



Sahamit Machinery Public Company Limited



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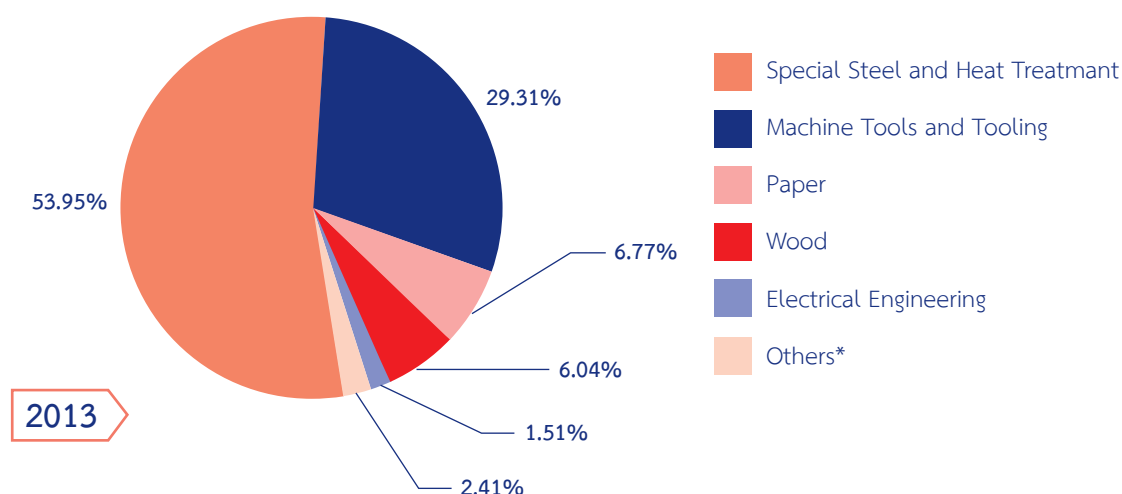
Financial Information

	2013	2012 (Restated)	2011 (Restated)	Unit
Total assets	2,249.47	2,359.58	2,396.82	Million Baht
Total liabilities	335.65	561.52	805.95	Million Baht
Total shareholders' equity	1,913.82	1,798.06	1,590.87	Million Baht
Total revenue	2,397.55	2,824.15	2,347.69	Million Baht
Net profit	264.16	303.42	221.84	Million Baht
Book value per share	3.61	3.39	3.06	Baht
Earning per share	0.50	0.58	0.43	Baht
Dividend per share	0.28	0.26	0.24	Baht
At the closed price	4.70	4.86	2.86	Baht
Net profit margin	11.02	10.74	9.45	%
Return on equity	14.25	17.93	14.24	%
Return on asset	11.51	12.86	9.82	%
Interest Coverage	103.04	33.78	29.67	%
Debt to Equity ratio	0.18	0.30	0.50	Times
Employees	519	519	487	Persons

Remarks: *the number shown is the interim dividend of 2013

Revenue Structure	2013		2012		2011	
Unit: Million Baht	amount	%	amount	%	amount	%
Special Steel and Heat Treatment	1,293.54	53.95	1,389.41	49.20	1,243.69	52.98
Machine Tools and Tooling	702.76	29.31	843.72	29.88	595.81	25.38
Pulp and Paper	162.30	6.77	229.27	8.12	213.51	9.09
Machinery and Equipment for Wood Processing	144.86	6.04	148.01	5.24	140.72	5.99
Electrical Engineering	36.19	1.51	134.79	4.77	117.38	5.00
Other Income*	57.90	2.41	78.95	2.80	36.58	1.56
Total income	2,397.55	100.00	2,824.15	100.00	2,347.69	100.00

Remarks: *Other Income includes Commission and gain on disposal of assets



Board of Directors



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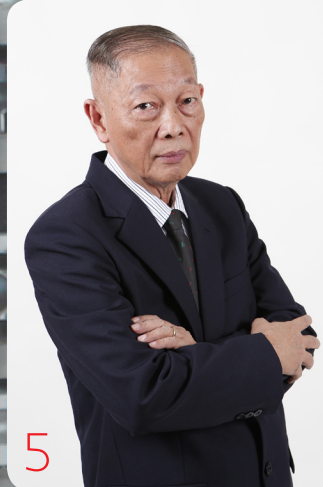


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1. Mr. Chaisilp Tamesirichai
President and Chairman of
the Board
2. Mr. Prasong Srithornratkul
Vice President and Director
3. Mr. Pornsin Tamesirichai
Director
4. Mr. Thana Senavattanakul
Director
5. Mr. Kriangrai Boonkitticharoen
Director
6. Mr. Pichai Nithivasin
Director
7. General Vapirom Manasrangsi
Chairman of the Audit
committee
8. Mr. Karun Kittisataporn
Audit committee
9. Mr. Pure Limpsiripan
Audit committee
10. Mr. Prayoon Vivetpuvanonth
Audit committee



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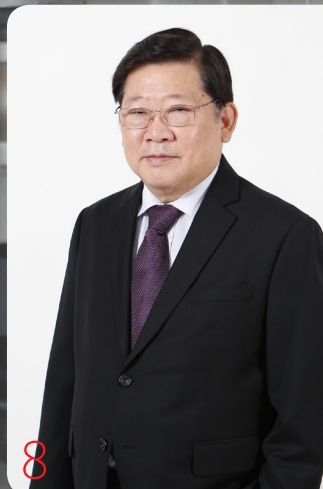
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Organization Chart



Financial Performance

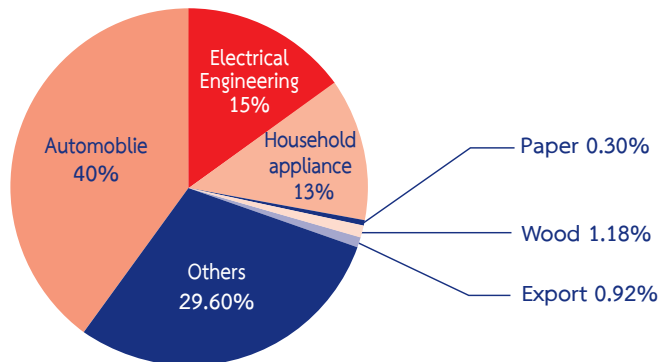
Overall performance of 2013, Total Revenue was THB 2,397.55 million, THB 426.60 million or 15.11 percent decreased from the previous year's revenue of THB 2,824.15 million. The decreased of Total Revenue were because 1. The overall economic downturn in comparison with 2012 when there were flooding recovery program. 2. The positive impacts started to diminish, since some government policies to stimulate Thai's economy had ended, for example the first car policy which had created massive demand or moulds and parts. 3. The political instability minimized the overall spending of the people.

Total Revenues

The revenues of 2013 are mainly as follows,

- Revenues from sales and services were THB 2,341.54 million equal to 97.66 percent of total revenue.
- Commissions were THB 29.02 million equal to 1.21 percent of total revenue.
- Gain on disposal of assets was THB 18.62 million equal to 0.78 percent of total revenue.

The company major group of customers could be divided into the following sectors.



In 2013, the main source of income still derived from

- Special Steel and Heat Treatment with total sales of THB 1,293.54 million, equal to 53.95 percent of total revenue
- The Machine tools and tooling's revenue was THB 702.76 million, equal to 29.31 percent of total revenue.

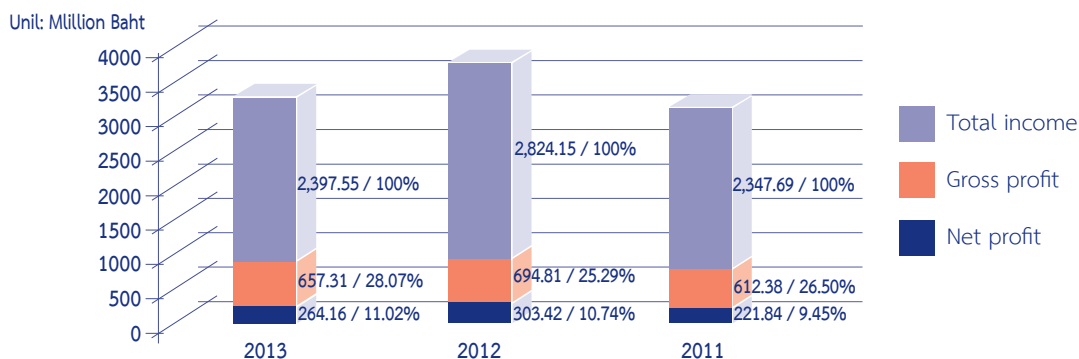
Total Expenses

In 2013, Total Expense was THB 2,075.91 million equal to 86.58 percent of Total Revenue, amount to THB 363.14 million or 14.89 percent decreased from the previous year.

- Cost of sales and services were THB 1,684.23 million with a decreased of THB 368.04 million or 17.93 percent decreased from the previous year.
- Financial costs were THB 3.15 million with a decreased of THB 8.60 million or 73.19 percent decreased from the previous year.

Net Profit

The Net Profit was THB 264.16 million which was decreased from THB 303.42 million of the previous year or 12.94 percent, equaled to the net profit margin of 11.02 percent due to the decreased in Sales, Services and Commissions, as well as loss on Exchange rates. Anyhow, SMIT could continuously improve Gross margin and Net margin as shown on the graph below. These were due to the efficient cost control and the ability to adjust suitable product pricing in accordance with the product quality.



Management's Clarification and Analysis

Financial status

As of December 31, 2013, SMIT had the Total Asset of THB 2,249.47 million with a decreased of THB 110.11 million or 4.67 percent from the previous year. The Total Asset comprised of

1. Current Asset of THB 1,453.81 million, equaled THB 173.47 million or 10.67 percent decreased from the previous year.
2. Non-Current Asset of THB 795.66 million, equaled THB 63.46 million or 8.67 percent increased from the previous year.

Accounts Receivable as of December 31, 2013 was THB 467.13 million or 19.95 percent of total sales with a decreased of THB 50.82 million or 9.81 percent from the previous year, due to the lower sales and services.

The less-than-3-month accounts receivable was THB 437.58 million or accounted to 93.67 percent of total accounts receivable. Average collection period was 77 days, comparing to 79 days of the previous year. However, the company had very tight and conservative policy to check customer's condition before giving out the credit. In 2013, the Company had the provision for the accounts receivable of THB 10.50 million or 2.20 percent of the total Accounts Receivable.

Inventory as of December 31, 2013 was THB 968.36 million or 10.69 percent decreased from 2012. The decreased of the inventory especially in Special steel was due to the forecasted suitable inventory planning.

Property, plant and equipment as of December 31, 2013 was THB 775.40 million with an increased of THB 76.73 million or 10.98 percent from the previous year. SMIT had invested for expansion of the warehouses, the Heat Treatment Facility, the new machineries for finishing plates, the new machineries for the Industrial Knife Production and the new delivery trucks amount to THB 149.53 million.

Capital structure

The Company's capital structure in 2013, total liability was THB 335.65 million with a decreased of 40.22 percent or THB 225.87 million. The current liability was THB 300.23 million or 89.45 percent of total liability. The decreased of liability derived from the decreased of Bank overdrafts and short-term loans from financial institutions by THB 185.16 million.

The total equity was THB 1,931.82 million comprised of the paid - up capital of THB 530 million, surplus capital of THB 262.26 million, premium on treasury shares of THB 12.95 million, surplus on land revaluation of THB 85.92 million and the Retained earnings of 1,039.87 million. The total equity was increased by 6.44 percent or THB 115.76 million from the previous year due to the increased of net profit.

The company paid the dividend twice this year, first dividend payout totaled to THB 95.40 million from the 2012's performance and second dividend payout totaled to THB 53.00 million from the 2013's interim performance.

The Debt-to-Equity ratio was calculated to be 0.18 times, in comparison with 0.3 times in 2012 due to the decreased of loans by THB 225.87 million and the Company has very good liquidity from the Cash flows from operating activities.

The year 2012 was a remarkable year for SMIT for it was the best year in terms of performance. Thailand's overall economy had significantly expanded, especially in private sector that got positive impacts from investments in recovery of 2011 flood disaster as well as various governments' stimulus policies.

However, in 2013, these positive impacts started to diminish, as the economic expansion did not meet the target, the export values started to decreased, and the Private Investment Index began to decline. According to the stated effects, Revenues and Net Profit totaled to THB 2,397.56 million and THB 264.17 million which has been decreased by 15.11 percent and 12.94 percent accordingly from the previous year.

In 2013 SMIT had celebrated the 40th Anniversary. During its 40-year operations, SMIT has been focusing not only on honesty to customers and other stakeholders but also on the continuous development of the company. This reflects to the continually new products and services to serve the various industrial customers' demand.

For the 2014 business plan, SMIT is still continue selecting high quality products for our customers, focusing on the expansion of its pre finishing facilities and the knife production facilities to fulfill the extensive demand of the customers, as well as looking for new business opportunities that will support its steady growth.

Finally, we would like to thank all of our staffs for the commitment and dedication, and also would like to express our appreciation to our shareholders, customers, business alliances and partners, and all relevant parties for your well support over the years. We ensure that we will commit to operate our businesses with caution and integrity as well as uphold to Good Corporate Governance practices, which will lead to the optimal benefits for all stakeholders.

Chaisilp Tamesirichai
President and Chairman of the Board

Business Overview

Sahamit Machinery PCL. (SMIT) was established on 7 June 1973 with an initial capital of 80,000 Baht to import and distribute materials, machinery and appliances for industries. The company commenced its operation as an importer and distributor of paper and paper machineries and equipments and later expanded its business to other business groups to support Thailand's industrial growth. Currently, the company covers 5 major product groups:

- 1) Special Steel
- 2) Machine Tools and Tooling
- 3) Pulp and Paper
- 4) Machinery and Equipment for Wood Processing
- 5) Electrical Engineering

Moreover, we also focus on an excellent before and after sales service supported by an efficient team to add value to our products consists of

- Fully integrated Pre-finishing service to make the rough raw material ready for use.
- The Heat Treatment services using state-of-the-art machinery and technology.
- Provide consulting service for selection, installation and maintenance of the machine and spare parts.
- Paper Cutting and Slitting Services
- Custom made Abrasive Conversion Services
- Industrial Knife Production for wood and paper industries, in cooperation with technology transferred from Toyo Knife Company Limited, Japan.



History and Major Development

- | | |
|------|--|
| 1973 | Established with 80,000 baht capital as a supplier of raw materials, machinery and equipment for industrial factories. |
| 1994 | Became a public company and raised registered capital to 140 million baht. |
| 1995 | Increased registered capital from 140 million to 160 million baht; bought plot of land in Bangpakong and constructed a warehouse and a steel facility center. |
| 1999 | Constructed a first and second warehouses in Bangpakong to operate steel's pre-finishing and paper slitting facility. |
| 2002 | Constructed the third warehouse in Bangpakong for abrasive conversion. |
| 2004 | Raised registered to 550 million Baht . |
| 2005 | Listed in the Stock Exchange of Thailand (SET) on 18 May 2005. |
| 2006 | Began to operate the heat treatment plant in Bangpakong. On 29 November 2006, H.R.H. Princess Maha Chakri Sirindhorn graciously presided over the grand opening ceremony. |
| 2007 | Constructed the Industrial Knife Production plant in Bangpakong by using technology transferred from Toyo Knife Company Limited, Japan and expand the capacity of the heat treatment plant |
| 2008 | Constructed the fourth warehouse in Bangpakong for Steel's stock and expanded Sathupradit Warehouse for Electrical Engineering's workshop. |
| 2010 | Constructed the fifth warehouse in Bangpakong for Steel's stock and for future expansion of the Industrial Knife Production and the heat treatment's capacity. |
| 2011 | Constructed the sixth warehouse in Bangpakong for Steel's stock. |
| 2012 | Further invest in Machineries for Steel's services and heat treatment's facility. |

1. Special Steel

- Product**
- Special Tool Steel
 - Machinery and carbon steel
 - Aluminum alloy
 - Metal Band Saw Blades
 - Injection Pins for Plastic Mould

Service The company provides fully-integrated cutting services such as Vertical & Horizontal Milling Machine, Surface Grinding Machine for making finishing plate for moulds and dies, and the Heat Treatment service as well.

