

**T.KRUNGTHAI INDUSTRIES PUBLIC CO.,LTD.**



**ANNUAL REPORT**

**2014**



T.Krungthai Industries Public Company Limited

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## Contents

|                                                                             | หน้า |
|-----------------------------------------------------------------------------|------|
| 1 Report from Directors                                                     | 1    |
| 2 Vision and Mission                                                        | 2    |
| 3 Board of Director                                                         | 3    |
| 4 Policy and Overall business operation                                     | 4    |
| 5 Nature of Business                                                        | 6    |
| 6 Business Risk                                                             | 12   |
| 7 General Information and Other Important Information                       | 15   |
| 8 Shareholders Structure                                                    | 16   |
| 9 Policy of Paying Dividends                                                | 16   |
| 10 Management structure                                                     | 17   |
| 11 The Administration                                                       | 17   |
| 12 The Management                                                           | 19   |
| 13 Corporate Governance                                                     | 22   |
| 14 Committee                                                                | 36   |
| 15 Corporate Social Responsibility                                          | 42   |
| 16 Control System and Internal Audit                                        | 51   |
| 17 Related Transactions                                                     | 52   |
| 18 Financial Highlights                                                     | 53   |
| 19 Analysis on Financial Status & Operational Performance                   | 53   |
| 20 Financial Statements and Auditor's Report                                | 59   |
| 21 Report of the Board of Directors on financial statement.                 | 95   |
| 22 Details of the Directors, the Management and the Authorized Directors    | 96   |
| 23 Report from Chairmand of Audit Committee                                 | 101  |
| 24 Report from Chairmand of Remuneration Committee and Nomination Committee | 102  |
| 25 Report from Chairmand of Corporate Governance Committee                  | 103  |
| 26 Report from Chairmand of Risk Management Committee                       | 104  |

**\*\*\*\* The company had posted 56-1 report at [www.sec.or.th](http://www.sec.or.th) and [www.tkrungthai.com](http://www.tkrungthai.com),  
So that investor can learn from both of web sites**

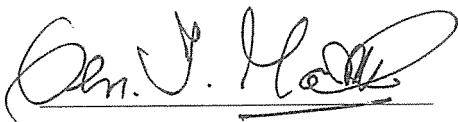
**Report from the Chairman**

Thailand total automotive production in year 2014 totaled to 1.88 million a fall of 23.49 % compared to the same period of last year. Passenger car production totaled to 0.74 million units accounted to 39.5% of the total production, a fall of 30.66 % from the previous year and 1-ton pick up trucks production totaled to 1.11 million units accounted to 59.29 % of total production a fall of 16.37% from year 2013.

The company's financial result total revenue amounted to Baht 1,623 million, a drop of 15.6% from the previous year due to the combined effect of the decline on automotive industry and the slowing down of economy due to the political unrest in the first half. However the company is committed to developing a better performance to reduce the loss in the manufacturing process and control costs expenses.

Besides company's performance, the Board of Directors continued their commitment on improving a good corporate governance and stick to the company's policy " Sufficiency Economy" to be applied to the organization to ensure its stability and sustainability. On September 25<sup>th</sup>, 2014, the company was awarded the "Investors Choice Award" for year 2014 for its 4 consecutive year for 100 % assessment of Annual General Shareholders' Meeting from Thai Investors Association. The company continues to manage the organization in accordance with " The Social Responsibility " concept or CSR through business ethics. The company supports the environment and social responsibility focusing on stakeholders. Anti corruption policy was also written and communicated to all employees to strictly comply with it. These factors plays a significant role for the sustainable 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

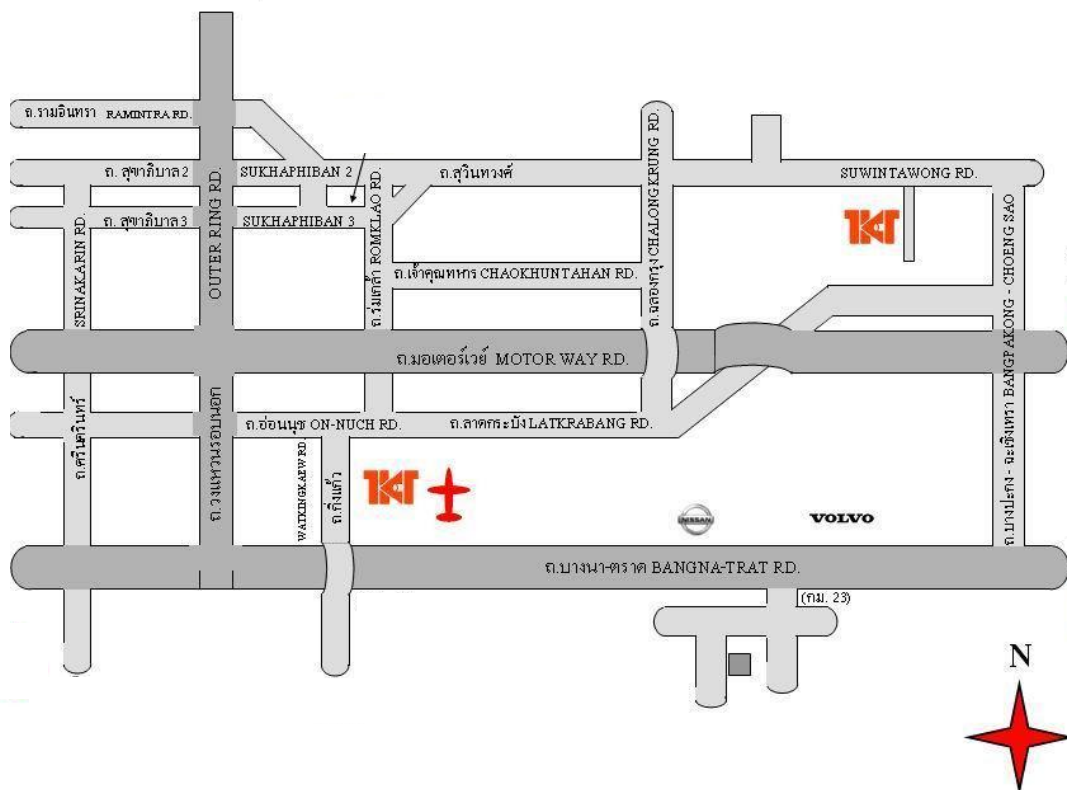
T.Krungthai Industries Public Company Limited (“TKT”) is the producer of plastic parts, including the spray painting, silk-screen & hot stamping and sub assembly, and the service provider on mold design, mold production and mold repair for plastic parts to the leading Automobile, Electrical appliance 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. 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 conducts 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.
5. Focused on the activities of the organization contribute. And social assistance Activities for philanthropy and events the benefit to society and to focus on the implementation of CSR.

In 2014, the Company had the following significant changes and developments

1. For Suwinthawong factory, production capacity increased by purchasing 4 plastic injection machines.
2. The Company has been awarded excellent quality "2014 GM Supplier Quality Excellence Award" from General Motors (Thailand) Ltd.
3. The Company has been awarded the activity "Toyota Production System (TPS) 1st Runner up" from the TOYOTA CO-OPERATION CLUB.
4. As a listed on the Exchange of Thailand, the company was awarded the “ Investors Choice Award for year 2014” for its 4 consecutive year 100 % assessment of Annual General Shareholders Meeting.



## 2. Nature of Business

The Company's products are classified into two categories:

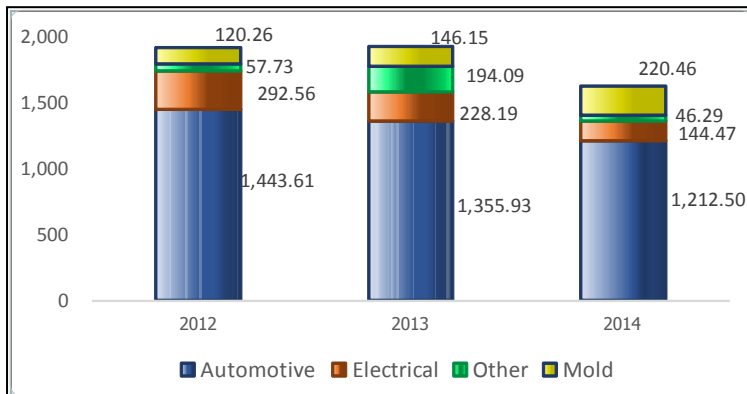
1. Injection Molding
  - Automotive Industry
  - Electric Industries
  - other Industry
2. Mold Production and repair

### 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               | 2012         |        | 2013         |        | 2014         |        |
|-------------------------------|--------------|--------|--------------|--------|--------------|--------|
|                               | Million Baht | %      | Million Baht | %      | Million Baht | %      |
| <b>Sales Income</b>           |              |        |              |        |              |        |
| Automotive Industry           | 1,443.61     | 75.42  | 1,355.93     | 70.46  | 1,212.50     | 74.67  |
| Electrical Appliance Industry | 292.56       | 15.28  | 228.19       | 11.86  | 144.47       | 8.90   |
| Other Industries              | 57.73        | 3.02   | 194.09       | 10.09  | 46.29        | 2.85   |
| Mold Production Services      | 120.26       | 6.28   | 146.15       | 7.59   | 220.46       | 13.58  |
| <b>Total sales Income</b>     | 1,914.16     | 100.00 | 1,924.36     | 100.00 | 1,623.72     | 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

- Interior Part Such as, dashboard components/trims, panel, plastic interior parts and door panels.
- Exterior Part Such as, Radiator Grilles, Wheel Cap, Mud guards.
- Engine Room Such as, Cover Engine.

**Group 2 Plastic parts for Electrical Appliance Industry**

- Products including in this group parts of refrigerators, Door Handle, Base, Top Plate and other parts inside the refrigerator.

**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 CAE (Mold Flow) which is used to analyze the design of plastic parts and mold. 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 form 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 74.67% 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 8.90% such as Haier Electric (Thailand) PCL, Hitachi Consumer Products (Thailand) Co.,Ltd., Panasonic Home Appliances (Thailand) Co.,Ltd.
3. **Other Industry Group** this group consist of manufacturers of products made from plastics such as packaging, in the year 2014 revenue was 2.85% of the total income such as Prairie Marketing Co., Ltd.
4. **Molding Industry Group and Repair** in the year 2014, customer sales portion sale ratio 13.58% of the total income such as Toyota Motor Asia Pacific Engineering and Manufacturing Co.,Ltd., Kawasaki Motor Enterprise (Thailand) Co.,Ltd., Faltec (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 an component of any readymade products that were sold to the end users.

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

### **Condition of Automobile Industry in the year 2014 (Information from the Office of Industrial Economics.)**

#### **Condition of Automobile 2014**

Thailand's automobile production in the first 10 months ( January – October ) of 2014 totaled to 1,568,300 units, down compared to the same period of year 2013 with 25.86 %. Production volume of passenger cars totaled to 614,276 units, 1 ton pick- up trucks totaled to 937,214 units, commercial vehicles totaled to 16,810. 34.00% / 17.60% and 64.48% decrease respectively of the previous year. The export production totaled to 944,509 units representing 60.23 % of the total production. In terms of production shrinkage for the first ten months of year 2013, in because of the domestic market decline and household debts remains high. Exports shrank due to the global economic slowdown.

#### **Automotive Industry in 2015**

For the automobile industry in year 2015 is expected to rise by 5 - 10 % due to the overall economic condition. The expected growth of domestic sale will be 3.4 to 4.5 % and exports are likely to improve due to the recovery of global economy. Domestic sales and production is expected to have 50 to 55 % and exports is about 45 to 50 %

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

#### **Electrical Appliances 2014**

Manufacturing of electrical and electronic industry in year 2014, the production index stood at 278 up 1.10 % compared to the same period of last year. The rise 2.35 % came from electronic industry compared to the previous year as there was a demand in the usage of more device. On the other hand, the electricity industry has dropped 0.14 % compared to the same period of last year. Due to the consumers were quite cautious in their spending. However, the market started to recover as consumers confidence rose during the 3<sup>rd</sup> quarter of 2014

#### **Trend on Electrical Industry and Electronics for year 2015**

In year 2015, electrical and electronics industry is expected to increase of 1.2% compared to last year. The electronic industry is expected to increase by 0.5 to 1 % compared to the previous year due to the increasing demand of communication devices. Growth will not be much higher than that of last year but the

electrical appliances is expected to rise by 1 to 2 % compared to last year with the domestic market and export recovery, means economy is improving.

### **Mold Industry**

In 2015 it is predicted that the mold will grow even more than that of 2014 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 2015 to 2017.
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 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. 7,500 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.

## **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 2014, the company focused on its operations that link risk management to organize its management strategic plan in order to minimize any impacts on the company. The company determined the types of risks

that may affect the company's business in the six following aspects:

- Risk in Business Operations and Strategy
- Risk in Operations
- Risk in Accounting and Finance
- Risk in Administration and Management
- Risk in related Rules and Regulations
- Risk in Information Systems

From the implementation of the risk management process in 2014, Found that there are significant risks to the following.

➤ **Risk in Business Operations and Strategy**

• **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.

➤ **Risk in Operations**

• **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.

➤ **Risk in Accounting and Finance**

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 1.59 for fiscal year 2014.

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.

## ➤ **Risk in related Rules and Regulations**

- **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.

The risk assessment of this aspect In 2014 found no violation of any rules, regulations or terms and conditions of the Stock Exchange of Thailand.

➤ **Risk in Information Systems**

• **Risk of data loss**

There is a risk of Enterprise Resource Planning (ERP) software database loss and malfunction of computer systems, which could cause damage to the company's operations.

Therefore, the company has applied a preventive method of data loss by improving the ERP to support increased data volumes and ensure the stability of the operation of all segments. The company has ensured that the database system features a backup storage system that is secure, and the availability of backup computers that are able to replace the main computer as soon as there are any malfunctions.

#### **4. General Information and Other Important Information**

##### **4.1 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<br>: 2. 517 Moo 9 Nongkee, Kabinbure, Prachinburi 25110<br>: 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                         | : <a href="mailto:investor@tkrungthai.com">investor@tkrungthai.com</a>                                                                                                                                                                 |
| Audit Committee<br>(Independent Director) | : <a href="mailto:auditor@tkrungthai.com">auditor@tkrungthai.com</a>                                                                                                                                                                   |
| Web Site                                  | : <a href="http://www.tkrungthai.com">www.tkrungthai.com</a>                                                                                                                                                                           |

##### **Reference**

|                           |                                                                                                                                                                                                                          |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Registrar                 | : Thailand Securities Depository Co., Ltd.<br>62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Bangkok 10110<br>Tel: (66 2) 229 2800, Fax: (66 2) 359 1259                                      |
| Auditors                  | : Karin Audit Company Limited<br>138 Boonmitr 6th Floor Room B1, Silom Road Suriyawong, Bangrak, Bangkok 10500<br>Tel. 0-2634-2484-6 Fax. 0-2634-2668<br>Auditor : Mrs.Vimolsri Jongudomsombat, C.P.A. Thailand No. 3899 |
| Legal Advisor /Consultant | : Far East Law (Thailand) Co., Ltd.<br>127/74-75 RS Tower Bldg. 24th. Rachadapisek, Dindaeng, Bangkok 10400                                                                                                              |

## 4.2 Other Important Information

- None

## 5. Shareholders

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.

### 5.1 List of major shareholders at March 12<sup>th</sup> 2015

| No | Name                  | Share amount | (%)   |
|----|-----------------------|--------------|-------|
| 1  | Sumate Techakraisri   | 33,500,000   | 15.65 |
| 2  | Yupa Techakraisri     | 24,000,000   | 11.21 |
| 3  | Kam Kwan Koon         | 12,750,000   | 5.96  |
| 4  | Tanawat Kraipisitkul  | 12,682,820   | 5.93  |
| 5  | Chotipol Techakraisri | 7,828,600    | 3.66  |
| 6  | Mit Techakraisri      | 6,500,000    | 3.04  |
| 7  | Uraiwan Saetae        | 6,500,000    | 3.04  |
| 8  | Noppadol Kasemkulsiri | 6,305,000    | 2.95  |
| 9  | Phreecha Techakraisri | 6,138,400    | 2.87  |
| 10 | Taeteasri Saetae      | 6,000,000    | 2.80  |

Remark: : Major Shareholder (Techakraisri group) : Sumate Techakraisri, Yupa Techakraisri, Chotipol Techakraisri, Mit Techakrasri, Uraiwan Saetae, Phreecha Techakrasri, Taeteasri Saetae.

