented are based on the audited financial statements as at and for the year ended December 31, 2012 after making the adjustments described in notes 3.



(Wimolsri Jongudomsombut)

Certified Public Accountant

Registration No. 3899

Karin Audit Company Limited

Bangkok

February 26, 2014

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

ASSETS

		Baht		
		As at	As at	As at
		December 31, 2013	December 31, 2012	January 1, 2012
	Note		"Restated"	"Restated"
Current assets				
Cash and cash equivalents	6	36,574,666.21	36,360,207.41	23,610,538.26
Trade accounts and notes receivable - net	7	295,189,735.90	359,067,155.96	215,013,243.74
Inventories - net	8	175,753,533.90	187,726,843.61	165,731,488.38
Other current assets		8,074,371.29	6,476,908.07	9,789,526.30
Total current assets		515,592,307.30	589,631,115.05	414,144,796.68
Non-current assets				
Property, plant and equipment - net	9	685,558,080.54	600,599,634.12	582,144,527.54
Intangible assets - net	10	4,123,249.37	4,429,524.35	6,991,898.45
Deferred tax assets	3, 12	-	1,338,196.36	8,385,752.13
Other non-current assets - net	11	6,982,063.17	15,034,564.09	14,807,977.31
Total non-current assets		696,663,393.08	621,401,918.92	612,330,155.43
Total assets		1,212,255,700.38	1,211,033,033.97	1,026,474,952.11

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		
		As at	As at	As at
		December 31, 2013	December 31, 2012	January 1, 2012
	Note		"Restated"	"Restated"
Current liabilities				
Short - term loan from financial institutions	13	255,000,000.00	255,000,066.69	235,000,000.00
Trade accounts and notes payable		215,952,772.07	268,327,250.41	159,574,018.63
Payable for purchase on assets		20,160,081.00	26,305,893.62	4,560,441.90
Current portion of long-term loans	13	54,110,768.00	37,841,146.67	53,518,485.11
Current portion of accounts payable under hire - purchases and financial leases agreement	14	3,129,399.78	3,385,346.81	2,324,493.23
Current portion of employee benefit obligations	16	4,251,725.00	-	-
Other current liabilities	15	29,715,379.81	31,666,032.00	33,040,452.47
Total current liabilities		582,320,125.66	622,525,736.20	488,017,891.34
Non-current liabilities				
Long-term loans - net	13	133,188,528.00	87,543,853.33	111,780,200.00
Accounts payable under hire - purchases and financial leases agreement - net	14	2,551,563.83	5,340,553.60	4,567,732.47
Deferred tax liabilities	3, 12	463,414.95	-	-
Employee benefit obligations - net	16	14,253,072.00	19,060,468.23	16,605,626.31
Total non-current liabilities		150,456,578.78	111,944,875.16	132,953,558.78
Total liabilities		732,776,704.44	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	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	214,000,000.00
Additional paid-in capital				
Premium on common shares		144,236,932.71	144,236,932.71	144,236,932.71
Retained earnings				
Appropriated				
Legal reserve	18	20,714,112.95	18,765,796.49	14,325,472.67
Unappropriated		100,527,950.28	99,559,693.41	32,941,096.61
Total equity		479,478,995.94	476,562,422.61	405,503,501.99
Total liabilities and equity		1,212,255,700.38	1,211,033,033.97	1,026,474,952.11

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, 2013 AND 2012

		Baht	
	Note	2013	2012
			"Restated"
Revenue from sales - Plastic products		1,778,212,535.22	1,793,896,233.80
Revenue from sales - Moulds		146,145,987.71	120,255,384.06
Total revenue from sales and services		1,924,358,522.93	1,914,151,617.86
Cost of sales and services		(1,669,027,636.72)	(1,617,680,545.61)
Gross profit margin		255,330,886.21	296,471,072.25
Other income		11,957,298.90	9,582,759.71
Profit before expenses		267,288,185.11	306,053,831.96
Selling expenses	19	(52,942,887.63)	(40,189,442.95)
Administrative expenses	5	(128,459,675.38)	(130,778,139.33)
Management benefit		(18,149,891.89)	(17,403,333.08)
Total expenses		(199,552,454.90)	(188,370,915.36)
Profit before finance costs and income tax expenses		67,735,730.21	117,682,916.60
Finance costs		(18,717,983.99)	(18,720,270.29)
Profit before income tax expense		49,017,746.22	98,962,646.31
Income tax expenses	12	(10,051,417.07)	(17,203,725.69)
Profit for the years		38,966,329.15	81,758,920.62
Other comprehensive income			
Defined benefit plan actuarial gain	16	3,087,805.23	-
Income tax on other comprehensive income	12	(617,561.05)	-
Other comprehensive income for the year, net of income tax		2,470,244.18	-
Total comprehensive income for the year		41,436,573.33	81,758,920.62
Basic earning per share			
Net profit (Baht per share)	20	0.18	0.38

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, 2013 AND 2012

		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, 2012 - as previously reported		214,000,000.00	144,236,932.71	14,325,472.67	24,555,344.48
Cumulative effect of the change in accounting policy	3	-	-	-	8,385,752.13
Balance as at January 1, 2012 - restated		214,000,000.00	144,236,932.71	14,325,472.67	32,941,096.61
Dividend	17	-	-	-	(10,700,000.00)
Appropriated for legal reserve	18	-	-	4,440,323.82	(4,440,323.82)
Profit for the year		-	-	-	81,758,920.62
Balance as at December 31, 2012		214,000,000.00	144,236,932.71	18,765,796.49	99,559,693.41
Dividend	17	-	-	-	(38,520,000.00)
Appropriated for legal reserve	18	-	-	1,948,316.46	(1,948,316.46)
Profit for the year		-	-	-	38,966,329.15
Comprehensive income for the year		-	-	-	2,470,244.18
Balance as at December 31, 2013		214,000,000.00	144,236,932.71	20,714,112.95	100,527,950.28

