



สหมิตรเครื่องกล  
SAHAMIT MACHINERY



รายงานประจำปี 2557 / 2014 Annual Report



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## Special Steel



K.S. MOULD PARTS CO., LTD.

**EVERISING**

**BÖHLER**

**WIKUS**

**SENTRY**  
HEAT TREATING

**Honsberg**

## Machine Tools

**+GF+**

**KITAMURA**

**HARDINGE**  
EXPECT MORE

**ANCA**  
TOTAL PRECISION



**TRU TECH**  
Systems

**HARIG**

## Tooling



**INSIZE**

**CHEVALIER**

**PHOEBUS**  
**epam**

**REGO-FIX**

**VERTEX**

**SECO**

**Magnescale**

## Paper

**ichikawa**

**NIPPON FILCON**

**The Nippon Joint, Ltd.**



**SPEEDWELL**

## Electric

**Iskra**

## Wood



**FEAL** s.r.l.

**MODUL**  
SYSTEME

**imeas**

**BRUKS KLÖCKNER**  
WOOD TECHNOLOGY

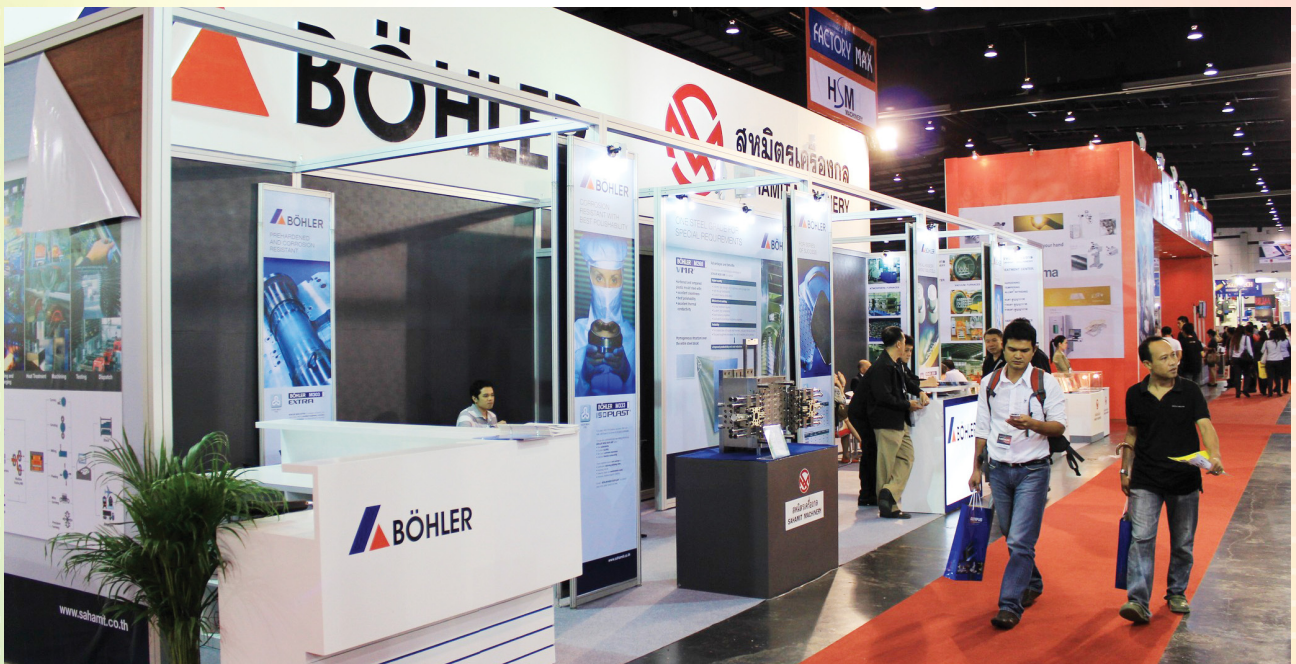
**KAHL**





# SMT

At METALEX 2014









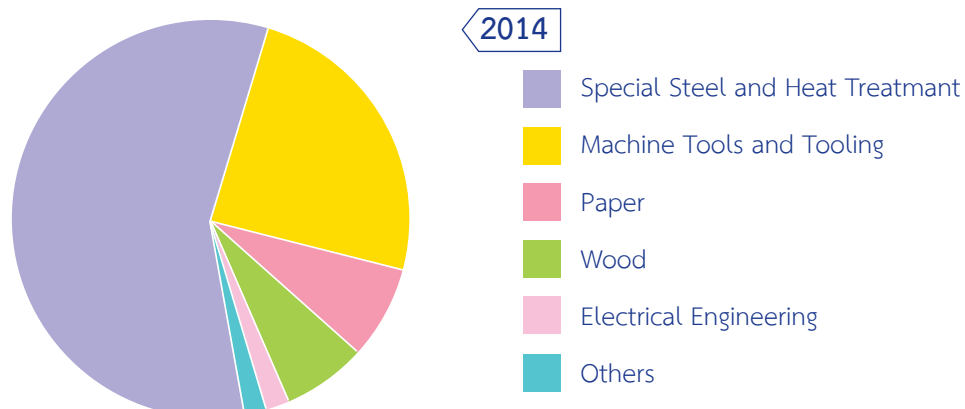
## Financial Information



	2014	2013	2012 (Restated)	Unit
Total assets	2,228.83	2,232.36	2,359.58	Million Baht
Total liabilities	255.83	318.54	561.52	Million Baht
Total shareholders' equity	1,973.01	1,913.82	1,798.06	Million Baht
Total revenue	2,099.53	2,397.55	2,824.15	Million Baht
Net profit	194.44	264.16	303.42	Million Baht
Book value per share	3.72	3.61	3.39	Baht
Earning per share	0.37	0.50	0.58	Baht
Dividend per share	0.26	0.28	0.26	Baht
At the closed price	4.40	4.70	4.86	Baht
Net profit margin	9.26	11.02	10.74	%
Return on equity	10.14	14.25	17.93	%
Return on asset	8.83	11.51	12.86	%
Interest Coverage	284.66	103.04	33.78	%
Debt to Equity ratio	0.13	0.18	0.30	Times
Employees	512	519	519	Persons

Revenue Structure Unit: Million Baht	2014		2013		2012	
	amount	%	amount	%	amount	%
Special Steel and Heat Treatment	1,200.07	57.16	1,293.54	53.95	1,389.41	49.20
Machine Tools and Tooling	517.81	24.66	702.76	29.31	843.72	29.88
Pulp and Paper	157.74	7.51	162.30	6.77	229.27	8.12
Machinery and Equipment for Wood Processing	150.72	7.18	144.86	6.04	148.01	5.24
Electrical Engineering	37.90	1.81	36.19	1.51	134.79	4.77
Other Income**	35.29	1.68	57.90	2.41	78.95	2.80
Total income	2,099.53	100.00	2,397.55	100.00	2,824.15	100.00

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





## Management's Clarification and Analysis



### Financial Performance

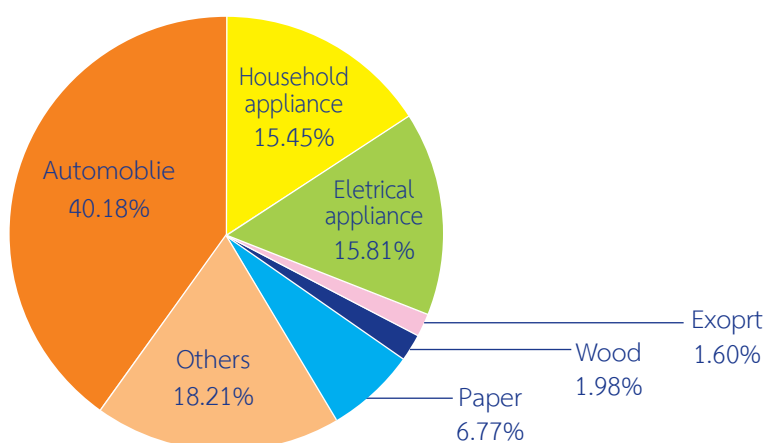
Overall performance of 2014, Total Revenue was THB 2,099.53 million, THB 298.02 million or 12.43 percent decreased from the previous year's revenue of THB 2397.55 million. The decreased of Total Revenue were because the overall economic downturn and the political instability effected the overall spending of the people and the industries.