Thai citizen shareholders 189,723,100 shares equal to (%) 88.66

Foreigner shareholders 24,276,900 shares equal to (%) 11.34

### Foreign Shareholders' limitation

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

### 5.2 Other Security

- None

## 6. Policy of Paying Dividends

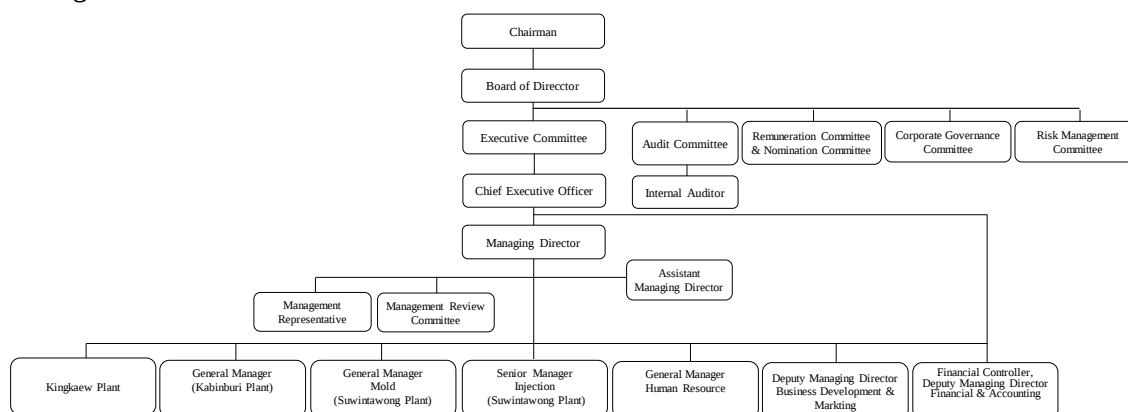
The company has to pay the dividends to the shareholders not less than 40% of net profit of each year except if the company has plans to invest on others investments.

Historical dividend paid date.

| Year                      | 2009   | 2010  | 2011   | 2012  | 2013  |
|---------------------------|--------|-------|--------|-------|-------|
| Earning per share (Baht)  | 0.11   | 0.19  | -0.07  | 0.38  | 0.18  |
| Dividend per share (Baht) | 0.12   | 0.12  | 0.05   | 0.18  | 0.15  |
| Dividend per EPS (%)      | 105.85 | 63.19 | - NA - | 47.12 | 82.39 |

## 7. Management structure

Management structure as at 31 December 2014



### 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 2014                                                 |                           |                                                                                                                                                                            |                        |            |
|------------------------------------------------------------------------------------------------------------------|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------|
| No.                                                                                                              | Name - Surname            | Position                                                                                                                                                                   | Director (DCP) & (DAP) | Attendance |
| 1                                                                                                                | Gen.Terdsak Marome        | Chairman/ Independent Director                                                                                                                                             | DAP วันที่ 10/2004     | 9/9        |
| 2                                                                                                                | Mr.Pairuch Sahamethapat   | Chairman of Audit Committee/Independent Director                                                                                                                           | DCP วันที่ 102/2008    | 9/9        |
| 3                                                                                                                | Mr.Paotep Chotinuchit     | Director Audit Committee/ Independent Director<br>Chairman of Remuneration Committee and<br>Chairman of Nomination Committee<br>Chairman of Corporate Governance Committee | DAP วันที่ 11/2004     | 9/9        |
| 4                                                                                                                | Mr.Sumate Techakraisri    | CEO<br>Director of Remuneration and Nomination Committee<br>Corporate Governance Committee                                                                                 | DCP วันที่ 137/2010    | 9/9        |
| 5                                                                                                                | Dr. Kosol Surakomol       | Independent Director<br>Director Remuneration and Nomination Committee<br>Corporate Governance Committee<br>Risk Management Committee                                      | DCP วันที่ 137/2010    | 9/9        |
| 6                                                                                                                | Mr.Virasak Sutanthaibul   | Director and Audit Committee/Independent Director                                                                                                                          | DAP วันที่ 21/2004     | 7/9        |
| 7                                                                                                                | Mr.Kumpee Chongtharakit   | Director<br>Director Remuneration and Nomination Committee<br>Corporate Governance Committee                                                                               | DCP วันที่ 48/2004     | 9/9        |
| 8                                                                                                                | Dr. Narueport Pongcharoen | Executive Director / Managing Director<br>Risk Management Committee                                                                                                        | DCP วันที่ 105/2008    | 9/9        |
| 9                                                                                                                | Mr.Phreecha Techakraisri  | Executive Director /Deputy Managing Director                                                                                                                               | DAP วันที่ 10/2004     | 9/9        |
| 10                                                                                                               | Mr.Chumpol Techakraisri   | Executive Director / Asst. Managing Director<br>Company Secretary / Risk Management Committee                                                                              | DCP วันที่ 102/2008    | 9/9        |
| 11                                                                                                               | Mr.Kowate Limtrakul       | Director /Executive Director<br>Chairman of Risk Management Committee                                                                                                      | DCP วันที่ 105/2008    | 9/9        |
| 12                                                                                                               | Mrs.Yupa Techakraisri     | Director                                                                                                                                                                   | DCP วันที่ 32/2003     | 9/9        |
| 13                                                                                                               | Mr.Apichart Kasemkulsiri  | Director                                                                                                                                                                   | DCP วันที่ 73/2006     | 8/9        |
| 14                                                                                                               | Mr.Prasong Techakraisri   | Director                                                                                                                                                                   | DAP วันที่ 11/2004     | 7/9        |
| Mr.Virasak Sutanthaibul, Mr. Apichart Kasemkulsiri, Mr. Prasong Techakraisri : Absence due to unexpected reason. |                           |                                                                                                                                                                            |                        |            |

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. Provide for the administration of corporate governance principles.

8. Approval, assign an or several individuals as the Executive Director(s) to act on behalf of the Board of Directors.
9. Approval of company's annual and capital expenditures, budgets, budget costs, manufacturing, selling and administrative expenses for the year, sales of fixed assets between affiliates (market) value of more than 1 million Baht<sup>1</sup>

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. Pongsakon Phetpayullpun | 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 (Resume of Company Secretary, qualifications, working experience is shown on Appendix 1) and the professional Legal Advisory to 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 2014

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 2014

| No.                       | Name - Surname            | Position                                                                                                                                                                   | Remuneration for Director | Pension |
|---------------------------|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------|
| 1                         | Gen.Terdsak Marome        | Chairman/ Independent Director                                                                                                                                             | 583,200                   | 40,000  |
| 2                         | Mr.Pairuch Sahamethapat   | Chairman of Audit Committee/Independent Director                                                                                                                           | 487,200                   | 30,000  |
| 3                         | Mr.Paotep Chotinuchit     | Director Audit Committee/ Independent Director<br>Chairman of Remuneration Committee and<br>Chairman of Nomination Committee<br>Chairman of Corporate Governance Committee | 343,200                   | 30,000  |
| 4                         | Mr.Virasak Sutanthaibul   | Director and Audit Committee/Independent Director                                                                                                                          | 295,200                   | 30,000  |
| 5                         | Mr.Sumate Techakraisri    | CEO<br>Director of Remuneration and Nomination Committee<br>Corporate Governance Committee                                                                                 | -                         | -       |
| 6                         | Dr. Kosol Surakomol       | Independent Director<br>Director oRemuneration and Nomination Committee<br>Corporate Governance Committee                                                                  | 207,600                   | 30,000  |
| 7                         | Mr.Kumpee Chongthurakit   | Director<br>Director oRemuneration and Nomination Committee<br>Corporate Governance Committee                                                                              | 207,600                   | 30,000  |
| 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<br>Company Secretary                                                                                                          | -                         | -       |
| 12                        | Mr.Kowate Limtrakul       | Executive Director                                                                                                                                                         | -                         | -       |
| 11                        | Mrs.Yupa Techakraisri     | Executive Director                                                                                                                                                         | 195,200                   | 30,000  |
| 13                        | Mr.Apichart Kasemkulsiri  | Executive Director                                                                                                                                                         | 195,200                   | 30,000  |
| 14                        | Mr.Prasong Techakraisri   | Director                                                                                                                                                                   | 175,200                   | 30,000  |
| Total                     |                           |                                                                                                                                                                            | 2,689,600                 | 280,000 |
| Remark: No other benefits |                           |                                                                                                                                                                            |                           |         |

## 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            | 13,612,941 |
| Bonus  | 5            | 888,705    |

Remark : Year 2014 comprise of 7 management pax as follows : Mr.Sumate Techakraisri

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

Mr. Chumpol Techakraisri, Mr. Pongsakon Phetpayullpun and Mr. Prinya Kaeoluan

## Others Remuneration

| Item           | Person | Baht    |
|----------------|--------|---------|
| Provident Fund | 4      | 233,492 |

Remark :Year 2014 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 2014, the Company's total numbers of employees (excluding the Management) are as follows :

| Department    | Total numbers of employees |       |       |
|---------------|----------------------------|-------|-------|
|               | 2014                       | 2013  | 2012  |
| 1 Back Office | 154                        | 212   | 177   |
| 2 Factories   | 906                        | 903   | 929   |
| Total         | 1,060                      | 1,115 | 1,106 |

## Total Employees in each department

| Department                                       | Amount       |              |              |
|--------------------------------------------------|--------------|--------------|--------------|
|                                                  | Dec 31, 2014 | Dec 31, 2013 | Dec 31, 2012 |
| 1. Production                                    | 620          | 660          | 629          |
| 2.Engineer & Research                            | 47           | 55           | 47           |
| 3. Quality, Planning and Maintenance             | 142          | 145          | 150          |
| 4. Purchase & Delivery                           | 47           | 48           | 50           |
| 5.Raw Material & warehouse                       | 80           | 81           | 100          |
| 6. Human Resource & Administration               | 34           | 35           | 36           |
| 7. Sale & Marketing                              | 12           | 12           | 14           |
| 8. Accounting & Financial/Information Technology | 26           | 29           | 26           |
| 9. Management & Operation                        | 52           | 50           | 54           |
| Total                                            | 1,060        | 1,115        | 1,106        |

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

## Employee Remuneration

The total employees remuneration for year 2014 amounted to Baht 257,981,896.59 less than that of 2013 which was Baht 19,124,425.83 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.

In 2014 the company has conducted training to increase / develop employees knowledge, abilities in all categories. According to the employee details as follows.

| Category                                                                                             | Training hour in for each category |           |            |          |       |
|------------------------------------------------------------------------------------------------------|------------------------------------|-----------|------------|----------|-------|
|                                                                                                      | Senior executives                  | Executive | Supervisor | Employee | Total |
| 1. Management                                                                                        | 62                                 | 149       | 205        | 187      | 603   |
| 2.Information and Technology                                                                         |                                    | 79        | 62         | 115      | 256   |
| 3. Quality                                                                                           | 24                                 | 42        | 103        | 60       | 229   |
| 4. Safety, Occupational health and environment in the workplace,<br>Environment, Energy Conservation |                                    | 12        | 36         | 50       | 98    |
| 5. Professional Performance                                                                          |                                    | 48        | 36         | 30       | 114   |
| 6. Good Governance and Business Ethics                                                               | 4                                  | 4         | 4          | 0        | 12    |

## 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 company's Board of Directors established the Code of Best Practices for directors of a listed company according to the guidelines of the Stock Exchange of Thailand. After having the company listed on

the Stock Exchange of Thailand, the firm launched the "Corporate Governance Policy" and the "Code of Conduct" guides to distribute to the company's directors, executives and employees at all levels to adhere to and follow the practices accordingly.

The company has been operating under good corporate governance as mentioned above, and in 2014 was granted "Investors' Choice Award 2014" from the Thai Investors Association for being a listed company on the Stock Exchange of Thailand that received a 100% score in quality assessment for the Annual General Meeting of Shareholders for four consecutive years. The company has also been rated with a Good CG scoring of four stars, however, the company aims to improve further to reach a Very Good CG scoring of five stars in the future.

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 2015 and notify the Stock Exchange of Thailand in advance between September 10, to December 31, 2014 and publish the guidelines under the announcement clearly on the company's website ([www.tkrungthai.com](http://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](http://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 2014 on April 10, 2014 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 2014, 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 2014.
- 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 2014, 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

The Company respects the rights of all stakeholders. Whether internal stakeholders. And external stakeholders to strengthen the cooperation between the company. With stakeholders To create wealth Financial stability And sustainability of the affairs Including a focus on environmental responsibility. And social well

The Company has a policy in practice is wrong. And responsibilities to all stakeholders. This includes the shareholders or investors, employees, customers, suppliers, competitors, creditors, communities, society, environment, government and companies located other agencies. Related shown clearly. "Code of Conduct" for the Directors, management and employees at all levels. Conducted in the same direction

As well as providing a fund for the employees. Policy on the development of the Company. By sending staff to training courses. A concrete And does not violate human rights, the Company's stakeholders, many groups as follows :

- **Shareholders** The company realizes that the shareholders are the business owners and the company serves to create long-term added value for the shareholders and to treat them equally. The company is operating with integrity as well as making decisions with a pure mind, thoughtfulness and fairness towards both major and minor shareholders for the best interests of the shareholders as a whole. The company is responsible for offering reports of the company's

status, earnings, financial data, accounting information and other reports regularly, thoroughly and truthfully including preventing those seeking gain that may use the company's undisclosed information for their personal/others' benefit, or other, or any action which may cause a conflict of interest in the organization.

- **Employees** The company realizes that employees are valuable keys to success in achieving the company's goals, therefore company policy is made to provide fairness in opportunity and reasonable compensation. The company has launched a performance assessment with KPI indicators for objective measurement. The company also provides other benefits such as a bonus, provident fund, promotion, transfers, rewards including continuation of personnel development policy, and employee potential development and training.
- **Customers** The company focuses on and is responsible to its customers, offering high quality, quick and punctual services. The company is responsible for maintaining customers' confidentiality and providing adequate, accurate and up-to-date information to customers in order for customers to be informed of the products and services. The company also needs to comply with the terms that it has agreed with customers. In the case of an inability to comply with any terms, the customers need to be informed immediately in order to find solutions together.
- **Trading parties** The company has a policy to treat business partners equally and fairly by taking the best interests of the company into account. The policy is based on fair and equal receipt of return for both parties and on avoiding situations that may cause a conflict of interest. The company strictly complies with its commitments, provides accurate information, correct reports and follows negotiations to find solutions for problems based on the level of business relationship. The guidelines are as follows:
  1. Do not request, receive or pay any benefits in a dishonest manner to partners and/or creditors.
  2. Strictly comply with the agreed terms and in the case of an inability to comply with any terms, the creditor needs to be informed immediately in order to find solutions together.
- **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 acts towards competitors in an honest practice. The company does not breach confidentiality or obtain trade secrets of competitors by fraud. The company operates under the rules of good competition practice, does not damage the reputation of trade competitors by accusations.
- **Environment** The company is concerned with the environment thus determined and has announced a policy to raise the awareness of employees' responsibilities on the environment. The company has been following the standard guidelines and has been certified with the ISO14001

quality standards. The company also applied the Corporate Social Responsibility (CSR) policy until it became corporate culture. In 2014, the company held a campaign to promote the economical use of and to maximize efficiency in resources amongst employees such as by switching the lights off whenever they are not needed, and switching the air-conditioners off during lunch breaks etc.

- **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.
- **Safety, occupational health and environment in the workplace** The company is aware and recognizes the importance of safety, occupational health and the environment in the workplace as well as the life and health of employees at all levels. The company has a policy for employees to follow, including a Safety Officer, who supervises and trains employees to follow the company's policy on safety and occupational health and environment in the workplace. In 2014, the company had a record of ten accidents at work which included nine accidents in the plastic injection factory and one accident in the mold factory. There were no severe cases or deaths. And Company has been investigated for the cause. ways to prevent recurrence and communicate with stakeholders to realize. To perform the steps carefully strictly.
- **Violation of Human Rights** The company sees the importance of human rights and equality and has determined a policy for related parties in order to treat individuals with fairness and non-discrimination regardless of similarities or differences of a physical or mental kind, race, nationality, religion, sex, age, education, or others, and provides facilities. The company also provides appropriate facilities and benefits for employees with disabilities.
- **Infringement of intellectual property or copyright** The company has determined a policy and practice with regards to the infringement of intellectual property or copyright of products.
- **Conflict of Interest** The company has determined a policy that prohibits directors, executives and employees from seeking for personal interest while working in their positions. The company's directors, executives and employees are required to adhere to the "Code of Conduct".
- **Corruption prevention/anti-corruption** The company does not support any type of corruption that may occur in the organization, such as giving and receiving bribes, contributions, etc. The company has set a policy of anti-corruption by launching guideline materials to use for communicating with the Board and for providing training for employees at all levels to comply with the practice.