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, 2013 AND 2012

	Baht	
	2013	2012
		"Restated"
Cash flows from operating activities		
Net profit	38,966,329.15	81,758,920.62
Adjustment to net profit (loss) for cash received (paid) from operations		
Depreciation	66,019,304.86	59,749,810.46
Amortization	2,524,674.98	2,985,074.10
Loss from declining in inventories valuation	146,924.23	1,797,113.67
Reversal allowance for declining in inventories valuation	(1,336,647.01)	(2,131,607.34)
(Gain) loss on sales of fixed assets	340,782.35	(2,478,530.81)
Unrealized (gain) loss on exchange rates	217,843.47	(23,127.02)
Provisions for employee benefits	2,532,134.00	2,454,841.92
Interest income	(228,531.70)	(193,580.53)
Interest expenses	18,717,983.99	18,720,270.29
Written off withholding income tax deducted at source	2,432,122.09	105,833.54
Income tax expenses	10,051,417.07	17,203,725.69
Net profit before changes in operating assets and liabilities	140,384,337.48	179,948,744.59
(Increase) decrease in operating assets		
Trade accounts and notes receivable	63,877,420.06	(144,053,912.22)
Inventories	13,163,032.49	(21,660,861.56)
Other current assets	(1,597,463.22)	3,312,618.23
Other non-current assets	(1,218,632.26)	193,162.50
Increase (decrease) in operating liabilities		
Trade accounts and notes payable	(52,592,321.81)	108,776,358.80
Other current liabilities	(1,955,691.30)	(1,285,672.09)
Withholding tax received	11,722,414.71	1,597,670.10
Income tax paid	(13,750,770.43)	(12,279,422.84)
Net cash provided by operating activities	158,032,325.72	114,548,685.51

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, 2013 AND 2012

	Baht	
	2013	2012
		"Restated"
Cash flows from investing activities		
Interest received	228,531.70	193,580.53
Purchase of assets	(156,665,177.92)	(57,521,480.86)
Proceeds from disposal of assets	5,869,644.29	4,145,040.89
Payable for purchase on asset (decrease)	(6,145,812.62)	3,942,951.72
Purchase of intangible assets	(2,218,400.00)	(422,700.00)
Net cash used in investing activities	(158,931,214.55)	(49,662,607.72)
Cash flows from financing activities		
Interest paid	(18,718,762.47)	(18,759,201.12)
Short-term loan increase	-	20,000,066.69
Received long-term loans	103,555,450.00	13,604,800.00
Payment for long-term loans	(41,641,154.00)	(53,518,485.11)
Payment for accounts payable hire - purchases and financial lease agreement	(3,567,936.80)	(2,713,771.55)
Dividends paid	(38,514,249.10)	(10,749,817.55)
Net cash provided by (used in) financing activities	1,113,347.63	(52,136,408.64)
Net increase in cash and cash equivalents	214,458.80	12,749,669.15
Cash and cash equivalents, at beginning of years	36,360,207.41	23,610,538.26
Cash and cash equivalents, at end of years	36,574,666.21	36,360,207.41
Supplemental disclosures of cash flows information :		
Non - cash items		
Purchases of asset for under hire - purchases agreement	523,000.00	4,547,446.26
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, 2013

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 Statement of compliance

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.

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 FAP has issued the following new and revised TFRS and Announcements relevant to the Group's operations and effective for accounting periods beginning on or after January 1, 2013:

TAS	Topic
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
FAPAnnouncement 34/2555	Accounting guidance for Transfers of financial Assets.

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**NOTES TO FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2013**

The adoption of these new and revised TFRS and FAP Announcements has resulted in changes in the Group's accounting policies. The effects of these changes are disclosed in note 3.

In addition to the above new and revised TFRS and Announcements, as at December 31, 2013 the FAP had issued a number of new interpretations and has not adopted the new and revised TFRS that have been issued as of the reporting date but are not yet effective. Those new and revised TFRS that are applicable to the Group's/Company's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table, are as follows:

TAS	Topic	Year effective
TAS 1 (revised 2012)	Presentation of financial statements	2014
TAS 7 (revised 2012)	Statement of Cash Flows	2014
TAS 12 (revised 2012)	Income Taxes	2014
TAS 17 (revised 2012)	Leases	2014
TAS 18 (revised 2012)	Revenue Recognition	2014
TAS 19 (revised 2012)	Employee Benefits	2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	2014
TAS 24 (revised 2012)	Related Party Disclosures	2014
TAS 28 (revised 2012)	Investments in Associates	2014
TAS 31 (revised 2012)	Interests in Joint Ventures	2014
TAS 34 (revised 2012)	Interim Financial Reports	2014
TAS 36 (revised 2012)	Impairment of Assets	2014
TAS 38 (revised 2012)	Intangible Assets	2014
TFRS 2 (revised 2012)	Share-based Payment	2014
TFRS 3 (revised 2012)	Business Combinations	2014
TFRS 4	Insurance Contracts	2016
TFRS 5 (revised 2012)	Non-current Assets held for Sale and Discontinued Operations	2014
TFRS 8 (revised 2012)	Operating Segments	2014
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2014
TFRIC 4	Determining whether an Arrangement contains a Lease	2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	2014
TFRIC 10	Interim Financial Reporting and Impairment	2014

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**NOTES TO FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2013**

TAS	Topic	Year effective
TFRIC 12	Service Concession Arrangements	2014
TFRIC 13	Customer Loyalty Programmes	2014
TFRIC 17	Distributions of Non-cash Assets to Owners	2014
TFRIC 18	Transfers of Assets from Customers	2014
TIC 15	Operating Leases-Incentives	2014
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2014
TIC 29	Service Concession Arrangements – Disclosure	2014
TIC 32	Intangible Assets-Web Site Costs	2014

Management expects to adopt and apply these new interpretations in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new interpretations and expects that there will be no material impact on the financial statements in the period of initial application.

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 12	Current and deferred taxation
Note 16	Measurement of defined benefit obligations

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**NOTES TO FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2013****3. CHANGE IN ACCOUNTING POLICIES****a) Overview**

From January 1, 2013, consequent to the adoption of new and revised TFRS as set out in note 2, the Company has changed its accounting policies in the following areas:

- Accounting for income tax
- Presentation of information on operating segments

Details of the new accounting policies adopted by the Company are included in notes 4(b) to 4(c) below. Other new and revised TFRS did not have any impact on the accounting policies, financial position or performance of the Company.

b) Accounting for income tax

The principal change introduced by TAS 12 is the requirement to account for deferred tax liabilities and assets in the financial statements. Deferred tax liabilities and assets are the amounts of income taxes payable and recoverable, respectively, in future periods in respect of temporary differences between the carrying amount of the liability or asset in the statement of financial position and the amount attributed to that liability or asset for tax purposes; and the carryforward of unused tax losses. The accounting policy for deferred tax is described in note 4.17.