2. Machine Tools and Tooling

- Product**
- High quality electrical discharge machine (CNC Machine)
 - Wide range of milling cutters and inserts for milling in almost any work material
 - Digital Readout, Measuring Equipment
 - Tool Holders for various machines

Service The company provides assistance, training and maintenance services, using high quality spare parts and qualified professional engineering teams.

3. Pulp and Paper

- Product**
- Newsprint for newspapers, printing and writing paper
 - Paper cutting and slitting machines
 - Machinery, accessories, forming fabric felt, canvas, refiner plate, and chemicals for pulp and paper industry

Service The company provides slit reels to standard sizes and converted reams of paper as per customers' requests.

4. Machinery and Equipment for Wood Processing

- Product**
- Abrasive paper, abrasive cloth and abrasive fiber
 - Self manufactured and imported Industrial knives
 - Tapioca saw blades
 - Edge banding and wrapping materials for furniture
 - Brand new and used woodworking machineries for the panel and furniture industry

Service The company provides slit and jointed abrasives to various sizes ordered by industrial customers, as well as consulting services for machine selection.

5. Electrical Engineering

- Product**
- Computer Substation Control System
 - Electrical Meter, Measuring Center
 - Low-voltage Switch Gear

Service The company offers before and after sales services including consultation and training, systems design and integration, installation and commissioning.

Products and Services

Heat Treatment Services

Heat Treatment is the company's new service to fulfill the one stop service strategy and add value to our products by using the latest technology available to serve customers.

Type of Services: Vacuum Quenching, Low Pressure Nitriding Allnit[®], Carburizing, Carbonitriding, Normalizing, Annealing, Oil Quenching and others.

- **Vacuum Quenching Furnaces**

Vacuum Furnaces from France for demanding gas quenching thanks to the rotative cooling ensuring an excellent uniformity. Automatic process for a perfect reproducibility of the result. For hot work tool steel, cool work tool steel, high speed steel, etc.

- **Vacuum Tempering and Allnit[®] Nitriding Furnaces.**

Allnit[®] Nitriding is a thermochemical heat treatment for steels surface hardening within vacuum furnace at low pressure.

- **Atmosphere Controlled Furnaces**

Atmosphere Controlled Furnaces sealed quench and automatic controlled by PLC. This furnace is suitable for different treatment: Carburizing, Carbonitriding, oil quenching, annealing of carbon steel, low alloy steel and cast iron parts.

Business Objective

The Company's business objective is to be the leading full-service importer and distributor of industrial products to Thailand's high growth industrial sectors.

Company's Strategy

To achieve, the Company has implemented strategies to add value to its products as follows:

- To maintain the top quality of product and services
- To professionally developing the skills and knowledge of product
- To provide One Stop Services to the customer
- To maintain a reliable partnership relationships among the stakeholders

Employee's Training and Development

To withhold the objective to professionally developing the skill and knowledge of the product, SMIT regularly held seminar and training in various topics related to the products and services of the company. Since SMIT realized the importance of Human Resources, which held the major role in the operations' efficiency and effectiveness so the company provides up to date and continuous training on both technical and professional basis for the employees. The training mostly concerns with how to rightly use and maximize the benefit of SMIT's the products and services. The trainings are normally well presented and demonstrated by our suppliers. In the year 2013, SMIT held many useful seminars and trainings to enhance the knowledge and skill of our employees for instance; the demonstration and training on CNC Machining Center, the demonstration and training on SECO cutting tools technology and the Wind Generator's technology.

Industry and Competition

- Overview of Mould and Dies Industry

The mould and dies industry is one of the supportive industry and the essence of industrial manufacturing, as it plays a supportive role to other industries, such as, automobile industry, electronic industry and plastic industry. Therefore, the demand growth is relevant to the growth or deteriorates of the manufacturing industry and the overall industry in Thailand.

Special steel, machine tools and tooling are crucial for the production of moulds, dies, tools and parts for most of the manufacturing industry so the demand of such products are directly related to the incline or decline of the overall economy.

SMIT stands out as a leader in the sector since the Company is the only company that provides full range of products and services that serve the need of the manufacturing industry, to include special steel, machine tools, tooling and services. In the present, there is no direct competitor that provides the equivalent products and services as the company does.

- Overview of Paper Industry

Paper Industry growth rate is the figure that presents both socially and economically growth and expansion of the country. Thai citizen's paper consumption is average 40 kilograms per person per year, with the increasing trend every year. Focusing on the paper industry by category, which consists of pulp, kraft, writing paper, packaging and newsprint, the demand for each category is increasing in responding to the growth of both national and international economy.

Although there is some supply from local production to serve the needs of the local consumption, the local production is not enough to serve all the local consumption. Each year, there are not less than 400,000 tons of imported paper products. The most imported products are card board, corrugated paper, newsprint paper, kraft, printing & writing paper and sanitary paper, respectively.

The competition level of paper importing and distribution business is considered mild level. It is not the competition with the local manufacturers since the demand of the paper, for example, newsprint, is higher than the local production. The company is focusing on the niche market. Since there are many subcategories of paper industry markets categorized by usage and demand, each paper distributor will focus on product differentiation to provide various products to their customer base.

- Overview of Wood and Furniture Industry

It is considered a mild competition in this industry since it is the competition among many retail importers. At the present, there is no direct competitor to SMIT since it provides a wide range of products and services to serve all level of customers. In addition, SMIT also provides a custom-sized abrasive upon customers' requirements.

- Overview of Electrical Industry

Demand for the electrical products is relevant to the condition of the manufacturing industry and the energy consumption. SMIT provides high quality electrical products at a reasonable price, mainly serve the industrial sectors. The company not only provides various electrical products but also provides the system integration services, to include electrical engineering design, product sourcing, installation and testing, and other post-sales services. Although the market is very competitive but with the extensive experience professional engineering team together with the best quality products, the company is considered good potential comparing to the competitors.

Product and Service Placement

The Company imports its products directly from the world leading manufacturers. At the present, the Company has strong relationship with approximately 70 suppliers. The Company is also an exclusive agent for most of the suppliers. However, the Company continues to source and market the new products to increase the marketing opportunities.

Risk Factors

Risk factors that may affect the business operation, financial status and company's performance are categorized as follow:

- **Steel and Paper Price Fluctuations**

With more than 40 years experience of special steel and paper products, the Company understands that the price cycle of steel and paper will be relevant to demand and supply. The Company manages this risk by having a sufficient inventory of the aforementioned products. The Company also adjusted the price of the special steel and paper to reflect the world market price. Special steel has special specifications which is use particularly in the mould-making and tooling industry. Most of our paper product is newsprint paper, which the local manufacturers could not fulfill the demand. Having a sufficient inventory ready to be dispatched to customer, resulted in the bargaining power with the buyers. Adjusted higher price did not influence any declining in the total revenue of the Company. Moreover, the Company can maintain the initial margin from selling of special steel and paper products.

- **Foreign Exchange Rate Fluctuation**

Most of the products the Company distributed are from imports. The Company may suffer from the fluctuation of the foreign exchange rate. However, the Company purchases products from various countries at the same time, and have opportunities to select the currency for the payment, such as, Euros, Dollars, or Yen. The Company does not rely on the only one currency which reduces the risk from the fluctuation of the foreign exchange rate. By using the Forward Contract and paying off some trading liabilities to some suppliers before due time are the tools that SMIT uses to manage risks.

- **Risk from Accounts Receivables**

As of 31 December 2013, the Company has total accounts receivable of 467.13 million Baht or 19.95% of Total Sales. The average collections in 2013 equals to 76 days, and has the short term accounts receivable of 437.58 million Baht or 93.67% of net accounts receivable. The company may have the risk in collections from accounts receivable. If the accounts receivable has problem in their business operations, it may affect the company's liquidity in terms of working capital and the business performance.

However, the Company has a strictly credit-check policy. Each customer must pass the credit-check prior to credit granted. The Company regularly performs and follows the customer's financial status. Moreover, the Company has set up the uncollectible debt policy when the customer has the overdue balance or when it detects that the customer will have problem in payment. The company sells mainly to the industrial manufacturers which has low rates of uncollectible debt. The Company has approximately more than 2,000 customers, there are no accounts receivable who has the credit balance more than 5% of the total Sales. This spreading of the accounts receivable results in decreasing risk from accounts receivables.

Shareholders: Top 10 shareholder's lists as of December 31, 2013 and 2012 are as follows:

As of December 31, 2013				As of December 31, 2012			
No	Name	Number of Shares	%	No	Name	Number of Shares	%
1.	Group "Mr. Chaisilp Tamesirichai"	98,597,646	18.60	1.	Group "Mr. Chaisilp Tamesirichai"	98,085,846	18.51
2.	Group "Mr. Prasong Srithornratkul"	95,555,736	18.03	2.	Group "Mr. Prasong Srithornratkul"	95,655,736	18.05
3.	Group "Mr. Pramote Sivaruk"	79,530,372	15.01	3.	Group "Mr. Pramote Sivaruk"	79,730,572	15.04
4.	Group "Mr. Pornsin Tamesirichai"	27,720,400	5.23	4.	Group "Mr. Pornsin Tamesirichai"	27,720,400	5.23
5.	Mr. Chaisit Wiriyaemattakul	18,030,000	3.40	5.	Thai NVDR Company Limited	17,559,100	3.31
6.	Mr. Chatri Sophonpanich	14,400,000	2.72	6.	Mr. Chatri Sophonpanich	14,400,000	2.72
7.	Mr. Pisut Wiriyaemattakul	13,500,000	2.55	7.	Mr. Chaisit Wiriyaemattakul	11,500,000	2.17
8.	Mrs. Suchada Lisawattrakul	10,376,600	1.96	8.	Mrs. Suchada Lisawattrakul	11,176,600	2.11
9.	Bangkok Bank PLC.	10,000,000	1.89	9.	Bangkok Bank PLC.	10,000,000	1.89
10.	Mr. Prayut Mahakitsiri	6,788,574	1.28	10.	Mr. Pisut Wiriyaemattakul	7,684,700	1.45
	Total	374,499,328	70.67		Total	373,512,954	70.47
11.	Others	155,500,672	29.33	11.	Others	156,487,046	29.53
	Total paid-up registered capital	530,000,000	100.00		Total paid-up registered capital	530,000,000	100.00

Source: Thailand Securities Depository Co., Ltd. (TSD)

- Group "Mr. Chaisilp Tamesirichai" including: Mr. Chaisilp Tamesirichai, Mrs. Jirawan Tamesirichai, Ms. Piyanuch Tamesirichai, Ms. Nuttaporn Tamesirichai, Mr. Chandach Tamesirichai and Mr. Vorarit Tamesirichai
- Group "Mr. Prasong Srithornratkul" including: Mr. Prasong Srithornratkul, Ms. Piyaporn Srithornratkul and Ms. Piyamol Srithornratkul.
- Group "Mr. Pramote Sivaruk" including: Mr. Pramote Sivaruk, Mrs. Suwanna Sivaruk, Ms. Prangtip Sivaruk and Ms. Sasirat Sivaruk
- Group "Mr. Pornsin Tamesirichai" including: Mr. Pornsin Tamesirichai, Mrs. Montanut Tamesirichai and Mr. Pornprasong Tamesirichai

Dividend Payment Policy

Sahamit Machinery PCL have a policy to pay a dividend at the rate not less than 40 percent of the annual net profit after tax, legal reserves and reserve for future expansion (if any).

Year	Net profit	Dividend per Share	Total Amount (Unit : Baht)	Dividend Payout Ratio (%)
2012	303,213,988.27	0.32	169,600,000	55.93
2011	221,843,669.58	0.22	114,180,000	51.47
2010	200,252,932.55	0.19	99,160,000	49.52

Management Structure

The Company's directors structure comprises of 3 set: the Board of Directors, the Executive Board and the Audit Committee.

Shareholding Structure and Management

The Board of Directors

Name	Position
Mr. Chaisilp Tamesirichai	Chairman of the Board
Mr. Prasong Srithornratkul	Director
Mr. Pichai Nithivasin	Director
Mr. Thana Senavattanagul	Director
Mr. Kiangkrai Boonkittichareon	Director
Mr. Pornsin Tamesirichai	Director
Gen. Vapirom Manasrangsi	Chairman of the Audit Committee
Mr. Karun Kittisataporn	Audit Committee
Mr. Pure Limsiripan	Audit Committee
Mr. Prayoon Vivetpuvanonth	Audit Committee

The directors authorized to sign any commitment binding the company are Mr. Chaisilp Tamesirichai and Mr. Prasong Srithornratkul jointly sign their names with the company seal affixed.

Authorities and Responsibilities of the Company's Board of Directors

The Board of Directors is responsible for the management of the Company in accordance to the law, the Company's objectives, regulations, and to carry out all lawful shareholders meeting resolutions with utmost care and honesty in order to preserve Company's benefits. The summary of the Board of Directors' roles and responsibilities is as follows:

1. to hold, on an annual basis, a general shareholders meeting within 4 months prior to the end of the Company's accounting period.
2. to hold a Board of Directors meeting at least once every 3 months.
3. to prepare an audited statements of financial position and an audited statement of comprehensive income for the Company as at the last day of the Company's accounting period and forward them for approval to the shareholders.
4. The Board of Directors may authorize one or more directors or appoint a third party representative to act, under the supervision of the Board, on behalf of the Board for a specified time period that the Board deems reasonable. Such authorization may be revoked or amended or the appointed third party be changed as the Board of Directors sees fit. In doing so, the Board of Directors may choose to authorize the Executive Board to act on behalf of the Board of Directors whereby the details of the authorization are in accordance with the authorities and responsibilities of the Executive Board. Such authorization to act on behalf of the Board of Directors must not be allow the Executive Board to approve of a transaction that can result in a gain or benefit to the Executive Board or a third party who has a conflict of interest with the Company or its affiliate unless the approval of the transaction in question follows the policies and guidelines already approved by the Board of Directors.
5. to set goals, directions, policies, plans and budgets for the Company and to oversee the management practice performed by the Executive Board to ensure that it follows the policies set forth except for transactions requiring prior approval from the shareholders meeting, namely raising of new capital, decrease of capital, issuance of bonds, sale or transfer of ownership of the Company whether in whole or in significant part to a third party, purchase or assumption of ownership of another company, amendment made to the Company's prospectus or regulations, etc. Moreover, the Board of Directors is responsible to ensure that the Company strictly abides by the Stock Exchange laws and regulations regarding connected transaction, purchase or sale of crucial asset that are governed by the rules and regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) or laws related to the Company's business.
6. to review the Company's management structure, appoint the Executive Board, committee chairperson or other committee as needed.
7. to ensure that the operating results are within the plan and budget at all times.

8. A director shall not engage in a business that is similar to or in competition with the Company's operations, enter into a partnership or limited partnership, assume a position of a director of a private company or other type of company operating a similar business to or is in competition with the Company's business whether such undertaking is for the benefit of the director or others unless such engagement is disclosed at the shareholders meeting prior to the appointment of the position.
9. The Directors shall immediately disclose to the Company of any benefits, whether direct or indirect, derived from a contract into which the Company enters or the decrease or increase in shareholding of the Company or its affiliates.

The Executive Board

Name		Position
Mr. Chaisilp	Tamesirichai	President and Chairman of the Board
Mr. Prasong	Srithornratkul	Vice President and Director

Duties and Responsibilities of the Executive Board

The Executive Board has the authorities, roles and responsibilities to manage the Company under its usual course of business. The Executive Board is to establish Company's policies, business plans, Management structure and its authorities, guidelines to business operations according to varying stages of the economy to be presented to the Company's Board of Directors for approval or comments, as well as to ensure that the Company's operating results and its audited results adhere to the Company's policies. The authorities, roles and responsibilities can be summarized as follows:

1. to operate and manage the business of the Company according to the given objectives, regulations, policies, guidelines, rules, mandates, and all resolutions of the Board of Directors meeting and/or the resolutions reached at the shareholders meeting.
2. to review and establish policies, directions, strategies, operating plans for the Company, formulate financial plans, human resource budgets, invest in information technology, to grow and promote the business while ensuring that the duties performed by the appointed personnel adhere to the set goals.
3. to review the annual budget allocation as presented by the Management before subsequently presenting it to the Board of Directors for approval. In doing so, the Executive Board is authorized to review and approve the amendments to the annual budget between Board of Directors meetings and to present the changes to the Board of Directors at the next meeting held.
4. to review and approve payments in the course of conducting Company's usual business such as purchase of an asset, purchase of a vehicle, provided that the transaction amount is not greater than 50 million Baht.
5. to approve the payment for necessary investment included in the annual budget as directed by the Company's Board of Directors or provided that the transaction has already been approved in theory by the Board of Directors.
6. to review and approve the borrowing of funds, obtainment a credit line, issuance of debt instruments, and to issue a loan collateral or to seek a loan of any type on behalf for the Company.
7. to act as a panel of management advisors with regards to the financial, marketing, human resource management, and other operating policies.
8. to establish the organization structure, the authorities to manage the Company as well as authorities to appoint, hire, and transfer personnel, establish compensation guidelines, remunerations, bonuses for executives, as well as lay off personnel.
9. The Executive Board is authorized to delegate one or more executive or another person to act on its behalf under the Executive Board's supervision or to delegate to the said person the power deemed appropriate by the Executive Board for a time period specified by the Executive Board whereby the Executive Board has the right to revoke, amend, change the delegate or the delegated power as it sees fit.
10. to carry out other businesses as directed by the Executive Board on a case-by-case basis.