The process of risk assessment to prevent and suppress corruption is done by evaluating potential risk and the effects of corruption in order to find preventative measures and monitor them consistently.

The company has guidelines on supervision and control in order to prevent and monitor corruption, with a comprehensive internal control system and risk management for the organization.

There are several channels available for reporting concerns or complaints of corruption for employees. The informant is required to identify details of their concerns or complaint including name, address and valid telephone number to the following channels:

1. Report to the Audit Committee (Independent committee) via email:  
[auditor@tkrungthai.com](mailto:auditor@tkrungthai.com) or
2. Report via the company's website (Investor Relation\Inquiry)
3. Report by sending a letter to Audit Committee of T.Krungthai Industries Public Company Limited, 23 Soi Chan 43, Yak 21 Tungwatdon, Sathorn,Bangkok 10120

The company has employee protection measures for employees who report corruption, illegitimacy or violation of the Securities and Exchange Act. The company is unable to act or treat employees unfairly such as changing job position, job type, workplace, office or termination when the employee reports their concerns/complaint.

The shareholders and stakeholders may contact/raise concerns to the independent committee directly at email address: [auditor@tkrungthai.com](mailto:auditor@tkrungthai.com)

The stakeholders may report infringements or complaints at Tel. 02-211-3732 central office or contact the company secretary, Mr.Chumpol Techakraisi via email: [chumpol@tkrungthai.com](mailto:chumpol@tkrungthai.com) or Report by sending a letter to Audit Committee of T.Krungthai Industries Public Company Limited, 23 Soi Chan 43, Yak 21 Tungwatdon, Sathorn,Bangkok 10120.

The company has a policy to protect the informant and maintain their information and details confidentially if the company sees that the disclosure of such information may cause danger to the informer/complainant.

In 2014, there were no concerns/complaints from employees/stakeholders.

#### **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](http://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 2014, 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](http://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](mailto:auditor@tkrungthai.com) and publish on the company's website [www.tkrungthai.com](http://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

| Sharedholding Details of Board of Directors and Management |                                                                     |                                                                                                                                                                            |                                       |                                       |                                                      |                     |
|------------------------------------------------------------|---------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|------------------------------------------------------|---------------------|
| No.                                                        | Name - Surname                                                      | Position                                                                                                                                                                   | Number of shares<br>December 31, 2013 | Number of shares<br>December 31, 2014 | Number of shares changed<br>(Increase/Decrease) 2014 | Shareholding<br>(%) |
| 1                                                          | Gen.Terdsak Marrome<br>(spouse and children who are underage)       | Chairman/ Independent Director                                                                                                                                             | 220,000<br>0                          | 220,000<br>0                          | 0<br>0                                               | 0.10<br>0           |
| 2                                                          | Mr.Pairuch Sahamethapat<br>(spouse and children who are underage)   | Chairman of Audit Committee/Independent Director                                                                                                                           | 0<br>0                                | 0<br>0                                | 0<br>0                                               | 0<br>0              |
| 3                                                          | Mr.Paotep Chotinuchit<br>(spouse and children who are underage)     | Director Audit Committee/ Independent Director<br>Chairman of Remuneration Committee and<br>Chairman of Nomination Committee<br>Chairman of Corporate Governance Committee | 20,000<br>0                           | 20,000<br>0                           | 0<br>0                                               | 0.01<br>0           |
| 4                                                          | Mr.Virasak Sutanthaibul<br>(spouse and children who are underage)   | Director and Audit Committee/Independent Director                                                                                                                          | 0<br>0                                | 0<br>0                                | 0<br>0                                               | 0<br>0              |
| 5                                                          | Mr.Sumate Techakraisri<br>(spouse and children who are underage)    | CEO / Director of Remuneration and Nomination<br>Corporate Governance Committee                                                                                            | 33,500,000<br>24,000,000              | 33,500,000<br>24,000,000              | 0<br>0                                               | 15.65<br>11.21      |
| 6                                                          | Dr. Kosol Surakomol<br>(spouse and children who are underage)       | Independent Director<br>Remuneration and Nomination Committee<br>Corporate Governance Committee                                                                            | 0<br>0                                | 0<br>0                                | 0<br>0                                               | 0<br>0              |
| 7                                                          | Mr.Kumpee Chongthurakit<br>(spouse and children who are underage)   | Director<br>Remuneration and Nomination Committee<br>Corporate Governance Committee                                                                                        | 500,000<br>0                          | 500,000<br>0                          | 0<br>0                                               | 0.23<br>0           |
| 8                                                          | Dr. Naruepont Pongcharoen<br>(spouse and children who are underage) | Executive Director / Managing Director                                                                                                                                     | 0<br>0                                | 0<br>0                                | 0<br>0                                               | 0<br>0              |
| 9                                                          | Mr.Phreecha Techakraisri<br>(spouse and children who are underage)  | Executive Director /Deputy Managing Director                                                                                                                               | 6,138,400<br>3,258,940                | 6,138,400<br>3,258,940                | 0<br>0                                               | 2.87<br>1.52        |
| 10                                                         | Mr.Chumpol Techakraisri<br>(spouse and children who are underage)   | Executive Director / Asst. Managing Director<br>Company Secretary                                                                                                          | 956,940<br>0                          | 956,940<br>0                          | 0<br>0                                               | 0.45<br>0           |
| 11                                                         | Mrs.Yupa Techakraisri<br>(spouse and children who are underage)     | Executive Director                                                                                                                                                         | 24,000,000<br>33,500,000              | 24,000,000<br>33,500,000              | 0<br>0                                               | 11.21<br>15.65      |
| 12                                                         | Mr.Kowate Limtrakul<br>(spouse and children who are underage)       | Executive Director                                                                                                                                                         | 275,000<br>0                          | 275,000<br>0                          | 0<br>0                                               | 0.13<br>0           |
| 13                                                         | Mr.Apichart Kasemkulsiri<br>(spouse and children who are underage)  | Executive Director                                                                                                                                                         | 0<br>0                                | 0<br>0                                | 0<br>0                                               | 0<br>0              |
| 14                                                         | Mr.Prasong Techakraisri<br>(spouse and children who are underage)   | Director                                                                                                                                                                   | 2,903,606<br>0                        | 2,903,606<br>0                        | 0<br>0                                               | 1.36<br>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 2014 investors and analysts visited our King Kaew plant on the 22th of September. The investors can also ask information through IR Contact and can contact at e-mail address : [investor@tkrungthai.com](mailto:investor@tkrungthai.com), telephone no. 02-211-3732 ext. 104.

## 5. Responsibilities of the Board

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

### 5.1 Board Structure

5.1.1 The company’s Board of Directors consists of individuals who have knowledge, abilities and experience which benefits the company, for example, knowledge of the industry, accounting and finance, business, management, skills of mold works, etc. The Board of Directors includes both sexes and a wide range of ages of members. There is one female director.

The company has 14 directors details as follows :

- |                                                |       |           |
|------------------------------------------------|-------|-----------|
| ○ Independent Directors                        | 5 pax | (35.71%)  |
| ○ Directors who are not in the management team | 9 pax | (64.29%)  |
| Directors who are in the management team       | 5 pax | (35.71 %) |

- 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 The company has Mr. Chumpol Techakraisri as the Company Secretary and the professional Legal Advisory Board to provide legal advice and regulations which the Board is required to know and comply with.
- 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 directors review and approve of company visions and mission at least every five years.
- 5.3.3 The board of directors participates in a meeting with the management team annually in order to review, approve of the company's vision and mission as well as establish the company's strategic plans, goals, business plan and budget.
- 5.3.4 The board of directors set and approve a written corporate governance policy for the company.
- 5.3.5 The board of directors are free from the management team and no position as independent director.
- 5.3.6 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.
- 5.3.7 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.
- 5.3.8 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.

- 5.3.9 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.
- 5.3.10 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.
- 5.3.11 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.
- 5.3.12 The Board of Directors has set a policy for all directors and senior executives to report their stock trading to the Board of Directors at least one day in advance of operations.
- 5.3.13 The directors shall set a policy to all the directors to inform the stakeholders to the company.
- 5.3.14 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.
- 5.3.15 The Board of Directors has an annual meeting with senior executives to acknowledge the report of the previous operations of all departments in the company and sets out work plans including the Key Performance Indicators (KPI).

#### **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 2014 set 9 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 2014, a meeting was held on Dec. 19<sup>th</sup> 2014.
- 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 Directors Meeting in Year 2014 |                           |                                                                                                                                                                            |     |     |         |     |      |        |     |
|---------------------------------------------------------|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----|---------|-----|------|--------|-----|
| No.                                                     | Name - Surname            | Position                                                                                                                                                                   | BOD | AC  | RC & NC | CG  | Risk | Ex-com | AGM |
| 1                                                       | Gen.Terdsak Marrome       | Chairman/ Independent Director                                                                                                                                             | 9/9 | --- | ---     | --- | ---  | ---    | 1/1 |
| 2                                                       | Mr.Pairuch Sahamethapat   | Chairman of Audit Committee/Independent Director                                                                                                                           | 9/9 | 4/4 | ---     | --- | ---  | ---    | 1/1 |
| 3                                                       | Mr.Paotep Chotinuchit     | Director Audit Committee/ Independent Director<br>Chairman of Remuneration Committee and<br>Chairman of Nomination Committee<br>Chairman of Corporate Governance Committee | 9/9 | 4/4 | 2/2     | 2/2 | ---  | ---    | 1/1 |
| 4                                                       | Mr.Sumate Techakraisri    | CEO / Director of Remuneration and Nomination<br>Corporate Governance Committee                                                                                            | 9/9 | --- | 2/2     | 2/2 | ---  | 17/17  | 1/1 |
| 5                                                       | Dr. Kosol Surakomol       | Independent Director<br>Remuneration and Nomination Committee<br>Corporate Governance Committee<br>Risk Management Committee                                               | 9/9 | --- | 2/2     | 2/2 | 2/2  | ---    | 1/1 |
| 6                                                       | Mr.Virasak Sutanthaibul   | Director and Audit Committee/Independent Director                                                                                                                          | 7/9 | 4/4 | ---     | --- | ---  | ---    | 1/1 |
| 7                                                       | Mr.Kumpee Chongthurakit   | Director<br>Remuneration and Nomination Committee<br>Corporate Governance Committee                                                                                        | 9/9 | --- | 2/2     | 2/2 | ---  | ---    | 1/1 |
| 8                                                       | Dr. Naruepont Pongcharoen | Executive Director / Managing Director<br>Risk Management Committee                                                                                                        | 9/9 | --- | ---     | --- | 2/2  | 15/17  | 1/1 |
| 9                                                       | Mr.Phreecha Techakraisri  | Executive Director /Deputy Managing Director                                                                                                                               | 9/9 | --- | ---     | --- | ---  | 16/17  | 1/1 |
| 10                                                      | Mr.Chumpol Techakraisri   | Executive Director / Asst. Managing Director<br>Company Secretary / Risk Management Committee                                                                              | 9/9 | --- | ---     | --- | 2/2  | 17/17  | 1/1 |
| 11                                                      | Mr.Kowate Limtrakul       | Executive Director /Director<br>Chairman of Risk Management Committee                                                                                                      | 9/9 | --- | ---     | --- | 2/2  | 16/17  | 1/1 |
| 12                                                      | Mrs.Yupa Techakraisri     | Director                                                                                                                                                                   | 9/9 | --- | ---     | --- | ---  | ---    | 1/1 |
| 13                                                      | Mr.Apichart Kasemkulsiri  | Director                                                                                                                                                                   | 8/9 | --- | ---     | --- | ---  | ---    | 1/1 |
| 14                                                      | Mr.Prasong Techakraisri   | Director                                                                                                                                                                   | 9/9 | --- | ---     | --- | ---  | ---    | 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 2014, a meeting was held but not the top management on the Dec. 19, 2014 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<br>Chairman of Remuneration Committee and<br>Chairman of Nomination Committee<br>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<br>Remuneration and Nomination Committee<br>Corporate Governance Committee<br>Risk Management Committee                                               | 1/1        |
| 6   | Mr.Kumpee Chongthurakit  | Director<br>Remuneration and Nomination Committee<br>Corporate Governance Committee                                                                                        | 1/1        |
| 7   | Mrs.Yupa Techakraisri    | Director                                                                                                                                                                   | 1/1        |
| 8   | Mr.Apichart Kasemkulsiri | Director                                                                                                                                                                   | 0/1        |
| 9   | 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 sets an annual performance assessment of the company directors to review the performance and governance for adequate and effective determination and/or improvement. There are two types of assessment forms including board self-assessment and individual assessment forms. The forms have been developed from the example assessment form from the Stock Exchange of Thailand to be appropriate and consistent with the characteristics of the Board.

Criteria for board self-assessment and individual assessment are as follows:

| <u>Score (%)</u> | <u>Level</u>     |
|------------------|------------------|
| 96 – 100         | Very good        |
| 91 – 95          | Good             |
| 86 – 90          | Standard         |
| 81 – 85          | Fair             |
| 76 – 80          | Need improvement |

The process of assessment is conducted by company secretary who encloses the form into an envelope and delivers to each director. The individual assessments are done by the directors randomly, selecting the form from the box and performing the assessment. After completion of the two assessment forms, they are handed back over to the company secretary for the assessment report.

In 2014, the Board self-assessment included six main areas and the average score was at a good level of 91%. The details as follows:

| No.              | Topic of Assessment                          | Result (%) |
|------------------|----------------------------------------------|------------|
| 1                | Structure and Qualifications of Directors    | 91         |
| 2                | Responsibilities and Duties of the Directors | 86         |
| 3                | Directors meeting                            | 95         |
| 4                | Work Performance of Directors                | 91         |
| 5                | Relationship towards management division     | 93         |
| 6                | Self improvement of directors and management | 88         |
| Total percentage |                                              | 91         |

The individual assessment included 4 main areas and the average scores is at the standard level of 87%. The details are as follows:

| No.              | Topic of Assessment                                   | Result (%) |
|------------------|-------------------------------------------------------|------------|
| 1                | Knowledge and ability                                 | 86         |
| 2                | Meeting: Preparation before participating the meeting | 89         |
| 3                | The establishment of strategy and business planning   | 86         |
| 4                | Risk management and internal control                  | 86         |
| Total Percentage |                                                       | 87         |

### 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 2014 Company Directors attended seminars as follows:

1. The Audit Committee participated in the seminar under the topic of "The Challenges of the Audit Committee to Sustainable Development of the listed Company" held by the Securities and Exchange Commission.
2. The Chair of Executive Board participated in the seminar under the topic of "held by the Stock Exchange of Thailand.
3. The Directors participated in " CG Talk Create Sustainability in Business with Good Corporate Governance" held by the Stock Exchange of Thailand.
4. The Independent committee participated in the SD Forum "New Investment Opportunities for Sustainable Growth" held by the Stock Exchange of Thailand.
5. The executives participated in the discussion on the topic of "The Challenges in recruiting for Independent Committees" held by the Thai Institute of Directors Association.
6. The executives participated in the SEC for CEO forum "Strategy of the Capital Market of Thailand to Create Sustainable Competitiveness for the Country, the Securities and Exchange Commission.