The Company adopted TAS 12 with effect from January 1, 2013. The effects of the change are recognised retrospectively in the financial statements. The impact of the change on the financial statements is as follows:

	Baht	
	As at	As at
	December 31, 2012	January 1, 2012
STATEMENTS OF FINANCIAL POSITION		
Increase in deferred tax assets	4,555,736.75	9,785,700.97
Increase in deferred tax liabilities	(3,217,540.39)	(1,399,948.84)
Increase in unappropriated retained earnings	1,338,196.36	8,385,752.13

STATEMENTS OF COMPREHENSIVE INCOME**FOR THE YEAR ENDED DECEMBER 31, 2012**

Increase in income tax	(7,047,555.77)
Decrease in comprehensive income	(7,047,555.77)
Decrease in basic earnings per share	(0.0329)

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013

c) Presentation of information on operating segments

From January 1, 2013, the Company has adopted TFRS 8 Operating Segments. The new policy for presentation of information on operating segments, together with information on the previous policy, is given below. The new policy has been applied retrospectively and segment information included in the financial statements for the year ended 31 December 2012, which are included in the Company's 2013 financial statements for comparative purposes, has been re-presented accordingly. The change in policy only impacts presentational aspects and has no impact on the Company's reported assets, liabilities, results or earnings per share.

TFRS 8 introduces the "management approach" to segment reporting. It requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Company's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to those segments. Previously the Company presented segment information in respect of its business and geographical segments in accordance with TAS 14 Segment Reporting.

The change in basis of presentation and disclosure of segment information has had no significant effect on the segment information reported in the Company's financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except in Note 3.

4.1 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.

4.2 Financial instruments

The Company does not engage 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.

4.3 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.

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013

4.4 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.

4.5 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.

4.6 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.

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013

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:

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

4.7 Intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Computer software	5 years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013

4.8 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.

4.9 Trade and other accounts payable

Trade and other accounts payable are stated at cost.

4.10 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.

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013

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

4.11 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.

4.12 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.

4.13 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

4.14 Expenses

Expenses are recognized on an accrual basis.

4.15 Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, dividends on preference shares classified as liabilities, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), and losses on hedging instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013

4.16 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group/Company determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group/Company the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group/Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Company's incremental borrowing rate.

4.17 Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

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

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group/Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**NOTES TO FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2013**

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

4.18 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.

5. TRANSACTIONS WITH RELATED PARTIES

Significant related parties transactions can be summarized as follows:

- 5.1 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
Key management personnel	-	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company

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

Revenues and expenses transactions with the related parties for the year ended December 31, 2013 and 2012, are as follows:

	Pricing Policy	Baht	
		2013	2012
Office rental			
Mr. Sumate Techakraisri	- April 2013 to March 2016 Bath	780,450.00	726,000.00
	66,550 per month		
	- April 2010 to March 2013 Bath		
	60,500 per month		

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013

	Pricing Policy	Baht	
		2013	2012
Key management personnel compensation			
Short-term employee benefit		17,403,249.97	16,850,967.00
Long-term employee benefit		746,641.92	552,366.08
		18,149,891.89	17,403,333.08

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.

6. CASH AND CASH EQUIVALENTS

Consists of :

	Baht	
	As at December 31, 2013	As at December 31, 2012
Cash	180,000.00	180,000.00
Saving deposit accounts	20,151,508.86	33,039,388.66
Current deposit accounts	16,243,157.35	3,140,818.75
Total	<u>36,574,666.21</u>	<u>36,360,207.41</u>

7. TRADE ACCOUNTS AND NOTES RECEIVABLE - NET

Consists of :

	Baht	
	As at December 31, 2013	As at December 31, 2012
The aging of the outstanding trade accounts and notes receivable are as follows :-		
Not yet due	193,012,020.30	229,197,399.39
Over due		
Less than 3 months	102,174,221.99	126,288,650.27
Over 3 months to 6 months	3,493.61	144,450.00
Over 6 months to 12 months	-	1,225,670.66
Over 12 months	-	2,210,985.64
Total	<u>295,189,735.90</u>	<u>359,067,155.96</u>

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013

8. INVENTORIES - NET

Consists of :

	Baht	
	As at	As at
	December 31, 2013	December 31, 2012
Finished goods	71,912,838.38	79,593,601.56
Work in process	83,930,992.96	85,627,138.97
Raw materials and others	22,438,195.96	26,224,318.56
Total	178,282,026.60	191,445,059.09
<u>Less</u> Allowance for declining in inventory valuation	(2,528,492.70)	(3,718,215.48)
Net	175,753,533.90	187,726,843.61

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

	Baht	
	As at	As at
	December 31, 2013	December 31, 2012
Beginning balance	(3,718,215.48)	(4,052,709.15)
Increase	(146,924.23)	(1,797,113.67)
Decrease	1,336,647.01	2,131,607.34
Ending balance	(2,528,492.70)	(3,718,215.48)

In 2013 and 2012, the Company has recorded allowance for declining in inventory valuation amount of Baht 0.15 million and Baht 1.80 million, respectively and reversed allowance amount of Baht 1.34 million and Baht 2.13 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, 2013

9. PROPERTY, PLANT AND EQUIPMENT - NET

Movements of property, plant and equipment during year ended December 31, 2013 and 2012, are summarized below:

