



สหมิตรเครื่องกล
SAHAMIT MACHINERY

Annual Report 2016

VISION



6 SMIT aims to be the leading full-service importer and distributor of Special Steels, Machine tools, Tooling, Pulp and Paper, Machinery and Equipment for Wood Industry, and Electrical Engineering.

Special Steel



K.S. MOULD PARTS CO., LTD.



Machine Tools



Tooling



Wood



Paper



Electric





CONTENTS



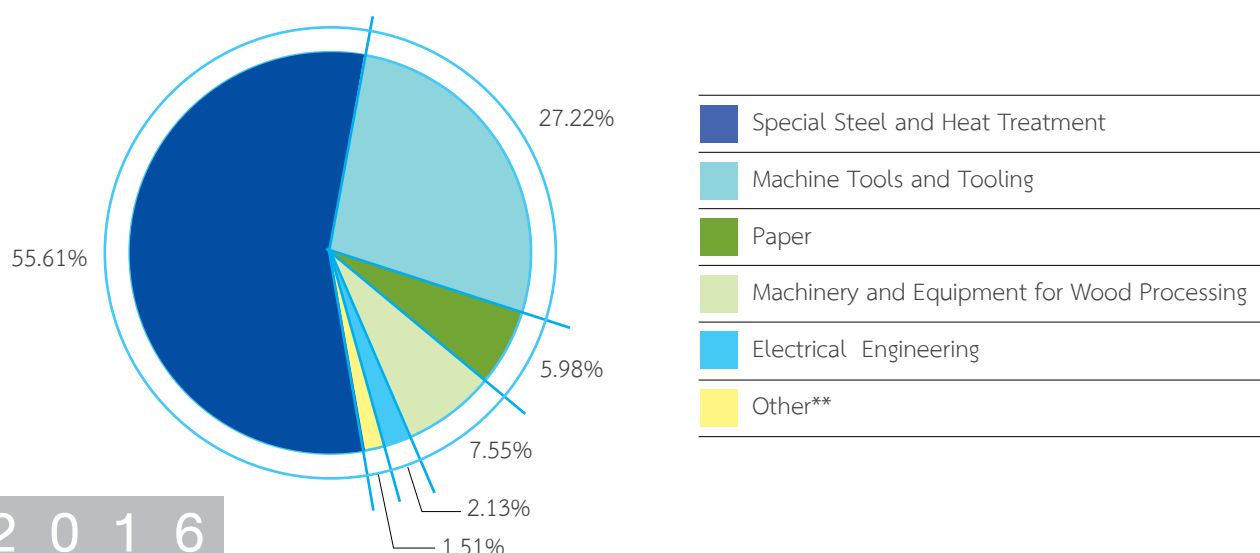
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Financial Information	2016	2015	2014	Unit
Total assets	2,405.94	2,313.96	2,228.83	Million Baht
Total liabilities	286.51	253.14	255.83	Million Baht
Total shareholders' equity	2,119.44	2,060.82	1,973.01	Million Baht
Total revenue	2,058.72	1,944.97	2,099.53	Million Baht
Net profit	196.85	159.22	194.44	Million Baht
Book value per share	4.00	3.89	3.72	Baht
Earning per share	0.37	0.30	0.37	Baht
Dividend per share	0.26	0.24	0.26	Baht
At the closed price	4.08	4.20	4.40	Baht
Net profit margin	9.56	8.19	9.26	%
Return on equity	9.42	7.89	10.14	%
Return on asset	8.34	7.01	8.83	%
Dividend Yield	6.37	5.71	5.91	%
Debt to Equity ratio	0.14	0.12	0.13	Times
Employees	512	508	512	Persons

Revenue Structure	2016		2015		2014	
Unit: Million Baht	amount	%	amount	%	amount	%
Special Steel and Heat Treatment	1,144.87	55.61	1,145.24	58.88	1,200.07	57.16
Machine Tools and Tooling	560.45	27.22	414.71	21.32	517.81	24.66
Paper	123.12	5.98	144.18	7.41	157.74	7.51
Machinery and Equipment for Wood Processing	155.42	7.55	155.32	7.99	150.72	7.18
Electrical Engineering	43.86	2.13	49.78	2.56	37.90	1.81
Other Income**	31.00	1.51	35.74	1.84	35.29	1.68
Total income	2,058.72	100.00	1,944.97	100.00	2,099.53	100.00

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



2016



Financial Performance

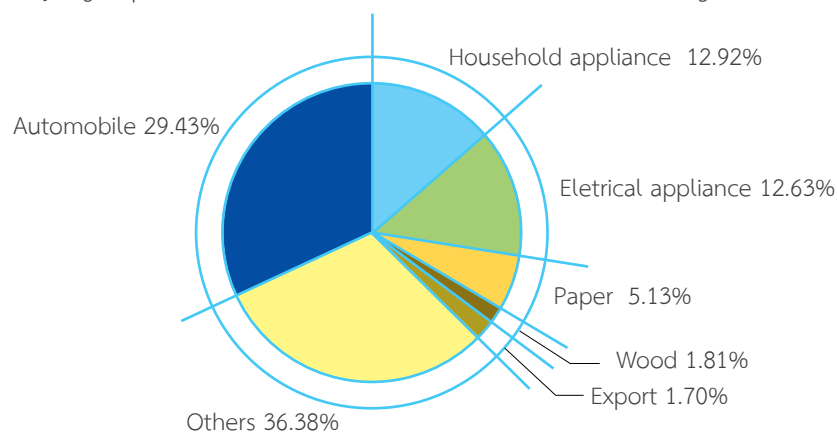
Overall performance of 2016, Total Revenue was THB 2,058.72 million, THB 113.75 million or 5.85 percent increased from the previous year's revenue of THB 1,944.97 million. The decreased of Total Revenue were because the overall economic downturn and the political instability effected the overall spending of the people and the industries.

Total Revenues

The revenues of 2016 are mainly as follows,

- Revenues from sales and services were THB 2,028.74 million equal to 98.54 percent of total revenue.
- Commissions were THB 9.73 million equal to 0.47 percent of total revenue.
- Dividend received was THB 6.58 million equal to 0.32 percent of total revenue.
- Gain on Exchange rates was THB 6.02 million equal to 0.29 percent of total revenue.
- Gain on disposal of assets was THB 7.65 million equal to 0.37 percent of total revenue.

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



In 2016, the main source of income still derived from

- Special Steel and Heat Treatment with total sales of THB 1,144.87 million, equal to 56.43 percent of total revenue
- The Machine tools and tooling's revenue was THB 560.45 million, equal to 27.63 percent of total revenue.

Total Expenses

In 2016, Total Expense was THB 1,817.14 million equal to 88.27 percent of Total Revenue, amount to THB 68.12 million or 3.89 percent increased from the previous year.