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 2014 comprise of:

| No | Name -Surname             | Position                              |
|----|---------------------------|---------------------------------------|
| 1  | Mr.Sumate Techakraisri    | Chief Executive Director              |
| 2  | Mr.Phreecha Techakraisri  | Executive Director                    |
| 3  | Mr.Chumpol Techakraisri   | Executive Director                    |
| 4  | Mr.Kowate Limtrakul       | Executive Director                    |
| 5  | 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, assign and termination 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 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. 20<sup>th</sup>, 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. Kosol      | Surakomol    | Risk Management Committee             |
| 3  | Dr. Naruepont  | Pongcharoen  | Risk Management Committee             |
| 4  | Mr. Chumpol    | Techakraisri | Risk Management Committee             |
| 5  | Mr. Pitsanu    | Vilawanjit   | Risk Management Committee             |
| 6  | Mr. Prinya     | Kaeoluan     | 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

The company has a strict internal security measures. Particularly information that has not made public. Or data that affects business operations and stock price by the directors, management and employees inside information to use. The Company has established policies for personal following

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 Audit Fee

1. The fee Auditing complete on 31 December 2014

| List            | The payer company                               | Auditors                     | Audit Fee  |
|-----------------|-------------------------------------------------|------------------------------|------------|
| 1               | T. Krungthai Industries Public Company Limited. | Karin Audit Company Limited. | 730,000.00 |
| Total Audit fee |                                                 |                              | 730,000.00 |

2. Non-Audit Fee  
- None

#### 8.6 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 King kaew plant on September 22, 2014.

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](http://www.tkrungthai.com)) In year 2014 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 Provide adequate, appropriate, safe and hygienic consumer amenities and conduct assessment on the scheduled rota such as canteen, drinking water machine, toilets, etc.
- 1.6 Supervise, monitor, and measure the environment within the factory and production process such as wastewater treatment systems to prevent any bad effects on the health of employees and people in the factory and nearby community.

- 1.7 Sending employees to a seminar in and out of the organization to prepare the suitable person for the position.
- 1.8 Officer to listen to the problems of the employees on fair treatment of the company.
- 1.9 Encourage the employees to use sufficiency economy along with the wellness of the community.
- 1.10 Merit offering in temples at employees birthplace and meditation practice and listen to monk sermon during mother and father's day at company premises.
- 1.11 Carry on the Thai customs and tradition such as New Year, Songkran Festival, Father and Mother's day.
- 1.12 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.
- 1.13 To improve the management and leadership for all management level through training and coaching.
- 1.14 Promote sport activities to keep employees healthy and do not use drugs..
- 1.15 There is bone mass check-up and pap smear.

## 2. Environmental Protection

The company pays attention to and is aware of environmental effects that may affect employees and the nearby community and therefore complies with related laws and regulations continuously and measures environmental quality annually.

In 2014, the company hired C.E.M. Technology (Thailand) Co., Ltd to measure the environmental quality within the factory, for example, the intensity of light, noise levels, heat levels, air quality, contamination levels and the ecosystem. The results show that they are at standard levels.

The company has held training with regards to the environment and effects, and promotes the economical use of resources to reduce global warming. In addition, there are other activities that the company conducts continuously such as switching the lights off when not in use, cleaning the light bulbs regularly, reducing paper and foam box usage etc.

The company has arranged to for a consultant on electrical power consumption reduction and has allocated funds to invest in energy-saving devices as well as rigorously complying with the ISO 14001 standard.

## 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 Giving presents on childrens' day at Kok – Kajong school
- 3.2 Support educational activities by providing sample products displays to Suranaree University of Technology to display in the exhibition room of sample products made from polymer.
- 3.3 Giving students a chance to study and learn company's productivity from king Mongkut's University of Technology, Lat Krabang, etc.
- 3.4 Donate computers to Ban Phu Tor school Thap Luang Sub-district, Banrai district, Uthai Thani province as teaching and learning devices for students and teachers.
- 3.5 Support the 'education of underprivileged youth support program' at Ban Sala Noi school, Dansai district, Luei province.
- 3.6 Support the activity at Suranaree University of Technology Hospital by providing medicine cases.
- 3.7 Blood Donation with Red Cross

- 3.8 Support and give chance to Autistic Children from Yowaprasart Hospital to work at the company
- 3.9 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.
- 3.10 Merit and Candle Offering at Wat Khlong Chuat Lak Khao temple Racha Thewa Sub-district, Bangphli District, Samut Prakan province
- 3.11 Support 'donation to hometown project' to employees who inform their intention to develop their hometown.
- 3.12 The company has got a certification on its drug free area / white area year 2013-2016.

## ☺ various activities for year 2014 ☺

### ☺ New Year Party ☺



### ☺ Songkran Day Festival ☺



## ☺ Education support for employee's children ☺



## ☺ off-Season Offering of robes offered to employees hometown ☺



## ☺ Buddhist Lent Candle Offering ☺



☺ **Mother's Day** ☺



☺ **Father's Day** ☺



## ☺ Sport Day ☺



## ★ Blood Donation ★



★ Giving presents on childrens' day at Kok – Kajong school ★



★ Giving donations at Kok – Kret house / Giving funds to the disabled at the community ★





## Safe driving training of forklift



## Training : Safety, occupational health and environment / Fire Protection



❖ Training TCC-Safety : Machine Safety ❖



**COMPANY VISIT**



**Students from King Mongkut University of Technology, Lat Krabang  
Visit at our factory to learn the company's productivity.**



## **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 25 February 2015, No.1/2015 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 1<sup>st</sup> of January, 2009 and control the following areas

1. Risk in Business Operations and Strategy
2. Risk in Operations
3. Risk in Accounting and Finance
4. Risk in Administration and Management
5. Risk in related Rules and Regulations
6. Risk in Information Systems

In 2014 present the results of the meeting and action plans. To the Board of Directors is two times.

## **11. Related Transactions**

### **Disclosure of Related Transactions**

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

### **Necessities and Reasonable of related-transactions**

The related transactions in Year 2014 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

|                                                    |              | 2014      | 2013      | 2012      |
|----------------------------------------------------|--------------|-----------|-----------|-----------|
| <b>Performance</b>                                 |              |           |           |           |
| Revenue from sales - Plastic products              | '000 Baht    | 1,403,258 | 1,778,213 | 1,793,896 |
| Revenues from sales - Moulds                       | '000 Baht    | 220,462   | 146,146   | 120,255   |
| Net profit                                         | '000 Baht    | 19,447    | 38,966    | 81,759    |
| <b>Balance sheet highlight</b>                     |              |           |           |           |
| Total Assets                                       | '000 Baht    | 1,216,373 | 1,212,256 | 1,211,033 |
| Total liabilities                                  | '000 Baht    | 746,558   | 732,777   | 734,471   |
| Shareholders' equity                               | '000 Baht    | 469,815   | 479,479   | 476,562   |
| <b>Common stock highlight</b>                      |              |           |           |           |
| Authorized share capital                           | Mil' share   | 214,000   | 214,000   | 214,000   |
| Par value                                          | Baht / share | 1         | 1         | 1.00      |
| Book value                                         | Baht / share | 2.19      | 2.24      | 2.22      |
| Basic earning per share                            | Baht / share | 0.09      | 0.18      | 0.38      |
| <b>Financial Ratio</b>                             |              |           |           |           |
| Current Ratio                                      | Times        | 0.81      | 0.89      | 0.95      |
| Account Receivable Turnover                        | Times        | 4.79      | 5.88      | 6.67      |
| Inventory Turnover                                 | Times        | 8.48      | 9.18      | 9.15      |
| Account Payable Turnover                           | Times        | 6.69      | 6.89      | 7.56      |
| Debt to Equity Ratio                               | Times        | 1.59      | 1.53      | 1.54      |
| Sale's Growth (%)                                  | %            | -15.64    | 0.53      | 50.17     |
| Profit before interest and income tax expenses (%) | %            | 2.63      | 3.52      | 6.15      |
| Net profit (%)                                     | %            | 1.19      | 2.01      | 4.25      |

## 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 2014 the company's revenue slightly decreased by Baht 300.63 million due to an economic deceleration that affected the business and household sectors, making them cautious in investing and spending, as well as the rebalancing in the automobile market after the end of the First Car Buyer scheme.

## **1. Operational Performance**

### **Income**

In the year 2014, our total revenue for sales and service amounted Baht 1,623.72 million, lower than last year of Baht 300.63 million or equal to 15.62% from sales index of 84.83 % compared to the same period of year (2012)

The company has decreased revenue from products and services sales as a result of the continued economic downturn due to the political unrest. The agricultural crop prices remain low, which has made the business and household sectors be cautious in investing and spending. The automobile market rebalancing after the end of the First Car Buyer scheme has affected the sales volumes of automobiles and electrical appliances making them unable to reach the target. However the mold sales volumes increased from orders of new customers.

From the Financial Statement the revenue on sales products in the year 2014 and 2013, the revenue in automobile parts amounts to Baht 1,212.93 million and Baht 1,355.93 million (respectively). The revenue on electrical appliances parts and components amounts to Baht 144.47 million and Baht 228.19 million, (respectively). Income from mold amounts to Baht 220.46 million and Baht 146.15 million, (respectively). The revenue from other Baht 46.29 million and Baht 194.09 million (respectively)

### **Cost of Sales and Expenses**

#### **Cost of Sales and Service**

In the year 2014, the company's cost of sales and service totaled to Baht 1,418.09 million an decrease of Baht 250.94 million than that of last year which was 15.04%. The cost of sales index 87.66% compared to the same period of (2012) Cost of sales to the total sales of 2014 which was equal to 87.34% there is an increase of 0.61% . The company expenditures increased and in addition the company has invested in the machinery support for new customers in mid-2014 however the downturn in the economy and political unrest affected the sales volumes, making them unable to reach the target and increasing the proportion of the cost of sales and services.

#### **Selling and Administrative Expenses**

The company had selling and administrative expenses for year 2014 totaled to Baht 168.72 million lower than last year of Baht 30.83 million equal to 15.45%, the selling and administrative index which is equal to 89.57 % compared to the period of 2012. Selling and administrative expenses are close to the previous year's figures due to the company's attempts to reduce expenses to balance with declining sales volumes such as reducing maintenance and consumables expenses, reducing shipment costs by minimizing the number of shipment trips to realign with the declining sales volumes. These resulted in the proportion of selling and administrative expenses to be close to the previous year's levels.

### **Finance Costs**

The company has a finance costs for year 2014 equal to Baht 19.91 Million 6.38% or Baht 19.91 million as the company had to invest in new injection machines and components to support the orders of its new customers. The declining sales volumes and postponements of payment of some customers caused the company to spend more in credit for business operations. However, the company considered spending the credit in accordance with the needs of the business including managing spending under the granted credit terms.

### **Net Profit**

In the year 2014, net profit of Baht 19.44 million or equivalent to 1.20% of the proceeds from the sales of goods decreased compared to the same period of 2013 . The net profit amounted to 38.96 million or equivalent to 2.02% of the proceeds from the sales of goods. Earnings per share of revenue decreased by 0.82 % or a net decrease of approximately 50.10 % compared to the same period of last year due to the following :

1. Sales volumes did not reach the company's target due to the political situation at the beginning of 2014, which affected consumers buying decisions, and due to the continued deceleration of the economy. The agricultural crop prices remained low, which caused the car manufacturers to reduce their production and automobile market to rebalance, the First Car Buyer scheme also affected the sales volumes.
2. Selling and administrative expenses increased due to the increase in factors of production and preparation of manpower and machinery to support the target work.

## **2. Financial Status**

### **Assets**

The company's Financial Statement stated that total asset as at December 31, 2014 and December 31, 2013 equaled to Baht 1,216.37 million and Baht 1,212.25 million (respectively) higher of Baht 4.12 million or equal to 0.34%

### **Trade Accounts and Notes Receivable**

Collection period for year 2014 is about : 71 days and for 2013 it was 65 days which as some major customers have 30 days credit on collection period from the company but the customers' term of payment is within the 10<sup>th</sup> of next month. This causes an outstanding account receivable and some customers even requested postponement of the payment due to the economic deceleration. However this still stayed in the company's credit term from 60 – 90 days period as many customers are leading automobile and electrical appliance manufacturers with the exact payment due period, therefore the company did not experience any difficulty in billing in the past. The company, however will maintain the collection period to be consistent with the company's policy. The trade accounts and notes receivable for years 2012 to 2014 can be divided into receivable aging as below:

Unit : Million Baht

| Receivable aging                     | 2012   | 2013   | 2014   |
|--------------------------------------|--------|--------|--------|
| Within the due date                  | 229.20 | 193.01 | 240.81 |
| Over 90 days                         | 126.29 | 102.17 | 95.11  |
| Over 90 days but less than 180 days  | 0.14   | 0.003  | 0.0001 |
| Over 180 days but less than 365 days | 1.23   | -      | 0.18   |
| Over 365 days                        | 2.21   | -      | 2.30   |
| Total                                | 359.07 | 295.18 | 338.40 |

### **Inventories**

The company's net inventories as December 31, 2014 totaling Baht 158.63 million and Baht 175.75 million as at December 31, 2013 as the portion of total assets which is equal to 13.04% and 14.50% (respectively)

The company's average inventory turnover for year 2014 is 43 days including molds during production, but if excluding molds during production the company's average inventory turnover in year 2014 is 29 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, 2014, the company property, plant and equipment and intangible assets (net) of Baht 706.80 million and Baht 696.66 million as at December 31, 2013. The total value of property, plant and equipment and intangible assets (net) of total assets which is equal to 58.11 % and 57.47 (respectively)

### **Total Liabilities**

Total liabilities as at December 31, 2014 amounts to Baht 746.56 million divided into current liability and total liability. Current liability equal to Baht 631.84 million and the non-current liabilities amounts to Baht 114.72 million, increase from last year of Baht 13.78 million or equal 1.88% Most of these are from short-term loans from financial institutions, which increased to Baht 94.61 million due to the overdue of payments of some customers, including the extension of the collection period. However, most customers are from the automobile business group with strong stability and good financial status, thus the company believes that the amount can be collected without any problems.

### **Shareholders Equity**

Shareholders' Equity as at December 31, 2014, totaling Baht 469.81 million an decrease from last year by

Baht 9.67 million or equal to 2.02 %.

The Annual General Meeting 2014 on 10<sup>th</sup> April 2014 has a resolution to distribute the annual dividend of 2013 at Baht 0.15 per share of 214 million shares, the total amount of dividend is equal to Baht 32.10 million. The company distributed the dividend on 29<sup>th</sup> April 2014.

As at December 31, 2014, the company legal reserved combined the total liability amounts to Baht 746.56 million and the shareholders' equity amounts Baht 469.81 million or equal to 1.59 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, 2014 increased by Baht 27.74 which is different from 2013, when they increased by Baht 0.21 million. This is due to the decline of company's earnings from 2013 by Baht 38.97 million to Baht 19.45 million in 2014 due to the decline of its sales volume by Baht 300.64 million compared to 2013. The net cash from operations is equal to Baht 41.75 million, which was derived from profits from the operation before the changes in assets and liabilities of Baht 116.93 million. Assets from the operation increased by Baht 26.54 million and liabilities reduced by Baht 48.64 million. It is reduced from the investing activity for investments and payments to machinery and equipment creditors by Baht 66.70 million and reduced from financing activities by Baht 2.78 million from repayment of long-term loans and distribution of interests and dividends. The cash and cash equivalents from the previous period of Baht 36.57 million is carried over, resulting in cash and cash equivalents of the company equal to Baht 8.84 million at the end of 2014.

#### **Investments Expenses**

In the year 2014, the company increased its fixed asset totaling Baht 66.70 million. Most of the investments are in machineries and tool, order to accommodate the new customer, including payments for machineries due for payment

#### **Source of Capital**

Source of capital for year 2014 was derived from accounts receivable and reduce trade account. Account receivable management be within in the company policy and for collection period of about 71 days for year 2014 which is more than that of 2013 in which the collection period is 63 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 2014 the credit term was 55 days and in year 2013 it was 52 days. Differences between the collection period and the payment period occurred, due to some of the major customers having their payment terms on the 10<sup>th</sup> of the following month but the company's credit terms in the system stated a 30-day collection period hence there were outstanding accounts receivable. However, the payment collection issue has never occurred. When some customers request an extension of the collection period, it is expected to be a period of time corresponding to



the economic deceleration. The ratio of liability to shareholders equity for year 2012, 2013, 2014 is equal 1.54 times, 1.53 times, 1.59 times respectively. The company can still maintain the proportion of liabilities and the number of shareholders at the same level.



T.KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
AND AUDITOR'S REPORT



**บริษัท กรินทร์ ออดิท จำกัด**  
*Karin Audit Company Limited*

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# 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, 2014, 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.