	Baht										
	Land	Land improvement	Buildings and structures	Buildings and land	Machineries and equipments	Tools and equipments	Fixtures and equipments	Vehicles	Moulds	Work in progress	Total
At Cost											
Balance as at January 1, 2012	27,412,006.76	9,972,753.05	195,186,803.92	3,274,906.00	560,327,849.97	146,930,895.49	33,369,342.17	35,970,877.71	92,408,868.02	856,263.40	1,105,710,566.49
Acquisitions	-	-	72,300.00	-	8,099,273.00	9,378,007.21	2,564,239.76	6,207,308.42	-	53,550,298.73	79,871,427.12
Disposal	-	-	-	-	(6,372,138.00)	(2,038,090.15)	(1,653,417.02)	(7,122,676.64)	-	-	(17,186,321.81)
Transfer in (out)	-	1,295,000.00	1,725,050.00	-	23,313,473.07	9,074,413.36	439,900.00	-	-	(35,847,836.43)	-
Balance as at December 31, 2012	27,412,006.76	11,267,753.05	196,984,153.92	3,274,906.00	585,368,458.04	163,345,225.91	34,720,064.91	35,055,509.49	92,408,868.02	18,558,725.70	1,168,395,671.80
Acquisitions	17,779,703.00	-	178,600.00	-	8,808,170.04	13,279,724.65	2,386,104.46	562,000.00	848,000.00	113,345,875.41	157,188,177.92
Adjust	-	-	-	-	-	1,103,013.65	-	-	-	-	1,103,013.65
Disposal	-	-	-	-	(6,852,451.59)	(373,910.00)	(816,158.88)	(6,015,825.23)	-	-	(14,058,345.70)
Transfer in (out)	-	-	13,165,010.00	-	68,809,611.50	5,009,791.75	3,104,635.00	-	57,230.00	(92,860,688.85)	(2,714,410.60)
Balance as at December 31, 2013	45,191,709.76	11,267,753.05	210,327,763.92	3,274,906.00	656,133,788.35	182,363,845.96	39,394,645.49	29,601,684.26	93,314,098.02	39,043,912.26	1,309,914,107.07

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

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FOR THE YEARS ENDED DECEMBER 31, 2013

	Baht										
	Land	Land improvement	Buildings and structures	Buildings and land	Machineries and equipments	Tools and equipments	Fixtures and equipments	Vehicles	Moulds	Work in progress	Total
<u>Accumulated depreciation</u>											
Balance as at January 1, 2012	-	(4,076,670.07)	(90,110,105.18)	(1,207,808.31)	(213,892,049.37)	(78,751,312.27)	(22,437,487.97)	(22,120,597.37)	(90,970,008.41)	-	(523,566,038.95)
Depreciation for the year	-	(512,622.31)	(9,530,560.12)	(162,566.22)	(28,246,473.47)	(15,639,653.68)	(3,698,980.98)	(1,496,102.79)	(462,850.89)	-	(59,749,810.46)
Disposal	-	-	-	-	5,059,514.09	1,827,757.71	1,509,871.29	7,122,668.64	-	-	15,519,811.73
Balance as at December 31, 2012	-	(4,589,292.38)	(99,640,665.30)	(1,370,374.53)	(237,079,008.75)	(92,563,208.24)	(24,626,597.66)	(16,494,031.52)	(91,432,859.30)	-	(567,796,037.68)
Depreciation for the year	-	(560,289.60)	(9,789,462.96)	(162,122.05)	(30,899,488.57)	(18,238,686.33)	(3,975,412.18)	(1,978,428.76)	(415,414.41)	-	(66,019,304.86)
Adjust	-	-	-	-	-	(950,803.50)	-	-	-	-	(950,803.50)
Disposal	-	-			4,274,249.50	293,377.92	815,668.86	5,026,823.00	-	-	10,410,119.51
Balance as at December 31, 2013	-	(5,149,581.98)	(109,430,128.26)	(1,532,496.58)	(263,704,247.82)	(111,459,320.15)	(27,786,340.98)	(13,445,637.05)	(91,848,273.71)	-	(624,356,026.53)
<u>Net book value</u>											
Balance as at December 31, 2012	27,412,006.76	6,678,460.67	97,343,488.62	1,904,531.47	348,289,449.29	70,782,017.67	10,093,467.25	18,561,477.97	976,008.72	18,558,725.70	600,599,634.12
Balance as at December 31, 2013	45,191,709.76	6,118,171.07	100,897,635.66	1,742,409.42	392,424,540.53	70,904,525.81	11,608,304.51	16,156,047.21	1,465,824.31	39,043,912.26	685,558,080.54

Depreciation for the year 2013 of the Company are totalling Baht 66.02 million (in 2012: Baht 59.75 million). The amount of Baht 60.86 million (in 2012: Baht 55.03 million) was included in cost of sales and service and the amount of Baht 5.16 million (in 2012: Baht 4.72 million) was included in administrative expenses

As at December 31, 2013 and 2012, Land, buildings, machineries and equipments in the cost amount of Baht 705.16 million and Baht 652.28 million, respectively the net book value of Baht 371.33 million and Baht 359.65 million, respectively are pledged as collateral for loans from financial institutions as described in Note 13.

As at December 31, 2013 and 2012, a part of vehicles in the cost amount of Baht 18.70 million and Baht 18.18 million, respectively were assets under hire-purchase contracts and financial leases agreements.

As at December 31, 2013 and 2012, a part of equipments in the cost amount of Baht 202.56 million and Baht 197.89 million, respectively, which are fully depreciated but still operated

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013

10. INTANGIBLE ASSETS – NET

Consisted of :

	Baht			Balance as at December 31, 2013
	Balance as at January 1, 2013	Increase	Decrease	
Software copyright	22,324,992.20	2,218,400.00	-	24,543,392.20
<u>Less</u> Amortization	<u>(17,895,467.85)</u>	<u>(2,524,674.98)</u>	-	<u>(20,420,142.83)</u>
Net	<u>4,429,524.35</u>			<u>4,123,249.37</u>

As at December 31, 2013, a part of intangible assets in the cost amount Baht 12.69 million which are fully amortized but still operated.