Shareholding Structure and Management

The authorities granted to the Executive Board do not include the power to approve any transaction that may pose a conflict or a transaction from which the Executive Board or a person connected to the Executive Board may gain a benefit or that there is a benefit in conflict with that of the Company or its affiliate. According to the regulations of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), such transactions require an approval from the Board of Directors at a Board of Directors meeting and/or the shareholders meeting as per the Company's regulations and related laws.

The Audit Committee

Name		Position
Gen. Vapirom	Manasrangsi	Chairman of the Audit Committee
Mr. Karun	KittiSataporn	Audit Committee
Mr. Pure	Limsiripan	Audit Committee
Mr. Prayoon	Vivetpuvanonth	Audit Committee

The Company's Audit Committee consists of 4 independent Audit Committee whose independence can be defined according to the definition of an independent committee as follows:

1. holding shares not exceeding one per cent of the total number of voting rights of the company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, including the shares held by related persons of the independent director;
2. neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the company, its parent company, subsidiary, affiliate, same-level subsidiary or juristic person who may have conflicts of interest unless the foregoing status has ended not less than two years prior to the date of application filing with the Office;
3. not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the company or its subsidiary;
4. not having a business relationship with the company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, in the manner which may interfere with his independent judgement, and neither being nor having been a major shareholder, non-independent director or executive of any person having business relationship with the company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than two years prior to the date of application filing with the Office.

The term 'business relationship' aforementioned under paragraph one includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the applicant or his counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the applicant or twenty million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Act of Listed Companies Concerning the Connected Transactions mutatis mutandis. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences;

5. neither being nor having been an auditor of the company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, and not being a major shareholder, non-independent director, executive or partner of an audit firm which employs auditors of the company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than two years from the date of application filing with the Office;
6. neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the company, its parent company,

subsidiary, affiliate or juristic person who may have conflicts of interest, and neither being nor having been a major shareholder, non-independent director, executive or partner of the professional advisor unless the foregoing relationship has ended not less than two years from the date of application filing with the Office;

7. not being a director who has been appointed as a representative of the company's director, major shareholder or shareholders who are related to the company's major shareholder;
8. not having any characteristics which make him incapable of expressing independent opinions with regard to the company's business affairs.

Limitations of the Authorities and Responsibilities of the Audit Committee

1. Through the audit process, the Audit Committee is to ensure that the Company's financial reports are prepared with adequate transparency. In doing so, the Audit Committee will work with external auditors and Company executives responsible for the preparation of the quarterly and annual financial reports. The Audit Committee may suggest that the auditors review or investigate any transaction deemed necessary or crucial to the audit process for the Company.
2. The Audit Committee is to ensure that the internal controls and inspections are carried out in an appropriate and effective manner and also to review the independency of the internal auditors, including an approval on the appointing, transferring, dismissing of the head of internal auditors or any other department responsible for internal audit.
3. The Audit Committee is to ensure that the Company conducts its business in accordance to the laws regarding the stocks and the Stock Market, including the regulations of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) and laws related to the Company's business.
4. The Audit Committee is to select and nominate an Independent Auditor to audit the Company's books and to propose a compensation scheme for the auditor on the basis of his/her credentials, sufficiency of the resources, and the amount of work to be carried out by the audit office. Moreover, The Audit Committee is to conduct at least one meeting per annum with external auditor without the management interferences.
5. The Audit Committee is to disclose the Company's information on related party transactions or any transaction in which there maybe a conflict of interest, in accordance to the laws and the Stock Exchange of Thailand (SET)'s regulation to ensure that the transactions are reasonable and most beneficial to the Company's business.
6. The Audit Committee is to carry out other tasks assigned by the Company's Board of Directors as approved by the Audit Committee such as review of the financial management and risk management policies, review of the code of business ethics with the executives, and jointly review with the Company's executives the important reports to be disclosed to the public as required by law such as the executive review and analysis, etc.
7. The Audit Committee is to prepare reports entailing activities carried out by the Audit Committee to be disclosed in the Company's annual report signed by the Chairman of the Audit Committee. The said report shall include the following information:
 - Opinions regarding the procedures involved in the preparation and disclosure of the Company's financial information to ensure accuracy, completeness, and credibility.
 - Opinions regarding the adequacy of the Company's internal controls.
 - Reasons supporting the appointment of the Company's auditor for the successive term of service.
 - Opinions regarding strict adherence to the laws governing the stocks and the stock exchange, the regulations of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), and laws related to the Company's business.
 - Opinion on the transactions that may lead to conflicts of interests.
 - The number of the audit committee meetings, and the attendance of such meetings by each committee member.
 - Opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter.

Shareholding Structure and Management

- Other reports deemed necessary to be disclosed to the shareholders and other investors within the authorities and responsibilities assigned to the Audit Committee by the Company's Board of Directors.
- 8. The Audit Committee is to report its actions and audit activities to the Board of Directors at least once a year.
- 9. The Audit Committee is authorized to carry out audit of and investigation into various matters as well as to seek independent opinions from external advisors, at the expense of the Company, when necessary in order to ensure the completion of its assigned tasks.

Company Secretary

Name		Position
Miss Prangtip	Sivaruk	Company Secretary

The Board of Directors appointed company secretary on 8 August 2008, whose purview is stipulated in the Securities and Exchange Act B.E. 2535, 4th Amendment Issue B.E.2551 (2008). The qualifications and the scope of duties are as follows:

Qualifications

Since qualifications of company secretary are not stipulated by the law, it is incumbent upon the Board of Directors to dutifully select a competent person with suitable qualifications to assume these duties. As an employee of the Company, company secretary is not allowed to assume the duties of company secretary in other companies but may assume the duties of company secretary in a subsidiary of the Company.

Scope of duties of company secretary

The Company designates a company secretary to liaise between directors and management, oversee and coordinate various matters concerning relevant laws and regulations, facilitate compliance with corporate governance principles as well as the rules and notifications of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). The company secretary shall have the following duties and responsibilities as prescribed by the bylaws and the Company.

1. Provide preliminary recommendations to directors concerning legal provisions and the Company's rules and regulations; follow up and ensure proper and regular compliance; and report significant changes to directors.
2. Liaise between directors and management; oversee and coordinate various matters concerning relevant laws and regulations; and ensure that actions are taken in conformity with the Board's resolutions.
3. Organize shareholders meeting and board meeting in accordance with statutory requirements, the articles of association of the Company, and pertinent guidelines.
4. Record minutes of shareholders meeting and board meeting. Follow up and ensure compliance with resolutions of shareholders meeting and board meeting.
5. Oversee disclosure of information and issuance of pertinent reports in accordance with regulations and statutory requirements of the SEC and SET.
6. Prepare and keep the following documents:
 - (a) Directors register;
 - (b) Notices of board meeting, minutes of board meeting, and annual reports;
 - (c) Notices of shareholders meeting and minutes of shareholders meeting.
7. Keep conflict of interest reports submitted by directors or management.
8. Perform other tasks stipulated in notifications of the Capital Market Supervisory Board.
9. Organize a new director orientation program, and promote awareness and understanding of good corporate governance among directors, management and employees.
10. Liaise and communicate with shareholders to ensure that they are informed of shareholder's rights and keep them abreast of the Company's news and development.

Internal Audit Department

Name		Position
Miss Praiswan	Srithornratkul	Manager Department

The Company conducts internal audit to maintain confidence and provide impartial and independent consultation in order to provide added value and improve efficiency and effectiveness of the Company's operation under suitable risk management expenditure. The scope of duties of the Supervisor of the Internal Audit Department is as follows:

1. Supervise internal auditors and ensure that internal audit practices adhere to international professional standards of internal auditing.
2. Define objectives, goals and scope of internal audit as well as develop an annual audit plan to be proposed to the Audit Committee for consideration and approval before the plan is carried out.
3. Develop standard operating procedure and review audit performance to ensure compliance with the stipulated standard operating procedure.
4. Review and approve audit program.
5. Review audit findings report and give recommendations for improvement and corrective actions before presenting a proposal to the Audit Committee and the management.
6. Monitor audit performance to ensure consistency with the audit plan in order to increase performance efficiency of the Internal Audit Department when serving the management.
7. Offer advice, opinions and recommendations for compliance with regulations, operating procedures, internal control and relevant bylaws of audited operating units.
8. Organize training to develop capacities of internal auditors to ensure that they can competently conduct audit according to the objectives, and conduct performance evaluation of internal audit staff.
9. Assume the duties of secretary of the Audit Committee by preparing meeting agenda, collecting information, making a summary of discussion and preparing minutes of meeting as well as informing concerned parties of meeting resolutions. Assist the Audit Committee to ensure that the Committee's practices properly comply with the Charter and mandated responsibilities, and administer audit works according to professional standards to support the Audit Committee's actions.
10. Perform other tasks assigned by the Audit Committee.

Selection of Committee, Independent Committee and Executives

The Company does not employ a selection committee. The Company's Board of Directors will act according to the shareholders meeting resolution by adhering to the following guidelines and procedures:

1. Each shareholder is entitled to 1 vote for each share held.
2. In the process of selecting the Company's Board of Directors, votes can be cast for nominated persons in group or individually. However, during the voting process each shareholder shall exercise all of his/her stockholding as stated in (1). The Shareholder shall not transfer his/her votes to any other person.
3. The election of the Board of Directors must abide by the majority votes. In an event of a tie, the meeting chairperson is to cast his/her vote to end the deadlock.

Executive Managements as of 31 December 2013

Name		Position
1. Mr. Chaisilp	Tamesirichai	President
2. Mr. Prasong	Srithornratkul	Vice President
3. Mr. Thawee	Senavattanagul	Asst. to President
4. Mr. Phut	Sorayanthanawut	Asst. to President
5. Mrs. Intira	Thavajvichien	Asst. to President

Shareholding Structure and Management

Remuneration of the Board of Directors as of 2013

Name	Position	Remuneration		Attendance fee				Total (Baht)
		Board	Audit Committee	Number of Meeting	Board	Number of Committee	Audit Committee	
Mr. Chaisilp Tamesirichai	Chairman of the Board	50,000	-	5/5	30,000		-	80,000
Mr. Prasong Srithornratkul	Vice President and Director	50,000	-	5/5	30,000		-	80,000
Mr. Pramote Sivaruk ¹	Vice President and Director	-	-	2/3	10,000		-	10,000
Mr. Pornsin Tamesirichai ²	Director	50,000	-	2/2	10,000		-	60,000
Mr. Thana Senavattanakul	Director	50,000	-	5/5	30,000		-	80,000
Mr. Pichai Nithivasin	Director	50,000	-	5/5	30,000		-	80,000
Mr. Kiangkrai Boonkittichareon	Director	50,000	-	5/5	30,000		-	80,000
Gen. Vapirom Manasrangsi	Chairman of the Audit Committee	50,000	120,000	3/5	20,000	3/5	15,000	205,000
Mr. Karun Kittisataporn	Audit Committee	50,000	120,000	4/5	25,000	4/5	20,000	215,000
Mr. Pure Limsiripan	Audit Committee	50,000	120,000	5/5	30,000	5/5	25,000	225,000
Mr. Prayoon Vivetpuvanonth	Audit Committee	50,000	120,000	5/5	30,000	5/5	25,000	225,000
	Total	500,000	480,000		275,000		85,000	1,340,000

Remark: ¹ Left the position on May 4, 2013

² According to the BOD meeting 3/2013, 15 May 2013.

The Remuneration of the Board of Directors and Audit Committees as follows;

- 1) The Remuneration of the Board of Directors (Baht / person / year) 50,000 Baht
 - 2) The Remuneration of the Audit Committees (Baht / person / year) 10,000 Baht
 - 3) Meeting fee (Baht / person / time) 5,000 Baht
- (In 2013, there were one AGM and five Board of Directors' and Audit Committees' meeting.)

Total remuneration of the Management in 2013

Total remuneration of the Management (Baht)	22,171,823.85
Numbers of the Management (person)	5
Monetary remuneration type	Salary and bonus
Other remuneration type	Position car

Audit fee

The Corporate Auditor for the fiscal year ended 31 December 2013 is Ms. Sulalit Ardsawang Certified Public Accountant, registration number 7517 of Dharmniti Auditing Co., Ltd. The Audit fee is amount to 930,000 Baht.

Details summary of the Board of Directors and the Management

Name	Educational Background	Work Experience	
		Period / Position / Company	
Mr. Chaisilp Tamesirichai Age (year), 70 % of share, 8.20	<ul style="list-style-type: none"> - Assumption Commercial College - BA, Ramkamhaeng University - Certificate MINI MBA, Chulalongkorn University - MA. Political Science, Ramkamhaeng University - Director Accreditation Program (DAP) of IOD (26/2004) - Director Certification Program (DCP) (53/2005) - Finance for Non-Finance Directors (FN) (15/2005) 	1974 - present 1976 - Present 1988 - Present	President and Chairman of the Board Sahamit Machinery PCL. Director Sahamit Holding Co., Ltd. Director K.S. Mould Parts Co., Ltd.
Mr. Prasong Srithornratkul Age (year), 70 % of share, 8.09	<ul style="list-style-type: none"> - Assumption Commercial College - Director Accreditation Program (DAP) of IOD (28/2004) 	1974 - present 1976 - Present 1988 - Present	Vice President and Director, Sahamit Machinery PCL. Director, Sahamit Holding Co., Ltd. Director, K.S. Mould Parts Co., Ltd.
Mr. Thana Senavattanakul Age (year), 74 % of share, 0.63	<ul style="list-style-type: none"> - Sahakunsuksa School - Japanese Course, Tokyo 	1994 - Present 1999 - Present	Director, Sahamit Machinery PCL. Chairman of the Board, Nokhon Luang Paper Co., Ltd.
Mr. Kriangkrai Boonkitticharoen Age (year), 70 % of share, 0.01	<ul style="list-style-type: none"> - B.A. Business Administration, Thammasat University - Director Accreditation Program (DAP) of IOD (17/2004) 	1987 - Present 1990 - Present 1994 - Present	Executive Director, Tata Co.,Ltd. Chairman of the Board, Reanthongvittaya Co.,Ltd. Director, Sahamit Machinery PCL
Mr. Pichai Nithivasin Age (year), 70 % of share, 0.94	<ul style="list-style-type: none"> - Diploma. Business Administration. Golden Gate College, San Francisco, USA - Director Accreditation Program (DAP) of IOD (26/2004) 	1975 - Present 1987 - Present 1994 - Present	Managing Director, Hua Kee Co., Ltd. Director, Bangkok Industrial Gas Co., Ltd. Director, Sahamit Machinery PCL
Mr. Pornsin Tamesirichai Age (year), 68 % of share, 2.38	<ul style="list-style-type: none"> - B.E. In Civil Chulalongkorn University - MS. Engineering, North Dakota State University, USA - MBA. The University of Southern Queensland, Australia - Director Certification Program (DCP) (50/2004) - Director Accreditation Program (DAP) of IOD (18/2004) 	2006 - 2007 1983 - Present 1983 - Present 1983 - Present 2003 - Present 2003 - Present 2004 - Present 2004 - Present 2004 - Present 2006 - Present 2007 - Present 2013 - Present	Director, Thai Sugar Terminal PCL Director, Tamaka Sugar Co., Ltd. Director, New Krung Thai Sugar Industries Co., Ltd. Director, New Kwang Suun Lee Sugar Co., Ltd. Managing Director, Khon Kaen Sugar Power Plant Co., Ltd. Director, KSL Chemicals Co., Ltd. Managing Director, Khon Kaen Alcohol Co., Ltd. Director and Senior Vice President, Khon Kaen Sugar Industry Plc. President, Koh Kong Plantation Co., Ltd. Director, Savannakhet Sugar Corporation Director, Sahamit Machinery PCL.
Gen. Vapirom Manasrangsi Age (year), 67 % of share, -	<ul style="list-style-type: none"> - B. Sc. - M. Sc. (Information Technology) - Director Accreditation Program (DAP) of IOD (26 /2004) - Ph.D. (Civil Engineering) 	2004 - Present Present	Chairman of the Audit Committee, Sahamit Machinery PCL. Vice Chief Aid - De - Camp Department, Royal Thai Aid - De - Camp Department
Mr. Karun Kittisataporn Age (year), 66 % of share, 0.03	<ul style="list-style-type: none"> - Bachelor of Commerce & Administration, Victoria University, New Zealand - M.A. (International Trade), Syracuse University, USA 	2001 - 2007 2003 - 2008	Permanent Secretary for Commerce, Ministry of Commerce Member of the Court of Directors, Bank of Thailand