\*\*\*\*\*/2

**KARIN**

A Member Firm of KLC Asian Network

- 2 -

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position as at December 31, 2014 and performance and cash flows for the year then ended of T. Krungthai Industries Public Company Limited in accordance with Thai Financial Reporting Standards.



(Wimolsri Jongudomsongkiet)

Certified Public Accountant

Registration No. 3899

Karin Audit Company Limited

Bangkok

February 25, 2015

**T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**

**STATEMENTS OF FINANCIAL POSITION**

**ASSETS**

|                                           |       | Baht              |                   |
|-------------------------------------------|-------|-------------------|-------------------|
|                                           |       | As at             | As at             |
|                                           |       | December 31, 2014 | December 31, 2013 |
|                                           | Note  |                   | "Recalssified"    |
| <b>Current assets</b>                     |       |                   |                   |
| Cash and cash equivalents                 | 5     | 8,838,312.14      | 36,574,666.21     |
| Trade accounts and notes receivable - net | 6     | 338,412,097.70    | 295,189,735.90    |
| Inventories - net                         | 7     | 158,628,094.48    | 175,753,533.90    |
| Other current assets                      |       | 3,698,609.45      | 8,074,371.29      |
| Total current assets                      |       | 509,577,113.77    | 515,592,307.30    |
| <b>Non-current assets</b>                 |       |                   |                   |
| Property, plant and equipment - net       | 8, 25 | 673,593,137.35    | 679,051,920.54    |
| Intangible assets - net                   | 9, 25 | 9,920,225.25      | 10,629,409.37     |
| Other non-current assets - net            | 10    | 23,282,853.64     | 6,982,063.17      |
| Total non-current assets                  |       | 706,796,216.24    | 696,663,393.08    |
| <b>Total assets</b>                       |       | 1,216,373,330.01  | 1,212,255,700.38  |

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             |
|                                                                                              |      | December 31, 2014 | December 31, 2013 |
|                                                                                              | Note |                   | "Recalssified"    |
| <b>Current liabilities</b>                                                                   |      |                   |                   |
| Short - term loan from financial institutions                                                | 12   | 349,613,492.71    | 255,000,000.00    |
| Trade accounts and notes payable                                                             | 25   | 191,252,482.29    | 232,668,880.55    |
| Payable for purchase on assets                                                               | 25   | 2,595,112.73      | 3,443,972.52      |
| Current portion of long-term loans                                                           | 12   | 49,857,768.00     | 54,110,768.00     |
| Current portion of accounts payable under hire - purchases and<br>financial leases agreement | 13   | 1,861,371.56      | 3,129,399.78      |
| Current portion of employee benefit obligations                                              | 15   | 204,664.00        | 4,251,725.00      |
| Other current liabilities                                                                    | 14   | 36,452,760.95     | 29,715,379.81     |
| Total current liabilities                                                                    |      | 631,837,652.24    | 582,320,125.66    |
| <b>Non-current liabilities</b>                                                               |      |                   |                   |
| Long-term loans - net                                                                        | 12   | 95,213,760.00     | 133,188,528.00    |
| Accounts payable under hire - purchases and<br>financial leases agreement - net              | 13   | 1,775,817.31      | 2,551,563.83      |
| Deferred tax liabilities                                                                     | 11   | 2,408,131.05      | 463,414.95        |
| Employee benefit obligations - net                                                           | 15   | 15,323,125.00     | 14,253,072.00     |
| Total non-current liabilities                                                                |      | 114,720,833.36    | 150,456,578.78    |
| <b>Total liabilities</b>                                                                     |      | 746,558,485.60    | 732,776,704.44    |
| <b>Equity</b>                                                                                |      |                   |                   |
| Share capital                                                                                |      |                   |                   |
| Authorized share capital                                                                     |      |                   |                   |
| Common share 214,000,000 shares Baht 1.00 par value                                          |      | 214,000,000.00    | 214,000,000.00    |
| Issued and fully paid-up share capital                                                       |      |                   |                   |
| Common share 214,000,000 shares Baht 1.00 par value                                          |      | 214,000,000.00    | 214,000,000.00    |
| Additional paid-in capital                                                                   |      |                   |                   |
| Premium on common shares                                                                     |      | 144,236,932.71    | 144,236,932.71    |
| Retained earnings                                                                            |      |                   |                   |
| Appropriated                                                                                 |      |                   |                   |
| Legal reserve                                                                                | 17   | 21,400,000.00     | 20,714,112.95     |
| Unappropriated                                                                               |      | 90,177,911.70     | 100,527,950.28    |
| <b>Total equity</b>                                                                          |      | 469,814,844.41    | 479,478,995.94    |
| <b>Total liabilities and equity</b>                                                          |      | 1,216,373,330.01  | 1,212,255,700.38  |

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, 2014 AND 2013**

|                                                                   | Note | Baht                    |                         |
|-------------------------------------------------------------------|------|-------------------------|-------------------------|
|                                                                   |      | 2014                    | 2013                    |
| Revenue from sales - Plastic products                             |      | 1,403,258,195.11        | 1,778,212,535.22        |
| Revenue from sales - Moulds                                       |      | 220,462,114.74          | 146,145,987.71          |
| <b>Total revenue from sales and services</b>                      |      | <b>1,623,720,309.85</b> | <b>1,924,358,522.93</b> |
| Cost of sales and services                                        |      | (1,418,094,413.74)      | (1,669,027,636.72)      |
| <b>Gross profit margin</b>                                        |      | <b>205,625,896.11</b>   | <b>255,330,886.21</b>   |
| Other income                                                      |      | 5,747,801.54            | 11,957,298.90           |
| <b>Profit before expenses</b>                                     |      | <b>211,373,697.65</b>   | <b>267,288,185.11</b>   |
| Selling expenses                                                  | 18   | (35,169,355.63)         | (52,942,887.63)         |
| Administrative expenses                                           | 4    | (133,552,336.19)        | (146,609,567.27)        |
| <b>Total expenses</b>                                             |      | <b>(168,721,691.82)</b> | <b>(199,552,454.90)</b> |
| <b>Profit before finance costs and income tax expenses</b>        |      | <b>42,652,005.83</b>    | <b>67,735,730.21</b>    |
| Finance costs                                                     |      | (19,912,955.15)         | (18,717,983.99)         |
| <b>Profit before income tax expense</b>                           |      | <b>22,739,050.68</b>    | <b>49,017,746.22</b>    |
| Income tax expenses                                               | 11   | (3,291,941.47)          | (10,051,417.07)         |
| <b>Profit for the years</b>                                       |      | <b>19,447,109.21</b>    | <b>38,966,329.15</b>    |
| <b>Other comprehensive income</b>                                 |      |                         |                         |
| Defined benefit plan actuarial gain                               | 15   | 3,735,924.07            | 3,087,805.23            |
| Income tax on other comprehensive income                          | 11   | (747,184.81)            | (617,561.05)            |
| <b>Other comprehensive income for the year, net of income tax</b> |      | <b>2,988,739.26</b>     | <b>2,470,244.18</b>     |
| <b>Total comprehensive income for the year</b>                    |      | <b>22,435,848.47</b>    | <b>41,436,573.33</b>    |
| Basic earning per share                                           |      |                         |                         |
| Net profit (Baht per share)                                       | 19   | 0.09                    | 0.18                    |

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, 2014 AND 2013**

|                                        |      | Baht                     |                |                                |                 |
|----------------------------------------|------|--------------------------|----------------|--------------------------------|-----------------|
|                                        | Note | Issued and fully paid-up | Premium on     | Retained earnings              |                 |
|                                        |      | share capital            | common shares  | Appropriated<br>-legal reserve | Unappropriated  |
|                                        |      |                          |                |                                | Total           |
| <b>Balance as at January 1, 2013</b>   |      | 214,000,000.00           | 144,236,932.71 | 18,765,796.49                  | 99,559,693.41   |
| Dividend                               | 16   | -                        | -              | -                              | (38,520,000.00) |
| Appropriated for legal reserve         | 17   | -                        | -              | 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    |
| <b>Balance as at December 31, 2013</b> |      | 214,000,000.00           | 144,236,932.71 | 20,714,112.95                  | 100,527,950.28  |
| Dividend                               | 16   | -                        | -              | -                              | (32,100,000.00) |
| Appropriated for legal reserve         | 17   | -                        | -              | 685,887.05                     | (685,887.05)    |
| Profit for the year                    |      | -                        | -              | -                              | 19,447,109.21   |
| Comprehensive income for the year      |      | -                        | -              | -                              | 2,988,739.26    |
| <b>Balance as at December 31, 2014</b> |      | 214,000,000.00           | 144,236,932.71 | 21,400,000.00                  | 90,177,911.70   |

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, 2014 AND 2013**

|                                                                          | Baht            |                 |
|--------------------------------------------------------------------------|-----------------|-----------------|
|                                                                          | 2014            | 2013            |
|                                                                          |                 | "Recalssified"  |
| <b>Cash flows from operating activities</b>                              |                 |                 |
| Net profit                                                               | 19,447,109.21   | 38,966,329.15   |
| Adjustment to net profit (loss) for cash received (paid) from operations |                 |                 |
| Depreciation                                                             | 70,664,756.21   | 66,019,304.86   |
| Amortization                                                             | 1,955,392.82    | 2,524,674.98    |
| Loss from declining in inventories valuation                             | 2,589,267.09    | 146,924.23      |
| Reversal allowance for declining in inventories valuation                | (2,210,418.46)  | (1,336,647.01)  |
| Loss on sales of fixed assets                                            | 595,091.98      | 340,782.35      |
| Unrealized loss on exchange rates                                        | 13,772.59       | 217,843.47      |
| Provisions for employee benefits                                         | 758,916.07      | 2,532,134.00    |
| Interest income                                                          | (108,796.48)    | (228,531.70)    |
| Interest expenses                                                        | 19,912,955.15   | 18,717,983.99   |
| Written off withholding income tax deducted at source                    | 18,000.00       | 2,432,122.09    |
| Income tax expenses                                                      | 3,291,941.47    | 10,051,417.07   |
| Net profit before changes in operating assets and liabilities            | 116,927,987.65  | 140,384,337.48  |
| (Increase) decrease in operating assets                                  |                 |                 |
| Trade accounts and notes receivable                                      | (43,222,361.80) | 63,877,420.06   |
| Inventories                                                              | 16,746,590.79   | 13,163,032.49   |
| Other current assets                                                     | 4,375,761.84    | (1,597,463.22)  |
| Other non-current assets                                                 | (4,410,811.16)  | (1,218,632.26)  |
| Increase (decrease) in operating liabilities                             |                 |                 |
| Trade accounts and notes payable                                         | (41,430,170.85) | (35,876,213.33) |
| Other current liabilities                                                | 6,768,497.78    | (1,955,691.30)  |
| Withholding tax received                                                 | -               | 11,722,414.71   |
| Income tax paid                                                          | (14,002,389.49) | (13,750,770.43) |
| <b>Net cash provided by operating activities</b>                         | 41,753,104.76   | 174,748,434.20  |

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, 2014 AND 2013**

|                                                                             | Baht                   |                         |
|-----------------------------------------------------------------------------|------------------------|-------------------------|
|                                                                             | 2014                   | 2013                    |
|                                                                             |                        | "Recalssified"          |
| <b>Cash flows from investing activities</b>                                 |                        |                         |
| Interest received                                                           | 108,796.48             | 228,531.70              |
| Purchase of assets                                                          | (64,970,541.06)        | (150,159,017.92)        |
| Proceeds from disposal of assets                                            | 255,101.06             | 5,869,644.29            |
| Payable for purchase on asset (decrease)                                    | (848,859.79)           | (22,861,921.10)         |
| Purchase of intangible assets                                               | (1,246,208.70)         | (8,724,560.00)          |
| <b>Net cash used in investing activities</b>                                | <b>(66,701,712.01)</b> | <b>(175,647,323.03)</b> |
| <b>Cash flows from financing activities</b>                                 |                        |                         |
| Interest paid                                                               | (19,954,844.65)        | (18,718,762.47)         |
| Short-term loan increase                                                    | 94,613,492.71          | -                       |
| Received long-term loans                                                    | 15,000,000.00          | 103,555,450.00          |
| Payment for long-term loans                                                 | (57,227,768.00)        | (41,641,154.00)         |
| Payment for accounts payable hire - purchases and financial lease agreement | (3,129,399.74)         | (3,567,936.80)          |
| Dividends paid                                                              | (32,089,227.14)        | (38,514,249.10)         |
| <b>Net cash provided by (used in) financing activities</b>                  | <b>(2,787,746.82)</b>  | <b>1,113,347.63</b>     |
| <b>Net increase in cash and cash equivalents</b>                            | <b>(27,736,354.07)</b> | <b>214,458.80</b>       |
| <b>Cash and cash equivalents, at beginning of years</b>                     | <b>36,574,666.21</b>   | <b>36,360,207.41</b>    |
| <b>Cash and cash equivalents, at end of years</b>                           | <b>8,838,312.14</b>    | <b>36,574,666.21</b>    |

**Supplemental disclosures of cash flows information :**

|                                                         |              |            |
|---------------------------------------------------------|--------------|------------|
| Non - cash items                                        |              |            |
| Purchases of asset for under hire - purchases agreement | 1,085,625.00 | 523,000.00 |

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

# T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2014

#### 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 48.81%)

(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.

##### **Thai Financial Reporting Standards (TFRS) new effective**

Effective from January 1, 2014 the interim financial statements are prepared on new and revised TFRS issued by FAP in year 2013 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           |

**T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

| TAS                   | Topic                                                                                                | Year effective |
|-----------------------|------------------------------------------------------------------------------------------------------|----------------|
| 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 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           |
| 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           |

The adoption of these new and revised TFRS has result no material effect on the financial statements.

**Thai Financial Reporting Standards (TFRS) not yet adopted**

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after January 1, 2015 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that may be relevant to the Company's operations, which become effective for annual financial periods beginning on or after January 1 in the year indicated, are set out below. The Company does not plan to adopt these TFRS early.

**T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED****NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2014**

| TAS                   | Topic                                                                                                | Year effective |
|-----------------------|------------------------------------------------------------------------------------------------------|----------------|
| TFRS 3 (revised 2014) | Business Combinations                                                                                | 2015           |
| TFRS 4                | Insurance Contracts                                                                                  | 2016           |
| TFRS 8 (revised 2014) | Operating Segments                                                                                   | 2015           |
| TFRS 10               | Consolidated Financial Statements                                                                    | 2015           |
| TFRS 11               | Joint Arrangements                                                                                   | 2015           |
| TFRS 12               | Disclosure of Interests in Other Entities                                                            | 2015           |
| TFRS 13               | Fair Value Measurement                                                                               | 2015           |
| TAS 1 (revised 2014)  | Presentation of Financial Statements                                                                 | 2015           |
| TAS 16 (revised 2014) | Property, Plant and Equipment                                                                        | 2015           |
| TAS 18 (revised 2014) | Revenue                                                                                              | 2015           |
| TAS 19 (revised 2014) | Employee Benefits                                                                                    | 2015           |
| TAS 20 (revised 2014) | Accounting for Government Grants and Disclosure of Government Assistance                             | 2015           |
| TAS 21 (revised 2014) | The Effects of Changes in Foreign Exchange Rates                                                     | 2015           |
| TAS 27 (revised 2014) | Separate Financial Statements                                                                        | 2015           |
| TAS 28 (revised 2014) | Investments in Associates and Joint Ventures                                                         | 2015           |
| TAS 29 (revised 2014) | Financial Reporting in Hyperinflationary Economies                                                   | 2015           |
| TFRIC 5(revised 2014) | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds | 2015           |

The Company has made a preliminary assessment of the potential initial impact on the Company's financial statements of these new and revised TFRS 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.

**T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

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 11 | Current and deferred taxation              |
| Note 15 | Measurement of defined benefit obligations |

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except in Note 2.

**3.1 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.

**3.2 Financial instruments**

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

**3.3 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.

**3.4 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.

**T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

**3.5 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.

**3.6 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 YEAR ENDED DECEMBER 31, 2014

#### 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     |

#### 3.7 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 |
|-------------------|---------|

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 YEAR ENDED DECEMBER 31, 2014**

##### **3.8 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.

##### **3.9 Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

##### **3.10 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 YEAR ENDED DECEMBER 31, 2014**

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

#### **3.11 Liabilities, provisions and expenses**

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

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

#### **3.12 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.

#### **3.13 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

#### **3.14 Expenses**

Expenses are recognized on an accrual basis.