11. OTHER NON-CURRENT ASSETS - NET

Consisted of:

	Baht	
	As at December 31, 2013	As at December 31, 2012
Withholding tax refundable	4,883,403.62	14,154,536.80
Income not subject to tax	1,447,932.26	-
Others	650,727.29	880,027.29
Total	<u>6,982,063.17</u>	<u>15,034,564.09</u>

12. DEFERRED TAX

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 20%

Consisted of:

	Baht	
	As at December 31, 2013	As at December 31, 2012
Deferred tax assets		
Inventories	505,698.54	743,643.10
Employee benefit obligations	3,700,959.40	3,812,093.65
Total	<u>4,206,657.94</u>	<u>4,555,736.75</u>
Deferred tax liabilities		
Property, plant and equipment	4,670,072.89	3,217,540.39
Total	<u>4,670,072.89</u>	<u>3,217,540.39</u>
Net	<u>(463,414.95)</u>	<u>1,338,196.36</u>

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013

The movement on the deferred income tax is as follows:

	Baht	
	2013	2012
Deferred tax assets		
Beginning	4,555,736.75	9,785,700.97
Income tax recognized in profit or loss	268,482.24	(5,229,964.22)
Income tax recognized in other comprehensive income	(617,561.05)	-
Ending	4,206,657.94	4,555,736.75
Deferred tax liabilities		
Beginning	(3,217,540.39)	(1,399,948.84)
Income tax recognized in profit or loss	(1,452,532.50)	(1,817,591.55)
Ending	(4,670,072.89)	(3,217,540.39)
Income tax recognized in statement of income net	(1,184,050.26)	(7,047,555.77)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right and the income taxes relate to the same fiscal authority.

The Company's effective tax rate in respect of continuing operations for the year ended December 31, 2013 was 21% (2012 : 17%)

	Baht	
	2013	2012
Income tax :		
Income tax for the period	(8,867,366.81)	(10,156,169.92)
Deferred tax :		
Relating to origination and reversal of temporary	(1,184,050.26)	(7,047,555.77)
Income tax in statements of comprehensive income	(10,051,417.07)	(17,203,725.69)

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013

Income tax recognized directly inequity

	Baht			
	Rate (%)	2013	Rate (%)	2012
Profit before income tax expense		49,017,746.22		98,962,646.31
Income tax using the Thai corporation tax rate	20	9,803,549.24	23	22,761,408.65
Profit from investment promotional benefit and privileges		(449,408.65)		(6,006,879.58)
Expenses not deductible for tax purposes		240,640.58		2,233,834.73
Expenses deductible increases for tax purposes		(1,709,127.10)		(1,784,638.11)
Total	21	10,051,417.07	17	17,203,725.69

In October 2011, The cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rate for 2012 – 2014 were enacted through a Royal Decree. The Company and its subsidiaries have reflected the changes in the income tax rates in its deferred tax calculation, as presented above.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after January 1, 2015 and onwards in order to give full effect to the Cabinet resolution dated October 11, 2011 to increase Thailand's tax competitiveness.

13. LOANS

Consists of :

	Baht	
	As at December 31, 2013	As at December 31, 2012
Short-term loan from financial institutions	255,000,000.00	255,000,066.69
<u>Total</u> short-term loan from financial institutions	255,000,000.00	255,000,066.69
Current portion of long-term loans	54,110,768.00	37,841,146.67
Long-term loans-net	133,188,528.00	87,543,853.33
<u>Total</u> Long-term loans	187,299,296.00	125,385,000.00
Total	442,299,296.00	380,385,066.69

- a) As at December 31, 2013 and 2012, the Company has credit facilities with financial institutions covering overdraft and short-term loans in amount of Baht 445 million and Baht 445 million, respectively. For the short-term loans are loans in promissory notes. The Company bears interest at the rate of 3.85 – 7.425 % per annum which have maturity date during January 3, 2014 to March 19, 2014 and 4.25 – 7.48 % per annum which have maturity date during January 4, 2013 to March 21, 2013, respectively.

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**NOTES TO FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2013**

- b) As at December 31, 2013 the Company has credit facilities for long – term loan amount of Baht 277.28 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, 2013 unused loan was at Baht 0.13 million.
- c) As at December 31, 2013 and December 31, 2012, Long-term loans from two local financial institutions, respectively bears interest at the rate of MLR – 2% to MLR - 1.5% . 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 54.16 million and Baht 37.84 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, 2013, D/E ratio was 1.53 to 1.
- e) Land, buildings, machineries and equipments as described in Note 9 are pledged as collateral for loans from financial institutions.

14. ACCOUNTS PAYABLE UNDER HIRE – PURCHASES AND FINANCIAL LEASES AGREEMENTS - NET

Consists of :

	Baht	
	As at December 31, 2013	As at December 31, 2012
Accounts payable for assets	5,680,963.61	8,725,900.41
<u>Less</u> Current portion of accounts payable for assets	<u>(3,129,399.78)</u>	<u>(3,385,346.81)</u>
Net	<u>2,551,563.83</u>	<u>5,340,553.60</u>

As at December 31, 2013 and 2012, The Company has signed hire-purchases and financial leases contracts for total 19 vehicles and 18 vehicles, respectively. The installment is ranging from 48 months at approximately Baht 319,582.56 per month and Baht 3 2 2 ,095 per month, respectively. The remaining unpaid is scheduled to be paid within next 12 months and was presented as current liabilities.

15. OTHER CURRENT LIABILITIES

Consists of :

	Baht	
	As at December 31, 2013	As at December 31, 2012
Deposit received	5,289,500.00	3,802,000.00
Accrued expenses	13,684,839.41	15,416,854.32
Others	10,741,040.40	12,447,177.68
Total	<u>29,715,379.81</u>	<u>31,666,032.00</u>

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013

16. EMPLOYEE BENEFIT OBLIGATIONS

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.