- Cost of sales and services were THB 1,435.79 million with a increased of THB 69.09 million or 5.06 percent increased from the previous year.
- Selling and Administrative expenses were THB 349.13 million with a decreased of THB 6.61 million or 1.86 percent decreased from the previous year.
- Management benefit expenses were THB 31.38 million with an increased of THB 10.17 million or 47.95 percent increased from the previous year.
- Financial costs were THB 0.85 million with an increased of THB 0.08 million or 10.39 percent increased from the previous year.

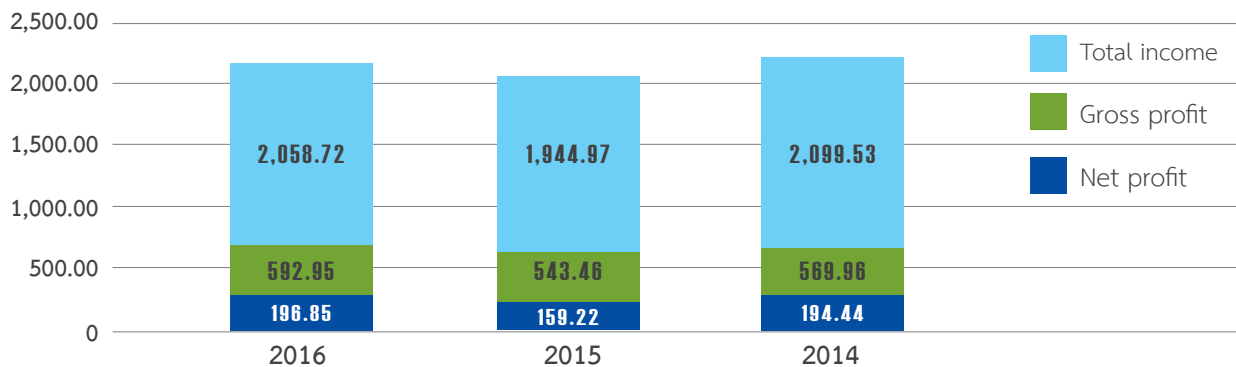
The cost of sales and services increased due to the sales increased of Machine tools and toolings and since 2016, SMIT has organization restructuring so the Selling and Administrative expenses were decreased while Management benefit expenses were increased.

Net Profit

The Net Profit in 2016 was THB 196.85 million which was increased from THB 159.22 million of the previous year or 23.63 percent, equaled to the net profit margin of 9.56 percent due to an increased in Sales and Services, and efficient cost control. Anyhow, SMIT could still maintain satisfactory rate of Gross and Net margin as shown on the graph below. These were due to the quality products the company represented, sufficient inventory to offer to the market and the ability to adjust suitable product pricing in accordance with the product quality.



Unit : Million Baht



Financial status

As of December 31, 2016, SMIT had the Total Asset of THB 2,405.95 million with an increased of THB 91.99 million or 3.98 percent from the previous year. The Total Asset comprised of

1. Current Asset of THB 1,580.03 million, equaled THB 125.26 million or 8.61 percent increased from the previous year
2. Non-Current Asset of THB 825.91 million, equaled THB 33.27 million or 3.87 percent decreased from the previous year

Current Investments as of December 31, 2016 was THB 340.76 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, 2016 was THB 408.59 million or 20.14 percent of total sales with an increased of THB 46.23 million or 12.76 percent from the previous year, due to the higher sales and services.

The less-than-3-month accounts receivable was THB 384.10 million or accounted to 92.34 percent of total accounts receivable. Average collection period was 69 days, comparing to 75 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 2016, the Company had the provision for the accounts receivable of THB 7.37 million or 1.77 percent of the total Accounts Receivable.

Inventory as of December 31, 2016 was THB 784.75 million or 14.89 percent decreased from 2015. The decreased of the inventory in every product groups due to the forecasted suitable inventory planning.

Property, plant and equipment and other assets as of December 31, 2016 was THB 765.25 million with a decreased of THB 33.30 million or 4.17 percent from the previous year.

Capital structure

The Company's capital structure in 2016, total liability was THB 286.51 million with an increased of 13.18 percent or THB 33.37 million. The current liability was THB 250.20 million or 87.33 percent of total liability. The non-current liability was THB 36.31 million or 6.79 percent increased from the previous year.

The total equity was THB 2,119.44 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 123.82 million and the unrealized gain on fair valued of the investment of THB 0.05 million and Retained earning of 1,190.35 million. The total equity was increased by 2.84 percent or THB 58.62 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 74.20 million from the 2015's performance and second dividend payout totaled to THB 63.60 million from the 2016's interim performance. Total amount of dividend paid were THB 137.80 million.

The Debt-to-Equity ratio was calculated to be 0.14 times, in comparison with 0.12 times in 2015.



Dear Shareholders

In 2016, the World economy is constantly fluctuating while Thailand's economy is on track to recovery. Nevertheless, the cooperativeness of SMIT's employees with sales management and sales planning caused the improvement of operating performance compare to the previous year.

For the company's performance in 2016, total revenue was 2,058.72 million Baht, increased by 113.75 million Baht or 5.85 percent more than the previous year. The net profit was 196.85 million Baht, increased by 37.62 million Baht or 23.63 percent. The main sources of income still derived from the Special Steel and Heat Treatment Service which equal to 1,144.87 million Baht or 56.43 percent of total income.

For the year 2017, we realized that Thai economy is facing key external risks that have been ongoing since last year. Protracted economic issues from 2016 will continue to affect the economy in this year such include issues in the changes in geopolitics and economic policies in the U.S. and Europe, the fluctuation of monetary and capital market etc. All these issues affect to the expansion of world and Thailand economy. Nonetheless, the Thai economy will benefit from the continued government's efforts to use stimulus measures which can be significant motivation to industrial enterprise which will encourage and support Thailand economic growth.

In 2017, SMIT continuously emphasizes on improving and developing in various categories, the development of product capability and service, human resources development, managing system development. The Company also focuses on enhancing competitiveness through the new product and services in order to serve customer satisfactory in quality and standard, punctual delivery and settle good corporate governance.

The Company would like to express thanks and appreciation to all employees for managing the business and performing their work with dedication. The Company would also like to express sincere appreciation to shareholders, customers, business alliances and people involved who have been trusted and well supported for the company's operations. SMIT will administrate with prudence and transparency as well as adhere to corporate governance.