#### **3.15 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 YEAR ENDED DECEMBER 31, 2014**

#### **3.16 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.

#### **3.17 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 YEAR ENDED DECEMBER 31, 2014**

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.

**3.18 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.

**4. TRANSACTIONS WITH RELATED PARTIES**

Significant related parties transactions can be summarized as follows:

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

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

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

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

|                         | Pricing Policy                                      | Baht       |            |
|-------------------------|-----------------------------------------------------|------------|------------|
|                         |                                                     | 2014       | 2013       |
| Office rental           |                                                     |            |            |
| Mr. Sumate Techakraisri | - April 2013 to March 2016 Bath<br>66,550 per month | 798,600.00 | 780,450.00 |
|                         | - April 2010 to March 2013 Bath<br>60,500 per month |            |            |

**T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

|                                              |                | Baht          |               |
|----------------------------------------------|----------------|---------------|---------------|
|                                              | Pricing Policy | 2014          | 2013          |
| <b>Key management personnel compensation</b> |                |               |               |
| Short-term employee benefit                  |                | 17,471,246.33 | 17,403,249.97 |
| Long-term employee benefit                   |                | 265,801.00    | 746,641.92    |
| Total                                        |                | 17,737,047.33 | 18,149,891.89 |

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.

**5. CASH AND CASH EQUIVALENTS**

Consists of :

|                          | Baht              |                   |
|--------------------------|-------------------|-------------------|
|                          | As at             | As at             |
|                          | December 31, 2014 | December 31, 2013 |
| Cash                     | 180,000.00        | 180,000.00        |
| Saving deposit accounts  | 8,378,589.76      | 20,151,508.86     |
| Current deposit accounts | 279,722.38        | 16,243,157.35     |
| Total                    | 8,838,312.14      | 36,574,666.21     |

**6. TRADE ACCOUNTS AND NOTES RECEIVABLE - NET**

Consists of :

|                                                                                    | Baht              |                   |
|------------------------------------------------------------------------------------|-------------------|-------------------|
|                                                                                    | As at             | As at             |
|                                                                                    | December 31, 2014 | December 31, 2013 |
| The aging of the outstanding trade accounts and notes receivable are as follows :- |                   |                   |
| Not yet due                                                                        | 240,814,972.73    | 193,012,020.30    |
| Over due                                                                           |                   |                   |
| Less than 3 months                                                                 | 95,117,633.81     | 102,174,221.99    |
| Over 3 months to 6 months                                                          | 143.01            | 3,493.61          |
| Over 6 months to 12 months                                                         | 183,872.83        | -                 |
| Over 12 months                                                                     | 2,295,475.32      | -                 |
| Total                                                                              | 338,412,097.70    | 295,189,735.90    |

**T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED****NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2014****7. INVENTORIES - NET**

Consists of :

|                                                            | Baht              |                   |
|------------------------------------------------------------|-------------------|-------------------|
|                                                            | As at             | As at             |
|                                                            | December 31, 2014 | December 31, 2013 |
| Raw materials and others                                   | 69,929,022.35     | 71,912,838.38     |
| Work in process                                            | 66,233,771.79     | 83,930,992.26     |
| Finished goods                                             | 25,642,641.67     | 22,438,195.96     |
| Total                                                      | 161,805,435.81    | 178,282,026.60    |
| <u>Less</u> Allowance for declining in inventory valuation | (3,177,341.33)    | (2,528,492.70)    |
| Net                                                        | 158,628,094.48    | 175,753,533.90    |

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

|                   | Baht              |                   |
|-------------------|-------------------|-------------------|
|                   | As at             | As at             |
|                   | December 31, 2014 | December 31, 2013 |
| Beginning balance | (2,528,492.70)    | (3,718,215.48)    |
| Increase          | (2,859,267.09)    | (146,924.23)      |
| tyDecrease        | 2,210,418.46      | 1,336,647.01      |
| Ending balance    | (3,177,341.33)    | (2,528,492.70)    |

In 2014 and 2013, the Company has recorded allowance for declining in inventory valuation amount of Baht 2.86 million and Baht 0.15 million, respectively and reversed allowance amount of Baht 2.21 million and Baht 1.34 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 YEAR ENDED DECEMBER 31, 2014**

**8. PROPERTY, PLANT AND EQUIPMENT - NET**

Movements of property, plant and equipment during year ended December 31, 2014 and 2013, are summarized below:

|                                 | Baht          |                  |                          |                    |                            |                      |                         |                |               |                  | Total            |
|---------------------------------|---------------|------------------|--------------------------|--------------------|----------------------------|----------------------|-------------------------|----------------|---------------|------------------|------------------|
|                                 | Land          | Land improvement | Buildings and structures | Buildings and land | Machineries and equipments | Tools and equipments | Fixtures and equipments | Vehicles       | Moulds        | Work in progress |                  |
| <b><u>At Cost</u></b>           | 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 |
| Balance as at January 1, 2013   | 17,779,703.00 | -                | 178,600.00               | -                  | 8,808,170.40               | 13,279,724.65        | 2,386,104.46            | 562,000.00     | 848,000.00    | 106,839,715.41   | 150,682,017.92   |
| Acquisitions                    | -             | -                | -                        | -                  | -                          | 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 | 32,537,752.26    | 1,303,407,947.07 |
| Acquisitions                    | -             | -                | 463,500.00               | -                  | 8,016,040.00               | 12,044,060.93        | 4,583,320.89            | 1,447,500.00   | -             | 39,501,744.24    | 66,056,166.06    |
| Disposal                        | -             | -                | -                        | -                  | (2,386,684.35)             | (197,000.00)         | (727,917.29)            | -              | -             | -                | (3,311,601.64)   |
| Transfer in (out)               | -             | -                | 825,986.24               | -                  | 5,077,487.95               | 3,246,818.14         | 9,545.00                | -              | -             | (9,359,787.88)   | (199,950.55)     |
| Balance as at December 31, 2014 | 45,191,709.76 | 11,267,753.05    | 211,617,250.16           | 3,274,906.00       | 666,840,631.95             | 197,457,725.03       | 43,259,594.09           | 31,049,184.26  | 93,314,098.02 | 62,679,708.62    | 1,365,952,560.94 |

**T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

|                                        | 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            |
| <b><u>Accumulated depreciation</u></b> |               |                  |                          |                    |                            |                      |                         |                 |                 |                  |                  |
| Balance as at January 1, 2013          | -             | (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              | 5,026,823.23    | -               | -                | 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) |
| Depreciation for the year              | -             | (560,126.29)     | (10,814,733.58)          | (162,122.05)       | (35,881,378.73)            | (17,841,485.34)      | (3,928,351.60)          | (1,021,054.41)  | (455,504.21)    | -                | (70,664,756.21)  |
| Disposal                               | -             | -                | -                        | -                  | 1,779,527.15               | 177,053.60           | 704,778.40              | -               | -               | -                | 2,661,359.15     |
| Balance as at December 31, 2014        | -             | (5,709,708.27)   | (120,244,861.84)         | (1,694,618.63)     | (297,806,099.40)           | (129,123,751.89)     | (31,009,914.18)         | (14,466,691.46) | (92,303,777.92) | -                | (692,359,423.59) |
| <b><u>Net book value</u></b>           |               |                  |                          |                    |                            |                      |                         |                 |                 |                  |                  |
| Balance as at December 31, 2013        | 45,191,709.76 | 6,118,171.07     | 100,897,635.66           | 1,742,409.42       | 392,429,540.53             | 70,904,525.81        | 11,608,304.51           | 16,156,047.21   | 1,465,824.31    | 32,537,752.26    | 679,051,920.54   |
| Balance as at December 31, 2014        | 45,191,709.76 | 5,558,044.78     | 91,372,388.32            | 1,580,287.37       | 369,034,532.55             | 68,333,973.14        | 12,249,679.91           | 16,582,492.80   | 1,010,320.10    | 62,679,708.62    | 673,593,137.35   |

Depreciation for the year 2014 of the Company are totalling Baht 70.66 million (in 2013: Baht 66.02 million). The amount of Baht 65.69 million (in 2013: Baht 60.86 million) was included in cost of sales and service and the amount of Baht 4.97 million (in 2013: Baht 5.16 million) was included in administrative expenses

As at December 31, 2014 and 2013, Land, buildings, machineries and equipments in the cost amount of Baht 720.55 million and Baht 705.16 million, respectively the net book value of Baht 355.51 million and Baht 371.33 million, respectively are pledged as collateral for loans from financial institutions as described in Note 12.

As at December 31, 2014 and 2013, a part of vehicles in the cost amount of Baht 14.07 million and Baht 18.70 million, respectively were assets under hire-purchase contracts and financial leases agreements.

As at December 31, 2014 and 2013, a part of equipments in the cost amount of Baht 269.87 million and Baht 202.56 million, respectively, which are fully depreciated but still operated

**T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

**9. INTANGIBLE ASSETS – NET**

Consisted of :

|                          | Baht                             |                       |          |                                    |
|--------------------------|----------------------------------|-----------------------|----------|------------------------------------|
|                          | Balance as at<br>January 1, 2014 | Increase              | Decrease | Balance as at<br>December 31, 2014 |
| Software copyright       | 24,543,392.20                    | 852,608.70            | -        | 25,396,000.90                      |
| Work in progress         | 6,506,160.00                     | 393,600.00            | -        | 6,899,760.00                       |
| Net cost                 | 31,049,552.20                    | 1,246,208.70          | -        | 32,295,760.90                      |
| <u>Less</u> Amortization | <u>(20,420,142.83)</u>           | <u>(1,955,392.82)</u> | -        | <u>(22,375,535.65)</u>             |
| Net                      | <u>10,629,409.37</u>             |                       |          | <u>9,920,225.25</u>                |

As at December 31, 2014, a part of intangible assets in the cost amount Baht 17.01 million which are fully amortized but still operated.

**10. OTHER NON-CURRENT ASSETS - NET**

Consisted of:

|                            | Baht                       |                            |
|----------------------------|----------------------------|----------------------------|
|                            | As at<br>December 31, 2014 | As at<br>December 31, 2013 |
| Withholding tax refundable | 16,773,382.93              | 4,883,403.62               |
| Income not subject to tax  | 6,284,143.42               | 1,447,932.26               |
| Others                     | 225,327.29                 | 650,727.29                 |
| Total                      | <u>23,282,853.64</u>       | <u>6,982,063.17</u>        |

**11. 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<br>December 31, 2014 | As at<br>December 31, 2013 |
| <b>Deferred tax assets</b>   |                            |                            |
| Inventories                  | 635,468.26                 | 505,698.54                 |
| Employee benefit obligations | 3,105,557.80               | 3,700,959.40               |
| Total                        | <u>3,741,026.06</u>        | <u>4,206,657.94</u>        |

**T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

|                                 | Baht                       |                            |
|---------------------------------|----------------------------|----------------------------|
|                                 | As at<br>December 31, 2014 | As at<br>December 31, 2013 |
| <b>Deferred tax liabilities</b> |                            |                            |
| Property, plant and equipment   | 6,149,157.11               | 4,670,072.89               |
| Total                           | 6,149,157.11               | 4,670,072.89               |
| <b>Net</b>                      | <b>(2,408,131.05)</b>      | <b>(463,414.95)</b>        |

The movement on the deferred income tax is as follows:

|                                                         | Baht                  |                       |
|---------------------------------------------------------|-----------------------|-----------------------|
|                                                         | 2014                  | 2013                  |
| <b>Deferred tax assets</b>                              |                       |                       |
| Beginning                                               | 4,206,657.94          | 4,555,736.75          |
| Income tax recognized in profit or loss                 | 281,552.93            | 268,482.24            |
| Income tax recognized in other comprehensive income     | (747,184.81)          | (617,561.05)          |
| Ending                                                  | 3,741,026.06          | 4,206,657.94          |
| <b>Deferred tax liabilities</b>                         |                       |                       |
| Beginning                                               | (4,670,072.89)        | (3,217,540.39)        |
| Income tax recognized in profit or loss                 | (1,479,084.22)        | (1,452,532.50)        |
| Ending                                                  | (6,149,157.11)        | (4,670,072.89)        |
| <b>Income tax recognized in statement of income net</b> | <b>(1,197,531.29)</b> | <b>(1,184,050.26)</b> |

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, 2014 was 14% (2013 : 21%)

|                                                               | Baht                  |                        |
|---------------------------------------------------------------|-----------------------|------------------------|
|                                                               | 2014                  | 2013                   |
| <b>Income tax :</b>                                           |                       |                        |
| Income tax for the period                                     | (2,094,410.18)        | (8,867,366.81)         |
| <b>Deferred tax :</b>                                         |                       |                        |
| Relating to origination and reversal of temporary differences | (1,197,531.29)        | (1,184,050.26)         |
| <b>Income tax in statements of comprehensive income</b>       | <b>(3,291,941.47)</b> | <b>(10,051,417.07)</b> |

**T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

Income tax recognized directly inequity

|                                                           | Baht        |                |             |                |
|-----------------------------------------------------------|-------------|----------------|-------------|----------------|
|                                                           | Rate<br>(%) | 2014           | Rate<br>(%) | 2013           |
| Profit before income tax expense                          |             | 22,739,050.68  |             | 49,017,746.22  |
| Income tax using the Thai corporation tax rate            | 20          | 4,547,810.14   | 20          | 9,803,549.24   |
| Profit from investment promotional benefit and privileges |             | (1,442,606.95) |             | (449,408.65)   |
| Expenses not deductible for tax purposes                  |             | 2,026,172.91   |             | 2,406,403.58   |
| Expenses deductible increases for tax purposes            |             | (1,839,434.63) |             | (1,709,127.10) |
| Total                                                     | 14          | 3,291,941.47   | 21          | 10,051,417.07  |

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.

**12. LOANS**

Consists of :

|                                                          | Baht                       |                            |
|----------------------------------------------------------|----------------------------|----------------------------|
|                                                          | As at<br>December 31, 2014 | As at<br>December 31, 2013 |
| Bank overdrafts                                          | 6,947,874.21               | -                          |
| Trust receipt payable                                    | 40,065,618.50              | -                          |
| Short-term loan from financial institutions              | 302,600,000.00             | 255,000,000.00             |
| <u>Total</u> short-term loan from financial institutions | 349,613,492.71             | 255,000,000.00             |
| Current portion of long-term loans                       | 49,857,768.00              | 54,110,768.00              |
| Long-term loans-net                                      | 95,213,760.00              | 133,188,528.00             |
| <u>Total</u> Long-term loans                             | 145,071,528.00             | 187,299,296.00             |
| Total                                                    | 494,685,020.71             | 442,299,296.00             |

- a) As at December 31, 2014 and 2013, the Company has credit facilities with financial institutions covering overdraft and short-term loans in amount of Baht 565 million and Baht 445 million, respectively. For the short-term loans are loans in promissory notes. The Company bears interest at the rate of 2.50% - 7.50% per annum which have maturity date during January 12, 2015 to March 25, 2015 and 3.85 – 7.425 % per annum which have maturity date during January 3, 2014 to March 19, 2014, respectively.

**T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED****NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2014**

- b) As at December 31, 2014 the Company has credit facilities for long – term loan amount of Baht 362.16 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, 2014 unused loan was at Baht 29.93 million.
- c) As at December 31, 2014 and December 31, 2013, 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 2019. Amounts of Baht 49.86 million and Baht 54.16 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, 2014, D/E ratio was 1.59 to 1.
- e) Land, buildings, machineries and equipments as described in Note 8 are pledged as collateral for loans from financial institutions.

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

Consists of :

|                                                            | Baht                       |                            |
|------------------------------------------------------------|----------------------------|----------------------------|
|                                                            | As at<br>December 31, 2014 | As at<br>December 31, 2013 |
| Accounts payable for assets                                | 3,637,188.87               | 5,680,963.61               |
| <u>Less</u> Current portion of accounts payable for assets | <u>(1,861,371.56)</u>      | <u>(3,129,399.78)</u>      |
| Net                                                        | <u>1,775,817.31</u>        | <u>2,551,563.83</u>        |

As at December 31, 2014 and 2013, The Company has signed hire-purchases and financial leases contracts for total 20 vehicles and 19 vehicles, respectively. The installment is ranging from 48 months at approximately Baht 344,597.56 per month and Baht 3 19,582.56 per month, respectively. The remaining unpaid is scheduled to be paid within next 12 months and was presented as current liabilities.