	Baht	
	2013	2012
Current portion of employee benefit obligations	4,251,725.00	-
Employee benefit obligations - net	14,253,072.00	19,060,468.23
Defined benefit obligations	18,504,797.00	19,060,468.23

Movement in the present value of the defined benefit obligations:

	Baht	
	2013	2012
For the year ended December 31		
Defined benefit obligations at January 1	19,060,468.23	16,605,626.31
Current service costs and interest	2,532,134.00	2,454,841.92
Benefits paid by the plan	-	-
Actuarial gains in other comprehensive income	(3,087,805.23)	-
Defined benefit obligations at December 31	18,504,797.00	19,060,468.23

Post-employee benefit expenses included in the statements of comprehensive income for the years ended 31 December 2013 and 2012 were as follows:

	Baht	
	2013	2012
Recognised in profit or loss:		
Current service costs and interest	2,532,134.00	2,454,841.92
Recognised in other comprehensive income:		
Actuarial gains in the year	(3,087,805.23)	-

Principal actuarial assumptions at the reporting date

For the year ended December 31		
Discount rate (%)	4.77 – 4.82	3.80
Salary increase rate (%)	6.90 – 7.76	4
Retirement age (year old)	60	60

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013

17. DIVIDEND PAYMENT

At the 2013 ordinary shareholders meeting held on April 10, 2013, the shareholders resolved to appropriate the net profit for the year 2012, for shareholders as dividend in amount of Baht 38.52 million (Common shares 214 million shares, at Value Baht 0.18 per share). The Company has paid dividend to the entitled shareholders on April 29, 2013.

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.

18. 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.

19. EXPENSES BY NATURE

Significant expenses by nature are as follows:

	Baht	
	2013	2012
Salary and wages and other employee benefits	335,171,430.49	297,999,231.06
Depreciation and Amortization	68,543,979.84	62,734,884.56
(Gain)Loss on exchange	501,758.63	(336,718.16)
Raw materials and consumables used	1,135,129,241.45	1,001,510,859.35
Changes in inventories of finished goods and work in progress	(105,690,894.78)	(10,869,520.42)
Selling expenses	52,942,887.63	40,189,442.95

20. 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, 2013 and 2012 :

	Net Profit (Loss)		The Weighted Average Number Of Ordinary Shares		Profit (Loss) Per Share	
	2013	2012	2013	2012	2013	2012
	<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)	38,966	81,759	214,000	214,000	0.18	0.38

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013

21. 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, 2013					
	Manufacturing and distribution of plastic products				Moulds
	A motor vehicle	Electricity	Other	Total	production and moulds repairing
Revenue	1,355.93	228.19	194.09	1,778.21	146.15
Earning from operation	39.52	6.65	5.66	51.83	15.91
Finance costs					(18.72)
Income tax expenses					(10.05)
Net Profit					38.97
As at December 31, 2013					
Property, plant and equipments and Intangible assets-net				617.21	72.47
Other assets					522.58
Total assets					1,212.26

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
Revenue	1,443.61	292.56	57.73	1,793.90	120.26
Earning from operation	73.86	14.97	2.95	91.78	25.90
Finance costs					(18.72)
Income tax expenses					(17.20)
Net Loss					81.76
As at December 31, 2012					
Property, plant and equipments and Intangible assets-net				529.07	75.96
Other assets					606.00
Total assets					1,211.03

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013

22. 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, 2013

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, 2013

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

	Baht		
	For the year ended December 31, 2013		
	Investment promotional	Non-investment promotional	Total
Revenue from sales-plastic products	130,979,896.02	1,647,232,639.20	1,778,212,535.22
Revenue from sales-moulds	60,936,000.00	85,209,987.71	146,145,987.71
Total revenue from sales and services	191,915,896.02	1,732,442,626.91	1,924,358,522.93
Cost of sales and services	(160,258,324.84)	(1,508,769,311.88)	(1,669,027,636.72)
Gross profit margin	31,657,571.18	223,673,315.03	255,330,886.21
Other income	-	11,957,298.90	11,957,298.90
Profit before expenses	31,657,571.18	235,630,613.93	267,288,185.11
Selling expenses	(6,386,057.33)	(46,556,830.30)	(52,942,887.63)
Administrative expenses	(13,434,858.08)	(115,024,817.30)	(128,459,675.38)
Management benefit	(1,814,989.19)	(16,334,902.70)	(18,149,891.89)
Total expenses	(21,635,904.60)	(177,916,550.30)	(199,552,454.90)
Profit (loss) before finance costs and income tax expenses	10,021,666.58	57,714,063.63	67,735,730.21
Finance costs	(7,774,623.31)	(10,943,360.68)	(18,717,983.99)
Profit (loss) before income tax expenses	2,247,043.27	46,770,702.95	49,017,746.22
Income tax expenses	-	(10,051,417.07)	(10,051,417.07)
Net profit (loss) for the year	2,247,043.27	36,719,285.88	38,966,329.15

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

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	Baht		
	For the year ended December 31, 2012		
	Investment promotional	Non-investment promotional	Total
Revenue from sales-plastic products	157,659,014.92	1,636,237,218.88	1,793,896,233.80
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	1,679,723,925.94	1,914,151,617.86
Cost of sales and services	(179,049,958.48)	(1,438,630,587.13)	(1,617,680,545.61)
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 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 before income tax expenses	26,116,867.73	72,845,778.58	98,962,646.31
Income tax expenses	-	(17,203,725.69)	(17,203,725.69)
Net profit for the year	26,116,867.73	55,642,052.89	81,758,920.62

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

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23. FINANCIAL INSTRUMENT

23.1 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.

23.2 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.

23.3 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, 2013, the Company did not have any forward contract.

23.4 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.

23.5 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, 2013**

- 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.

23.6 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

24. 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, 2013, debt to equity ratio in the financial statements is 1.53 : 1

25. COMMITMENTS AND CONTINGENCY LIABILITIES

25.1 As at December 31, 2013 and 2012, the Company has commitments to bank according to letter of guarantee as follows.

	Million Baht	
	As at	As at
	December 31, 2013	December 31, 2012
Electricity Guarantee	9.47	9.07

25.2 As at December 31, 2013 and 2012, the Company had other contingent liabilities as follows:

	Million Baht	
	As at	As at
	December 31, 2013	December 31, 2012
Letters of Guarantee		
- Credit Line Baht 12.50 Million in 2013 and 2012		
- Credit not used	3.03	3.43
Unused long term loan	0.13	21.58

T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013

25.3 As at December 31, 2013 and 2012, the Company has capital commitments as follows:

	Million Baht	
	As at	As at
	December 31, 2013	December 31, 2012
- Purchasing raw materials	86.57	46.61
- Assets	6.58	25.66

23.1 As at December 31, 2013 and 2012, the Company has commitments under operating lease contracts as follows:

	Baht	
	As at	As at
	December 31, 2013	December 31, 2012
Within 1 year	6,681,666.00	5,155,272.00
More than 1 to 3 years	3,462,450.00	45,000.00
Total	10,144,116.00	5,200,272.00

26. RECLASSIFICATIONS

The financial statements for the year ended December 31, 2012 have been reclassified to conform with the presentation of financial statements for the year ended December 31, 2013 as follow :

	Million Baht		
	Before Reclass.	Reclass.	After Reclass.
<i>Statement of comprehensive income</i>			
Revenue from sales - Plastic products	1,844.07	(50.17)	1,793.90
Cost of sales and services	(1,667.86)	50.17	(1,617.69)

27. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issue by Board of Directors the Company's on February 26, 2014.