Shareholding Structure and Management

Name	Educational Background	Work Experience	
		Period / Position / Company	
	<ul style="list-style-type: none"> - Diploma, GATT Commercial Policy Course, Geneva - National Defence College, Class 388 - Director Certification Program (DCP) - Audit Committee Program - Finance for Non-Finance Directors - Role of the Remuneration Committee 	2006 - 2008 Present Present Present 2008 - Present 2008 - Present 2009 - Present 2010 - Present	Member of the National Legislative Assembly, National Legislative Assembly Member of the Council of State, Council of State Member of the Insurance Commission, Insurance Commission Chairman of the Executive Board of the Support Arts and Crafts International Centre of Thailand, Support Arts and Crafts International Centre of Thailand Audit Committee Member, Sahamit Machinery PCL. Independent Director and Chairman of Nomination and Remuneration Committee, Bank of Ayudhya PCL. Independent Director, Member of the Audit Committee and Member of the Nomination and Remuneration Committee, Central Pattana PCL. Independent Director, Member of the Audit Committee and Member of the Nomination and Remuneration Committee, Khon Kaen Sugar Industry PCL.
Mr. Pure Limsiripan Age (year), 76 % of share, 0.66	<ul style="list-style-type: none"> - Director Accreditation Program (DAP) of IOD (17/2004) 	1962 - Present 1999 - Present 2004 - Present	CEO, T. Thai General (1975) Co., Ltd. Director, Aek Dee Textile Co., Ltd. Audit Committee, Sahamit Machinery PCL.
Mr. Prayoon Vivetpuvanonth Age (year), 70 % of share, -	<ul style="list-style-type: none"> - B. Acc, Thammasat University. - B.L, Thammasat University - Barrister, The Thai Bar - MBA. Sasin Graduate Institute of Business Administration of Chulalongkorn University - Director Accreditation Program (DAP) of IOD (35/2005) 	2000 - 2004 Present Present Present Present	Director, Audit Committee, Banpu Plc. Audit Committee, Sahamit Machinery PCL. Chairman of the Board, Pholtanya PCL. Chairman of the Board, Hydrotec PCL. Executive Director, Wiwechpattana Rice-Mill Co., Ltd.
Mr. Thawee Senavattanagul Age (year), 63 % of share, -	<ul style="list-style-type: none"> - Assumption Commercial College 	1975 - Present	Assistant to President, Sahamit Machinery PCL.
Mr. Phut Sorayanthanawut Age (year), 51 % of share, 0.59	<ul style="list-style-type: none"> - B.Eng, King Mongkut's University of Technology Thonburi 	1985 - Present	Assistant to President, Sahamit Machinery PCL.
Mrs. Intira Thavajvichien Age (year), 62 % of share, 0.07	<ul style="list-style-type: none"> - Oswestry College of Further Education, U.K. 	1974 - Present	Assistant to President, Sahamit Machinery PCL.
Miss Prangtip Sivaruk Age (year), 38 % of share, 3.20	<ul style="list-style-type: none"> - M.S. Business Administration, San Francisco State University, San Francisco, USA - Master of Public and Private Management , (M.P.P.M.) NIDA - B.A. Kasetsart University, second class honor - B.A. Sukothai Thamahirat University 	2003 - Present	Company Secretary, Division Manager and Investor Relation Manager, Sahamit Machinery PCL.

SMIT has performed in accordance with the Stock Exchange of Thailand's Code of Best Practices for Directors of Listed Companies. SMIT also comply with the good governance operating guidelines follows;

Rights of Shareholders and Equitable Treatments of Shareholders

1. The company provides shareholders, prior to a meeting, with information on the date, time, venue, and all agenda items with complete support data concerning issues to be decided. A notice of a meeting and support document are sent to shareholders at least 7 days in advance. The notice of shareholders meeting 2013 is posted on the company's website so that shareholders can study all the information prior to receiving the notice in documentation.
2. The company's website where shareholders and those interested may download financial information, company profile, and meeting information is www.sahamit.co.th. Inquiries may be e-mailed to info@sahamit.co.th.
3. The invitation to the Annual General Meeting contains information and guidelines for the shareholders relevant to the meeting including voting procedure. In case the company shareholders cannot personally attend the meeting, the company shareholders may use the proxy form provides as attachment or may download from the company website to appoint the Audit Committee members, Board of Directors, or any persons to be the shareholder's proxy to attend and vote in the Annual General Meeting of Shareholders. The company also gives right to the shareholders arrive late to vote for the agenda that haven't been voted by the time the shareholders attend the meeting unless the shareholders' meeting has disagreed.
4. The company held the Annual General Meeting 2013 on April 30, 2013, where all 9 directors were present. Shareholders were given opportunities to directly ask the company directors and committees any relevant questions. The company does not deprive its shareholders of access to company information. For instance, all important information is included in distributed notices without any last-minute addition of agendas or changes in important matters. Shareholders who arrive late are always allowed to attend meetings.
5. The company allows shareholders to propose matters to be included in a meeting's agenda, prior to the meeting, with requirements and procedures. For instance, there must holding minimum shares not less than 500,000 shares and continuously held those shares for one year by the date when the shareholder proposes the agenda. A meeting agenda is presented in detail. Criteria for approving or rejecting proposed matters as part of meetings' agendas are stated clearly. There are channels and periods of time for accepting shareholders' proposals. After proposals are accepted, the board of directors' meeting will consider and select the proposals. Shareholders will be informed about the board's meeting decision and reasons in detail regarding the proposals through the shareholders' meeting. In the previous year, company shareholders did not propose any additional matters to be included in shareholders' meeting agendas. In 2014, the company would like to offer and opportunity for the shareholders in proposing the agenda of Annual General Meeting of the Shareholders and nominate person to be elected as the company's Directors in advance be e-mailed to info@sahamit.co.th.
6. In the 2013 AGM, the chairman informed company shareholders about procedures relevant to the meeting including voting procedure. Shareholders were given opportunities to express their opinions and ask questions. There were inquiries about the company's financial statement and operating results. Shareholders voted on an individual director. Voting cards were used in case of disagreement over the meeting agenda. The meeting was recorded on video.
7. In minutes of the Annual General Meeting 2013, names of all the directors were shown. Summaries of clarifications, questions, answers, opinions, voting procedure, and vote count were provided. Regarding disagreement, the meeting resolution was presented along with the total of votes in favor/ against and no vote. The minutes were posted on the company website within 14 days after the AGM.
8. Regarding the use and protection of inside information, the company has established measures to prevent the use of inside information by directors, management, and employees for abusive self-dealing. (Details are shown in The Use and Protection of Inside Information Section.)
9. The company requires that a director must not operate or have any position in any ordinary partnership,

Good Corporate Governance

or be a general partner in limited partnership, or be a director in any other limited company or public company limited that operates businesses of the same nature and that is the company's direct and indirect competition, unless the information about their positions is disclosed before the appointment. Directors must inform the company immediately about their direct and indirect conflicts of interest arising in any company contracts done between fiscal years, or due to change in their acquisition of shares or debentures of the company or its subsidiaries between fiscal years. The company encourages its directors, management and those related to the board to disclose information about their conflicts of interest as part of the board's meeting agendas. Directors who have conflicts of interest in any issues being considered are not allowed to vote on those particular issues.

Roles of Stakeholders

The Board of Directors accounts for stakeholders' rights and interests by establishing guidelines for addressing the needs of each group mutually sustainable interest. In Practice, SMIT applies the GCG in its business administration of which the practical guidelines are stated in its Code of Business Conduct booklet. SMIT focuses on business responsibilities in 4 core areas: human rights, labor, the environment and anti-corruption.

Rights of shareholders: Relevant policies are defined in "Rights of Shareholders and Equitable Treatments of Shareholders" section.

Rights of employees:

The Company's employees are an extremely valuable asset and they make essential contributions to the Company's achievement of its goals. As a result, it is Company policy to treat employees fairly in all respects including employment opportunity, remunerations, promotion and professional development. The Company has established the following guidelines for its practice toward employees:

- (1) To treat employees fairly and courteously while paying due respect to individuality and human dignity
- (2) To provide fair remunerations
- (3) To maintain a work environment that does not endanger employees' life or property
- (4) To carry out all professional appointments, rewards and disciplinary actions in good faith on the basis of competence, capability and suitability
- (5) To give priority to skill and knowledge development on a regular and equitable basis
- (6) To listen to opinions and recommendations based on employees' professional competence
- (7) To comply with all employee-related laws, rules and regulations
- (8) To avoid any unfair action that may affect employees' job security or harass or psychologically threaten the employees

Rights of customers:

Customer satisfaction is of great importance to the Company's success. Smit intends to respond to customer's demands effectively and efficiently and to continuously improve this response. Its policies and practice guidelines are as follows:

- (1) To deliver quality products and services which meet customer's expectations at a fair price
- (2) To provide advice regarding the efficient use of Smit's products and services for the customer's maximum benefit
- (3) To give accurate, adequate and timely information about its products and services to customers without exaggeration that may lead to misunderstanding about the quality, quantity or condition of such products or services
- (4) To deal with customers in a polite and efficient way and to gain their trust. To set up a system and process where customers can place complaints regarding the quality, quantity or safety of Smit's products and services; as well as the speed of response and delivery
- (5) To safeguard customer confidentiality and to refrain from abusing it for personal interest or for the interest of other parties

Rights of business partners:

Smit has a policy to equitably and fairly treat its trading partners, taking into consideration the Company's interest and on the basis mutual benefit. In addition, it intends to avoid circumstances that may lead to a conflict

of interest. It makes efforts to comply with all contractual obligations, provide reliable information and accurate reports, confer or negotiate for solutions to problems on the basis of following guidelines:

- (1) The Company shall not demand, receive or pay any improper benefits to its trading partners.
- (2) Should it become known that corrupt demand, fraudulent receipt or payment of any improper benefit occurs, full information will be disclosed to the trading partners involved and the Company shall collaborate with the parties concerned to resolve the problem on a fair and timely basis.
- (3) The Company shall strictly comply with all the terms and conditions agreed upon in a transaction. In the event that any particular condition cannot be met, the Company will inform the creditors concerned beforehand and seek a mutually acceptable solution.

Rights of Creditors:

The Company has earned trusts among its creditors by operating with ethics as well as complying with the terms of loan and the rightful duties as of borrowers.

Rights of the community and society:

The Company observes legal rights of the communities it operates and it strictly acts to comply with other related laws such as environmental law and factory act. The Company is well aware of significance of the communities and provides supports by sponsoring, developing infrastructure, and promoting social activities that bring understanding and sustainable development to the community.

The Company is committed to conducting business with sound safety, occupational health and environmental conditions in accordance with the following guidelines:

- (1) The Company shall comply with all legislations and regulations relating to safety, occupational health and environmental requirements in all locations in which the Company operates.
- (2) The Company shall constantly ensure that its working environment is safe for the life and property of its employees.
- (3) Executives and staff must commit to and undertake all activities aimed at promoting the quality of workplace safety, occupational health and the environment.

The company always realizes the importance of all stakeholders as mentioned. Moreover, it values all suggestions, opinions, and comments that enable development and improvement of the company operation. All the stakeholders can contact the company if they want to report incidents complain, request for clarifications/ amendments, or make suggestions by emailing : ia@sahamit.co.th, or faxing the internal audit office at (0) 2295 1020.

Disclosure of Information and Transparency

The company is disclosed correctly, accurately, on a timely basis, and transparently through channels that are trustworthy and equally easy to access for the public. The followings are company practices:

1. Annual statements (Form 56-1) and annual reports are disclosed through the SET channels and company website www.sahamit.co.th. There are also updates related news to the company on the website to facilitate decision-making of those involved.
2. In the previous year, the company's disclosure of information and transparency were approved by the Securities and Exchange Commission and the SET, as its practice was in accordance with disclosure requirements.
3. In the 2013 annual report, the company's board of directors' roles and responsibilities together with those of its committees are disclosed. Also, company policies on remuneration payment for directors and managements, a summary of company governance, policies on the environment and society, company practices and a summary of company business ethics.
4. A statement of the board of directors' responsibilities concerning the company's financial report is provided alongside the auditor report in the company annual report. The contents include the certification that the company's financial statements are fairly presented in accordance with generally accepted accounting principles and regulations. The statement is signed by the company chairman and managing director.
5. Contents of the company's website consist of corporate governance and results of practices in line with company policies, business ethics, ownership structure, board structure, vision/missions, policies on the environment and society, annual report, financial statement, news and updates in both Thai and English.

Good Corporate Governance

6. The company is well aware of the importance of disclosing information to investors with accuracy, transparency, and accessibility. The company set up investor relations division to coordinate communications between the company, investors, and shareholders can be reached by email: info@sahamit.co.th or contact Miss Prangtip Sivaruk Tel. 66 (0) 2295 1000-8 ext. 1515.

Responsibilities of the Board of Directors

1. The structure of the board consists of 10 directors which 4 of them are independent directors, one of third (1/3) of the board. The number of directors was appropriated to current business size. The Company's directors possess qualifications in various fields, such as skills and expertise in accounting, finance, governance, production, purchasing, international trade and internal audit. Detailed biographies, qualifications, experiences, and ownership of directors are included in Form 56-1.
2. The company's Chairman of the Board and the Managing Director is the same person. The person is being appointed as Chairman of the Board due to his function as the representative of the major shareholders. The person is being appointed as the Managing Director due to his function as the co-founder of the company. Nevertheless, not only the company has clearly defined and divided the duties and authorities of these 2 roles, but also the company has 3 individual executive directors to suitable balance the authorities. Beside the regular business transaction, all other issues will be taken into consideration of the board of directors (comprises of 4 independent directors or one third (1/3) of company directors).
3. The Company's Audit Committee Board consists of 4 independent directors. Qualifications of audit committee members are in line with relevant SET requirements and Mr. Prayoon Vivetpuvanonth, one of the members, possesses sound knowledge, understanding, professional experiences in accounting and finance and internal audit. In 2013, the committee had 5 meetings, and reports on their works were regularly completed.
4. The board of directors has not appointed the nomination and remuneration committee and risk management committee since the board has reviewed that in reference with the current size and the organization structure, the company is still not necessary to set up these committees. However, the board of directors (comprises of 4 independent directors or one third (1/3) of company directors) are responsible for setting the suitable remuneration of the board of directors and the management with clearly and transparency. The remuneration of the board of directors is benchmarking with the same industry together with the performance of the company and later present to the AGM for approval. The remuneration of the management is being set by the knowledge, ability, responsibility, together with the performance of the individual. Regarding the risk management, the board of directors (comprises of 4 independent directors or one third (1/3) of company directors) are responsible for reviewing and assessing the overall risk of the company i.e. risk of the product price fluctuation, risk of the exchange rates fluctuation, risk of the account receivables, as well as planning and setting risk management policy to minimize the risk at the lowest possibility.
5. It is required that during the annual general meeting, one third (1/3) of company directors resign. The directors that stay longest in term will have to resign and may be reappointed for another term if the AGM approves. Each director's term is about three years.
6. The board requires that a director must not operate or have any position in any ordinary partnership, or be a general partner in limited partnership, or be a director in any other limited company or public company limited that operates businesses of the same nature and that is the company's direct and indirect competition, unless the information about their positions is disclosed in the annual general meeting before the appointment. The requirement is applied to company executives as well. None of the company directors serves as directors of more than 5 listed companies.
7. The roles, duties and responsibilities of the board of directors, the executive board, the audit committee and are clearly divided.
8. The company has set visions, missions, strategies, goals, business plans and budgets, along with monitoring the work of the management to be in accordance with the designated business plans and budgets. Moreover, the company have been governed an internal control system, an internal audit, and risk management with effectiveness and efficiency.