### Total Revenues

The revenues of 2014 are mainly as follows,

- Revenues from sales and services were THB 2,065.50 million equal to 98.38 percent of total revenue.
- Commissions were THB 23.10 million equal to 1.10 percent of total revenue.
- Gain on Exchange rates were THB 6.57 million equal to 0.31 percent of total revenue.
- Gain on disposal of assets was THB 4.36 million equal to 0.21 percent of total revenue.

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



In 2014, the main source of income still derived from

- Special Steel and Heat Treatment with total sales of THB 1,200.07 million, equal to 57.16 percent of total revenue
- The Machine tools and tooling's revenue was THB 517.81 million, equal to 24.66 percent of total revenue.

### Total Expenses

In 2014, Total Expense was THB 1,861.32 million equal to 88.65 percent of Total Revenue, amount to THB 214.59 million or 10.34 percent decreased from the previous year.

- Cost of sales and services were THB 1,495.54 million with a decreased of THB 188.69 million or 11.20 percent decreased from the previous year.
- Financial costs were THB 0.84 million with a decreased of THB 2.31 million or 73.33 percent decreased from the previous year.

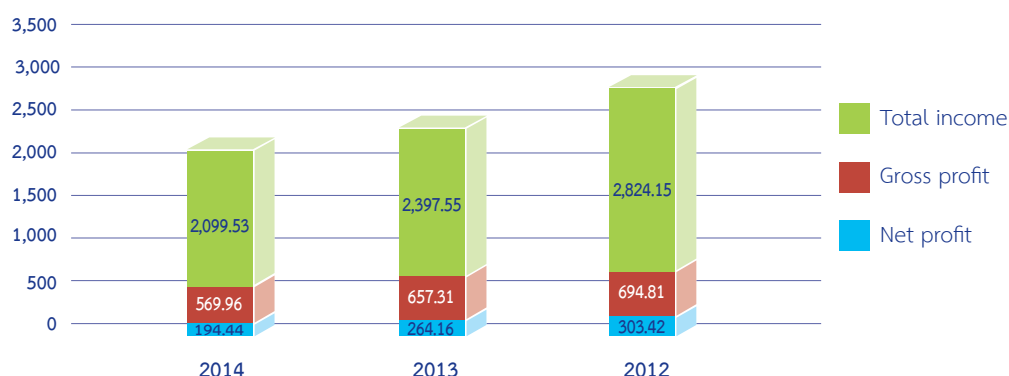
### Net Profit

The Net Profit was THB 194.44 million which was decreased from THB 264.16 million of the previous year or 26.39 percent, equaled to the net profit margin of 9.26 percent due to the decreased in Sales, Services and Commissions, as well as Gain on disposal of assets. Anyhow, SMIT could still maintain satisfactory rate of Gross 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.





Unit : Million Baht



### Financial status

As of December 31, 2014, SMIT had the Total Asset of THB 2,228.83 million with a decreased of THB 3.53 million or 0.16 percent from the previous year. The Total Asset comprised of

1. Current Asset of THB 1,489.89 million, equaled THB 36.08 million or 2.48 percent increased from the previous year
2. Non-Current Asset of THB 738.94 million, equaled THB 39.61 million or 5.09 percent decreased from the previous year

Current Investments as of December 31, 2014 was THB 67.95 million. SMIT current investments were consisted of Investment in available for sale securities both unit trust open-end fixed income fund and equity that gave better return than savings.

Accounts Receivable as of December 31, 2014 was THB 425.83 million or 20.65 percent of total sales with a decreased of THB 41.30 million 8.84 percent from the previous year, due to the lower sales and services.

The less-than-3-month accounts receivable was THB 412.64 million or accounted to 96.90 percent of total accounts receivable. Average collection period was 78 days, comparing to 77 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 2014, the Company had the provision for the accounts receivable of THB 9.25 million or 2.17 percent of the total Accounts Receivable.

Inventory as of December 31, 2014 was THB 932.89 million or 3.66 percent decreased from 2013. The decreased of the inventory in every product groups due to the forecasted suitable inventory planning.

In 2014, SMIT had invested for expansion of the warehouses, the Heat Treatment Facility and the new machineries for finishing plates amount to THB 35 million.

### Capital structure

The Company's capital structure in 2014, total liability was THB 255.83 million with a decreased of 19.69 percent or THB 62.71 million. The current liability was THB 237.55 million or 92.85 percent of total liability. The decreased of liability derived from the decreased of Bank overdrafts and short-term loans from financial institutions by THB 23.30 million.

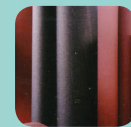
The total equity was THB 1,973.01 million comprised of the paid – up capital of THB 530 million, surplus capital of THB 262.26 million, premium on treasury shares of THB 12.95 million, surplus on land revaluation of THB 68.51 million and the Retained earnings of 1,099.28 million. The total equity was increased by 3.09 percent or THB 59.19 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 84.80 million from the 2013's performance and second dividend payout totaled to THB 53.00 million from the 2014's interim performance.

The Debt-to-Equity ratio was calculated to be 0.13 times, in comparison with 0.17 times in 2013 due to the Company has very good liquidity from the operating cash flows.



## Message from President and Chairman of the Board



### To Shareholders

The slowdown in Global economy during 2013/2014 and a severe internal political turmoil had directly affected both people and industrial sector confidences, which resulted in a plunge in public consumption and private investment . The industrial sectors expansion was not as high as expected. According to the stated effects, Revenues and Net Profit totaled to THB 2,099.53 million and THB 196.99 million which has been decreased by 12.43 percent and 25.43 percent accordingly from the previous year.

However, even during the difficult year, SMIT still continuously increased the service potential by expanding more pre-finishing facilities and heat treatment services by THB 35 million. This was to prolong the company's business objective which is *to be the leading full-service importer and distributor of industrial products to Thailand's high growth industrial sectors.*

For the 2015 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.

In closing, 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





## Board of Directors



1	2	3	4
5	6	7	8
9	10		

- |                                   |  |
|-----------------------------------|--|
| 1. Mr. Chaisilp Tamesirichai      | President and<br>Chairman of the Board |
| 2. Mr. Prasong Srithornratkul     | Vice President and<br>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<br>the Audit committee     |
| 8. Mr. Karun Kittisataporn        | Audit committee                        |
| 9. Mr. Pure Limpsiripan           | Audit committee                        |
| 10. Mr. Prayoon Vivetpuvanonth    | Audit committee                        |



## Business Overview and History and Major Development



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
- 2014 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.





### 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 2014, 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.

### 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.



- **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.





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 2014, the Company has total accounts receivable of 435.08 million Baht or 21.06% of Total Sales. The average collections in 2014 equals to 78 days, and has the short term accounts receivable of 412.64 million Baht or 96.90% 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.