Details of the Directors, the Management and the Authorized Directors, Company Secretary							
No.	Name –Surname / Position	Age	Education	Share holding Structure (%)	Relationship	Working Experience	
						Year	Position -Company
1	General Terdsak Marrome ● Chairman ● Independent Director	78	● 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	2013 - Present 2012 - Present 2012 - Present 2004 - Present 2004 - Present 1997 - Present 1992 - Present 1987 - Present 1986 - Present	Chairman Lions Club Thailand Chairman East Coast Furnitech Public Company Limited President, Sahapant Santiphap International (Thailand) President, Vietnam War Veteran Association under Royal Patronage Chairman, T.Krungthai Industries Pubc Company Limited Royal Guard Tai Kaew Foundation, Tamwati School Chairman of Advisors Eastern Technological college (E-Tech) Special force in 21st infantry, Royal guard
2	Mr. Pairuch Sahamethapat ● Independent Director ● Chairman of Audit Committee	70	● 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 Pubc 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 ● Chairman of Remuneration Committee and Nomination Committee ● Chairman of Corporate Governance Committee ● Audit Committee	81	● M.Sc Metallurgical engineer, University of Arizona, USA. ● Director Accreditation Program (DAP) 11/2004, Thai Institute of Directors (IOD)	0.01	N/A	2004 - Present 1996 - Present 1995 - Present	Audit Committee T.Krungthai Industries Pubc Company Limited Audit Committee Technology Suranaree Univeristy President Qualine Management Co., Ltd.

Details of the Directors, the Management and the Authorized Directors, Company Secretary							
No.	Name –Surname / Position	Age	Education	Share holding Structure (%)	Relationship	Working Experience	
						Year	Position -Company
4	Mr. Virasak Sutanthavibul ● Independent Director ● Audit Committee	57	● 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	2013 - Present 2011 - Present 2009 - Present 2004 - Present 2001 - Present 2001 - Present 2001 - Present 1997 - Present	Director, Bangpakong Terminal Public Company Limited. Director, Bangkok Insurance Public Company Limited. Director, The Grand-UB Co.,Ltd. Audit Committee, T.Krungthai Industries Public Company Limited Director, Toyota Leasing (Thailand) Co., Ltd. Director, Asia Lamp Industry Co., Ltd. Director, Thai Indo Kordsa Co., Ltd. Senior Executive Vice President in charge of Commercial Bangkok Bank Public Company Limited
5	Dr. Kosol Surakomol ● Independent Director ● Remuneration and Nomination Committee ● Corporate Governance Committee	75	● 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	2013 - Present 2010 - Present 2008 - Present 2003 - 2006 2001 - 2003 1979 - 2000	Advisors, Loxley Public Company Limited 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
6	Mr. Sumate Techakraisri ● Director ● Chief Executive Directors ● Executive Director of Remuneration and Nomination Committee ● Corporate Governance Committee	67	● Bachelor of Economics, Thammasat University ● Mini MBA Chulalongkorn University ● Director Accreditation Program (DAP) 10/2004, Thai Institute of Directors (IOD)	15.65	Father of Mr. Chumpol Techakraisri	2003 - Present 1987 - Present 1984 - Present 1980 - Present 1978 - Present	Director of Cinkara Co., Ltd. Executive Directors of Prairie Marketing Co., Ltd. Executive Directors of Data Products Toppan Form Co., Ltd. Chief Executive Directors Authorized Director at T.Krungthai Industries Public Company Limited Chief Executive Directors of Greenland Marketing Co., Ltd.

Details of the Directors, the Management and the Authorized Directors, Company Secretary							
No.	Name –Surname / Position	Age	Education	Share holding Structure (%)	Relationship	Working Experience	
						Year	Position -Company
7	Mr. Kumpee Chongthurakit ● Director ● Remuneration and Nomination Committee ● Corporate Governance Committee	60	● Bachelor of Marketing Assumption University ● Director Certification Program (DCP) 48/2004, Thai Institute of Directors (IOD)	0.23	Uncle of Mr. Chumpol Techakraisri	1992 - Present 1992 - Present 1992 - Present 1989 - Present 1987 - Present	Director & Executive Director LPN Development PLC Director Lumpini Property Management Co., Ltd. Director, SSA Industries Co., Ltd Director, T.Krungthai Industries Public Company Limited Director, Sri Sum-Ank Supplier Co., Ltd
8	Dr. Naruepont Pongcharoen ● Director ● Executive Director ● Managing Director	57	● Master Degree, (Management), National Institute of Development Administration ● 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
9	Mr. Phreecha Techakraisri ● Director ● Executive Director ● Deputy Managing Director	52	● 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.
10	Mr. Chumpol Techakraisri ● Director ● Executive Director ● Company Secretary ● Asst. Managing Director	34	● 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	2011 - Present 2003 - Present 2004 - Present	Director of Pace Development Corporation PLC. Asst. Managing Director Authorized Director T.Krungthai Industries Public Company Limited