9. The board of directors has realized the importance of the good corporate governance, which is an important factor for maximizing business success aiming to bring about the best benefit to shareholders, and all stakeholders. The board of directors has announced and enhanced the use of the Good Corporate Governance guideline to give appropriate guideline for the related parties to follow.
10. The board of directors has set a written ethics and codes of business conduct for the company's directors and employees, which cover key matters, such as honesty, integrity, conflicts of interest, and compliance with laws. Compliance to the codes is monitored, and penalties are defined. Each year the company's human resources department evaluates, reviews, and revises the codes of conduct.
11. Conflicts of Interest Prevention, The board of directors thoroughly considers and deals with transactions with (potential) conflicts of interest. The audit committee considers related-party transactions according to the SET legislation and procedure. Stakeholders in transactions are not allowed to decide on those particular transactions, which are fully and accurately disclosed in annual reports and from 56-1.
12. Efficient Administrations and Internal Control, the company's internal control unit has been formed to ensure effective operations, accurate and reliable information, compliance with legislation, efficient and effective use of company resources, and protection and company assets. The company internal audit provides analyses, audits, evaluations, advice, and recommendations to support company activities. The audit committee independently reviews and audits adequacy and efficiency of the company's internal control and internal audit once a year. The opinions on the company internal control system are included in the annual report.
13. The board of director sets at least 4 board meeting every 3 months, and 1 additional meeting one month before annual shareholders' meeting, each director of the board is notified in advance. In board meetings, the chairman, managing director, and secretary consider agendas. This is to ensure that the agendas cover important matters. Each director may propose agendas independently. The board's secretary sends meeting documents to each director in advance of the meeting date. The documents are concise. In a board of directors meeting, the chairman of the board allocates adequate meeting time for managements' presentations and comprehensive directors' discussions.
14. Minutes of the board of directors' meetings include such important matters as dates, times, names of directors who are present and absent, summaries of proposals, summaries of discussions and remarks, resolutions, opinions from directors who disagree, names of people preparing minutes, and names of those approving minutes. The minutes are bound and easy to retrieve. They cannot be changed. Numbers of the board meetings and attendance are disclosed.
15. The board of directors has appointed Miss Prangtip Sivaruk as the Company's Secretary to sets the board of directors' meetings, other director's meeting as well as the AGM. The Company's Secretary is responsible for providing minutes of the board of directors' meetings, minutes of the AGM, Annual report and filing all documents requires by law.

Supervision of Use of Inside Information

The company prohibits its directors and the Management from using inside information concerning important matters including trading of securities before publication for personal gains. Preventive measures against the use of inside information by the directors and the management are as follows:

1. The company informs executives about their obligation to disclose security holdings and changes of the holdings of themselves, their spouses, and their children who have not yet attained the majority according to the Securities and Exchange Act B.E. 2535, article 59 and statutory penalty, article 275.
2. Circular notices are sent to executives advising those who receive important inside information that affects prices of securities not to trade company securities within that one month (except in case of necessity) and not to disclose the important inside information before the company financial statements or the particular information is publicized.
3. Should there be any changes in security holdings of the company's directors and executives, the changes must be reported to the board of directors in security holdings matter on the agenda.

Good Corporate Governance

4. Important inside information and confidential documents saved as hard copies or soft files are protected and access is limited to top executives only when necessary. If any inside information needs to be disclosed to company employees, the employees will be informed properly about the limitation of the use of that information. An employee who discloses company confidential information will be penalized.
5. To monitor irregularity in company operating results, random examination is done to security trade, the company's information system and outside information sources.

Internal Control

The company has continuously focusing on an efficient internal control system in which is an important mechanical tool to support the management in decreasing business risk, to ensure the effectiveness of the business transaction, to appropriately allocate the resources and to accomplish the designated goal. Moreover, it helps to protect the loss of possession or fraud, and enhance the accuracy and accountability of the financial report. The internal audit, under supervision of the Audit Committee, has independence to operate and audit the internal control system in accordance with general standards and followed annual audit plan written based on the principle of risk base auditing. This is to ensure the efficiency, the effectiveness and the continuous improvement of the company's internal control system.

In accordance with the Board of Directors meeting no. 2/2014, also attended by the Audit Committee, held on March 14, 2014, which the Board of Directors considered that the sufficiency of the company's the internal control system of the company was adequate, fairly established and appropriate to the company's business. There also was no significant weakness of internal control which would negatively affect and accuracy and reliability of financial statement and the efficiency and effectiveness to achieve the business goals.

Corporate Social Responsibilities

The company is strongly committed to operating its businesses responsibly. The company's corporate social responsibility (CSR) programs are created to continuously support the local communities and the environment that surrounds them. The company believes in respecting human rights and the protecting the interests of its stakeholders including the society and the country at large, through ethical practice and transparent operations.

The company is determined to advance its sugar and related businesses ethically and responsibly. Its commitment towards stakeholders, communities, society, and environments are detailed as follow:

1. **Corporate Governance** The company aims to become part of a leading organization in Thailand. To this effect, it looks to promote sustainable growth, to build good reputation and credibility amongst its investors and other stakeholders, to adopt ethical business practices and to strictly follow good corporate governance guidelines.
2. **Respect for Human Rights** The company supports the principle of human rights. To this effect, it will conduct activities that support human rights and the right to freedom. The company believes in the principle of equality and will not tolerate discrimination of race, age, and gender. It is also against the use of child labor and any form of corruption.
3. **Fair Employee Treatment** The company will give fair compensation to its employees at the level that is appropriate to the industrial environment of Thailand and any changes in the organizational structure will be done responsibly and in accordance with the law of Thailand. The company created an Employee Benefit Committee so that its employees can participate in the management of the benefits.
4. **Adopt Good Business Ethics** The company intends to conduct its operations ethically, in compliance with the law and societal practice, and remain politically neutral.
5. **Customer and Supplier Care** The company place great importance in producing high quality sugar that is safe for human consumption. It also aims to continuously provide good service to its customers and suppliers and hope that in return, the company will receive the same high quality and service from them and therefore able to build a longstanding relationships.

Related Party Transactions

In the year 2013, the Company disclosed related party transactions that might be conflicts of interest in notes to the audited financial statement as follows:

Relationship	Description	Transaction	Transaction amount and balance (Unit: Thousand Baht)
1. KS Mould Part Co., Ltd. Is a manufacturer of ejector pins. It is the joint venture between Kanzaki Mfg Co., Ltd. and Sahamit Holding Co., Ltd. holding shares by 53.33% and 46.67% respectively.			
(1) Sahamit Holding is a shareholder of KS Mould Part with the shares of 46.67% of registered capital. The controlling power in under the Japanese shareholders which are Kanzaki Mfg.	The Company is a distributor of ejector pin for KS Mould Part since the Company was appointed to be a sole distributor in Thailand.	Buy	103,239
		Accounts Payable	17,632
(2) Executives of the Company which are Chaisilp Tamesirichai and Prasong Srithornratkul are also the directors and shareholders in Sahamit Holding Co., Ltd.	The Company sold its products to KS Mould Part.	Sell	19,484
		Accounts Receivable	4,459
2. Rien Thong Wittaya Co., Ltd. is a manufacturer and distributor of books, files and also provides the paper cutting services.			
Kriengkrai Boonkitticharoen is the President of Rien Thong Wittaya Co., Ltd. and also a director of Sahamit Machinery Pcl.	The Company sold paper to Rien Thong Wittaya at market price.	Sell	497
		Accounts Receivable	-
3. Khon Khaen Sugar PCL. is a manufacturer of sugar and other related business.			
Karun Kittasataporn is an Independent Director, Member of the Audit Committee and Member of the Nomination and Remuneration Committee of Khon Khaen Sugar PCL. and also the Audit Committee of Sahamit Machinery PCL.	The Company sold spare parts and chemical products for Khon Khaen Sugar PCL.	Sell	21,134
		Accounts Receivable	1,081
4. Bangkok Industrial Gas Co., Ltd. is a distributor of Nitrogen Gas.			
Pichai Nithivasin is a director of Bangkok Industrial Gas Co., Ltd. and also a director of Sahamit Machinery PCL.	The company bought Nitrogen gas to be use in the Heat Treatment Plant at market price.	Buy	1,665
		Accounts Payable	265
5. Hua Kee Co., Ltd. is the distributor of paper products			
Pichai Nithivasin is a Managing Director of Hua Kee Co., Ltd. and also a director of Sahamit Machinery PCL.	The company sold paper for the manufacturing plant to Hua Kee Co., Ltd.	Sell	5
		Accounts Receivable	-
6. Tamaka Sugar Co., Ltd. is a manufacturer of sugar and other related business.			
Pornsins Tamesirichai is a director of Tamaka Sugar Co., Ltd. and also a director of Sahamit Machinery PCL.	The Company sold steel and spare parts for the manufacturing plant to Tamaka Sugar Co., Ltd.	Sell	1,314
		Accounts Receivable	633
7. Capital Paper Mfr Co., Ltd. is a manufacturer and distributor of papers.			
Thana Senawattanakul is a director of Capital Paper Mfr Co., Ltd. and also a director of Sahamit Machinery PCL.	The Company sold paper machinery's spare parts to of Capital Paper Mfr Co., Ltd.	Sell	619
		Accounts Receivable	-

Rules and Regulations or Steps of Approval in Connected Transactions

The committee had considered and unanimously agreed that in case of the connected transaction that may lead to conflict of interests, a meeting must be held for the committee to consider and approve the connected transaction. The audit committee shall participate in the meeting to ensure that the consideration of the connected transaction was fair, reasonable, transparent and on the normal business transaction basis. The committee shall set out the policy that will optimize the firm benefit and ensure conditions are indifferent to the transaction with outside parties.

Audit Committee's Report

The Audit Committee of Sahamit Machinery Public Company Limited currently comprises entirely of four Independent Directors with profound experience in management, law, financial and accounting. Gen. Vapirom Manasrangsri is the Chairman of Audit Committee; Mr. Pure Limsiripan, Mr. Prayoon Vivetpuvanonth, and Mr. Karun Kittisataporn are members of the Audit Committee.

In 2012, the Audit Committee performed the duties as stated in the code of conduct for the Audit Committee where 5 meetings were convened. In every meeting, Internal Auditors, External Auditors, and the Company's executive managements have participated as per following details.

- 1) Reviewed the quarterly and the annual financial statements for the year 2012 to ensure that the financial statements were properly prepared in essential details according to generally accepted accounting principles with complete, adequate, and timely disclosure of key information.
- 2) Evaluated suitability and efficiency of the Company's internal control systems and internal audit procedures, which include the internal control of overall operations, financial activities, and compliance, as well as risk management policies. As to their reviews, the Company's internal control systems and internal audit procedures were appropriate, adequate, and efficient.
- 3) Monitored the Company to operate according to the Securities and Exchange Act, The Stock Exchange of Thailand's rules and regulations, and the applicable laws. Base on their reviews, the Company had properly operated according to the relevant laws and regulations.
- 4) Considered and selected the Company's auditors and proposed a nomination of Dharmniti Auditing Company Limited to be the Company's auditor for the year 2013/2014 and reviewed its relevant remuneration.
- 5) Reviewed the connected transactions between the Company and its subsidiaries and related parties. Based on the reviews, the connected transactions were correctly and adequately disclosed. Also business terms and conditions were appropriate and benefited the Company.
- 6) Reviewed the operation of the Audit Committee by compared with the Best Practices provided by the Securities and Exchange Commission and the Stock Exchange of Thailand. According to the reviews, the Audit Committee had performed their duties efficiently and complied with the Best Practices.
- 7) Reviewed the Company's codes of conduct and business ethics as to their appropriateness and to meet the benchmark of the industry and principles of good corporate governance.

In conclusion, during the year 2013, the Audit Committee had employed their knowledge, competencies, and performed their duties independently and with due care to review information regarding financial reports and internal audits. The Audit Committee also encouraged the Company to perform its operation in accordance with Corporate Governance Policy and to employ suitable internal control systems by considering benefits of all stakeholders and the social as a whole. Additionally, the Audit Committee had given the management team valuable advices and suggestion regarding risk management and internal control systems in order to help fostering the Company's future business plans as well as prevention and possible solutions for the Company's relevant risk factors.

Gen. Vapirom Manasrangsri
Chairman of the Audit Committee

Report of the Board of Director's Responsibilities for Financial Statements

The Board of Directors is responsible for the company's financial statements and other information as shown in the annual report. Such financial statements are prepared in accordance with the generally accepted accounting principles and other reporting requirements, significant information to support the financial statements are also adequately provided.

In this matter, the board of directors has appointed an audit committee which consists of four independent directors who are responsible for the quality of the financial statements and the internal control system. The remarks of the audit committee are included in its report that already exists in the annual report of the company.

The board of directors opines that overall internal control system is satisfactory and can create the credulity towards the financial statements of the company as of December 31, 2013.

Mr. Chaisilp Tamesirichai
President and Chairman of the Board

REPORT OF THE AUDITOR

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

To The Shareholders and Board of Directors of
Sahamit Machinery Public Company Limited

I have audited the accompanying financial statements of Sahamit Machinery Public Company Limited, which comprise the statement of financial position as at December 31, 2013, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 the 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 free from material misstatement.

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.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sahamit Machinery Public Company Limited as at December 31, 2013, the financial performance and its cash flows for the year then ended in accordance with the Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 3.1 to the financial statements. In presenting the financial statements for the year ended December 31, 2013, the Company has adopted new financial reporting standards issued by the Federation of Accounting Professions (FAP) which are effective from the period beginning on or after January 1, 2013. The effect of changing in accounting policy has been described in Note 3.2 to the financial statements. The comparative information presented herewith has been restated on this matter. My opinion to the financial statements is not qualified in respect of this matter.



(Miss Sulalit Ardsawang)
Certified Public Accountant
Registration No. 7517

Dharmniti Auditing Company Limited
Bangkok, Thailand
February 13, 2014
2014/062/0381

STATEMENT OF FINANCIAL POSITION

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED
AS AT DECEMBER 31, 2013

ASSETS

		Baht		
	Notes	As at December 31, 2013	As at December 31, 2012 (Restated)	As at January 1, 2012 (Restated)
CURRENT ASSETS				
Cash and cash equivalents	5	11,416,696.88	16,556,073.92	12,753,326.24
Trade and other receivables	4, 6	473,002,066.24	524,361,811.71	478,409,139.83
Inventories	7	968,360,821.48	1,084,236,993.29	1,204,746,895.18
Other current assets		1,033,394.57	2,228,013.54	9,566,546.84
Total current assets		1,453,812,979.17	1,627,382,892.46	1,705,475,908.09
NON-CURRENT ASSETS				
Fixed deposit using for guarantee	11	598,921.97	585,622.81	577,270.75
Investment property	8	-	10,007,313.64	10,686,528.59
Property, plant and equipment	9	775,398,765.16	698,668,386.61	657,419,480.59
Deferred tax assets	10	17,115,722.49	20,495,200.10	20,293,899.96
Other non-current assets		2,548,483.05	2,442,561.21	2,371,044.25
Total non-current assets		795,661,892.67	732,199,084.37	691,348,224.14
TOTAL ASSETS		2,249,474,871.84	2,359,581,976.83	2,396,824,132.23

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES				
Bank overdrafts and short-term loans from financial institutions	11	24,956,396.05	210,113,402.14	439,978,715.82
Trade payables	4	204,497,427.07	213,829,064.06	204,839,358.64
Other payables		27,447,523.39	26,123,989.56	24,660,500.62
Cash received in advance under the hiring agreement		-	-	23,214,250.69
Cash received in advance from sales and services		17,340,859.46	20,540,844.51	32,906,575.54
Income tax payable		23,450,838.73	39,449,413.41	34,950,083.40
Other current liabilities		2,532,337.98	6,239,731.46	3,014,853.24
Total current liabilities		300,225,382.68	516,296,445.14	763,564,337.95
NON-CURRENT LIABILITIES				
Deferred tax liabilities	10	17,184,731.00	17,184,731.00	17,184,731.00
Employee benefit obligations	12	18,242,047.00	27,892,167.00	25,050,472.00
Other non-current liabilities		-	150,000.00	150,000.00
Total non-current liabilities		35,426,778.00	45,226,898.00	42,385,203.00
TOTAL LIABILITIES		335,652,160.68	561,523,343.14	805,949,540.95
SHAREHOLDERS' EQUITY				
Share capital				
Authorized share capital				
550,000,000 shares, Baht 1.00 par value each		550,000,000.00	550,000,000.00	550,000,000.00
Issued and fully paid-up				
530,000,000 shares, Baht 1.00 par value each		530,000,000.00	530,000,000.00	530,000,000.00
Surplus capital				
Premium on common stocks		262,262,300.00	262,262,300.00	262,262,300.00
Premium on treasury shares	13	12,951,122.72	12,951,122.72	-
Retained earnings				
Appropriated				
Legal reserves	14	55,000,000.00	55,000,000.00	55,000,000.00
Treasury shares reserve	13	-	-	28,617,465.28
Unappropriated		984,870,364.44	869,106,286.97	674,873,367.28
Other components of equity	9	68,738,924.00	68,738,924.00	68,738,924.00
Total shareholders' equity		1,913,822,711.16	1,798,058,633.69	1,619,492,056.56
Less treasury shares	13	-	-	(28,617,465.28)
Total shareholders' equity		1,913,822,711.16	1,798,058,633.69	1,590,874,591.28
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,249,474,871.84	2,359,581,976.83	2,396,824,132.23

Note to financial statements form an integral part of these statements.