## Shareholding Structure and Management



Shareholders: Top 10 shareholder's lists as of December 31, 2014 and 2013 are as follows:

As of December 31, 2014				As of December 31, 2013			
No	Name	Number of Shares	%	No	Name	Number of Shares	%
1.	Group "Mr. Chaisilp Tamesirichai"	99,511,746	18.78	1.	Group "Mr. Chaisilp Tamesirichai"	98,597,646	18.60
2.	Group "Mr. Prasong Srithornratkul"	95,555,736	18.03	2.	Group "Mr. Prasong Srithornratkul"	95,555,736	18.03
3.	Group "Mrs. Suwanna Sivaruk"	80,102,772	15.11	3.	Group "Mrs. Suwanna Sivaruk"	79,530,372	15.01
4.	Group "Mr. Pornsin Tamesirichai"	27,720,400	5.23	4.	Group "Mr. Pornsin Tamesirichai"	27,720,400	5.23
5.	Mr. Chaisit Wiriyaemttakul	18,890,000	3.56	5.	Mr. Chaisit Wiriyaemttakul	18,030,000	3.40
6.	Mr. Chatri Sophonpanich	14,400,000	2.72	6.	Mr. Chatri Sophonpanich	14,400,000	2.72
7.	Mr. Pisut Wiriyaemttakul	13,770,000	2.60	7.	Mr. Pisut Wiriyaemttakul	13,500,000	2.55
8.	Mrs. Suchada Lisawattrakul	10,376,600	1.96	8.	Mrs. Suchada Lisawattrakul	10,376,600	1.96
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. Prayut Mahakitsiri	6,788,574	1.28
	<b>Total</b>	<b>377,115,828</b>	<b>71.15</b>		<b>Total</b>	<b>374,499,328</b>	<b>70.67</b>
11.	Others	152,884,172	28.85	11.	Others	155,500,672	29.33
	<b>Total paid-up registered capital</b>	<b>530,000,000</b>	<b>100.00</b>		<b>Total paid-up registered capital</b>	<b>530,000,000</b>	<b>100.00</b>

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

1. Group "Mr. Chaisilp Tamesirichai" including: Mr. Chaisilp Tamesirichai, Mrs. Jirawan Tamesirichai, Ms. Piyanuch Tamesirichai, Ms. Nuttaporn Tamesirichai, Mr. Chandach Tamesirichai and Mr. Vorarit Tamesirichai
2. Group "Mr. Prasong Srithornratkul" including : Mr. Prasong Srithornratkul, Ms. Piyaporn Srithornratkul and Ms. Piyamol Srithornratkul.
3. Group "Mrs. Suwanna Sivaruk" including: Mrs. Suwanna Sivaruk, Ms. Prangtip Sivaruk and Ms. Sasirat Sivaruk
4. 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 (%)
2013	264,163,897.47	0.26	137,800,000	52.16
2012	303,213,988.27	0.32	169,600,000	55.93
2011	221,843,669.58	0.22	114,180,000	51.47

### Management Structure

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





### 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	Limpsiripan	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 with 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.

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 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	Limpsiripan	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.
  - 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.

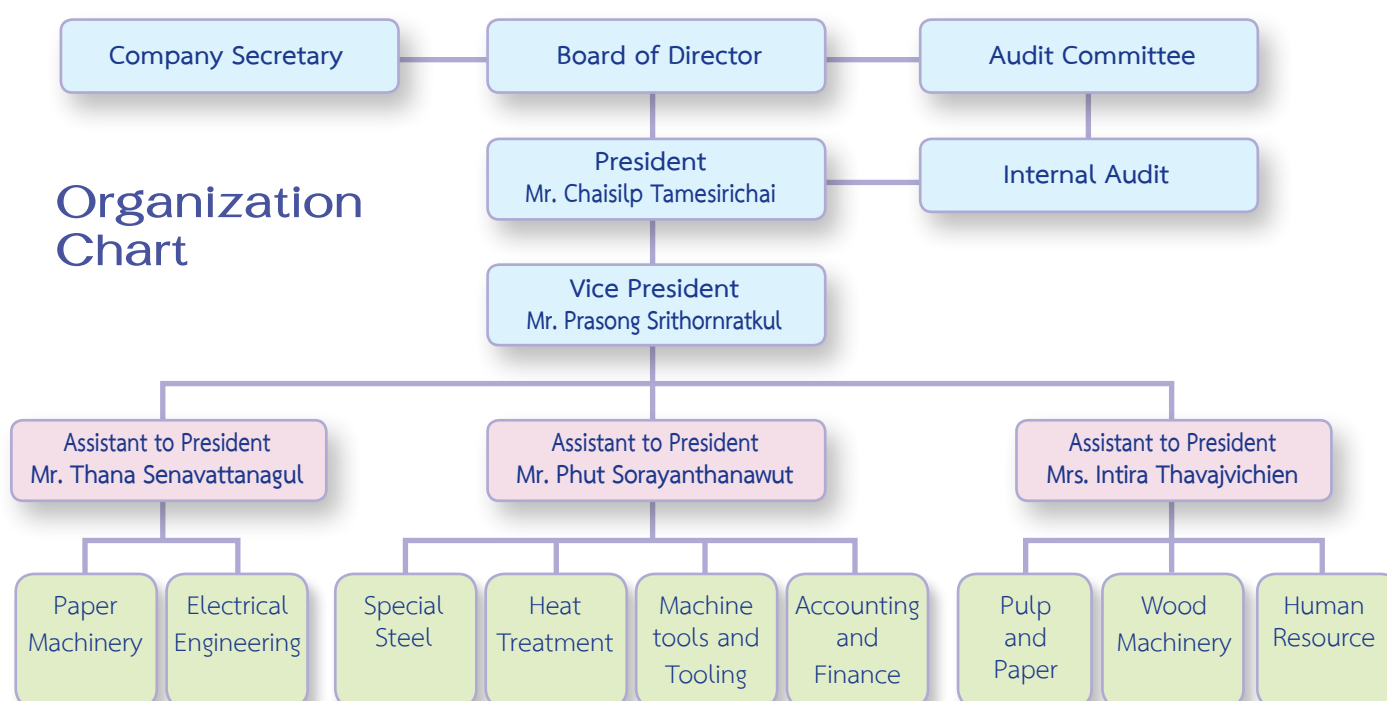
## Selection of Committee, Independent Committee and Executives

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 2014

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





## Remuneration of the Board of Directors as of 31 December 2014

Name	Position	Remuneration		Number of Meeting	Attendance fee			Total (Baht)
		Board	Audit Committee		Board	Number of Committee	Audit Committee	
Mr. Chaisilp Tamesirichai	Chairman of the Board	50,000	-	6/6	30,000		-	80,000
Mr. Prasong Srithornratkul	Vice President and Director	50,000	-	6/6	30,000		-	80,000
Mr. Pornsin Tamesirichai	Director	50,000	-	5/6	25,000		-	75,000
Mr. Thana Senavattanakul	Director	50,000	-	6/6	30,000		-	80,000
Mr. Pichai Nithivasin	Director	50,000	-	4/6	20,000		-	70,000
Mr. Kiangkrai Boonkittichareon	Director	50,000	-	6/6	30,000		-	80,000
Gen. Vapirom Manasrangsi	Chairman of the Audit Committee	50,000	120,000	5/6	25,000	4/5	20,000	215,000
Mr. Karun Kittisataporn	Audit Committee	50,000	120,000	5/6	25,000	4/5	20,000	215,000
Mr. Pure Limsiripan	Audit Committee	50,000	120,000	6/6	30,000	5/5	25,000	225,000
Mr. Prayoon Vivetpuvanonth	Audit Committee	50,000	120,000	6/6	30,000	5/5	25,000	225,000
	Total	500,000	480,000		275,000		90,000	1,345,000

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 2014, there were one AGM and five Board of Directors' and Audit Committees' meeting.)

## Total remuneration of the Management in 2014

Total remuneration of the Management	19,017,263
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 2014 is Ms. Sulalit Ardsawang Certified Public Accountant, registration number 7517 of Dharmniti Auditing Co., Ltd. The total Audit fee is 950,000 Baht comprising of the Quarterly audit fee of 420,000 Baht, Annual Audit fee of 470,000 Baht and BOI Audit fee of 60,000 Baht.