Chaisilp Tamesirichai
Chairman of the Board

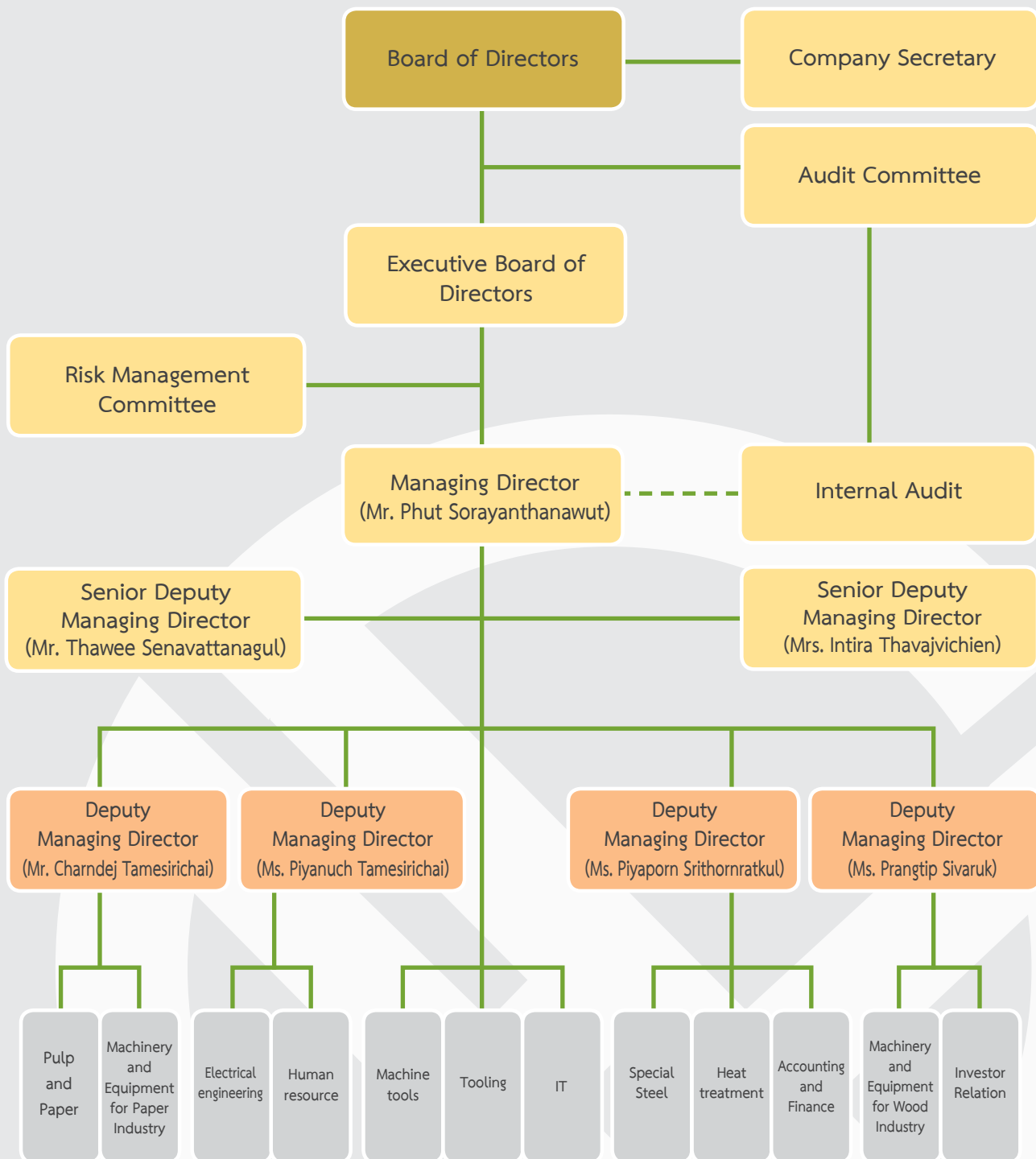


1. Mr. Chaisilp Tamesirichai
Chairman of the Board / Executive Director
2. Mr. Prasong Srithornratkul
Vice Chairman of the Board / Executive Director
3. Mr. Pornsin Thaemsirichai
Director
4. Mr. Thana Senavattanakul
Director
5. Mr. Kiangrai Boonkitticharoen
Independent Director
6. Mr. Pichai Nithivasin
Director

7. Mr. Phut Sorayanthanawut
Director/ Managing Director /
Chairman of the Risk Management Committee
8. Mr. Chamdej Tamesirichai
Director/ Executive Director
9. Ms. Piyanuch Tamesirichai
Director/ Executive Director/
Risk Management Committee
10. Ms. Piyaporn Srithornratkul
Director/ Executive Director/
Risk Management Committee
11. Ms. Prangtip Sivaruk
Director/ Executive Director /
Risk Management Committee

12. General Vapirom Manasrangsi
Independent Director /
Chairman of the Audit committee
13. Mr. Karun Kittisataporn
Independent Director / Audit committee
14. Mr. Pure Limsiripan
Independent Director / Audit committee
15. Mr. Prayoon Vivetpuvanonth
Independent Director / Audit committee

ORGANIZATION CHART





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 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. |
| 1990 | Constructed the first warehouse in Sathupradit, Bangkok. |
| 1993 | Constructed Headquarter office in Bangkok |
| 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 to constructed a warehouse and a steel facility center, as well as, constructed the second warehouse in Sathupradit, Bangkok. |
| 1999 | Constructed the first and second warehouses in Bangpakong to operate steel's pre-finishing and paper slitting facility. |
| 2000 | Bought the third Sathupradit warehouse for paper stock. |
| 2002 | Constructed the third warehouse in Bangpakong for abrasive converting facility. |
| 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 in cooperation with 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. |
| 2014 | Further invest in Machineries for Steel's services and heat treatment's facility. |
| 2015 | Constructed the fourth warehouse in Sathupradit, Bangkok for Steel stock. |



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. 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
 - 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.





The Company's business objective is to be the leading full-service importer and distributor of Special Steels, Machine tools, Tooling, Pulp and Paper, Machinery and Equipment for Wood Industry, and Electrical Engineering to Thailand's high growth industrial sectors.

Company's Vision

SMIT aims to be the leading full-service importer and distributor of Special Steels, Machine tools, Tooling, Pulp and Paper, Machinery and Equipment for Wood Industry, and Electrical Engineering.

Company's Mission

- Only presents World Class Standard & State of the Art Technology products and services
- Continuous development to enhance the potential of the organization and human resource
- One Stop Service / Integrated Solution
- Maintain good relationship and good cooperate governance with all Stakeholders

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 2015, 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. Also, the Company encourages the communication to transfer and share knowledge between employees in the organization (Knowledge Management).

In addition, the company has focused on developing better quality of life of employees. Also, the company has focused more on developing employees' knowledge and understanding about health and environmental safety in the workplace.