STATEMENT OF COMPREHENSIVE INCOME

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED
FOR THE YEAR ENDED DECEMBER 31, 2013

	Notes	Baht	
		2013	2012 (Restated)
REVENUES			
Sales and services	4, 22	2,341,544,708.42	2,747,070,995.68
Other income			
Commissions		29,018,296.03	53,067,283.31
Gain on exchange rate		-	11,007,099.84
Gain on disposal of assets	8	18,616,292.24	6,293,594.44
Others		8,374,578.35	6,710,527.29
Total revenues		2,397,553,875.04	2,824,149,500.56
EXPENSES			
Cost of sales and services	4	1,684,234,097.80	2,052,265,270.23
Selling expenses		115,389,023.24	120,141,250.12
Administrative expenses		244,975,113.16	230,390,705.30
Management benefit expenses		23,511,823.85	24,510,100.96
Loss on exchange rate		4,646,574.22	-
Finance costs		3,152,000.48	11,746,992.07
Total expenses		2,075,908,632.75	2,439,054,318.68
Income before income tax expenses		321,645,242.29	385,095,181.88
Income tax expenses	15	57,481,344.82	81,679,893.47
Income for the year		264,163,897.47	303,415,288.41
Other comprehensive income		-	-
Total comprehensive income for the year		264,163,897.47	303,415,288.41
Basic earnings per share (Baht per share)	18.2	0.498	0.576

Notes to financial statements form an integral part of these statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / FOR THE YEAR ENDED DECEMBER 31, 2013

		Baht								
		Share capital issued and fully paid-up	Premium on common stocks	Premium on Treasury shares	Retained earnings		Other components of equity Surplus on land revaluation	Treasury shares	Total shareholders' equity	
					Appropriated					Unappropriated
					- Legal reserves	- Treasury shares reserve				
Notes										
Ending balance as at December 31, 2011										
- as previously reported		530,000,000.00	262,262,300.00	-	55,000,000.00	28,617,465.28	654,579,467.32	85,923,655.00	(28,617,465.28)	1,587,765,422.32
The effect of change in accounting policy for income tax	3.2	-	-	-	-	-	20,293,899.96	(17,184,731.00)	-	3,109,168.96
Ending balance as restated		530,000,000.00	262,262,300.00	-	55,000,000.00	28,617,465.28	674,873,367.28	68,738,924.00	(28,617,465.28)	1,590,874,591.28
Reversal reserve of treasury shares	13	-	-	-	-	(28,617,465.28)	28,617,465.28	-	-	-
Sales of treasury shares	13	-	-	12,951,122.72	-	-	-	-	28,617,465.28	41,568,588.00
Dividend payment	17	-	-	-	-	-	(137,799,834.00)	-	-	(137,799,834.00)
Total comprehensive income for the year (Restated)		-	-	-	-	-	303,415,288.41	-	-	303,415,288.41
Ending balance as at December 31, 2012 (Restated)		530,000,000.00	262,262,300.00	12,951,122.72	55,000,000.00	-	869,106,286.97	68,738,924.00	-	1,798,058,633.69
Dividend payment	17	-	-	-	-	-	(148,399,820.00)	-	-	(148,399,820.00)
Total comprehensive income for the year		-	-	-	-	-	264,163,897.47	-	-	264,163,897.47
Ending balance as at December 31, 2013		530,000,000.00	262,262,300.00	12,951,122.72	55,000,000.00	-	984,870,364.44	68,738,924.00	-	1,913,822,711.16

Notes to interim financial statements form an integral part of these statements.

STATEMENT OF CASH FLOWS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED
FOR THE YEAR ENDED DECEMBER 31, 2013

	Baht	
	2013	2012 (Restated)
<u>Cash flows from operating activities :</u>		
Income for the year	264,163,897.47	303,415,288.41
Adjustments to reconcile income for the year to net cash provided by (used in) operating activities :		
Depreciation	71,585,674.95	67,514,348.16
Allowance for doubtful accounts (reversal)	(1,663,743.50)	(324,017.64)
Bad debt	1,691,789.92	2,895,408.55
(Gain) loss on disposal of investment property	(10,993,527.46)	-
(Gain) loss on disposal of fixed assets	(7,622,737.78)	(6,293,589.44)
Unrealized (gain) loss on exchange rates	2,577,910.11	(272,823.40)
Employee benefit obligations expenses	2,498,316.00	2,239,579.00
Interest income	(290,658.89)	(1,072,563.30)
Interest expenses	3,152,000.48	11,746,992.07
Income tax expenses	57,481,344.82	81,679,893.47
Income from operating before changes in operating assets and liabilities	382,580,266.12	461,528,515.88
(Increased) decreased in operating assets		
Trade and other receivables	51,347,653.59	(48,611,561.15)
Inventories	115,876,171.81	120,509,901.89
Other current assets	1,194,618.97	7,338,533.30
Other non-current assets	(105,921.84)	(71,516.96)
Increased (decreased) in operating liabilities		
Trade payables	(11,567,359.52)	9,007,406.21
Other payables	1,421,070.25	1,527,719.43
Cash received in advance	(3,199,985.05)	(35,579,981.72)
Other current liabilities	(3,707,393.48)	3,224,878.22
Other non-current liabilities	(150,000.00)	-
Cash generated from operations	533,689,120.85	518,873,895.10
Payment for employee benefit obligation	(12,869,000.00)	-
Payment for income tax	(70,100,441.89)	(77,381,863.60)
Net cash provided by operating activities	450,719,678.96	441,492,031.50
<u>Cash flows from investing activities :</u>		
Increased in fixed deposit using for guarantee	(13,299.16)	(8,352.06)
Cash received from sales of investment property	21,000,000.00	-
Cash received from sales of fixed assets	8,837,988.34	7,173,543.90
Cash paid for purchase of fixed assets	(149,530,462.96)	(108,963,993.69)
Cash received from interest	290,658.89	1,072,563.30
Net cash used in investing activities	(119,415,114.89)	(100,726,238.55)
<u>Cash flows from financing activities :</u>		
Decreased in overdrafts and short-term loans from financial institutions	(185,515,148.21)	(229,522,692.71)
Cash paid for dividend	(148,399,820.00)	(137,799,834.00)
Cash received from sales treasury shares	-	41,568,588.00
Cash paid for interest expenses	(2,528,972.90)	(11,209,106.56)
Net cash used in financing activities	(336,443,941.11)	(336,963,045.27)
Net increased (decreased) in cash and cash equivalents	(5,139,377.04)	3,802,747.68
Cash and cash equivalents at the beginning of year	16,556,073.92	12,753,326.24
Cash and cash equivalents at the end of year	11,416,696.88	16,556,073.92

Notes to financial statements form an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

DECEMBER 31, 2013

1. GENERAL INFORMATION

(a) Address and legal status

Sahamit Machinery Public Company Limited was registered under Thai law on June 7, 1973 and converted from the Company under the provision of the Civil and Commercial Code to be a Company in accordance with the Public Company Act on November 21, 1994. The office is located at 42, 48 Soi chokchaijongjumroen, Rama 3 Road, Bangpongpan, Yannawa, Bangkok, 10120.

(b) Nature of the Company's operations

The Company's main areas of business are an importer and distributor of product groups consisting of the distributor of special steel for the production of tools, spare parts and moulds, and provider of heat treatment service, distributor of machines for the production of moulds and other machines for steel products, the distributor of paper products, pulp, chemical and machines for the paper industry, the distributor of machineries and equipments for wood and furniture industry, industrial knife production and electrical engineering products.

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation of the financial statements

The financial statements have been prepared in accordance with the financial reporting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with the financial reporting standards for Publicly Accountable Entities. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re : the financial statements presentation for public limited company, issued under the Accounting Act B.E.2543.

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

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

2.2 Revenues and expenses recognition

The Company recognizes sales of goods when the significant risks and rewards of ownership of the goods have passed to customers.

The Company recognizes service income upon completion of work and issuance of invoice.

The revenue from providing equipment maintenance service is recognized by the period of service in the service agreement on an accrual basis.

The Company recognizes project income by the stage of completion of work.

The Company recognizes other income and expenses on an accrual basis.

2.3 Cash and cash equivalents

Cash and cash equivalents consist of cash and deposits at financial institutions with an original maturity of 3 months or less and excluded cash at banks which are used for guarantee.

2.4 Allowance for doubtful accounts

The Company provides allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on historical collection experience and a review of the current status of the existing receivables.

2.5 Inventories

Inventories are stated at the lower of cost or net realizable value. Costs is calculated as follows :-

Finished goods - weighted average method

Work in process - weighted average method

Raw materials and supplies - weighted average method

The cost of inventories comprises all costs of purchase and costs of conversion include an appropriate share of production overheads based on normal production capacity.

NOTES TO THE FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

DECEMBER 31, 2013

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties, transportation charges and other direct costs incurred in acquiring the inventories less all trade discounts, allowances or rebates.

The Company has provided allowance for value decrease from inventory are slow moving at the end of the period.

2.6 Investment property

Investment property is the property held to earn rentals or for capital appreciation or both, and not use in operations.

Land for investment property is stated at cost less allowance for impairment (if any).

Buildings for investment property is stated at cost less accumulated depreciation and allowance for impairment (if any).

Depreciation of investment property under building for rent category is calculated by the straight-line method over the estimated useful lives of 20 years. Depreciation of investment property is included in determining income.

2.7 Property, plant and equipment and depreciation

Land is stated at the appraisal value, the Company has a policy to review the appraised value of assets every 5 years.

Buildings and equipment are stated at cost net of accumulated depreciation and allowance for impairment (if any).

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company (if any).

Depreciation is calculated by cost less residual value on the straight-line method over the estimated useful lives of the assets as follows :-

	Years
Buildings	20
Improvements	10
Machinery and equipment	5-15
Furniture, fixtures and office equipment	3-5
Vehicles	5

The depreciation charge has to be determined separately for each significant part of an asset.

Depreciation is included in determining income.

The Company reviews the residual value and useful life of an asset at least at each financial year-end.

2.8 Rubber trees plantation costs

Rubber trees plantation costs consist of the cost of rubber trees and the expenses related to the rubber trees plantation, which were incurred before the trees are extracted. Which was shown under the accounts "other non-current assets" in the statement of financial position.

Cost of rubber trees plantation is stated at cost less accumulated amortization. The amortization of rubber trees plantation cost is calculated by the straight-line method over the estimated useful life of 15 years.

Expenses related to rubber trees plantation, fixing and infilling mature harvesting are recorded as expenses in the statements of comprehensive income.

No amortization is provided on rubber trees plantation costs that are not ready to extract.

2.9 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

NOTES TO THE FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

DECEMBER 31, 2013

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

2.10 Impairment of assets

Property, plant and equipment and other assets are reviewed for impairment whenever events or changes in circumstances indicated that the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statements of comprehensive income. Impairment loss is reversed to other income wherever there is any indication that the impairment loss recognized may no longer exists or may have decreased.

2.11 Foreign currency transactions

Transactions in foreign currencies are converted into Thai Baht at the exchange rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies at reporting date are converted into Thai Baht at the exchange rates ruling at that dates unless hedged by forward foreign exchange contracts, in which case, the rates specified in such forward contracts are used. Gains and losses on exchange are recognized in current operations.

2.12 Provisions

A provision is recognized in the financial statements when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.13 Treasury shares

Treasury shares are stated at cost and presented as a deduction from shareholders' equity. Gains on disposal of treasury shares are determined by reference to the carrying amount and are presented as premium on treasury shares. Losses on disposal of treasury shares are determined by reference to the carrying amount and are presented in premium on treasury share and retained earnings, consecutively.

2.14 Income tax

Income tax comprises current income tax and deferred tax.

Current tax

The Company records income tax expense based on the amount currently payable under the Revenue Code at the income tax rates (year 2013 : 20%, year 2012 : 23%) of profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax. The tax privileges include exemption from income tax on profits from the promoted activities.

Deferred tax

Deferred tax assets and liabilities are provided on the temporary differences between the carrying amount and the tax bases of assets and liabilities at the end of the reporting period. Changes in deferred tax assets and liabilities are recognized as deferred tax income or deferred tax expense which are recognized in the profit or loss except to the extent that it relates to items recognized directly in shareholders' equity or in other comprehensive income.

The deductible temporary differences are recognized as deferred tax assets when it is probable that the Company will have future taxable profit to be available against which the deferred tax assets can be utilized. The taxable temporary differences on all taxable items are recognized as deferred tax liabilities.

Deferred tax assets and liabilities are measured at the tax rates that the Company expect to apply to the period when the deferred tax assets are realized or the deferred tax liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

At the end of each reporting period, the carrying amount of deferred tax assets are reviewed and reduced the value when it is probable that the Company will have no longer the future taxable profit that is sufficient to be available against which all or some parts of deferred tax assets are utilized.

NOTES TO THE FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

DECEMBER 31, 2013

2.15 Use of accounting estimates

Preparation of financial statements in accordance with the financial reporting standards requires management to make estimates and assumptions that affect the reported amounts shown in the financial statements and notes to financial statements. Actual results may differ from those estimates.

2.16 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses, commission, welfare, contributions to the social security fund and provident fund are recognized as expenses when incurred.

Post-employment benefit (Defined contribution plans)

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

Post-employment benefits (Defined benefit plans)

The Company has obligations in respect of the severance payments to employees upon retirement under the Company's article and labour law. The Company treated these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, using the projected unit credit method. Such determination is made based on assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates.

Actuarial gains and losses for post-employment benefits of the employees are recognized immediately in profit or loss.

3. ADOPTION OF NEW ACCOUNTING STANDARDS EFFECTIVE FOR USING IN THIS YEAR AND THE NEW AND REVISED ACCOUNTING STANDARDS BUT ARE NOT YET EFFECTIVE

3.1 Accounting standards effective for using in current year

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the use of the revised 2009, and the new issued of accounting standards financial reporting standards, the interpretations and accounting treatment guidance of which they are effective for using in the periods beginning on or after January 1, 2013, as follows.

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

Accounting Treatment Guidance for Transfers of Financial Assets

The management of the Company believes that these accounting standards do not have any significant impact on the financial statements for the year when they are initially applied, except for TAS 12 Income Taxes that the Company has used at the effective date and have the effects of changes in the Company's accounting policies as disclosed in note 3.2.

3.2 Effect of changes in accounting policies due to application of new accounting standards

From January 1, 2013, the Company has used of TAS 12 Income Taxes. This accounting standard requires an entity to consider temporary differences arising from differences between the carrying amount of an asset or liability in the statement of financial position and its tax base in order to recognize the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria.