# Shareholding Structure and Management



## Details summary of the Board of Directors and the Management

Name	Educational Background	Work Experience	
		Period / Position / Company	
<b>Mr. Chaisilp Tamesirichai</b> Age (year), 71 % of share, 8.20	<ul style="list-style-type: none"> <li>- Assumption Commercial College</li> <li>- BA, Ramkamhaeng University</li> <li>- Certificate MINI MBA, Chulalongkorn University</li> <li>- MA, Political Science, Ramkamhaeng University</li> <li>- Director Accreditation Program (DAP) of IOD (26/2004)</li> <li>- Director Certification Program (DCP) (53/2005)</li> <li>- Finance for Non-Finance Directors (FN) (15/2005)</li> </ul>	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.
<b>Mr. Prasong Srithornratkul</b> Age (year), 71 % of share, 8.09	<ul style="list-style-type: none"> <li>- Assumption Commercial College</li> <li>- Director Accreditation Program (DAP) of IOD (28/2004)</li> </ul>	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.
<b>Mr. Thana Senavattanagul</b> Age (year), 75 % of share, 0.66	<ul style="list-style-type: none"> <li>- Sahakunsuksa School</li> <li>- Japanese Course, Tokyo</li> </ul>	1994 - Present 1999 - Present	Director, Sahamit Machinery PCL. Chairman of the Board, Nokhon Luang Paper Co., Ltd.
<b>Mr. Kriangkrai Boonkitticharoen</b> Age (year), 71 % of share, 0.01	<ul style="list-style-type: none"> <li>- B.A. Business Administration, Thammasat University</li> <li>- Director Accreditation Program (DAP) of IOD (17/2004)</li> </ul>	1987 - Present 1990 - Present  1994 - Present	Executive Director, Tata Co., Ltd. Chairman of the Board, Reanthongvittaya Co., Ltd. Director, Sahamit Machinery PCL
<b>Mr. Pichai Nithivasin</b> Age (year), 71 % of share, 0.94	<ul style="list-style-type: none"> <li>- Diploma. Business Administration. Golden Gate College, San Francisco, USA</li> <li>- Director Accreditation Program (DAP) of IOD (26/2004)</li> </ul>	1975 - Present 1987 - Present 1994 - Present	Managing Director, Hua Kee Co., Ltd. Director, Bangkok Industrial Gas Co., Ltd. Director, Sahamit Machinery PCL
<b>Mr. Pornsin Tamesirichai</b> Age (year), 69 % of share, 2.38	<ul style="list-style-type: none"> <li>- B.E. In Civil Chulalongkorn University</li> <li>- MS. Engineering, North Dakota State University, USA</li> <li>- MBA. The University of Southern Queensland, Australia</li> <li>- Director Certification Program (DCP) (50/2004)</li> <li>- Director Accreditation Program (DAP) of IOD (18/2004)</li> </ul>	2006 - 2007 1983 - Present 1983 - Present 1983 - Present 2003 - Present  2003 - 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.
<b>Gen. Vapirom Manasrangsi</b> Age (year), 68 % of share, -	<ul style="list-style-type: none"> <li>- B.Sc.</li> <li>- M.Sc. (Information Technology)</li> <li>- Director Accreditation Program (DAP) of IOD (26 /2004)</li> <li>- Ph.D. (Civil Engineering)</li> </ul>	2004 - Present  Present	Chairman of the Audit Committee, Sahamit Machinery PCL. Vice Chief Aid - De - Camp Department, Royal Thai Aid - De - Camp Department
<b>Mr. Karun Kittisataporn</b> Age (year), 67 % of share, 0.03	<ul style="list-style-type: none"> <li>- Bachelor of Commerce &amp; Administration, Victoria University, New Zealand</li> <li>- M.A. (International Trade), Syracuse University, USA</li> </ul>	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"> <li>- Diploma, GATT Commercial Policy Course, Geneva</li> <li>- National Defence College, Class 388</li> <li>- Director Certification Program (DCP)</li> <li>- Audit Committee Program</li> <li>- Finance for Non-Finance Directors</li> <li>- Role of the Remuneration Committee</li> </ul>	2006 - 2008  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 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.
<b>Mr. Pure Limsiripan</b> Age (year), 77 % of share, 0.66	<ul style="list-style-type: none"> <li>- Director Accreditation Program (DAP) of IOD (17/2004)</li> </ul>	1962 - Present 1999 - Present 2004 - Present	CEO, T.Thai General (1975) Co., Ltd. Director, Aek Dee Textile Co., Ltd. Audit Committee, Sahamit Machinery PCL.
<b>Mr. Prayoon Vivetpuvanonth</b> Age (year), 71 % of share, -	<ul style="list-style-type: none"> <li>- B. Acc, Thammasat University.</li> <li>- B.L, Thammasat University</li> <li>- Barrister, The Thai Bar</li> <li>- MBA. Sasin Graduate Institute of Business Administration of Chulalongkorn University</li> <li>- Director Accreditation Program (DAP) of IOD (35/2005)</li> </ul>	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.
<b>Mr. Thawee Senavattanagul</b> Age (year), 64 % of share, -	<ul style="list-style-type: none"> <li>- Assumption Commercial College</li> </ul>	1975 - Present	Assistant to President, Sahamit Machinery PCL.
<b>Mr. Phut Sorayanthanawut</b> Age (year), 52 % of share, 0.59	<ul style="list-style-type: none"> <li>- B.Eng, King Mongkut's University of Technology Thonburi</li> <li>- MMP61 Faculty of Accounting, Chulalongkorn University</li> <li>- Director Accreditation Program (DAP) of IOD (109/2014)</li> </ul>	1985 - Present	Assistant to President, Sahamit Machinery PCL.
<b>Mrs. Intira Thavajvichien</b> Age (year), 63 % of share, 0.07	<ul style="list-style-type: none"> <li>- Oswestry College of Further Education, U.K.</li> </ul>	1974 - Present	Assistant to President, Sahamit Machinery PCL.
<b>Miss Prangtip Sivaruk</b> Age (year), 39 % of share, 3.31	<ul style="list-style-type: none"> <li>- B.A. Kasetsart University, second class honor</li> <li>- B.A. Sukothai Thammatirat University</li> <li>- M.S. Business Administration, San Francisco State University, San Francisco, USA</li> <li>- Master of Public and Private Management, (M.P.P.M.) NIDA</li> <li>- Director Accreditation Program (DAP) of IOD (109/2014)</li> </ul>	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 2014 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](http://www.sahamit.co.th). Inquiries may be e-mailed to [info@sahamit.co.th](mailto: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 2014 on April 28, 2014, 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 2015, 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](mailto:info@sahamit.co.th).
6. In the 2014 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 2014, 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, 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](mailto: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](http://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.
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](mailto: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.



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. 2/2015, also attended by the Audit Committee, held on March 12, 2015, 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 2014, 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. <b>K.S. Mould Part Co., Ltd.</b> 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 K.S. 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 K.S. Mould Part since the Company was appointed to be a sole distributor in Thailand.	Buy	88,321
		Accounts Payable	15,364
(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 K.S. Mould Part.	Sell	42,637
		Accounts Receivable	17,701
2. <b>Rien Thong Wittaya Co., Ltd.</b> 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	1,557
		Accounts Receivable	67
3. <b>Khon Khaen Sugar PCL.</b> 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	6,481
		Accounts Receivable	1,626
4. <b>Bangkok Industrial Gas Co., Ltd.</b> 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	1,773
		Accounts Payable	287
5. <b>T. Thaigeneral (1975) Co., Ltd.</b> is the distributor of Printer.			
Pure Limpsiripan is a CEO of T.Thaigeneral (1975) Co., Ltd. and also an Audit Committee member of Sahamit Machinery PCL.	The company sold electrical device to be install in the T.Thaigeneral (1975) Co., Ltd. office building.	Buy	15
		Accounts Payable	-

### 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.



## 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, 2014.

Mr. Chaisilp Tamesirichai  
President and Chairman of the Board



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 2014, 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 2014 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 2014/2015 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 2014, 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 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, 2014, 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, 2014, the financial performance and its cash flows for the year then ended in accordance with the Financial Reporting Standards.