• Overview of Mould and Dies Industry

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

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

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

• Overview of Paper Industry

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

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

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

• Overview of Wood and Furniture Industry

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

• Overview of Electrical Industry

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

Product and Service Placement

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



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

- **Risk from price fluctuation of both products and raw materials**

Price fluctuation of both products and raw materials relevant to demand and supply in the market. It is a risk that may affect the Company's performance and cause it to be unable to achieve its objectives. The fluctuation is a result of direct and indirect changes in economic, social, and competition factors, as well as other changes occurring domestically and overseas.

With more than 40 years of experience, the Company understands the price cycle of products will be relevant to demand and supply. The Company made major effort to manage this risk by having a sufficient inventory of the products and raw materials, also adjusted the price to reflect the world market price. Our main product, special steel has special specifications which is use particularly in the mould-making and tooling industry. 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 gross profit from selling our products.

- **Risk factors from Agency's stability**

Since SMIT's core business is importer and distributor of industrial products, the Company may have to face the change of manufacturer's policy to change agency agreement, appoint new agent or make direct sale to customer. However, because of the Company strong after sales service, we still continuously get contact renewal. The Company precedes the strategy plan to add more varieties of product and service, appropriately manage the proportion of sale and service receiving from each products to balance allocation in order to diversify the risk.

- **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 2016, the Company has total accounts receivable of 408.59 million Baht or 20.14% of Total Sales. The average collections in 2016 equals to 69 days, and has the short-term accounts receivable of 384.10 million Baht or 92.34% 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, 2016, 2015 and 2014 are as follows:

As of December 31, 2016				As of December 31, 2015				As of December 31, 2014			
No.	Name	Number of Shares	%	No.	Name	Number of Shares	%	No.	Name	Number of Shares	%
1	Group "Mr.Chaisilp Tamesirichai"			1	Group "Mr.Chaisilp Tamesirichai"			1	Group "Mr.Chaisilp Tamesirichai"		
	- Mr.Chaisilp Tamesirichai	43,619,246	8.23		- Mr.Chaisilp Tamesirichai	43,469,346	8.20		- Mr.Chaisilp Tamesirichai	43,469,346	8.20
	- Mrs.Cherawan Tamesirichai	5,940,000	1.12		- Mrs.Cherawan Tamesirichai	5,940,000	1.12		- Mrs.Cherawan Tamesirichai	5,940,000	1.12
	- Ms.Piyanuch Tamesirichai	15,382,100	2.90		- Ms.Piyanuch Tamesirichai	15,376,600	2.90		- Ms.Piyanuch Tamesirichai	15,343,500	2.90
	- Ms.Nuttaporn Tamesirichai	23,930,400	4.52		- Ms.Nuttaporn Tamesirichai	23,930,400	4.52		- Ms.Nuttaporn Tamesirichai	23,948,900	4.52
	- Mr.Vorarit Tamesirichai	10,860,000	2.05		- Mr.Vorarit Tamesirichai	10,800,000	2.04		- Mr.Vorarit Tamesirichai	10,800,000	2.04
	Total	99,731,746	18.82		Total	99,516,346	18.78		Total	99,501,746	18.78
2	Group "Mr.Prasong Srithornratkul"			2	Group "Mr.Prasong Srithornratkul"			2	Group "Mr.Prasong Srithornratkul"		
	- Mr.Prasong Srithornratkul	42,878,936	8.09		- Mr.Prasong Srithornratkul	42,878,936	8.09		- Mr. Prasong Srithornratkul	42,878,936	8.09
	- Ms.Piyaporn Srithornratkul	25,458,900	4.80		- Ms.Piyaporn Srithornratkul	25,458,900	4.80		- Ms. Piyaporn Srithornratkul	25,458,900	4.80
	- Ms.Piyamol Srithornratkul	27,217,900	5.14		- Ms.Piyamol Srithornratkul	27,217,900	5.14		- Ms. Piyamol Srithornratkul	27,217,900	5.14
	Total	95,555,736	18.03		Total	95,555,736	18.03		Total	95,555,736	18.03
3	Group "Ms.Prangtip Sivaruk"			3	Group "Mrs.Suwanna Sivaruk"			3	Group "Mrs.Suwanna Sivaruk"		
	- Ms.Prangtip Sivaruk	33,191,000	6.26		- Mrs.Suwanna Sivaruk	32,918,500	6.22		- Mrs.Suwanna Sivaruk	17,522,000	3.31
	- Ms.Sasirat Sivaruk	29,865,200	5.63		- Ms.Prangtip Sivaruk	29,865,200	5.63		- Ms.Prangtip Sivaruk	14,865,200	2.8
	- Mrs.Suwanna Sivaruk	17,715,572	3.34		- Ms.Sasirat Sivaruk	17,715,572	3.34		- Ms.Sasirat Sivaruk	47,715,572	9.00
	Total	80,771,772	15.23		Total	80,499,272	15.19		Total	80,102,772	15.11
4	Group "Mr.Pornsini Thaemsirichai"			4	Group "Mr.Pornsini Thaemsirichai"			4	Group "Mr.Pornsini Thaemsirichai"		
	- Mr.Pornsini Thaemsirichai	12,600,000	2.38		- Mr.Pornsini Thaemsirichai	12,600,000	2.38		- Mr.Pornsini Thaemsirichai	12,600,000	2.38
	- Mrs.Montanut Thaemsirichai	5,400,000	1.02		- Mrs.Montanut Thaemsirichai	5,400,000	1.02		- Mrs.Montanut Thaemsirichai	5,400,000	1.02
	- Mr.Pornprasong Thaemsirichai	9,855,500	1.86		- Mr.Pornprasong Thaemsirichai	9,720,400	1.83		- Mr.Pornprasong Thaemsirichai	9,720,400	1.83
	Total	27,855,500	5.26		Total	27,720,400	5.23		Total	27,720,400	5.23
5	Mr.Chaisit Wiriyaemattakul	19,300,000	3.64	5	Mr.Chaisit Wiriyaemattakul	19,260,000	3.63	5	Mr.Chaisit Wiriyaemattakul	18,890,000	3.56
6	Mr.Pisut Wiriyaemattakul	15,100,000	2.85	6	Mr.Chatri Sophonpanich	14,400,000	2.72	6	Mr.Chatri Sophonpanich	14,400,000	2.72
7	Mr.Chatri Sophonpanich	14,400,000	2.72	7	Mr.Pisut Wiriyaemattakul	14,278,000	2.69	7	Mr.Pisut Wiriyaemattakul	13,770,000	2.60
8	Mrs.Suchada Lisawattrakul	10,376,600	1.96	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	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	10	Mr.Prayut Mahakitsiri	6,788,574	1.28
	Total	75,965,174	14.34		Total	75,103,174	14.17		Total	74,225,174	14.00
11	Others	150,120,072	28.32	11	Others	151,605,072	28.60	11	Others	152,894,172	28.85
	Total paid-up registered capital	530,000,000	100.00		Total paid-up registered capital	530,000,000	100.00		Total paid-up registered capital	530,000,000	100.00