**14. OTHER CURRENT LIABILITIES**

Consists of :

|                  | Baht                       |                            |
|------------------|----------------------------|----------------------------|
|                  | As at<br>December 31, 2014 | As at<br>December 31, 2013 |
| Deposit received | 11,118,290.00              | 5,289,500.00               |
| Accrued expenses | 13,745,338.02              | 13,684,839.41              |
| Others           | 11,589,132.93              | 10,741,040.40              |
| Total            | <u>36,452,760.95</u>       | <u>29,715,379.81</u>       |

**T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

**15. 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          |               |
|-------------------------------------------------|---------------|---------------|
|                                                 | 2014          | 2013          |
| Current portion of employee benefit obligations | 204,664.00    | 4,251,725.00  |
| Employee benefit obligations - net              | 15,323,125.00 | 14,253,072.00 |
| Defined benefit obligations                     | 15,527,789.00 | 18,504,797.00 |

Movement in the present value of the defined benefit obligations:

|                                               | Baht           |                |
|-----------------------------------------------|----------------|----------------|
|                                               | 2014           | 2013           |
| <b>For the year ended December 31</b>         |                |                |
| Defined benefit obligations at January 1      | 18,504,797.00  | 19,060,468.23  |
| Current service costs and interest            | 758,916.07     | 2,532,134.00   |
| Benefits paid by the plan                     | -              | -              |
| Actuarial gains in other comprehensive income | (3,735,924.07) | (3,087,805.23) |
| Defined benefit obligations at December 31    | 15,527,789.00  | 18,504,797.00  |

Post-employee benefit expenses included in the statements of comprehensive income for the years ended December 31, 2014 and 2013 were as follows:

|                                      | Baht       |              |
|--------------------------------------|------------|--------------|
|                                      | 2014       | 2013         |
| <b>Recognised in profit or loss:</b> |            |              |
| Current service costs and interest   | 758,916.07 | 2,532,134.00 |

**Recognised in other comprehensive income:**

|                             |                |                |
|-----------------------------|----------------|----------------|
| Actuarial gains in the year | (3,735,924.07) | (3,087,805.23) |
|-----------------------------|----------------|----------------|

Principal actuarial assumptions at the reporting date

|                                       | 2014      | 2013        |
|---------------------------------------|-----------|-------------|
| <b>For the year ended December 31</b> |           |             |
| Discount rate (%)                     | 4.28-4.47 | 4.77 – 4.82 |
| Salary increase rate (%)              | 4.68-6.52 | 6.90 – 7.76 |
| Retirement age (year old)             | 60        | 60          |

**T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

**16. DIVIDEND PAYMENT**

At the 2014 ordinary shareholders meeting held on April 10, 2014, the shareholders resolved to appropriate the net profit for the year 2013, for shareholders as dividend in amount of Baht 32.10 million (Common shares 214 million shares, at Value Baht 0.15 per share). The Company has paid dividend to the entitled shareholders on April 29, 2014.

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.

**17. 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.

**18. EXPENSES BY NATURE**

Significant expenses by nature are as follows:

|                                                               | Baht           |                  |
|---------------------------------------------------------------|----------------|------------------|
|                                                               | 2014           | 2013             |
| Salary and wages and other employee benefits                  | 303,266,942.00 | 335,171,430.49   |
| Depreciation and Amortization                                 | 72,620,149.03  | 68,543,979.84    |
| (Gain)Loss on exchange                                        | 151,767.38     | 501,758.63       |
| Raw materials and consumables used                            | 883,887,573.33 | 1,135,129,241.45 |
| Changes in inventories of finished goods and work in progress | 14,964,048.32  | 4,340,093.06     |
| Selling expenses                                              | 35,169,355.63  | 52,942,887.63    |

**19. EARNINGS PER SHARE**

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

For the year ended December 31, 2014 and 2013 :

|                               | Net Profit      |                 | The Weighted Average<br>Number Of Ordinary<br>Shares |                 | Profit Per Share |             |
|-------------------------------|-----------------|-----------------|------------------------------------------------------|-----------------|------------------|-------------|
|                               | 2014            | 2013            | 2014                                                 | 2013            | 2014             | 2013        |
|                               | <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> |
| <b>Basic Profit Per Share</b> |                 |                 |                                                      |                 |                  |             |
| Net Profit                    | <u>19,447</u>   | <u>38,966</u>   | <u>214,000</u>                                       | <u>214,000</u>  | <u>0.09</u>      | <u>0.18</u> |

**T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

**20. 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, 2014                     |                                                    |             |        |          |                                 |
|                                                          | Manufacturing and distribution of plastic products |             |        |          | Moulds                          |
|                                                          | A motor vehicle                                    | Electricity | Other  | Total    | production and moulds repairing |
| Revenue                                                  | 1,212.50                                           | 144.47      | 46.29  | 1,403.26 | 220.46                          |
| Earning from operation                                   | (8.54)                                             | (1.02)      | (0.34) | (9.90)   | 52.55                           |
| Finance costs                                            |                                                    |             |        |          | (19.91)                         |
| Income tax expenses                                      |                                                    |             |        |          | (3.29)                          |
| Net Profit                                               |                                                    |             |        |          | 19.45                           |
| As at December 31, 2014                                  |                                                    |             |        |          |                                 |
| Property, plant and equipments and Intangible assets-net |                                                    |             |        | 620.78   | 62.73                           |
| Other assets                                             |                                                    |             |        |          | 532.86                          |
| Total assets                                             |                                                    |             |        |          | 1,216.37                        |

| 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 Loss                                                 |                                                    |             |        |          | 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                        |

**T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

**21. 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.                                                                                                                                                       | 1899(2)/2553                         | 1965(2)/2553                            | 1241(1)/2554                                            | 2593(2)/2555                      |
| 2. Date of promotional certificates                                                                                                                                                    | 27/8/2010                            | 8/9/2010                                | 25/2/2011                                               | 19/9/2012                         |
| 3. Date of generating income                                                                                                                                                           | 12/1/2011                            | 14/9/2010                               | 15/9/2011                                               | -                                 |
| 4. The promotional privileges for manufacturing of                                                                                                                                     | plastic products<br>or plastic mould | plastic products<br>or plastic<br>mould | moulds and<br>repairing self-<br>manufactured<br>moulds | plastic products<br>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.   | 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                                                                            | 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.                                                                | -                                    | -                                       | 1 year                                                  | 1 year                            |
| 5.4 Exemption from import duty on materials imported for export manufacturing at the first time of import date.                                                                        | -                                    | -                                       | 1 year                                                  | 1 year                            |
| 5.5 Exemption of import duty for necessary machineries upon the approval of the Board of Investment.                                                                                   | -                                    | import on<br>March 8, 2013              | import on<br>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<br>February 27,<br>2013    | -                                       | -                                                       | import on<br>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                                                | -                                 |

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 YEAR ENDED DECEMBER 31, 2014**

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

|                                                     | Baht                                 |                               |                    |
|-----------------------------------------------------|--------------------------------------|-------------------------------|--------------------|
|                                                     | For the year ended December 31, 2014 |                               |                    |
|                                                     | Investment<br>promotional            | Non-investment<br>promotional | Total              |
| Revenue from sales-plastic products                 | 52,343,167.38                        | 1,350,915,027.73              | 1,403,258,195.11   |
| Revenue from sales-moulds                           | 82,967,845.00                        | 137,494,269.74                | 220,462,114.74     |
| Total revenue from sales and services               | 135,311,012.38                       | 1,488,409,297.47              | 1,623,720,309.85   |
| Cost of sales and services                          | (109,183,276.48)                     | (1,308,911,137.26)            | (1,418,094,413.74) |
| Gross profit margin                                 | 26,127,735.90                        | 179,498,160.21                | 205,625,896.11     |
| Other income                                        | -                                    | 5,747,801.54                  | 5,747,801.54       |
| Profit before expenses                              | 26,127,735.90                        | 185,245,961.75                | 211,373,697.65     |
| Selling expenses                                    | (2,591,888.82)                       | (32,577,466.81)               | (35,169,355.63)    |
| Administrative expenses                             | (9,323,738.28)                       | (106,491,550.58)              | (115,815,288.86)   |
| Management benefit                                  | (1,418,963.79)                       | (16,318,083.54)               | (17,737,047.33)    |
| Total expenses                                      | (13,334,590.89)                      | (155,387,100.93)              | (168,721,691.82)   |
| Profit before finance costs and income tax expenses | 12,793,145.01                        | 29,858,860.82                 | 42,652,005.83      |
| Finance costs                                       | (5,580,110.25)                       | (14,332,844.90)               | (19,912,955.15)    |
| Profit before income tax expenses                   | 7,213,034.76                         | 15,526,015.92                 | 22,739,050.68      |
| Income tax expenses                                 | -                                    | (3,291,941.47)                | (3,291,941.47)     |
| Net profit for the year                             | 7,213,034.76                         | 12,234,074.45                 | 19,447,109.21      |

**T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

|                                                     | Baht                                 |                                          |                    |
|-----------------------------------------------------|--------------------------------------|------------------------------------------|--------------------|
|                                                     | For the year ended December 31, 2013 |                                          |                    |
|                                                     | Investment<br>promotional activities | Non-investment<br>promotional Activities | 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 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 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 for the year                             | 2,247,043.27                         | 36,719,285.88                            | 38,966,329.15      |

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

**T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

**22. FINANCIAL INSTRUMENT**

22.1 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.

22.2 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.

22.3 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, 2014, the Company did not have any forward contract.

22.4 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.

22.5 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 YEAR ENDED DECEMBER 31, 2014**

- 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.

**22.6 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

**23. 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, 2014, debt to equity ratio in the financial statements is 1.59 : 1

**24. COMMITMENTS AND CONTINGENCY LIABILITIES**

24.1 As at December 31, 2014 and 2013, the Company has commitments to bank according to letter of guarantee as follows.

|                       | Million Baht      |                   |
|-----------------------|-------------------|-------------------|
|                       | As at             | As at             |
|                       | December 31, 2014 | December 31, 2013 |
| Electricity Guarantee | 9.82              | 9.47              |

24.2 As at December 31, 2014 and 2013, the Company had other contingent liabilities as follows:

|                                                   | Million Baht      |                   |
|---------------------------------------------------|-------------------|-------------------|
|                                                   | As at             | As at             |
|                                                   | December 31, 2014 | December 31, 2013 |
| Letters of Guarantee                              |                   |                   |
| - Credit Line Baht 12.50 Million in 2014 and 2013 |                   |                   |
| - Credit not used                                 | 2.68              | 3.03              |
| Unused long term loan                             | 29.93             | 0.13              |

**T. KRUNGTHAI INDUSTRIES PUBLIC COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

24.3 As at December 31, 2014 and 2013, the Company has capital commitments as follows:

|                            | Million Baht      |                   |
|----------------------------|-------------------|-------------------|
|                            | As at             | As at             |
|                            | December 31, 2014 | December 31, 2013 |
| - Purchasing raw materials | 37.75             | 86.57             |
| - Assets                   | 1.51              | 6.58              |

24.4 As at December 31, 2014 and 2013, the Company has commitments under operating lease contracts as follows:

|                        | Baht              |                   |
|------------------------|-------------------|-------------------|
|                        | As at             | As at             |
|                        | December 31, 2014 | December 31, 2013 |
| Within 1 year          | 4,389,890.00      | 6,681,666.00      |
| More than 1 to 3 years | 1,341,450.00      | 3,462,450.00      |
| Total                  | 5,731,340.00      | 10,144,116.00     |

**25. RECLASSIFICATIONS**

The financial statements for the year ended December 31, 2013 have been reclassified to conform with the presentation of financial statements for the year ended December 31, 2014 as follow :

|                                               | Million Baht    |          |                |
|-----------------------------------------------|-----------------|----------|----------------|
|                                               | Before Reclass. | Reclass. | After Reclass. |
| <b><i>Statement of financial position</i></b> |                 |          |                |
| <b><i>As at December 31, 2013</i></b>         |                 |          |                |
| Property, plant and equipment – net           | 685.56          | (6.51)   | 679.05         |
| Intangible assets – net                       | 4.12            | 6.51     | 10.63          |
| Trade accounts and notes payable              | 215.95          | 16.72    | 232.67         |
| Payable for purchase on assets                | 20.16           | (16.72)  | 3.44           |

**26. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements have been approved for issue by Board of Directors the Company's on February 25, 2015.

**Report of the Board of Directors on financial statements.**

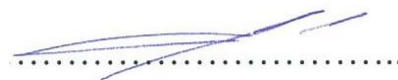
The Board of Directors have focused on duties and responsibilities for the financial report and the financial information in the annual report to ensure that all reports are accurate, complete and able to reflect the financial position, and that results of operations are true and correct using appropriated 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, 2014. 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 Marrome  
Chairman



Dr. Naruepont Pongcharoen  
Managing Director

| Details of the Directors, the Management and the Authorized Directors, Company Secretary |                                                                                                                                                                                                                         |     |                                                                                                                                                                                                                                                                                                                                                                                                       |                                  |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                   |
|------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| No.                                                                                      | Name –Surname /                                                                                                                                                                                                         | Age | Education                                                                                                                                                                                                                                                                                                                                                                                             | Share holding<br>Structure ( % ) | Relationship | Working Experience                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                   |
|                                                                                          | Position / Date of Appointment                                                                                                                                                                                          |     |                                                                                                                                                                                                                                                                                                                                                                                                       |                                  |              | Year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Position -Company |
| 1                                                                                        | General Terdsak Marrome<br>• Chairman<br>• Independent Director<br>January 6, 2004                                                                                                                                      | 78  | <ul style="list-style-type: none"> <li>• Bachelor of Science, Chulachomklao Royal Military Academy</li> <li>• Command and General Staff College</li> <li>• Royal Thai army war college</li> <li>• Law Program of Commander, Ministry of defence</li> <li>• National Defence College of Thailand</li> <li>• Director Accreditation Program (DAP) 10/2004, Thai Institute of Directors (IOD)</li> </ul> | 0.10                             | N/A          | 2013 - Present Chairman Lions Club Thailand<br>2012 - Present Chairman East Coast Furnitech Public Company Limited<br>2012 - Present President, Sahapant Santiphap International (Thailand)<br>2004 - Present President, Vietnam War Veteran Association under Royal Patronage<br>2004 - Present Chairman, T.Krungthai Industries Public Company Limited<br>2004 - Present Global Vice Presidents Sun Moon University, Chungnam Republic of Korea.<br>1997 - Present Royal Guard<br>1992 - Present President Tai Kaew Foundation, Tamwati School<br>1987 - Present Chairman of the Advisory and Director, Eastern Technological college (E-Tech)<br>1986 - Present Special force in 21 Royal Guard Regiment. Of Majesty Queen Sirikit The Queen |                   |
| 2                                                                                        | Mr. Pairuch Sahamethapat<br>• Director<br>• Chairman of Audit Committee<br>• Independent Director<br>January 6, 2004                                                                                                    | 70  | <ul style="list-style-type: none"> <li>• Bachelor of Accountant , Chulalongkorn University</li> <li>• Director Certification Program (DCP) 102/2008, Thai Institute of Directors (IOD)</li> </ul>                                                                                                                                                                                                     | N/A                              | N/A          | 2004 - Present Chairman of Audit Committee<br>T.Krungthai Industries Public Company Limited<br>2004 - Present Audit Committee, Siam Sport Syndicate PLC.<br>2004 - 2009 Audit Committee, Bangkok Ranch PLC.<br>2000 - 2004 Director of Region Revenue 1, The Revenue Department                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                   |
| 3                                                                                        | Mr. Paotep Chotinuchit<br>• Director<br>• Chairman of Remuneration Committee and Nomination Committee<br>• Chairman of Corporate Governance Committee<br>• Audit Committee<br>• Independent Director<br>January 6, 2004 | 81  | <ul style="list-style-type: none"> <li>• M.Sc Metallurgical engineer, University of Arizona, USA.</li> <li>• Director Accreditation Program (DAP) 11/2004, Thai Institute of Directors (IOD)</li> </ul>                                                                                                                                                                                               | 0.01                             | N/A          | 2004 - Present Audit Committee, T.Krungthai Industries Public Company Limited<br>1996 - Present Audit Committee, Technology Suranaree University<br>1995 - Present President, Qualine Management Co., Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                   |