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

Dharmniti Auditing Company Limited  
Bangkok, Thailand  
February 12, 2015  
2015/074/0284



# Statement of Financial Position

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / AS AT DECEMBER 31, 2014



		<u>ASSETS</u>	
		Baht	
	Notes	2014	2013
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	50,667,686.24	11,416,696.88
Current investments	6	67,953,649.11	-
Trade and other receivables	4, 7	437,364,409.69	473,002,066.24
Inventories	8	932,886,433.08	968,360,821.48
Other current assets		1,019,366.16	1,033,394.57
Total current assets		1,489,891,544.28	1,453,812,979.17
<b>NON-CURRENT ASSETS</b>			
Fixed deposit using for guarantee	11	610,780.61	598,921.97
Property, plant and equipment	9.1, 9.2	735,732,375.93	775,398,765.16
Other non-current assets		2,600,009.23	2,548,483.05
Total non-current assets		738,943,165.77	778,546,170.18
<b>TOTAL ASSETS</b>		<b>2,228,834,710.05</b>	<b>2,232,359,149.35</b>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>			
<b>CURRENT LIABILITIES</b>			
Bank overdrafts and short-term loans from financial institutions	11	1,657,681.22	24,956,396.05
Trade payables	4	171,700,908.46	204,497,427.07
Other payables		28,770,431.04	27,447,523.39
Cash received in advance from sales and services		10,615,928.43	17,340,859.46
Income tax payable		20,019,870.54	23,450,838.73
Other current liabilities		4,786,338.93	2,532,337.98
Total current liabilities		237,551,158.62	300,225,382.68
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	10	525,553.04	69,008.51
Employee benefit obligations	12	17,748,998.00	18,242,047.00
Total non-current liabilities		18,274,551.04	18,311,055.51
<b>TOTAL LIABILITIES</b>		<b>255,825,709.66</b>	<b>318,536,438.19</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital			
Authorized share capital			
550,000,000 shares, Baht 1.00 par value each		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
Surplus capital			
Premium on common stocks		262,262,300.00	262,262,300.00
Premium on treasury shares		12,951,122.72	12,951,122.72
Retained earnings			
Appropriated			
Legal reserves	13	55,000,000.00	55,000,000.00
Unappropriated		1,044,283,754.28	984,870,364.44
Other components of equity		68,511,823.39	68,738,924.00
Total shareholders' equity		1,973,009,000.39	1,913,822,711.16
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>2,228,834,710.05</b>	<b>2,232,359,149.35</b>

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, 2014



	Notes	Baht	
		2014	2013
REVENUES			
Sales and services	4, 21	2,065,496,227.07	2,341,544,708.42
Other income			
Commissions		23,099,375.06	29,018,296.03
Gain on exchange rate		6,571,336.09	-
Gain on disposal of assets		1,071,631.41	18,616,292.24
Others		3,290,183.42	8,374,578.35
Total revenues		2,099,528,753.05	2,397,553,875.04
EXPENSES			
Cost of sales and services	4	1,495,538,243.11	1,684,234,097.80
Selling expenses		99,724,605.73	115,389,023.24
Administrative expenses		244,865,914.02	244,975,113.16
Management benefit expenses		20,352,263.00	23,511,823.85
Loss on exchange rate		-	4,646,574.22
Finance costs		839,769.28	3,152,000.48
Total expenses		1,861,320,795.14	2,075,908,632.75
Income before income tax expenses		238,207,957.91	321,645,242.29
Income tax expenses	14	43,771,707.27	57,481,344.82
Income for the year		194,436,250.64	264,163,897.47
Other comprehensive income			
Unrealized gain (loss) on changes in the fair value of available-for-sale investments - net from income tax		(227,100.61)	-
Actuarial gain from defined benefit plans - net from income tax		2,777,139.20	-
Total other comprehensive income		2,550,038.59	-
Total comprehensive income for the year		196,986,289.23	264,163,897.47
Basic earnings per share (Baht per share)	17	0.367	0.498

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, 2014



	Notes	Baht							Total shareholders' equity
		Share capital issued and fully paid-up	Premium on common stocks	Premium on treasury shares	Retained earnings Appropriated - Legal reserves Unappropriated	Other components of equity Surplus on land revaluation Unrealized gain (loss) on changes in value of available-for-sale investments	Total		
Ending balance as at December 31, 2012		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	16	-	-	-	-	(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
Dividend payment	16	-	-	-	-	(137,800,000.00)	-	-	(137,800,000.00)
Total comprehensive income for the year		-	-	-	-	197,213,389.84	-	(227,100.61)	196,986,289.23
Ending balance as at December 31, 2014		530,000,000.00	262,262,300.00	12,951,122.72	55,000,000.00	1,044,283,754.28	68,738,924.00	(227,100.61)	1,973,009,000.39

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

# Statement of Cash Flows

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / FOR THE YEAR ENDED DECEMBER 31, 2014



	Baht	
	2014	2013
<u>Cash flows from operating activities :</u>		
Income for the year	194,436,250.64	264,163,897.47
Adjustments to reconcile income for the year to net cash provided by (used in) operating activities :		
Depreciations	73,478,471.16	71,585,674.95
Allowance for doubtful accounts (reversal)	(1,074,769.45)	(1,663,743.50)
Bad debts	178,069.76	1,691,789.92
Gain on disposal of current investments	(837,307.61)	-
Gain on disposal of investment property	-	(10,993,527.46)
Gain on disposal of fixed assets	(1,071,631.41)	(7,622,737.78)
Unrealized (gain) loss on exchange rates	(2,340,181.47)	2,577,910.11
Employee benefit obligations expenses	2,363,663.00	2,498,316.00
Interest income	(94,139.11)	(290,658.89)
Interest expenses	839,769.28	3,152,000.48
Income tax expenses	43,771,707.27	57,481,344.82
Income from operating before changes in operating assets and liabilities	309,649,902.06	382,580,266.12
(Increased) decreased in operating assets		
Trade and other receivables	36,216,540.01	51,347,653.59
Inventories	35,474,388.40	115,876,171.81
Other current assets	14,028.41	1,194,618.97
Other non-current assets	(51,526.18)	(105,921.84)
Increased (decreased) in operating liabilities		
Trade payables	(30,136,999.65)	(11,567,359.52)
Other payables	1,332,087.81	1,421,070.25
Cash received in advance	(6,724,931.03)	(3,199,985.05)
Other current liabilities	2,254,000.95	(3,707,393.48)
Other non-current liabilities	-	(150,000.00)
Cash generated from operations	348,027,490.78	533,689,120.85
Payment for employee benefit obligation	-	(12,869,000.00)
Payment for income tax	(47,383,640.58)	(70,100,441.89)
Net cash provided by operating activities	300,643,850.20	450,719,678.96
<u>Cash flows from investing activities :</u>		
Cash paid for current investments	(254,729,413.35)	-
Cash received from sales current investments	187,329,196.09	-
Increased in fixed deposit using for guarantee	(11,858.64)	(13,299.16)
Cash received from sales of the investment property	-	21,000,000.00
Cash received from sales of the fixed assets	2,825,994.82	8,837,988.34
Cash paid for purchase of the fixed assets	(35,566,445.34)	(149,530,462.96)
Cash received from interest income	94,139.11	290,658.89
Net cash used in investing activities	(100,058,387.31)	(119,415,114.89)
<u>Cash flows from financing activities :</u>		
Decreased in overdrafts and short-term loans from financial institutions	(23,300,236.09)	(185,515,148.21)
Cash paid for dividend	(137,800,000.00)	(148,399,820.00)
Cash paid for interest expenses	(234,237.44)	(2,528,972.90)
Net cash used in financing activities	(161,334,473.53)	(336,443,941.11)
Net increased (decreased) in cash and cash equivalents	39,250,989.36	(5,139,377.04)
Cash and cash equivalents at the beginning of year	11,416,696.88	16,556,073.92
Cash and cash equivalents at the end of year	50,667,686.24	11,416,696.88

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



# Notes to The Financial Statements

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / DECEMBER 31, 2014



## 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 THE 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 Current investments

Current investments as the investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholder's equity, and will be recorded as gains or losses in the statement of comprehensive income when the securities are sold.