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

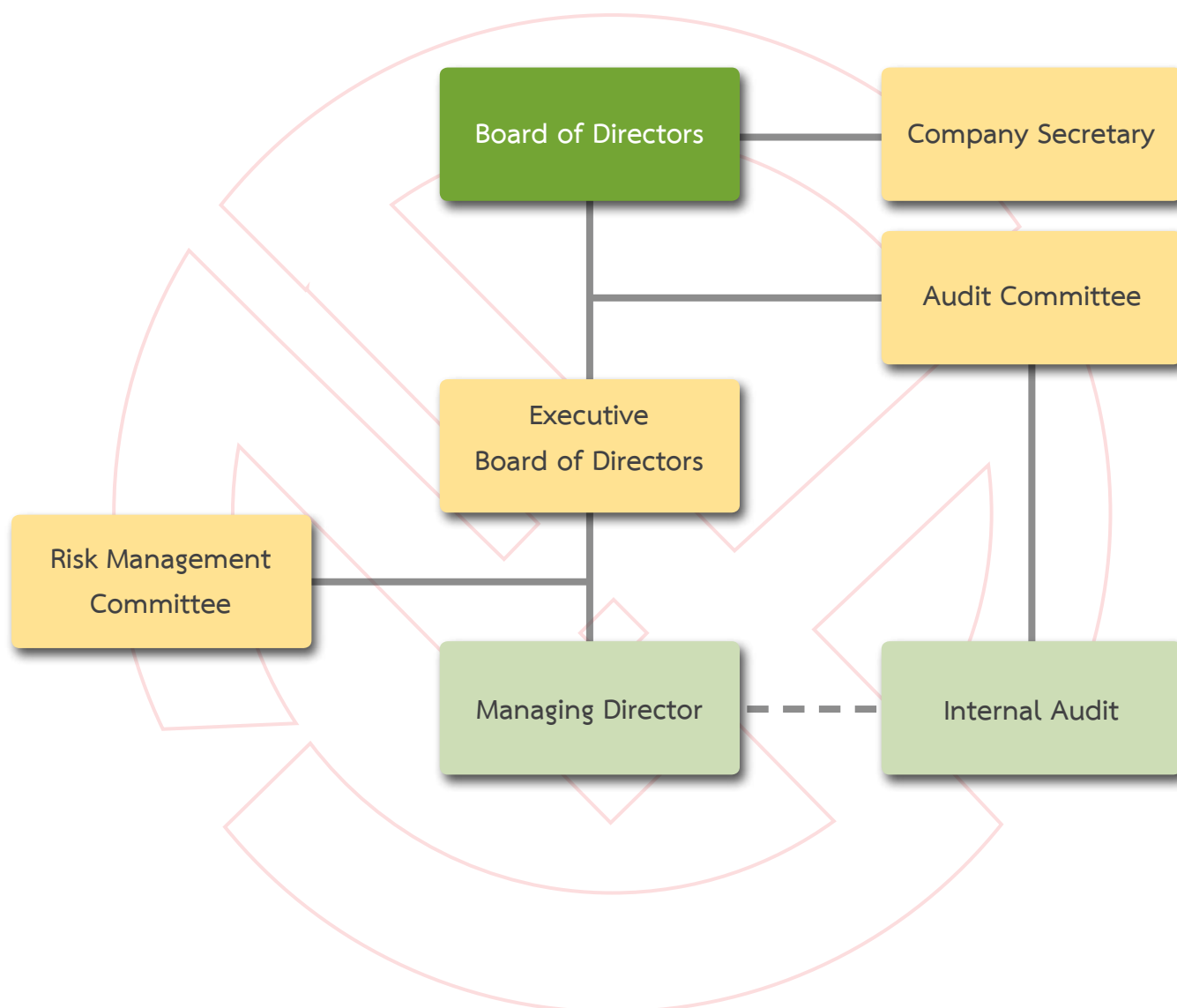


Dividend Payment Policy

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 (%)	Dividend Yield (%)
2015	159,221,580.92	0.26	137,800,000	86.55	5.71
2014	194,436,250.64	0.22	116,600,000	59.97	5.91
2013	264,163,897.47	0.26	137,800,000	52.16	5.96

Management Structure





The Company's directors structure comprises of 4 sets: the Board of Directors, the Executive Board, the Audit Committee and the Risk Management 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	Independent Director
Mr. Pornsin	Thaemsirichai	Director
Mr. Phut	Sorayarnthanawut	Director
Mr. Charndej	Tamesirichai	Director
Ms. Piyanuch	Tamesirichai	Director
Ms. Piyaporn	Srithornratkul	Director
Ms. Prangtip	Sivaruk	Director
Gen. Vapirom	Manasrangsi	Independent Director / Chairman of the Audit Committee
Mr. Karun	KittiSataporn	Independent Director / Audit Committee
Mr. Pure	Limsiripan	Independent Director / Audit Committee
Mr. Prayoon	Vivetpuvanonth	Independent Director / Audit Committee

The directors authorized to sign any commitment binding the company are Mr. Chaisilp Tamesirichai, Ms.Piyanuch Tamesirichai whoever or Mr. Prasong Srithornratkul, Ms.PiyapornSrithornrutkul whoever or Ms.prangtip Sivaruk or Mr.Phut Sorayarnthanawut, 2 directors signed together with the company's stamp.

Authorities and Responsibilities of the Company's Board of Directors

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

1. to hold, on an annual basis, a general shareholders meeting within 4 months prior to the end of the Company's accounting period.
2. to hold a Board of Directors meeting at least once every 3 months.
3. to prepare an audited statements of financial position and an audited statement of comprehensive income for the Company as at the last day of the Company's accounting period and forward them for approval to the shareholders.
4. The Board of Directors may authorize one or more directors or appoint a third party representative to act, under the supervision of the Board, on behalf of the Board for a specified time period that the Board deems reasonable. Such authorization may be revoked or amended or the appointed third party be changed as the Board of Directors sees fit. In doing so, the Board of Directors may choose to authorize the Executive Board to act on behalf of the Board of Directors whereby the details of the authorization are in accordance with the authorities and responsibilities of the Executive Board. Such authorization to act on behalf of the Board of Directors must not be allow the Executive Board to approve of a transaction that can result in a gain or benefit to the Executive Board or a third party who has a conflict of interest with the Company or its affiliate unless the approval of the transaction in question follows the policies and guidelines already approved by the Board of Directors.