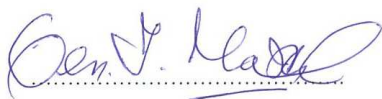
Details of the Directors, the Management and the Authorized Directors, Company Secretary							
No.	Name –Surname / Position	Age	Education	Share holding Structure (%)	Relationship	Working Experience	
						Year	Position -Company
11	Mrs. Yupa Techakraisri ● Director ● Executive Director	64	● Bachelor 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	1992 - Present 1992 - Present 1992 - Present 1989 - Present 1989 - Present 1987 - Present	Director of Lumpini Property Management Co.,Ltd Director of Lumpini Project Service Management Co.,Ltd Director of Pomsanti Co.,Ltd Director, Executive Director and Authorized Director, T.Krungthai Industries Public Company Limited Director and Executive Director of LPN Development PLC. Executive Director of Sri Sam-Ank Supplier Co.,Ltd
12	Mr. Kowate Limtrakul ● Director ● Executive Director	62	● 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
13	Mr. Apichart Kasemkulsiri ● Director ● Executive Director	48	● MBA National of business administration of Sasin Chulalongkorn university ● Director Certification Program (DCP) 73/2006, Thai Institute of	N/A	Cousin of Mr. Phreecha and Mr. Chumpol Techakraisri	2007 - Present 2005 - Present 2005 - Present 2004 - Present	Executive Director Sri Sam Ank Supplier Co., Ltd. Director ICBBD Leasing Co., Ltd. Senior Executive Vice President, ICBC PLC. Executive Director, T.Krungthai Industries Public Company Limited
14	Mr. Prasong Techakraisri ● Director	46	● 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

Report of the Board of Directors on financial statements.

The Board of Directors have focused on duties and responsibilities for the financial report and the financial information in the annual report to ensure that all reports are accurate, complete and able to reflect the financial position, and that results of operations are true and correct using appropriated accounting policies and regularly adopted in accordance with the generally accepted accounting standards along with adequate disclosure in the financial statements and oversee the risk management system , good governance and adequate internal control system and put into practice the required rules and regulations.

In this regard, the Board has appointed an Audit Committee comprising of 3 independent directors who are responsible for the quality of financial reporting with effective internal control system along with the opinion or the audit committee which were presented in the annual report.

The Board is of the opinion that the company's internal control system is satisfactory and ensure the reliability of the financial statement as at December 31, 2013. The auditor of the company confirm and checked in accordance with the generally accepted auditing standard and express their opinion that the financial statements, presented the financial position and results of operations as it should be according to generally accepted accounting principles.



General Terdsak Marrone
Chairman



Dr. Naruepont Pongcharoen
Managing Director

Message from Chairman of the Audit Committee

T. Krungthai Industries Public Company Limited has appointed 3 persons : Audit Committee comprise of 3 competent and qualified non executive directors, 3 out of 3 have knowledge and experience in accounting.

1. Mr. Pairuch Sahamethapat Chairman of Audit Committee
2. Mr. Paotep Chotinuchit Audit Committee
3. Mr. Virasak Sutanthavibul Audit Committee

And committee secretary of the Audit Committee is Mr.chumpol Techakraisri

The Audit Committee has met 4 times in Year 2013 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 2013 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.

Report on the audit of internal control systems as well as the Report of the Auditors are discussed with the Audit Committee has concluded that the Company's process and disclosures in the financial statements be appropriate and reliable. A system of internal control and risk management as adequate no significant deficiencies . In addition, the Audit Committee has had meetings with the auditors without the presence Board of Directors in 2013 only one time on November 13, 2013 to acknowledge the problem of auditing freely.



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Mr. Pairuch Sahamethapat
Chairman of the Audit Committee

Message from Chairman of Remuneration and Nomination Committee

Remuneration and Nomination Committee appointed by the Board of Directors with a term of 3 years from August 15th 2012 to 14th August 2015 comprising / encompass of the following 4 persons.

1. Mr. Paotep Chotinuchit Chairman of Remuneration and Nomination Committee (Independent Director)
2. Dr. Kosol Surakomol Remuneration and Nomination Committee (Independent Director)
3. Mr. Sumate Techakraisri Remuneration and Nomination Committee
4. Mr. Kumpee Chongthurakit Remuneration and Nomination Committee

And committee secretary of the Remuneration and Nomination Committee is Mr. Chumpol Techakraisri

In the year 2013, Remuneration and Nomination Committee has met 2 times for follow up and consider important matters from the Board of Directors as follows:

The Remuneration

1. Propose the remuneration and other fringe benefits policy of BOD and sub-committees for BOD consideration.
2. Review the remuneration and benefits of the directors as per the given responsibility.
3. Set a guideline and consider a performance evaluation result of Managing Director and consider the suitable remuneration.

Recruitment

1. Review the number of directors and their mixture in order to cope with internal and external challenges.
2. Proposed criteria and guidelines for the recruitment of directors sub-committees.
3. Follow up the succession plan for MD and propose to the BOD.



Mr. Paotep Chotinuchit
Chairman of Remuneration and Nomination Committee

Message from Chairman of Corporate Governance Committee

Governance committee consist of board of directors with a term of 3 years from February 20, 2013 to February 19, 2016 comprise of four members as follows:

1. Mr. Paotep Chotinuchit Chairman of Corporate Governance Committee (Independent Director)
2. Dr. Kosol Surakomol Corporate Governance Committee (Independent Director)
3. Mr. Sumate Techakraisri Corporate Governance Committee
4. Mr. Kumpee Chongthurakit Corporate Governance Committee

And committee secretary of the Corporate Governance Committee is Mr. Chumpol Techakraisri

In the year 2013, Corporate Governance Committee has met 2 times for follow up and consider important matters from the Board of Directors as follows:

1. Reviewing the corporate governance set by the Stock Exchange of Thailand to be proposed for approval by the Board of Directors.
2. Reviewing the Code of Conduct as a guide to the management and employees at all levels assigning the human resources department to communicate and distribute the guidelines to the Top Management and employees at all levels.
3. Propose the corporate governance guideline to BOD.
4. Monitor and oversee the operation of the committee and the management to comply with good corporate governance principles.
5. Reviewing the corporate governance of the company and make proposal to the board of directors according to the international standards.

In the year 2013, company has implemented several additional policies and updated the “Corporate Governance Policy” which was posted on the company’s website (www.tkrungthai.com) in the Investor Relation / Corporate Governance.

All of these will be monitored and followed up by the Corporate Governance Committee in accordance with the Stock Exchange policy and of international standard.



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Mr. Paotep Chotinuchit
Chairman of Corporate Governance Committee