The fair value of marketable securities is based on the latest bid price of the last working day of the period. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

### 2.5 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.

# Notes to The Financial Statements

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / DECEMBER 31, 2014



## 2.6 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.

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.

## 2.7 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.

## 2.8 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.

Borrowing costs directly attribute to the acquisition or construction of an asset that necessarily takes long time to put in ready to use or available for sale state are capitalized as part of the cost of the respective asset until that asset condition is ready for its intended use. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs arising from such borrowing.

## 2.9 Rubber trees plantation costs

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.



## 2.10 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.

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

## 2.11 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.

## 2.12 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.

## 2.13 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.

## 2.14 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.

## 2.15 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 20% 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.

# Notes to The Financial Statements

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / DECEMBER 31, 2014



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.

Deferred tax assets and deferred tax liabilities are offset when there is the legal right to settle on a net basis and they relate to income taxes levied by the same tax authority on the same taxable entity.

Thus, the Company offsets deferred tax assets and deferred tax liabilities for presentation in the statement of financial position, rather than presenting them separately. The Company reclassified deferred tax assets and deferred tax liabilities items in the financial statements for the year ended December 31, 2013 in order to conform to the presentation in the financial statements for the year 2014.

## 2.16 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.

## 2.17 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 labor 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 other comprehensive income.

## 3. ACCOUNTING STANDARDS EFFECTIVE FOR USING IN CURRENT YEAR

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the use of the accounting standards and financial reporting standards revised 2012, and the new issued of accounting standards interpretations and financial reporting standards interpretations of which they are effective for using in the periods beginning on or after January 1, 2014, 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



# Notes to The Financial Statements

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / DECEMBER 31, 2014



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 36 (revised 2012)	Impairment of Assets
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
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 management of the Company has assessed the effects of the above accounting standards, and believes that they do not have any significant impact on the financial statements for the current year.

## 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, 2014 and 2013, the significant transactions with related parties can be summarized as follows :-

Related companies	Pricing policy	Baht	
		2014	2013
Sales			
K.S. Mould Parts Co., Ltd. (Common directorships)	Market Price	42,636,979.24	19,483,845.03
Reanthong Wittaya Co., Ltd. (Common directorships)	Market Price	1,556,903.02	497,042.03
Khon Kaen Sugar Industry Pcl. (Common directorships)	Market Price	6,480,936.62	21,134,426.81
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
Capital Paper Manufacturer Co., Ltd. (Common directorships)	Market Price	-	618,500.00
T.Thai General (1975) Co., Ltd. (Common disectorships)	Market Price	15,000.00	
Purchases			
K.S. Mould Parts Co., Ltd. (Common directorships)	Market Price	88,320,741.93	103,238,501.72
Bangkok Industrial Gas Co., Ltd. (Common directorships)	Market Price	1,773,323.71	1,664,841.94

# Notes to The Financial Statements

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / DECEMBER 31, 2014



The outstanding balances as at December 31, 2014 and 2013 are as follows :-

	Baht	
	2014	2013
<u>Trade receivables - Related companies</u>		
K.S. Mould Parts Co., Ltd.	17,700,930.75	4,459,071.00
Khon Kaen Sugar Industry Pcl.	1,625,523.15	1,080,625.65
Tamaka Sugar Industry Co., Ltd.	-	633,440.00
Reanthong Wittaya Co., Ltd.	67,265.55	-
<u>Trade payables - Related companies</u>		
K.S. Mould Parts Co., Ltd.	14,363,547.77	17,631,815.23
Bangkok Industrial Gas Co., Ltd.	287,318.55	264,615.16

## 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.

For the years ended December 31, 2014 and 2013, management benefit expenses as follow :-

	Baht	
	2014	2013
Short-term employee benefits	19,886,960.00	23,045,680.00
Post-employment benefits	465,303.00	466,143.85
Total	20,352,263.00	23,511,823.85

## 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of :-

	Baht	
	2014	2013
Cash in hand	479,326.76	477,909.75
Cash at bank - current accounts	37,627,822.30	10,123,630.46
Cash at bank - saving accounts	12,560,537.18	815,156.67
Total	50,667,686.24	11,416,696.88

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

## 6. CURRENT INVESTMENTS

Current investments consisted of :-

	Baht	
	2014	2013
Investment in available-for-sale securities		
Unit trust - open-end fixed income fund	55,000,000.00	-
- foreign investment fund	10,000,000.00	-
Equity	3,237,524.87	-
Total	68,237,524.87	-
Add Unrealized gain (loss) on changes in the fair value of investments	(283,875.76)	-
Investment in available-for-sale securities - at fair value	67,953,649.11	-

# Notes to The Financial Statements

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / DECEMBER 31, 2014



## 7. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of :-

	Baht	
	2014	2013
Trade receivables, classified by age analysis :-		
- <u>Domestic</u>		
Not yet due	246,332,717.44	267,739,758.75
Overdue :		
Not over 3 months	154,431,081.78	169,842,221.00
3 - 6 months	8,109,994.86	10,010,882.39
6 - 12 months	3,694,889.22	5,148,916.41
Over 12 months	10,627,541.52	17,084,552.37
Total	423,196,224.82	469,826,330.92
- <u>Foreign</u>		
Not yet due	9,482,070.60	7,808,880.07
Overdue :		
Not over 3 months	2,397,333.48	-
Total	11,879,404.08	7,808,880.07
Total trade receivables	435,075,628.90	477,635,210.99
<u>Less</u> Allowance for doubtful accounts	(9,248,816.40)	(10,501,655.61)
Total trade receivables - net	425,826,812.50	467,133,555.38
<u>Other receivables</u>		
- Advance payable	1,280,733.58	1,359,678.65
- Prepaid expenses	2,434,124.76	1,458,678.92
- Cash deposit for goods	7,822,738.85	3,050,153.29
Total	11,537,597.19	5,868,510.86
Total trade and other receivables - net	437,364,409.69	473,002,066.24

As at December 31, 2014 and 2013, the movements of allowance for doubtful accounts are as follows :-

	Baht	
	2014	2013
Allowance for doubtful accounts :		
Beginning balance	10,501,655.61	13,857,189.03
Increase (decrease) during the year	(1,074,769.45)	(1,663,743.50)
Bad debts written off during the year	(178,069.76)	(1,691,789.92)
Ending balance	9,248,816.40	10,501,655.61

As at December 31, 2014 and 2013, the Company had installment receivable less than 12 months in the amount of Baht 2.69 million and Baht 10.92 million, respectively. That installment receivable was classified by age in trade receivables-domestic not yet due.

As at December 31, 2013, the Company had trade receivables which are overdue 12 months from a state enterprise in the amount of Baht 6.37 million which it has extended the credit term to 270 days, 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, its had not recorded allowance for doubtful accounts and during the year 2014, the Company had received that outstanding payment in the fully amount.