5. to set goals, directions, policies, plans and budgets for the Company and to oversee the management practice performed by the Executive Board to ensure that it follows the policies set forth except for transactions requiring prior approval from the shareholders meeting, namely raising of new capital, decrease of capital, issuance of bonds, sale or transfer of ownership of the Company whether in whole or in significant part to a third party, purchase or assumption of ownership of another company, amendment made to the Company's prospectus or regulations, etc. Moreover, the Board of Directors is responsible to ensure that the Company strictly abides by the Stock Exchange laws and regulations regarding connected transaction, purchase or sale of crucial asset that are governed by the rules and regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) or laws related to the Company's business.
6. to review the Company's management structure, appoint the Executive Board, committee chairperson or other committee as needed.
7. to ensure that the operating results are within the plan and budget at all times.
8. A director shall not engage in a business that is similar to or in competition with the Company's operations, enter into a partnership or limited partnership, assume a position of a director of a private company or other type of company operating a similar business to or is in competition with the Company's business whether such undertaking is for the benefit of the director or others unless such engagement is disclosed at the shareholders meeting prior to the appointment of the position.
9. The Directors shall immediately disclose to the Company of any benefits, whether direct or indirect, derived from a contract into which the Company enters or the decrease or increase in shareholding of the Company or its affiliates.

Each year the board evaluated its works according to the applicable SET evaluation criteria. Also, there were evaluations of directors in groups and individually including the subcommittee. The board considered the evaluation results and put forward recommendations for improvement.

The Executive Board

Name		Position
Mr. Chaisilp	Tamesirichai	Chairman of the Board
Mr. Prasong	Srithornratkul	Vice Chairman of the Board
Mr. Phut	Sorayarnthanawut	Managing Director
Mr. Charndej	Tamesirichai	Deputy Managing Director
Ms. Piyannuch	Tamesirichai	Deputy Managing Director
Ms. Piyaporn	Srithornratkul	Deputy Managing Director
Ms. Prangtip	Sivaruk	Deputy Managing 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.

Managing Director

Name	Position
Mr. Phut Sorayanthanawut	Managing Director

Duties and Responsibilities of the Managing Director

1. To be designated as authorized person in administering the Company's business and/or day-to-day operation to be in line with the policies, business strategies, objectives, business plans, financial goals and budgets of the Company as authorized by the Board of Directors and/or resolutions of the Shareholders' Meeting.
2. To prepare business plans and to assign management authority as well as set the business operation and annual budgets for the approval from the Board of Directors and to report the business progress according to the plans and budgets as approved to the Board of Directors.
3. To form an effective management team and organization structure in line with the Executive Board of Director's guideline including selecting, training, hiring, and firing the employees which are not high ranked executives at management level and to be assigned as authorized signatory of the Company's employment contract.



4. To monitor and report situation and position of the Company and to propose alternatives and strategies in accordance to policies and market situation.
5. To manage and control all areas of operation for the Company, including risk management, internal control, business operations and support functions and human resources.
6. To represent the Company and to be designated as authorized person in liaising with government agencies and other organizations.
7. To oversee communication activities with the public, stakeholders, customers and staff members in order to promote image and reputation of the Company
8. To ensure good corporate governance.
9. To consider all contracts regarding day-to-day operation, to give advice about the related matters to the Board of Directors and/or the Executive Board of Directors and/or person in charge to make the conclusion.
10. To be responsible and designated as assigned or according to policies assigned by the Board of Directors.

The Managing Director may sub-delegate and/or delegate specific tasks to others. The sub-delegation and delegation is to be within the limit of the issued power of attorney letter and/or according to rules and regulations, or orders specified by the Board of Directors. However, the delegation of power or responsibilities of the Managing Director shall not provide Managing Director or person delegated to approve any transaction in which he or any person who may have a conflict of interest (as defined by Notification of the Securities and Exchange Commission and Notification of the Capital Market Supervisory Board) would have an interest or might have any other conflict of interest with the Company, its subsidiaries, unless such approval is in accordance with the policy and criteria approved by the Board of Directors.

Board of Director and Executive Managements' share lists as of December 31, 2016, 2015 and 2014 are as follows:

No.	Name	Position	As of December 31, 2016		As of December 31, 2015		As of December 31, 2014	
			Number of Shares	%	Number of Shares	%	Number of Shares	%
1.	Mr. Chaisilp Tamesirichai	Chairman of the Board	43,619,246	8.23	43,469,346	8.20	43,469,346	8.20
2.	Mr. Prasong Srithornratkul	Director	42,878,936	8.09	42,878,936	8.09	42,878,936	8.09
3.	Mr. Pichai Nithivasin	Director	4,629,464	0.87	5,000,064	0.94	5,000,064	0.94
4.	Mr. Thana Senavattananagul	Director	4,009,074	0.76	3,650,374	0.69	3,502,674	0.66
5.	Mr. Kiangkrai Boonkittichareon	Independent Director	36,000	0.01	36,000	0.01	36,000	0.01
6.	Mr. Pornsin Thaemsirichai	Director	12,600,000	2.38	12,600,000	2.38	12,600,000	2.38
7.	Gen. Vapirom Manasrangsi	Chairman of the Audit Committee	-	-	-	-	-	-
8.	Mr. Karun Kittisataporn	Audit Committee	146,200	0.03	146,200	0.03	146,200	0.03
9.	Mr. Pure Limsiripan	Audit Committee	3,500,000	0.66	3,500,000	0.66	3,500,000	0.66
10.	Mr. Prayoon Vivetpuvanonth	Audit Committee	-	-	-	-	-	-
11.	Mr. Phut Sorayanthanawut	Managing Director	3,137,292	0.59	3,137,292	0.59	3,137,292	0.59
12.	Mr. Thawee Senavattananagul	Senior Deputy Managing Director	-	-	-	-	-	-
13.	Mrs. Intira Thavajvichien	Senior Deputy Managing Director	371,474	0.07	366,774	0.07	366,774	0.07
14.	Mr. Charndej Tamesirichai	Deputy Managing Director	1,000	-	-	-	10,000	-
15.	Ms. Piyanuch Tamesirichai	Deputy Managing Director	15,382,100	2.90	15,376,600	2.90	15,343,500	2.90
16.	Ms. Piyaporn Srithornratkul	Deputy Managing Director	25,458,900	4.80	25,458,900	4.80	25,458,900	4.80
17.	Ms. Prangtip Sivaruk	Deputy Managing Director	33,191,000	6.26	32,918,500	6.21	17,522,000	3.31
Total			188,960,686	35.65	188,538,986	35.57	172,971,686	32.64