NOTES TO THE FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

DECEMBER 31, 2013

The Company has used this accounting policy in this current year and restated the prior year's financial statements, presented for comparative purposes, as though the Company had initially recognized the tax effects as deferred tax assets or liabilities. The change in accounting policies has been the effects are as follows:

	Baht		
	As at December 31, 2012	As at December 31, 2012	As at January 1, 2012
Statements of financial position			
Deferred tax assets increased	17,115,722.49	20,495,200.10	20,293,899.96
Deferred tax liabilities increased	17,184,731.00	17,184,731.00	17,184,731.00
Retained earnings increased	17,115,722.49	20,495,200.10	20,293,899.96
Other component of shareholders' equity decreased	(17,184,731.00)	(17,184,731.00)	(17,184,731.00)

	Baht	
	2013	2012
Statements of comprehensive income		
Income tax expenses increased (decreased)	3,379,477.61	(201,300.14)
Income increased (decreased)	(3,379,477.61)	201,300.14
Basic earnings per share increased (decreased)	(0.006)	0.000

3.3 The new and revised accounting standards but are not yet effective

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the new and revised accounting standards, financial reporting standards, and interpretations of accounting and financial reporting standards.

These new and revised accounting standards which are effective for the fiscal year beginning on or after January 1, 2014 are as follows:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rate
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Venture
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 38 (revised 2012)	Intangible assets
TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economics
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes

NOTES TO THE FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

DECEMBER 31, 2013

TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers
TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosure
TSIC 32	Intangible Assets - Web Site Costs

The new accounting standard which is effective for the fiscal year beginning on or after January 1, 2016 is as follows:

TFRS 4	Insurance Contracts
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The management of the Company is evaluating the impact of these new and revised accounting standards when they are initially applied.

4. RELATED PARTIES TRANSACTIONS

The Company has certain transactions with related parties. These related parties are related through common shareholdings and/or directorships. The effects of these transactions are reflected in the accompanying financial statements on the basis determined by the Company and the parties concerned.

For the years ended December 31, 2013 and 2012, the significant transactions with related parties can be summarized as follows :-

Related companies	Pricing policy	Baht	
		2013	2012
Sales			
K.S. Mould Parts Co., Ltd. (Common directorships)	Market Price	19,483,845.03	10,627,788.81
Reanthong Wittaya Co., Ltd. (Common directorships)	Market Price	497,042.03	374,707.50
Khon Kaen Sugar Industry Pcl. (Common directorships)	Market Price	21,134,426.81	13,337,536.02
Tamaka Sugar Industry Co., Ltd. (Common directorships)	Market Price	1,313,619.40	-
Hua Ki Paper Co., Ltd. (Common directorships)	Market Price	5,050.00	1,368,560.00
Capital Paper Manufacturer Co., Ltd. (Common directorships)	Market Price	618,500.00	-
Purchases			
K.S. Mould Parts Co., Ltd. (Common directorships)	Market Price	103,238,501.72	114,934,244.06
Bangkok Industrial Gas Co., Ltd. (Common directorships)	Market Price	1,664,841.94	1,285,341.92

The outstanding balances as at December 31, 2013 and 2012 are as follows :-

	Baht	
	2013	2012
Trade receivables - Related companies		
K.S. Mould Parts Co., Ltd.	4,459,071.00	3,296,059.92
Khon Kaen Sugar Industry Pcl.	1,080,625.65	829,120.00
Hua Ki Paper Co., Ltd.	-	270,715.35
Tamaka Sugar Industry Co., Ltd.	633,440.00	-
Trade payables - Related companies		
K.S. Mould Parts Co., Ltd.	17,631,815.23	31,962,735.73
Bangkok Industrial Gas Co., Ltd.	264,615.16	235,354.67

Management benefit expenses

Management benefit expenses represents the benefits paid to the Company's management such as salaries and related benefit including the benefit paid by other means. The Company's management is the persons who are defined under the Securities and Exchange Act.

NOTES TO THE FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

DECEMBER 31, 2013

For the years ended December 31, 2013 and 2012, management benefit expenses as follow :-

	Baht	
	2013	2012
Management personnel compensation		
Short-term employee benefits	23,045,680.00	24,093,545.00
Post-employment benefits	466,143.85	416,555.96
Total	23,511,823.85	24,510,100.96

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of :-

	Baht	
	2013	2012
Cash in hand	477,909.75	428,743.63
Cash at bank - current accounts	10,123,630.46	1,827,816.65
Cash at bank - saving accounts	815,156.67	14,299,513.64
Total	11,416,696.88	16,556,073.92

Saving accounts are carrying interest at the floating rates which are set by the banks.

6. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of :-

	Baht	
	2013	2012
<u>Trade receivables</u> , classified by age analysis :-		
- Domestic		
Not yet due	267,739,758.75	306,345,299.06
Overdue :		
Not over 3 months	169,842,221.00	170,877,729.86
3 - 6 months	10,010,882.39	10,917,029.29
6 - 12 months	5,148,916.41	26,144,538.76
Over 12 months	17,084,552.37	12,521,949.60
Total	469,826,330.92	526,806,546.57
- Foreign		
Not yet due	7,808,880.07	5,001,297.34
Total	477,635,210.99	531,807,843.91
<u>Less</u> Allowance for doubtful accounts	(10,501,655.61)	(13,857,189.03)
Total trade receivables - net	467,133,555.38	517,950,654.88
<u>Other receivables</u>		
- Advance payable	1,359,678.65	685,861.37
- Prepaid expenses	1,458,678.92	1,817,055.88
- Cash deposit for goods	3,050,153.29	3,904,101.58
- Other	-	4,138.00
Total	5,868,510.86	6,411,156.83
Total trade and other receivables - net	473,002,066.24	524,361,811.71

NOTES TO THE FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

DECEMBER 31, 2013

As at December 31, 2013 and 2012, the movements of allowance for doubtful accounts are as follows :-

	Baht	
	2013	2012
Allowance for doubtful accounts :		
Beginning balance	13,857,189.03	17,076,615.22
Increase (decrease) during the year	(1,663,743.50)	(324,017.64)
Bad debts written off during the year	(1,691,789.92)	(2,895,408.55)
Ending balance	10,501,655.61	13,857,189.03

As at December 31, 2013 and 2012, the Company had trade receivables from state enterprise in the amount of Baht 6.37 million and 11.37 million, respectively with extended a credit term to 270 days, which longer than usual trade (normal trade credit term ranges from 30 to 90 days). The management believes that there is no risk in the collection of debts.

As at December 31, 2013 and 2012, the Company had installment receivable less than 12 months in the amount of Baht 10.92 million and Baht 18.78 million, respectively. That installment receivable was classified by age in trade receivables-domestic not yet due.

7. INVENTORIES

Inventories consisted of :-

	Baht	
	2013	2012
Inventories	857,221,020.17	1,004,842,757.00
Work in process	10,875,116.21	8,406,639.75
Raw materials and supplies	48,752,819.43	54,689,912.45
Goods in transit	58,811,865.67	23,597,684.09
Total	975,660,821.48	1,091,536,993.29
Less Provision for the decline in value of inventory	(7,300,000.00)	(7,300,000.00)
Inventories - net	968,360,821.48	1,084,236,993.29

8. INVESTMENT PROPERTY

Investment property consisted of :-

	Baht				
	Balance per book as at December 31, 2012	Additions	Deductions	Transfers in (Transfers out)	Balance per book as at December 31, 2013
<u>At cost</u>					
Land for rent	10,000,000.00	-	(10,000,000.00)	-	-
Building for rent	18,090,680.32	-	(18,090,680.32)	-	-
Total	28,090,680.32	-	(28,090,680.32)	-	-
<u>Less Accumulated depreciation</u>					
Building for rent	18,083,366.68	841.10	(18,084,207.78)	-	-
Investment property - net	10,007,313.64				-

	Baht				
	Balance per book as at December 31, 2011	Additions	Deductions	Transfers in (Transfers out)	Balance per book as at December 31, 2012
<u>At cost</u>					
Land for rent	10,000,000.00	-	-	-	10,000,000.00
Building for rent	18,090,680.32	-	-	-	18,090,680.32
Total	28,090,680.32	-	-	-	28,090,680.32
<u>Less Accumulated depreciation</u>					
Building for rent	17,404,151.73	679,214.9	-	-	18,083,366.68
Investment property - net	10,686,528.59				10,007,313.64

NOTES TO THE FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

DECEMBER 31, 2013

As at December 31, 2012, the Company's land and building for rent with the carrying book value in amount of Baht 10.01 million have been mortgaged as collaterals from the financial institutions (see note 11).

On June 18, 2013, the Company sold the investment property to a company, which comprise land with 6 storey commercial building located at Rama 3 Road, Bangpongpan, Yannawa, Bangkok, in the sale amount of Baht 21.00 million. The Company has gain on disposal of assets in the amount of Baht 10.99 million, which presented in the statement of comprehensive income for the year 2013.

9. PROPERTY, PLANT AND EQUIPMENT

9.1 Property, plant and equipment consisted of :

	Baht				
	Balance per book as at December 31, 2012	Additions	Deductions	Transfers in (Transfer out)	Balance per book as at December 31, 2013
<u>At appraised</u>					
Land and improvements					
- Cost	144,582,602.68	67,978,330.00	-	-	212,560,932.68
- Surplus on land revaluation	85,923,655.00	-	-	-	85,923,655.00
- Loss on land revaluation	(5,039,867.68)	-	-	-	(5,039,867.68)
Total land and improvements - at appraised value	225,466,390.00	67,978,330.00	-	-	293,444,720.00
<u>At cost</u>					
Buildings and improvements	277,067,647.02	2,244,607.00	-	-	279,312,254.02
Machinery and equipment	563,072,687.54	50,851,492.76	(18,450,788.48)	-	595,473,391.82
Furniture, fixtures and office equipment	39,039,795.53	2,251,694.44	(808,290.43)	-	40,483,199.54
Vehicles	95,543,952.57	26,204,338.76	(12,022,413.65)	-	109,725,877.68
Total buildings and equipment - at cost	974,724,082.66	81,552,132.96	(31,281,492.56)	-	1,024,994,723.06
Total	1,200,190,472.66				1,318,439,443.06
<u>Less Accumulated depreciation</u>					
Buildings and improvements	157,420,277.42	13,393,374.90	-	-	170,813,652.32
Machinery and equipment	270,986,460.20	42,797,169.83	(17,299,942.36)	-	296,483,687.67
Furniture, fixtures and office equipment	31,480,817.02	3,455,877.80	(764,349.64)	-	34,172,345.18
Vehicles	62,504,531.41	11,938,411.32	(12,001,950.00)	-	62,440,992.73
Total	522,392,086.05	71,584,833.85	(30,066,242.00)	-	563,910,677.90
Property, plant and equipment - net	677,798,386.61				754,528,765.16

	Baht				
	Balance per book as at December 31, 2011	Additions	Deductions	Transfers in (Transfer out)	Balance per book as at December 31, 2012
<u>At appraised</u>					
Land and improvements					
- Cost	144,582,602.68	-	-	-	144,582,602.68
- Surplus on land revaluation	85,923,655.00	-	-	-	85,923,655.00
- Loss on land revaluation	(5,039,867.68)	-	-	-	(5,039,867.68)
Total land and improvements - at appraised value	225,466,390.00	-	-	-	225,466,390.00

NOTES TO THE FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

DECEMBER 31, 2013

	Baht			
	Balance per book as at December 31, 2011	Additions	Deductions	Transfers in (Transfer out)
				Balance per book as at December 31, 2012
<u>At cost</u>				
Buildings and improvements	275,162,194.28	1,675,452.74	-	230,000.00
Machinery and equipment	489,282,894.64	82,956,141.66	(11,348,126.23)	2,181,777.47
Furniture, fixtures and office equipment	33,888,057.34	5,854,573.53	(702,835.34)	-
Vehicles	89,556,366.49	18,477,825.76	(12,490,239.68)	-
Machinery in transit	2,411,777.47	-	-	(2,411,777.47)
Total buildings and equipment - at cost	890,301,290.22	108,963,993.69	(24,541,201.25)	-
Total	1,115,767,680.22			1,200,190,472.66
<u>Less Accumulated depreciation</u>				
Buildings and improvements	142,943,025.09	14,477,252.33	-	-
Machinery and equipment	241,560,722.78	40,113,074.47	(10,687,337.05)	-
Furniture, fixtures and office equipment	28,630,323.51	3,334,183.57	(483,690.06)	-
Vehicles	66,084,128.25	8,910,622.84	(12,490,219.68)	-
Total	479,218,199.63	66,835,133.21	(23,661,246.79)	-
Property, plant and equipment - net	636,549,480.59			677,798,386.61

December 2010, the Company's land was revalued by an independent appraiser to comply with Accounting Standards. The Company adjusted the results on the appraisal in the financial statements for the year ended December 31, 2010. This resulted in an additional surplus on land revaluation totalling of Baht 85.92 million (Baht 68.74 million, net from income tax), was credited to "Surplus on land revaluation" and shown under the "Shareholders' Equity" in the statements of financial position, the "Surplus on land revaluation" is not available for dividend distribution.

As at December 31, 2012, part of the Company's land and buildings with the carrying book value in the amount of Baht 154.73 million, have been mortgaged as collaterals from the financial institutions (see note 11).

In June 2013, the Company has discharged the mortgage on the Company's land and buildings from all the financial institutions.

As at December 31, 2013 and 2012, the Company had the fixed assets have been fully depreciated that is still in use as follows :-

	Baht	
	2013	2012
<u>At cost</u>		
Buildings and improvements	60,973,857.00	22,601,867.34
Machinery and equipment	117,873,752.79	97,137,884.71
Furniture, fixtures and office equipment	27,693,718.66	25,237,941.67
Vehicles	36,657,214.57	46,186,693.64
Total	243,198,543.02	191,164,387.36

9.2 Land for rubber trees plantation consisted of :

	Baht	
	2013	2012
Land for rubber trees plantation - at cost	34,782,164.47	34,782,164.47
<u>Less</u> Loss on land revaluation	(13,912,164.47)	(13,912,164.47)
Land for rubber trees plantation - at appraised value	20,870,000.00	20,870,000.00

NOTES TO THE FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

DECEMBER 31, 2013

The Company has started to utilize the land for rubber trees plantation. In December 2010, the Company revalued its land as stated in note 9.1 above, the resulted is the remaining of loss on land revaluation of Baht 13.91 million.

10. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Changes in deferred tax assets and deferred tax liabilities for the years ended December 31, 2013 and 2012 are summarized as follows:

	Baht			
	Balance per book as at December 31, 2012	Revenue (expenses) during the year In profit or loss	In other comprehensive income	Balance per book as at December 31, 2013
Deferred tax assets:				
Trade receivables	2,771,437.80	(671,106.67)	-	2,100,331.13
Inventories	1,460,000.00	-	-	1,460,000.00
Retention receivable	855,448.44	(855,448.44)	-	-
Depreciations of fixed assets	6,039,474.03	77,101.50	-	6,116,575.53
Unrealized loss on land revaluation	3,790,406.43	-	-	3,790,406.43
Employee benefit obligations	5,578,433.40	(1,930,024.00)	-	3,648,409.40
Total	20,495,200.10	(3,379,477.61)	-	17,115,722.49
Deferred tax liabilities:				
Unrealized gain on land revaluation	17,184,731.00	-	-	17,184,731.00
Total	17,184,731.00	-	-	17,184,731.00

	Baht			
	Balance per book as at December 31, 2012	Revenue (expenses) during the year		Balance per book as at December 31, 2012
		In profit or loss	In other comprehensive income	
Deferred tax assets:				
Trade receivables	3,511,905.82	(740,468.02)	-	2,771,437.80
Inventories	1,460,000.00	-	-	1,460,000.00
Retention receivable	855,448.44	-	-	855,448.44
Depreciations of fixed assets	5,666,044.87	373,429.16	-	6,039,474.03
Unrealized loss on land revaluation	3,790,406.43	-	-	3,790,406.43
Employee benefit obligations	5,010,094.40	568,339.00	-	5,578,433.40
Total	20,293,899.96	201,300.14	-	20,495,200.10
Deferred tax liabilities:				
Unrealized gain on land revaluation	17,184,731.00	-	-	17,184,731.00
Total	17,184,731.00	-	-	17,184,731.00

11. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Bank overdrafts and short-term loans from financial institutions consisted of :-

	Baht	
	2013	2012
Bank overdrafts	6,725.39	3,555,063.59
Promissory notes	-	30,000,000.00
Trust receipts	24,949,670.66	176,558,338.55
Total	24,956,396.05	210,113,402.14

NOTES TO THE FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

DECEMBER 31, 2013

For the years ended December 31, 2013 and 2012, promissory notes and trust receipts as stated above have interest rates ranging from 1.9757% - 3.5000% per annum and 2.0507% - 4.0100% per annum, respectively.