# Notes to The Financial Statements

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / DECEMBER 31, 2014



## 8. INVENTORIES

Inventories consisted of :-

	Baht	
	2014	2013
Inventories	830,465,000.29	857,221,020.17
Work in process	11,013,540.63	10,875,116.21
Raw materials and supplies	44,096,252.14	48,752,819.43
Goods in transit	54,611,640.02	58,811,865.67
Total	940,186,433.08	975,660,821.48
<u>Less</u> Provision for the decline in value of inventory	(7,300,000.00)	(7,300,000.00)
Inventories - net	932,886,433.08	968,360,821.48

## 9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of :-

### 9.1 Property, plant and equipment for operations consisted of :-

	Baht			
	Balance per book as at December 31, 2013	Additions	Deductions	Balance per book as at December 31, 2014
<u>At appraised</u>				
Land and improvements				
- Cost	212,560,932.68	-	-	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	293,444,720.00	-	-	293,444,720.00
<u>At cost</u>				
Buildings and improvements	279,312,254.02	3,103,117.37	-	282,415,371.39
Machinery and equipment	594,595,684.40	16,246,056.56	(5,366,407.39)	605,475,333.57
Furniture, fixtures and office equipment	40,483,199.54	4,288,551.93	(1,431,686.08)	43,340,065.39
Vehicles	109,725,877.68	1,704,379.48	(898,700.93)	110,531,556.23
Assets in progress	877,707.42	10,224,340.00	-	11,102,047.42
Total buildings and equipment - at cost	1,024,994,723.06	35,566,445.34	(7,696,794.40)	1,052,864,374.00
Total	1,318,439,443.06			1,346,309,094.00
<u>Less</u> Accumulated depreciation				
Buildings and improvements	170,813,652.32	12,011,419.13	-	182,825,071.45
Machinery and equipment	296,483,687.67	43,329,861.41	(3,719,850.09)	336,093,698.99
Furniture, fixtures and office equipment	34,172,345.18	3,372,378.80	(1,323,881.97)	36,220,842.01
Vehicles	62,440,992.73	14,764,811.82	(898,698.93)	76,307,105.62
Total	563,910,677.90	73,478,471.16	(5,942,430.99)	631,446,718.07
Property, plant and equipment - net	754,528,765.16			714,862,375.93

	Baht			
	Balance per book as at December 31, 2012	Additions	Deductions	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



# Notes to The Financial Statements

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / DECEMBER 31, 2014



	Baht		
	Balance per book as at December 31, 2012	Additions Deductions	Balance per book as at December 31, 2013
<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	49,973,785.34 (18,450,788.48)	594,595,684.40
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
Assets in progress	-	877,707.42 -	877,707.42
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

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, 2014 and 2013, the Company had the fixed assets have been fully depreciated that is still in use as follows :-

	Baht	
	2014	2013
<u>At cost</u>		
Buildings and improvements	69,959,720.89	60,973,857.00
Machinery and equipment	127,764,907.67	117,873,752.79
Furniture, fixtures and office equipment	28,302,853.80	27,693,718.66
Vehicles	36,617,681.86	36,657,214.57
Total	262,645,164.22	243,198,543.02

## 9.2 Land for rubber trees plantation consisted of :-

	Baht	
	2014	2013
Land for rubber trees plantation - at cost	34,782,164.47	34,782,164.47
Less 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
Rubber trees plantation costs	2,459,895.49	2,335,081.65

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.

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.

# Notes to The Financial Statements

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / DECEMBER 31, 2014



## 10. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Changes in deferred tax assets and deferred tax liabilities for the years ended December 31, 2014 and 2013 are summarized as follows :-

	Baht		
	Balance per book as at December 31, 2013	Revenue (expenses) during the year In profit or loss In other comprehensive income	Balance per book as at December 31, 2014
Deferred tax assets:			
Investments in available-for-sale securities	-	-	56,775.15
Trade receivables	2,100,331.13	(250,567.85)	-
Inventories	1,460,000.00	-	-
Depreciations of fixed assets	6,116,575.53	(164,142.03)	-
Unrealized loss on land revaluation	3,790,406.43	-	-
Employee benefit obligations	3,648,409.40	595,675.00	(694,284.80)
Total	17,115,722.49	180,965.12	(637,509.65)
Deferred tax liabilities:			
Unrealized gain on land revaluation	17,184,731.00	-	-
Total	17,184,731.00	-	-
Net	(69,008.51)		(525,553.04)

	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)	-
Inventories	1,460,000.00	-	-
Retention receivable	855,448.44	(855,448.44)	-
Depreciations of fixed assets	6,039,474.03	77,101.50	-
Unrealized loss on land revaluation	3,790,406.43	-	-
Employee benefit obligations	5,578,433.40	(1,930,024.00)	-
Total	20,495,200.10	(3,379,477.61)	-
Deferred tax liabilities:			
Unrealized gain on land revaluation	17,184,731.00	-	-
Total	17,184,731.00	-	-
Net	3,310,469.10		(69,008.51)

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

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

	Baht	
	2014	2013
Bank overdrafts	520,575.59	6,725.39
Trust receipts	1,137,105.63	24,949,670.66
Total	1,657,681.22	24,956,396.05

For the years ended December 31, 2014 and 2013, promissory notes and trust receipts as stated above have interest rates ranging from 1.9214% - 2.3900% per annum and 1.9757% - 3.5000% per annum, respectively.

# Notes to The Financial Statements

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / DECEMBER 31, 2014



As at December 31, 2014 and 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.

## 12. EMPLOYEE BENEFIT OBLIGATIONS

Employee benefits obligations, as follow :-

### The statements of financial position

For the years ended December 31, 2014 and 2013

	Baht	
	2014	2013
Defined benefit obligations at January 1,	18,242,047.00	27,892,167.00
Employee benefit paid by project	-	(12,869,000.00)
Current service costs and interest	2,978,375.00	3,218,880.00
Actuarial gain from defined benefit plans	(3,471,424.00)	-
Defined benefit obligations at December 31,	17,748,998.00	18,242,047.00

### Expense recognized in the statements of comprehensive income

For the years ended December 31, 2014 and 2013

	Baht	
	2014	2013
Current service costs		
Administrative expenses	1,898,360.00	2,032,172.15
Management benefit expenses	465,303.00	466,143.85
	2,363,663.00	2,498,316.00
Interest on obligation	614,712.00	720,564.00
Total	2,978,375.00	3,218,880.00

### 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. 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.

## 14. INCOME TAX EXPENSES

### 14.1 Major components of income tax expenses

For the years ended December 31, 2014 and 2013 consisted of :-

	Baht	
	2014	2013
Income tax expense shown in profit or loss :		
Current tax expense:		
Income tax expense for the year	43,952,672.39	54,101,867.21
Deferred tax expense:		
Changes in temporary differences relating to the original recognition and reversal	(180,965.12)	3,379,477.61
Total	43,771,707.27	57,481,344.82

# Notes to The Financial Statements

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / DECEMBER 31, 2014



## 14.2 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, 2014 and 2013 which are summarized as follows :-

	Baht	
	2014	2013
Accounting profit for the year	238,207,957.91	321,645,242.29
The applicable tax rate	20%	20%
Tax expense at the applicable tax rate	47,641,591.58	64,329,048.46
Reconciliation items:		
Tax effect of expenses that are not deductible in determining tax profit:		
- Expenses not allowed as expenses in determining taxable profit	970,014.56	706,668.66
Tax effect of income or profit that are not required in determining taxable profit:		
- The exemption of profit of the promoted business (BOI)	(4,655,638.03)	(7,287,461.78)
- Expenses deducted as expenses added in taxable	(184,260.84)	(266,910.52)
Total reconciliation items	(3,869,884.31)	(6,847,703.64)
Total income tax expenses	43,771,707.27	57,481,344.82

## 14.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate

For the years ended December 31, 2014 and 2013 are summarized as follows :-

	2014		2013	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit before tax expense for the year	238,207,957.91		321,645,242.29	
Tax expense at the applicable tax rate	47,641,591.58	20.00	64,329,048.46	20.00
Reconciliation items	(3,869,884.31)	(1.62)	(6,847,703.64)	(2.13)
Tax expense at the average effective tax rate	43,771,707.27	18.38	57,481,344.82	17.87

## 15. 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, 2014 and 2013, the Company's debt-to-equity ratios were 0.13:1 and 0.17:1, respectively.