The Audit Committee

Name		Position
Gen. Vapirom	Manasrangsi	Independent Director / Chairman of the Audit Committee
Mr. Karun	KittiSataporn	Independent Director / Audit Committee
Mr. Pure	Limsiripan	Independent Director / Audit Committee
Mr. Prayoon	Vivetpuvanonth	Independent Director / 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. Review the appropriateness of financial reporting system and disclosure of information in its financial statements in accordance with the legally defined Financial Reporting Standards, with transparency, Correctness, and adequacy.
2. Review the compliance of the Company's Internal Control System and the appropriateness and the effectiveness of the Company's Internal Audit System in accordance with internationally accepted approaches and standards.
3. Review the risk management system to ensure it is appropriate and effective.
4. Supervise the Collective Action Against Corruption CAC policy implementation and regularly report the internal control findings which are related to CAC to The Board of Directors.
5. Provide recommendations in respect of appointment, removal, transfer, or dismissal of the Director of Internal Audit Office.
6. Consider the independence of the Internal Audit Office based upon the execution of work, reports, and line of command.
7. Review the execution of the Internal Audit Office for the performance assessment according to international standards. Approve the internal audit plan, budget and manpower of the Internal Audit Office.
8. Review the Company's compliance with the laws on securities and exchange, Stock Exchange of Thailand requirements and other laws relating to the business of the Company.
9. Consider, select and propose the appointment or discharge an independent person to perform the duties of the Company's auditor and also propose the remuneration of the Company's external auditor and evaluate the effectiveness of external auditor's performance.
10. Organize meetings with the Company's external auditor, without the attendance of management, at least once a year.
11. Consider connected transactions or those having possible conflict of interest to ensure compliance with all pertinent laws and requirements of the Stock Exchange of Thailand.
12. Prepare the Committee's reports to be signed by the Chairman of the Committee and disclosed in the Company's annual report.



13. Hire advisors or external personnel in line with the Company's regulations to make comments or give advice as necessary. Summon members of the management or staff to make comments, attend meetings, or provide any documents deemed relevant and necessary.
14. Review the internal procedures concerning incident reports and complaints.
15. Review "The Assessment Form of the Adequacy of the Internal Control System" as audited and assessed by the Internal Audit Office to ensure that the Company has sufficient internal control system and propose to the Board of Directors for consideration.
16. Report its performance to the Board at least four (4) times a year.
17. Annually review its performance.
18. Annually review and reassess the adequacy of this charter and recommend any proposed changes to the Board for approval.
19. Perform other actions as required by law or as assigned by the Board of Directors.

Management Committee

Name		Position
Mr. Phut	Sorayarnthanawut	Chairman of the Risk Management Committee
Ms. Piyanuch	Tamesirichai	Risk Management Committee
Ms. Piyaporn	Srithornratkul	Risk Management Committee
Ms. Prangtip	Sivaruk	Risk Management Committee
Ms. Praiswan	Srithornratkul	Secretary to Risk Management Committee

The company's Risk Management Committee has been appointed by the Board of Directors on 14 May 2015 to take responsible for setting the risk management policy and process. Duties and Responsibilities of Risk Management Committee are as follows:

1. Develop risk management policies and prescribe management policy framework regarding the overall corporate risk management that covers the Company's major risks and review annually.
2. Consider the risk management manual and approve the risk management annual plan policies.
3. Evaluate and analyze risk management guidelines and tools to ensure that it covers all steps of business operation.
4. Design strategies in line with risk management policies and to evaluate, monitor and control the overall risk at acceptable level.
5. Support and develop the establishment of continual risk management within the Company to be consistent with international standards.
6. Encourage cooperation of overall risk management and review the adequacy of risk management policies and system, as well as effectiveness of the system and policy implementation.
7. Report periodically to the Board of Directors the matters that need improvement to be in line with the prescribed policies and strategies.
8. Assess new risk factor that might have occurs from the new product and/or new business, the corruption risk including guidelines for preventing future risks.
9. Promote and support the risk management as value added process to regular operation.
10. Perform any other tasks as assigned by the Board of Directors.

The Risk Management Committee is delegated a three-year term and required to be held at least once a year meeting.



Company Secretary

Name	Position
Miss Nuttaporn Tamesirichai	Company Secretary

The Board of Directors appointed Company Secretary on 10 March 2016, whose duties is stipulated in the Securities and Exchange Act B.E. 2535, 4th Amendment Issue B.E.2551 (2008).

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 Praiwan Srithornratkul	Department Manager



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.



Remuneration of the Board of Directors as of 31 December 2016

Name	Position	Remuneration		Attendance fee				Total (Baht)
		Board	Audit Committee	Number of Meeting	Board / AGM	Number of Meeting	Audit Committee	
1. Mr. Chaisilp Tamesirichai	Chairman of the Board	80,000	-	6/6	30,000		-	110,000
2. Mr. Prasong Srithornratkul	Vice President and Director	80,000	-	6/6	30,000		-	110,000
3. Mr. Pornsin Thaemsirichai	Director	80,000	-	5/6	25,000		-	105,000
4. Mr. Thana Senavattanakul	Director	80,000	-	6/6	30,000		-	110,000
5. Mr. Pichai Nithivasin	Director	80,000	-	5/6	25,000		-	105,000
6. Mr. Kiangkrai Boonkittichareon	Independent Director	80,000	-	5/6	25,000		-	105,000
7. Mr. Phut Sorayanthanawut	Director	80,000	-	2/4	10,000		-	90,000
8. Mr. Chardej Tamesirichai	Director	80,000	-	4/4	20,000		-	100,000
9. Ms. Piyanuch Tamesirichai	Director	80,000	-	4/4	20,000		-	100,000
10. Ms. Piyaporn Srithornratkul	Director	80,000	-	4/4	20,000		-	100,000
11. Ms. Prangtip Sivaruk	Director	80,000	-	4/4	20,000		-	100,000
12. Gen. Vapirom Manasrangsi	Chairman of the Audit Committee	80,000	240,000	3/6	15,000	3/5	15,000	350,000
13. Mr. Karun Kittisataporn	Audit Committee	80,000	240,000	5/6	25,000	4/5	20,000	365,000
14. Mr. Pure Limsiripan	Audit Committee	80,000	240,000	4/6	20,000	4/5	20,000	360,000
15. Mr. Prayoon Vivetpuvanonth	Audit Committee	80,000	240,000	6/6	30,000	5/5	25,000	375,000
Total		1,200,000	960,000		345,000		80,000	2,585,000

Remark: Directors from no. 7 – 11 were appointed by the Board of directors on the BOD's meeting 2/ 2016 on 10 March 2016.

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

- 1) The Remuneration of the Board of Directors (Baht / person / year) 80,000 Baht
- 2) The Remuneration of the Audit Committees (Baht / person / year) 20,000 Baht
- 3) Meeting fee (Baht / person / time) 5,000 Baht

In 2016, there were one AGM and five Board of Directors' and Audit Committees' meeting.