As at December 31, 2013, the Company has overdrafts and other credit lines from local financial institutions totaling Baht 1,795.00 million and USD 26.00 million which the overdrafts from a local financial institution guaranteed by fixed deposits in amount of Baht 0.50 million and other credit lines without any collateral.

As at December 31, 2012, the Company has overdrafts and other credit lines from local financial institutions totaling Baht 1,795.00 million and USD 26.00 million. The credit lines are secured by the mortgages of the Company's land and construction (as discussed in notes 8 and 9 to the financial statements) and guaranteed by fixed deposits in amount of Baht 0.50 million.

12. EMPLOYEE BENEFIT OBLIGATIONS

Employee Benefits Obligations, as follow :-

The statements of financial position

As at December 31, 2013 and 2012

	Baht	
	2013	2012
Defined benefit obligations at January 1,	27,892,167.00	25,050,472.00
Employee benefit paid by project	(12,869,000.00)	-
Current service costs and interest	3,218,880.00	2,841,695.00
Defined benefit obligations at December 31,	18,242,047.00	27,892,167.00

Expense recognized in the statements of comprehensive income

For the years ended December 31, 2013 and 2012

	Baht	
	2013	2012
Current service costs		
Administrative expenses	2,032,172.15	1,823,023.04
Management benefit expenses	466,143.85	416,555.96
	2,498,316.00	2,239,579.00
Interest on obligation	720,564.00	602,116.00
Total	3,218,880.00	2,841,695.00

Principal actuarial assumptions at the reporting date

The Company has adopted record obligation under the principal actuarial assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates.

13. TREASURY SHARES AND TREASURY SHARES RESERVE

At the board of Directors' Meeting No. 5/2010, held on September 22, 2010, the Company's directors resolved to approve the share repurchase program for financial management purposes in the amount not exceeding Baht 150 million. The number of ordinary shares to be repurchased 53 million shares (par value of Baht 1 per share), equal to 10% of the total number of paid-up share capital of the Company. The Company shall repurchase its ordinary shares through the main board of the Stock Exchange of Thailand during the period from October 6, 2010 to April 5, 2011. The Company shall determine the share resale procedure in the period after 6 months but no later than 3 years from the completion date of share repurchase, in the case of treasury shares not sold out within a specified period, the Company have to reduce the issued and paid-up share capital by an amount equal to the value of the treasury shares which it could not sell.

The Notification of the Office of the Securities and Exchange Commission No. Gor. Lor. Tor. Chor. Sor. (Wor.) 2/2548 and the Notification of the Federation of Accounting Professions No. Sor. Sor. Wor. Bor. Chor. 016/2548, have a guideline for the public companies who buy-back their own shares that the Company must have the outstanding balance of treasuries shares not exceeding the retained earnings and are required to appropriate their retained earnings to the treasury share reserve equal to the amounts paid to acquire the shares.

NOTES TO THE FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

DECEMBER 31, 2013

In 2010 and 2011, the Company has bought back 11,000,000 ordinary shares, which equals to 2.08% of the total issued and paid up ordinary shares capital with the value of Baht 28.62 million.

On November 9, 2011, the Board of Directors' Meeting No. 6/2011, the board approved to the resale of 11,000,000 treasury shares in during the period from November 28, 2011 to April 5, 2014. During 2012, the Company sold out treasury shares of 11,000,000 shares with the value of Baht 41.57 million with the purchase cost of 28.62 million, that had to premium on treasury shares of Baht 12.95 million, and the Company has reversed treasury shares reserve with retained earnings of Baht 28.62 million.

14. LEGAL RESERVE

In compliance with the Public Company Act, B.E.2535 (1992), the Company sets aside a legal reserve for at least 5% of its net profits until the reserve equaled 10% of the authorized share capital. This reserve is not available for dividend distribution.

15. INCOME TAX EXPENSES

15.1 Major components of income tax expenses

For the years ended December 31, 2013 and 2012 consisted of :-

	Baht	
	2013	2012 (Restated)
Income tax expense shown in profit or loss :		
Current tax expense:		
Income tax expense for the year	54,101,867.21	81,881,193.61
Deferred tax expense :		
Changes in temporary differences relating to the original recognition and reversal	3,379,477.61	(440,436.12)
Revaluation of the deferred tax resulting from changing in tax rates	-	239,135.98
Total	57,481,344.82	81,679,893.47

15.2 A numerical reconciliation between income tax expense and the product of accounting profit multiplied by the applicable tax rate

For the years ended December 31, 2013 and 2012 which are summarized as follows :-

	Baht	
	2013	2012 (Restated)
Accounting income for the year	321,645,242.29	385,095,181.88
The applicable tax rate (%)	20%	23%
Tax expense at the applicable tax rate	64,329,048.46	88,571,891.83
Reconciliation items:		
Tax effect of expenses that are not deductible in determining tax profit:		
- Expenses not allowed as expenses in determining taxable profit	706,668.66	1,203,025.33
Tax effect of income or profit that are not required in determining taxable profit:		
- The exemption of profit of the promoted business (BOI)	(7,287,461.78)	(7,755,513.57)
- Expenses deducted as expenses added in taxable	(266,910.52)	(578,646.10)
Revaluation of the deferred tax resulting from changing in tax rates	-	239,135.98
Total reconciliation items	(6,847,703.64)	(6,891,998.36)
Total income tax expense	57,481,344.82	81,679,893.47

NOTES TO THE FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

DECEMBER 31, 2013

15.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate

For the years ended December 31, 2013 and 2012 are summarized as follows :-

	2013		2012	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit before tax expense for the year	321,645,242.29		385,095,181.88	
Tax expense at the applicable tax rate	64,329,048.46	20.00	88,571,891.83	23.00
Reconciliation items	(6,847,703.64)	(2.13)	(6,891,998.36)	(1.79)
Tax expense at the average effective tax rate	57,481,344.82	17.87	81,679,893.47	21.21

16. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and ability to continue its business as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

According to the statements of financial position as at December 31, 2013 and 2012 (Restated), the Company's debt-to-equity ratios were 0.18:1 and 0.31:1, respectively.

17. DIVIDEND

For the year 2013

At the Board of Directors' Meeting No. 4/2013 held on August 8, 2013, the board approved to pay interim dividends from the operating results for the first six-month period 2013 amounting to Baht 53.00 million at the rate of Baht 0.10 per share.

And at the Shareholder's Annual General Meeting for the year 2013 held on April 25, 2013, the shareholders approved to pay dividends for the year ended December 31, 2012 amounting to Baht 95.40 million at the rate of Baht 0.18 per share.

Totalling pay dividends in the year 2013 amounting to Baht 148.40 million.

For the year 2012

At the Board of Directors' Meeting No. 4/2012 held on August 9, 2012, the board approved to pay interim dividends from the operating results for the first six-month period 2012 amounting to Baht 74.20 million at the rate of Baht 0.14 per share.

And at the Shareholder's Annual General Meeting for the year 2012 held on April 30, 2012, the shareholders approved to pay dividends for the year ended December 31, 2011 amounting to Baht 63.60 million at the rate of Baht 0.12 per share.

Totalling pay dividends in the year 2012 amounting to Baht 137.80 million.

18. EARNINGS PER SHARE

18.1 Weighted average number of ordinary shares

Weighted average number of ordinary shares is calculated by net of ordinary shares from treasury shares held by the Company, as discussed in note 13 to the financial statements.

For the years ended December 31, 2013 and 2012, weighted average number of ordinary shares is calculated as follows :-

	Number of shares	
	2013	2012
Number of ordinary shares at the beginning of the years	530,000,000	519,000,000
<u>Add</u> Weighted average number of treasury shares sold during the years	-	8,018,527
Weighted average number of ordinary shares	530,000,000	527,018,527

18.2 Basic earnings per share

Basic earnings per share is calculated by dividing the income for the year by the number of ordinary shares which are issued and paid-up are as follows :-

NOTES TO THE FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

DECEMBER 31, 2013

	2013	2012 (Restated)
Income for the years (Baht)	264,163,897.47	303,415,288.41
Weighted average number of ordinary shares (Shares)	530,000,000	527,018,527
Basic earnings per share (Baht per share)	0.498	0.576

19. EXPENSE BY NATURE

Significant expenses by nature are as follow :-

	Baht	
	2013	2012
Purchase	1,472,312,081.96	1,889,099,390.52
Changes in inventory and work in process	145,153,260.37	24,082,828.41
Raw materials and consumables used	47,335,267.53	112,078,447.33
Employee costs	164,667,698.10	166,519,781.83
Management benefit expenses	23,511,823.85	24,510,100.96
Depreciation	71,585,674.95	67,514,348.16
Transportation and gasoline expenses	22,698,021.34	24,433,666.11

20. PROVIDENT FUND

The Company and its employees jointly established a provident fund scheme. Both the employees and the Company contribute to this fund. The fund is managed by the Bank of Ayudhya Public Company Limited and will be paid to the employees upon termination in accordance with the fund's policy. For the years ended December 31, 2013 and 2012, the Company contributed to the fund totaling Baht 0.74 million and Baht 0.66 million, respectively.

21. FINANCIAL INSTRUMENTS

21.1 Financial risk management policies

The Company is exposed to the risks from changes in the market interest rates, currency exchange rates, and from non-performance of contractual obligations by counter parties. The Company has no policy to speculate in or engage in the trading of any financial derivative instruments.

21.2 Interest rate risk

The interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows. The Company's exposure to interest rate risk relates primarily to its deposits, bank overdrafts, and loans from financial institutions.

Since financial assets are classified as short-term, the Company does not have significant risk from the interest rates.

As for the financial liabilities, the Company's liabilities are mostly short-term with a floating interest rate.

The management believes that the interest rates are suitable to the current environment and expects that there should not be any significant fluctuations in the interest rates.

21.3 Foreign currency risk

The Company is exposed to foreign currency risk arising mainly from transactions in foreign currencies and foreign currency assets and liabilities, which it has entered into hedging contracts.

As at December 31, 2013, the Company has outstanding forward exchange buying contracts are summarized below :-

Currency	Foreign currency (Thousands)	Contract amount (Thousand Baht)	Fair value (Thousand Baht)
USD	1,611	51,653	52,689
EUR	342	14,981	15,383
JPY	77,900	25,327	24,218

21.4 Credit Risk

The Company is exposed to credit risk primarily with respect to its trade accounts receivable. However, due to the large numbers and diversity of the entities comprising the Company's customer base, the Company does not anticipate material losses from its debt collection.

NOTES TO THE FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

DECEMBER 31, 2013

21.5 Fair value

The fair values of significant financial assets and financial liabilities do not differ from their carrying values.

22. PRIVILEGES AND BENEFITS UNDER INVESTMENT PROMOTION

The Company has been granted of promotional privileges by the Board of Investment under Investment Promotion Act B.E. 2520 for the business of heat treatment, as following :-

Promotion Certificate No.	1050 (2)/2549	2229 (2)/2554
Dated	January 20, 2006	October 7, 2011
Category of promoted operation	Category 4.12 : Heat treatment	Category 4.5 : Heat treatment
Key Privileges and benefits under the promotion certificate		
1. An exemption from payment of income tax commencing from	July 17, 2006	October 4, 2012
2. An exemption of income tax for the period of (year)	8 years (not exceed in amount of Baht 219 million)	8 years (not exceed in amount of Baht 75 million)

As a promoted company, the Company must comply with certain conditions and restrictions provided under the promotion certificate.

Sales and services for the years ended December 31, 2013 and 2012 consisted of :-

	Thousand Baht					
	2013			2012		
	BOI	Non-BOI	Total	BOI	Non-BOI	Total
Sales and services						
- Domestic	96,143	2,226,223	2,322,366	89,358	2,627,457	2,716,815
- Export	-	19,179	19,179	-	30,256	30,256
Total	96,143	2,245,402	2,341,545	89,358	2,657,713	2,747,071

23. COMMITMENTS AND CONTINGENT LIABILITIES

23.1 Commitment

As at December 31, 2013, the Company had a commitment and obligation to the royalty agreement entered with a company overseas. The Company shall pay a royalty fee at the rate 3%, 5% of local sales and 2% of export sales.

23.2 Guarantee

As at December 31, 2013, the Company had guarantee as follows :-

- The Company had contingent liabilities in respect to the letters of guarantee issued by the banks of Baht 42.29 million.
- The Company had unused letters of credit from a financial institutions amounting to Baht 95.45 million.

24. SEGMENT INFORMATION

Segment information is presented in respect of the Group's operating segments. The primary format, business segments, is based on the Group's management and the internal reporting structure provided to the chief operating decision maker.

The Company's main business consists of importing and distributing products and are mainly carried on in a single geographic to the domestic area. There are three major business segments : (1) Steel & Heat treatment (2) Machine tools & Tooling and (3) Others consisting of Pulp & paper, Electrical engineering and Machineries and equipment for wood industry.

NOTES TO THE FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

DECEMBER 31, 2013

Segment information's for the year ended December 31, 2013 are as follows :-

	Thousand Baht		
	Steel & Heat treatment	Machine tools & Tooling	Others
Sales and services	1,293,541	702,760	345,244
Gross profit from segment	411,740	161,279	84,292
Other income	8,370	21,708	14,637
Net income	420,110	182,987	98,929
Non Segment :			
Other income			11,294
Selling expenses			(115,389)
Administrative expenses			(244,975)
Management benefit expenses			(23,512)
Loss on exchange rate			(4,647)
Finance costs			(3,152)
Income tax expenses			(57,481)
Income for the year			264,164
<u>Statement of financial position as at December 31, 2013</u>			
Trade and other receivables			473,002
Inventories			968,361
Property, plant and equipment			775,399
Deferred tax assets			17,116
Total other assets			15,597
Total			2,249,475

Segment information's for the year ended December 31, 2012 are as follows :-

	Thousand Baht		
	Steel & Heat treatment	Machine tools & Tooling	Others
Sales and services	1,389,411	843,721	513,939
Gross profit from segment	395,196	172,290	127,320
Other income	14,312	40,363	20,165
Net income	409,508	212,653	147,485
Non Segment :			
Other income			2,238
Selling expenses			(120,141)
Administrative expenses			(230,391)
Management benefit expenses			(24,510)
Finance costs			(11,747)
Income tax expenses			(81,680)
Income for the year			303,415
<u>Statement of financial position as at December 31, 2012</u>			
Trade and other receivables			524,362
Inventories			1,084,237
Investment property			10,007
Property, plant and equipment			698,669
Deferred tax assets			20,495
Total other assets			21,812
Total			2,359,582

25. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors of the Company on February 13, 2014.

Investor's Information

Company	Sahamit Machinery Public Company Limited
Established Date	7 June 1973
Head Office	42, 48 Soi 53, Rama 3, Bangpongpan Yannawa, Bangkok 10120 Tel : 66 (0) 2295-1000-8, 66 (0) 2295-1901-9 Fax : 66 (0) 2295-1009, 66 (0) 2295-1020
Facility Center	152, 155 Moo 14, Sukhumvit Rd., Bangpakong, Chachoengsao Tel : 66 (0) 3883 2035-8 Fax : 66 (0) 3883 2044-5
Registered Capital	550 million Baht
Paid-up Capital	530 million Baht
Website	www.sahamit.co.th
Contact of Investor Relations	Miss Prangtip Sivaruk Tel : 66 (0) 2295 1000-8 ext. 1515 Email : info@sahamit.co.th

Registrar	Thailand Securities Depository Co., Ltd. 62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel : (66 2) 229 2800 Fax : (66 2) 359 1259 TSD CALL CENTER : (66 2) 229 2888 Website : http://www.tsd.co.th
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Auditor	Dharmniti Auditing Company Limited Miss Sulalit Ardsawang CPA Registration No. 7517 267/1 Pracharaj Sai 1 Road, Bangsue, Bangkok 10800 Tel : 66 (0) 2587-8080 Fax : 66 (0) 2586-0301
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SMIT

Special Steel



K.S. MOULD PARTS CO., LTD.



Machine Tools



Tooling



Paper



Wood



TOYO KNIFE CO., LTD.



Electric





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