| Details of the Directors, the Management and the Authorized Directors, Company Secretary |                                                                                                                                                                                          |     |                                                                                                                                                                                                                                                                                                                                         |                                  |                                                  |                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No.                                                                                      | Name –Surname /<br>Position / Date of Appointment                                                                                                                                        | Age | Education                                                                                                                                                                                                                                                                                                                               | Share holding<br>Structure ( % ) | Relationship                                     | Working Experience                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|                                                                                          |                                                                                                                                                                                          |     |                                                                                                                                                                                                                                                                                                                                         |                                  |                                                  | Year                                                                                                                                         | Position -Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 4                                                                                        | Mr. Sumate Techakraisri<br><br>• Director<br>• Chief Executive Directors<br>• Remuneration and<br>Nomination Committee<br>• Corporate Governance<br>Committee<br>January 6, 2004         | 67  | <ul style="list-style-type: none"> <li>Bachelor of Economics, Thammasat University</li> <li>Mini MBA Chulalongkorn University</li> <li>Director Accreditation Program (DAP) 137/2010, Thai Institute of Directors (IOD)</li> <li>Program Executives Capital Market Academy (CMA) Class 17, Thai Institute of Directors (IOD)</li> </ul> | 15.65                            | Father of<br><br>Mr. Chumpol<br><br>Techakraisri | 2003 - Present<br>1987 - Present<br>1984 - Present<br>1980 - Present<br>1978 - Present                                                       | Director, Cinkara Co., Ltd.<br>Executive Directors, Prairie Marketing Co., Ltd.<br>Executive Directors, Data Products Toppan Form Co., Ltd.<br>Chief Executive Directors and Authorized Director, T.Krungthai Industries Public Company Limited<br>Chief Executive Directors of Greenland Marketing Co., Ltd.                                                                                                                                                                                                                                     |
| 5                                                                                        | Dr. Kosol Surakomol<br><br>• Independent Director<br>• Remuneration and<br>Nomination Committee<br>• Corporate Governance<br>Committee<br>• Risk Management Committee<br>January 6, 2004 | 74  | <ul style="list-style-type: none"> <li>M.S. in Chemical Engineering, Wayne State University, Detroit, Michigan, U.S.A.</li> <li>Director Accreditation Program (DCP) 137/2010, Thai Institute of Directors (IOD)</li> </ul>                                                                                                             | N/A                              | N/A                                              | 2013 - Present<br>2010 - Present<br>2008 - Present<br>2003 - 2006<br>2001 - 2003<br>1979 - 2000<br>1972 - 1978<br>1965 - 1969                | Advisors office of The President, Loxley Public Company Limited.<br>Independent Director, T.Krungthai Industries Public Company Limited<br>Chief Executive Officer, Fuji Asia Co., Ltd.<br>Operations Director, Summit Auto Seats Industry Co., Ltd.<br>Executive Director, Thonburi Automotive Assembly Plant Co., Ltd.<br>Managing Director, Bangchan General Assembly Company Limited<br>Engine & Powertrain Department, Design Engineer<br>Ford Motor Company, Michigan, U.S.A<br>Chemical Engineer, Thailand Smelting and Refining Co., Ltd. |
| 6                                                                                        | Mr. Virasak Sutanthavibul<br><br>• Director<br>• Audit Committee<br>• Independent Director<br>January 6, 2004                                                                            | 57  | <ul style="list-style-type: none"> <li>Master Degree, Industrial Engineering, Texas A&amp;M University, Texas, USA.</li> <li>Director Accreditation Program (DAP) 21/2004, Thai Institute of Directors (IOD)</li> </ul>                                                                                                                 | N/A                              | N/A                                              | 2013 - Present<br>2011 - Present<br>2009 - Present<br>2004 - Present<br>2001 - Present<br>2001 - Present<br>2001 - Present<br>1997 - Present | Director, Bangpakong Terminal Public Company Limited.<br>Director, Bangkok Insurance Public Company Limited.<br>Director, The Grand-UB Co., Ltd.<br>Audit Committee, T.Krungthai Industries Public Company Limited<br>Director, Toyota Leasing (Thailand) Co., Ltd.<br>Director, Asia Lamp Industry Co., Ltd.<br>Director, Thai Indo Kordsa Co., Ltd.<br>Senior Executive Vice President in charge of Commercial<br>Bangkok Bank Public Company Limited                                                                                           |

| Details of the Directors, the Management and the Authorized Directors, Company Secretary |                                                                                                                                                                      |     |                                                                                                                                                                                                                                                                                                                 |                                  |                                                       |                                                                                        |                                                                                                                                                                                                                                                  |
|------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-------------------------------------------------------|----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No.                                                                                      | Name –Surname /<br>Position / Date of Appointment                                                                                                                    | Age | Education                                                                                                                                                                                                                                                                                                       | Share holding<br>Structure ( % ) | Relationship                                          | Working Experience                                                                     |                                                                                                                                                                                                                                                  |
|                                                                                          |                                                                                                                                                                      |     |                                                                                                                                                                                                                                                                                                                 |                                  |                                                       | Year                                                                                   | Position -Company                                                                                                                                                                                                                                |
| 7                                                                                        | Mr. Kumpee Chongthurakit<br>• Director<br>• Remuneration and<br>Nomination Committee<br>• Corporate Governance<br>Committee<br>January 6, 2004                       | 60  | <ul style="list-style-type: none"> <li>Bachelor of Marketing Assumption University</li> <li>Director Certification Program (DCP) 48/2004, Thai Institute of Directors (IOD)</li> </ul>                                                                                                                          | 0.23                             | Uncle of<br>Mr. Chumpol<br>Techakraisri               | 1992 - Present<br>1992 - Present<br>1992 - Present<br>1989 - Present<br>1987 - Present | Director & Executive Director, LPN Development PLC<br>Director, Lumpini Property Management Co., Ltd.<br>Director, SSA Industries Co., Ltd<br>Director, T.Krungthai Industries Public Company Limited<br>Director, Sri Sum-Ank Supplier Co., Ltd |
| 8                                                                                        | Dr. Naruepont Pongcharoen<br>• Director<br>• Executive Director<br>• Managing Director<br>November 1, 2007                                                           | 57  | <ul style="list-style-type: none"> <li>Master Degree, (Management), National Institute of Development Administration</li> <li>Doctor of Business Administration ,South of Australia University</li> <li>Director Certification Program (DCP) 105/2008, Thai Institute of Directors (IOD)</li> </ul>             | N/A                              | N/A                                                   | 2007 - Present<br>2006 - 2007<br>1989 - 2006                                           | Managing Director, T.Krungthai Industries Public Company Limited<br>Managing Director, TMBP Co., Ltd.<br>Plant Manager, The –Swedish Assembly                                                                                                    |
| 9                                                                                        | Mr. Phreecha Techakraisri<br>• Director<br>• Executive Director<br>• Deputy Manging Director<br>January 6, 2004                                                      | 52  | <ul style="list-style-type: none"> <li>Master of marketing Youngstown State University ,USA</li> <li>Director Accreditation Program (DAP) 10/2004, Thai Institute of Directors (IOD)</li> </ul>                                                                                                                 | 2.87                             | Nephew of<br>Mr.Sumate<br>Techakraisri                | 2010 - Present<br>1993 - Present<br>1996 - Present<br>1997- Present                    | Authorized Director, T.Krungthai Industries Public Company Limited<br>Deputy Manging Director, T.Krungthai Industries Public Company Limited<br>Director, T. Thai Snack Food Co., Ltd<br>Director, Sri Sam-Ank Supplier Co., Ltd.                |
| 10                                                                                       | Mr. Chumpol Techakraisri<br>• Director<br>• Risk Management Committee<br>• Executive Director<br>• Company Secretary<br>• Asst. Managing Director<br>January 6, 2004 | 34  | <ul style="list-style-type: none"> <li>Bachelor of Finance and Banking, Chulalongkorn, University</li> <li>Director Certification Program (DCP) 102/2008, Thai Institute of Directors (IOD)</li> <li>Fundamentals Practice for Corporate Secretary (FPCS) 21/2009, Thai Listed Companies Association</li> </ul> | 0.44                             | Son of<br>Mr. Sumate and<br>Mrs. Yupa<br>Techakraisri | 2011 - Present<br>2004 - Present<br>2003 - Present                                     | Director of Pace Development Corporation PLC.<br>Director and Authorized Director, T.Krungthai Industries Public Company Limited<br>Asst. Managing Director, T.Krungthai Industries Public Company Limited                                       |

| Details of the Directors, the Management and the Authorized Directors, Company Secretary |                                                                                                                          |     |                                                                                                                                                                                                          |                                  |                                                                 |                                                                                                          |                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No.                                                                                      | Name –Surname /<br>Position / Date of Appointment                                                                        | Age | Education                                                                                                                                                                                                | Share holding<br>Structure ( % ) | Relationship                                                    | Working Experience                                                                                       |                                                                                                                                                                                                                                                                                                                                                   |
|                                                                                          |                                                                                                                          |     |                                                                                                                                                                                                          |                                  |                                                                 | Year                                                                                                     | Position -Company                                                                                                                                                                                                                                                                                                                                 |
| 11                                                                                       | Mr. Kowate Limtrakul<br>• Director<br>• Chairman of Risk Management Committee<br>• Executive Director<br>January 6, 2004 | 62  | • Master of Business Administration,<br>Chulalongkorn University<br>• Director Certification Program<br>(DCP) 105/2008, Thai Institute of<br>Directors (IOD)                                             | 0.12                             | N/A                                                             | 2014 - Present<br>1998 - Present                                                                         | Audit Committee, Multibax Public Company Limited<br>Director, T.Krungthai Industries Public Company Limited                                                                                                                                                                                                                                       |
| 12                                                                                       | Mrs. Yupa Techakraisri<br>• Director<br>January 6, 2004                                                                  | 64  | • Bachelor of Economics,<br>Ramkamheang University<br>• Accounting Advance of<br>Pitman Examination Institute<br>• Director Certification Program<br>(DCP) 32/2003, Thai Institute<br>of Directors (IOD) | 11.21                            | Mother of<br>Mr. Chumpol<br>Techakraisri                        | 1992 - Present<br>1992 - Present<br>1992 - Present<br>1989 - Present<br>1989 - Present<br>1987 - Present | Director of Lumpini Property Management Co.,Ltd<br>Director of Lumpini Project Service Management Co.,Ltd<br>Director of Pornsanti Co.,Ltd<br>Director and Authorized Director,<br>T.Krungthai Industries Public Company Limited<br>Director and Executive Director of LPN Development PLC.<br>Executive Director of Sri Sam-Ank Supplier Co.,Ltd |
| 13                                                                                       | Mr. Apichart Kasemkulsiri<br>• Director<br>January 6, 2004                                                               | 48  | • MBA National of business<br>administration of Sasin<br>Chulalongkorn university<br>• Director Certification Program<br>(DCP) 73/2006, Thai Institute of                                                | N/A                              | Cousin of<br>Mr. Phreecha<br>and<br>Mr. Chumpol<br>Techakraisri | 2007 - Present<br>2005 - Present<br>2005 - Present<br>2004 - Present                                     | Executive Director Sri Sam Ank Supplier Co., Ltd.<br>Director ICBD Leasing Co., Ltd.<br>Senior Executive Vice President, ICBC PLC.<br>Executive Director, T.Krungthai Industries Public Company Limited                                                                                                                                           |
| 14                                                                                       | Mr. Prasong Techakraisri<br>• Director<br>January 6, 2004                                                                | 46  | • Bachelor of Economics<br>Ritsumeikan University, Japan<br>• Director Accreditation Program<br>(DAP) 11/2004, Thai Institute<br>of Directors (IOD)                                                      | 1.36                             | Nephew of<br>Mr.Sumate<br>Techakraisri                          | 1996 - Present<br>2004 -Present                                                                          | Managing Director, Chaiwattana Accessories Co., Ltd.<br>Director, T.Krungthai Industries Public Company Limited                                                                                                                                                                                                                                   |

| Details of the Directors, the Management and the Authorized Directors, Company Secretary |                                                                                                                 |     |                                                                                                                                                                                                                                                                                                                                                                   |                                  |              |                                                                            |                                                                                                                                                                                                                                                                                               |
|------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------|----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No.                                                                                      | Name –Surname /<br>Position / Date of Appointment                                                               | Age | Education                                                                                                                                                                                                                                                                                                                                                         | Share holding<br>Structure ( % ) | Relationship | Working Experience                                                         |                                                                                                                                                                                                                                                                                               |
|                                                                                          |                                                                                                                 |     |                                                                                                                                                                                                                                                                                                                                                                   |                                  |              | Year                                                                       | Position -Company                                                                                                                                                                                                                                                                             |
| 15                                                                                       | Mr. Pongsakron Phetpayullpun<br>• Deputy Managing Director<br>April 18, 2014                                    | 44  | <ul style="list-style-type: none"> <li>• BA in Cost Factory Accounting : 1987<br/>UTCC ( Thai &amp; Australia Project ) ,<br/>Bangkok (GPA 3.67)</li> <li>• MBA in Business Administration : 1998<br/>Chulalongkorn University,<br/>Bangkok (GPA 3.95) SCG Project</li> <li>• CERT. Accounting Public - CIA , 1994<br/>Melbourne University, Australia</li> </ul> | N/A                              | N/A          | 1991 - 1995<br>1996 - 2003<br>2004 - 2008<br>2009 - 2013<br>2014 - Present | Operating Cost Manager, SGC Public LTD<br>Financial and Accounting Manager, GE International LTD<br>CFO (Asia Pacific), Robert Bosch LTD, Singapore<br>CFO Administration, AMS Group LTD<br>Deputy Managing Director Accounting & Financial,<br>T.Krungthai Industries Public Company Limited |
| 16                                                                                       | Mr. Prinya Kaeoluan<br>• Accounting & Financial<br>Senior Manager<br>• Risk Management Committee<br>May 2, 2012 | 47  | <ul style="list-style-type: none"> <li>• Bachelor of Accounting<br/>Ramkhamhaeng University</li> <li>• Master of Accountancy<br/>Kasetsart University</li> </ul>                                                                                                                                                                                                  | N/A                              | N/A          | 2012 - Present                                                             | Senior Accounting & Financial Manager,<br>T.Krungthai Industries Public Company Limited                                                                                                                                                                                                       |

**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 2014 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 2014 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 Executive Director in 2014 only one time on November 5, 2014 to acknowledge the problem of auditing freely.



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 2014, 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 Managing Director and propose to the Board of Directors.



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 2014, 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 2014, the board of director has added an “Anti Corruption Policy” in the “Code of Conduct” which was announced to all employees and must be strictly pursued.

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

## Message from Chairman of Risk Management Committee

Risk Management Committee appointed by the Board of Directors with a term of 3 years from February 26th 2014 to 14th August 2017 comprising / encompass of the following 6 persons.

- |                              |                                                  |
|------------------------------|--------------------------------------------------|
| 1. Mr. Kowate Limtrakul      | Chairman of Risk Management Committee            |
| 2. Dr. Kosol Surakomol       | Risk Management Committee (Independent Director) |
| 3. Dr. Naruepont Pongcharoen | Risk Management Committee                        |
| 4. Mr. Chumpol Techakraisri  | Risk Management Committee                        |
| 5. Mr. Pitsanu Vilawanjit    | Risk Management Committee                        |
| 6. Mr. Prinya Kaeoluan       | Risk Management Committee                        |

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

In the year 2014, Risk Management Committee has met 2 times for follow up, consider important matters and report to the Board of Directors as follows:

1. Set Risk Management procedure. Procedure shall including risk control, prevention plan, mitigation plan and deploying to concerned department. Procedure shall be presented to Board of Director.
2. Identify company's risk in all area that might be occur to company.
3. Set meeting with concerned department. Communicate the method of risk assessment and assign to concerned person. The assessment must be done within every 6 months and report assessment result to Risk Management Committee.
4. Follow up the action plan and conduct a progress meeting.
5. Continuously reviewing Risk assessment and create prevention plan accordingly to ensure the effectiveness of risk management system.



( Mr. Kowate Limtrakul )

Chairman of Risk Management Committee