## 16. DIVIDEND

### For the year 2014

At the Board of Directors' Meeting No. 4/2014 held on August 7, 2014, the board approved to pay interim dividends from the operating results for the first six-month period 2014 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 2014 held on April 28, 2014, the shareholders approved to pay dividends for the year ended December 31, 2013 amounting to Baht 84.80 million at the rate of Baht 0.16 per share.

Totalling pay dividends in the year 2014 amounting to Baht 137.80 million.

### 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.



# Notes to The Financial Statements

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / DECEMBER 31, 2014



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.

## 17. 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 :-

	2014	2013
Income for the years (Baht)	194,436,250.64	264,163,897.47
Weighted average number of ordinary shares (Shares)	530,000,000	530,000,000
Basic earnings per share (Baht per share)	0.367	0.498

## 18. EXPENSE BY NATURE

Significant expenses by nature are as follow :-

	Baht	
	2014	2013
Purchase	1,364,970,705.85	1,523,715,530.43
Changes in inventory and work in process	30,933,565.11	109,953,289.79
Raw materials and consumables used	55,793,852.14	47,335,267.53
Employee costs	170,690,812.33	164,667,698.10
Management benefit expenses	20,352,263.00	23,511,823.85
Depreciation	73,478,471.16	71,585,674.95
Transportation and gasoline expenses	20,973,987.64	22,698,021.34

## 19. 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, 2014 and 2013, the Company contributed to the fund totaling Baht 0.81 million and Baht 0.74 million, respectively.

## 20. FINANCIAL INSTRUMENTS

### 20.1 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.

### 20.2 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.

### 20.3 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, 2014, the Company has outstanding forward exchange buying contracts are summarized below :-

# Notes to The Financial Statements

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / DECEMBER 31, 2014



Currency	Foreign currency (Thousands)	Contract amount (Thousand Baht)	Fair value (Thousand Baht)
USD	2,770	91,228	90,962
EUR	1,409	59,273	55,086
JPY	53,040	15,246	14,535

## 20.4 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.

## 20.5 Fair value

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

## 21. 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	1476 (2)/2557
Dated	January 20, 2006	October 7, 2011	November 11, 2013
Category of promoted operation	Category 4.12 : Heat treatment	Category 4.5 : 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	No operating income
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)	8 years (not exceed in amount of Baht 74 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, 2014 and 2013 consisted of :-

	2014			2013		
	BOI	Non-BOI	Total	BOI	Non-BOI	Total
Sales and services						
- Domestic	60,297	1,972,440	2,032,737	96,143	2,226,223	2,322,366
- Export	-	32,759	32,759	-	19,179	19,179
Total	60,297	2,005,199	2,065,496	96,143	2,245,402	2,341,545

## 22. 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.

Segment information's for the year ended December 31, 2014 are as follows :-

# Notes to The Financial Statements

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / DECEMBER 31, 2014



	Thousand Baht			
	Steel & Heat treatment	Machine tools & Tooling	Others	Total
Sales and services	1,200,068	517,806	347,622	2,065,496
Gross profit from segment	382,568	110,228	77,162	569,958
Other income	5,936	9,294	17,634	32,864
Net income	388,504	119,522	94,796	602,822
Non Segment :				
Other income				1,169
Selling expenses				(99,725)
Administrative expenses				(244,866)
Management benefit expenses				(20,352)
Finance costs				(840)
Income tax expenses				(43,772)
Income for the year				194,436

## Statement of financial position as at December 31, 2014

Trade and other receivables	437,364
Inventories	932,887
Property, plant and equipment	735,732
Total other assets	122,852
Total	2,228,835

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

	Thousand Baht			
	Steel & Heat treatment	Machine tools & Tooling	Others	Total
Sales and services	1,293,541	702,760	345,244	2,341,545
Gross profit from segment	411,740	161,279	84,292	657,311
Other income	8,370	21,708	14,637	44,715
Net income	420,110	182,987	98,929	702,026
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

## Statement of financial position as at December 31, 2013

Trade and other receivables	473,002
Inventories	968,361
Property, plant and equipment	775,399
Total other assets	15,597
Total	2,232,359

# Notes to The Financial Statements

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / DECEMBER 31, 2014



## 23. COMMITMENTS AND CONTINGENT LIABILITIES

### 23.1 Commitment

As at December 31, 2014, the Company had commitment as follows :-

- 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.
- The Company had a commitment and obligation to the warehouse construction agreement remaining of Baht 7.10 million (exclude VAT.)

### 23.2 Guarantee

As at December 31, 2014, the Company had guarantee as follows :-

- The Company had contingent liabilities in respect to the letters of guarantee issued by the banks of Baht 41.56 million.
- The Company had unused letters of credit from a financial institutions amounting to Baht 97.67 million.

## 24. RECLASSIFICATION

The Company has reclassified certain accounts in the statement of financial position as at December 31, 2013 to conform with the presentation of the financial statements of this year, without any effect to the previously reported profit (loss) or shareholder's equity.

	Baht		
	Before reclassification	Reclassification	After reclassification
<b>Statement of financial position</b>			
Deferred tax assets	17,115,722.49	(17,115,722.49)	-
Deferred tax liabilities	17,184,731.00	(17,115,722.49)	69,008.51

The Company has not reclassified the accounts in the financial position as at January 1, 2013.

## 25. THE NEW AND REVISED ACCOUNTING STANDARDS ARE NOT YET EFFECTIVE IN THE CURRENT YEAR

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, 2015 are as follows:

TAS 1 (revised 2014)	Presentation of Financial Statements
TAS 2 (revised 2014)	Inventories
TAS 7 (revised 2014)	Statement of Cash Flows
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2014)	Events After the Reporting Period
TAS 11 (revised 2014)	Construction Contracts
TAS 12 (revised 2014)	Income Taxes
TAS 16 (revised 2014)	Property, Plant and Equipment
TAS 17 (revised 2014)	Leases
TAS 18 (revised 2014)	Revenue
TAS 19 (revised 2014)	Employee Benefits
TAS 20 (revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2014)	Borrowing Costs
TAS 24 (revised 2014)	Related Party Disclosures
TAS 26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2014)	Separate Financial Statements
TAS 28 (revised 2014)	Investments in Associates And Joint Ventures
TAS 29 (revised 2014)	Financial Reporting in Hyperinflationary Economies

# Notes to The Financial Statements

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / DECEMBER 31, 2014



TAS 33 (revised 2014)	Earnings Per Share
TAS 34 (revised 2014)	Interim Financial Reporting
TAS 36 (revised 2014)	Impairment of Assets
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2014)	Intangible assets
TAS 40 (revised 2014)	Investment Property
TFRS 2 (revised 2014)	Share-based Payment
TFRS 3 (revised 2014)	Business Combinations
TFRS 5 (revised 2014)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2014)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (revised 2014)	Operating Segments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement
TSIC 10 (revised 2014)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2014)	Operating Leases - Incentives
TSIC 25 (revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2014)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (revised 2014)	Service Concession Arrangements: Disclosure
TSIC 31 (revised 2014)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2014)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2014)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2014)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2014)	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economics
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2014)	Service Concession Arrangements
TFRIC 13 (revised 2014)	Customer Loyalty Programmes
TFRIC 14 (revised 2014)	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2014)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2014)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2014)	Transfers of Assets from Customers
TFRIC 20 (revised 2014)	Stripping Costs in the Production Phase of a Surface Mine

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

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

## 26. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors of the Company on February 12, 2015.



## Investor's Information



Company	<b>Sahamit Machinery Public Company Limited</b>
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	<a href="http://www.sahamit.co.th">www.sahamit.co.th</a>
Contact of Investor Relations	Miss Prangtip Sivaruk Tel 66 (0) 2295 1000-8 ext.1515 Email: <a href="mailto:info@sahamit.co.th">info@sahamit.co.th</a>

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