- 4) Other compensaton – None

Total remuneration of the Management in 2016

Total remuneration of the Management	28,799,421
Numbers of the Management (person)	9
Monetary remuneration type	Salary and bonus
Other remuneration type	Position car



Audit fee

The Corporate Auditor for the fiscal year ended 31 December 2016 is Ms. Thanyaporn Tangtanopajai Certified Public Accountant, registration number 9169 of Dharmniti Auditing Co., Ltd. The total Audit fee is 1,005,000 Baht comprising of the Quarterly audit fee of 435,000 Baht, Annual Audit fee of 500,000 Baht and BOI Audit fee of 70,000 Baht.

Directorships and Executive Development

The company has provided training and human resources development programs for all of its personal through internal and external training. It allows the board to participate in its operations and ventures. Corporate directors and executives have participated in training courses organized by accredited institutions, such as Director Accreditation Program (DAP), and Director Certification Program (DCP) provided by Thai Institute of Directors (IOD), also basic courses for the audit committee, courses offered by the Stock Exchange of Thailand, and cutting-edge management courses offered by other professional institutions.

In 2016, some directors and executives have participated in training courses, for example, Mr. Phut Sorayanthanawut (Managing Director), Ms. Prangtip Sivaruk (Deputy Managing Director) and Mr. Charndej Tamesirichai (Deputy Managing Director) had attended Director Certification Program (DCP) By IOD 227/2016 and 228/2016, Ms. Piyanuch Tamesirichai (Deputy Managing Director) had attended Director Accreditation Program (DAP) By IOD 132/2016 and Risk Management Program for Corporate Leaders (RCL) By IOD 5/2016 and Ms. Nuttaporn Tamesirichai (Company Secretary) had attended Company Secretary Program (CSP) By IOD 73/2016.

The Practical Guide New directors are required to complete training and orientation providing important knowledge and skills that are crucial for their directorships. Once there are business expansions or new ventures, the company invites corporate directors to visit the sites and monitor the progress regularly.

Succession Plans

The Board of Directors realizes that succession plans become necessary in case the managing director or top executives are not able to work. To ensure readiness for the circumstance, the Company has prepared its human resources to be able to take on different responsibilities assigned in order to appropriately cover for their colleagues or fulfill their new positions. Executives are given opportunities to learn about the work outside their fields. This is to enable them to fill in assignments for their colleagues who are unable to take on the responsibilities.

DETAILS SUMMARY OF THE BOARD OF DIRECTORS AND THE MANAGEMENT



Name	Educational Background	Work Experience	
		Period / Position / Company	
Mr. Chaisilp Tamesirichai Age (year), 73 % of share, 8.23	<u>Education</u> - MA. Political Science, Ramkamhaeng University - Certificate MINI MBA, Chulalongkorn University - BA, Ramkamhaeng University - Assumption Commercial College <u>Training</u> - Finance for Non-Finance Directors (FN) (15/2005) - Director Certification Program (DCP) (53/2005) - Director Accreditation Program (DAP) of IOD (26/2004)	1974 - Present 1988 - Present 1976 - Present	<u>Position in listed Company</u> President and Chairman of the Board Sahamit Machinery PCL. <u>Non-Listed Company</u> Director, K.S. Mould Parts Co., Ltd. Director, Sahamit Holding Co., Ltd.
Mr. Prasong Srithornratkul Age (year), 73 % of share, 8.09	<u>Education</u> - Assumption Commercial College <u>Training</u> - Director Accreditation Program (DAP) of IOD (28/2004)	1974 - Present 1988 - Present 1976 - Present	<u>Position in listed Company</u> Vice President and Director, Sahamit Machinery PCL. <u>Non-Listed Company</u> Director, K.S. Mould Parts Co., Ltd. Director, Sahamit Holding Co., Ltd.
Mr. Thana Senavattanagul Age (year), 77 % of share, 0.79	<u>Education</u> - Japanese Course, Tokyo - Sahakunsuksa School	1994 - Present 1999 - Present	<u>Position in listed Company</u> Director, Sahamit Machinery PCL. <u>Non-Listed Company</u> Chairman of the Board, Nokhon Luang Paper Co., Ltd.
Mr. Kriangkrai Boonkitticharoen Age (year), 73 % of share, 0.01	<u>Education</u> - B.A. Business Administration, Thammasat University <u>Training</u> - Director Accreditation Program (DAP) of IOD (17/2004)	1994 - Present 1990 - Present 1987 - Present	<u>Position in listed Company</u> Independent Director, Sahamit Machinery PCL. <u>Non-Listed Company</u> Chairman of the Board, Reanthongvittaya Co., Ltd. Executive Director, Tata Co., Ltd.
Mr. Pichai Nithivasin Age (year), 73 % of share, 0.87	<u>Education</u> - Diploma. Business Administration. Golden Gate College, San Francisco, USA <u>Training</u> - Director Accreditation Program (DAP) of IOD (26/2004)	1994 - Present 2015 - Present 1997 - Present 1996 - Present 1996 - Present 1993 - Present 1989 - Present 1989 - Present 1988 - Present 1988 - Present 1988 - Present 1988 - Present 1975 - Present	<u>Position in listed Company</u> Director, Sahamit Machinery PCL <u>Non-Listed Company</u> Director, BST Specialty Co., Ltd. Director, Foamtec International Co., Ltd. Director, BST Elastomers Co., Ltd. Director, Bangkok Cogeneration Co., Ltd. Director, Bangkok Synthetics Co., Ltd. Director, Polymers Marketing Co., Ltd. Director, B I G Marketing Co., Ltd. Executive Director, International Resources Development Ltd. Executive Director, Narai Property Co., Ltd. Executive Director, Narairuamphiphat Co., Ltd. President, Narai Hotel Co., Ltd. Managing Director, Hua Kee Paper Co., Ltd.

DETAILS SUMMARY OF THE BOARD OF DIRECTORS AND THE MANAGEMENT



Name	Educational Background	Work Experience	
		Period / Position / Company	
Mr. Pornsin Thaemsirichai Age (year), 71 % of share, 2.38	<u>Education</u> - MBA. The University of Southern Queensland, Australia - MS. Engineering, North Dakota State University, USA - B.E. In Civil Chulalongkorn University <u>Training</u> - Director Accreditation Program (DAP) of IOD (18/2004)	2013 - Present 2004 - Present 2016 - Present 2010 - Present 2007 - Present 2006 - Present 2003 - Present 2003 - Present 1983 - Present 1983 - Present 1983 - Present	<u>Position in listed Company</u> Director, Sahamit Machinery PCL. Director and Senior Vice President, Khon Kaen Sugar Industry Plc. <u>Non-Listed Company</u> Director, KSL Green Innovation PLC. Chairman, Koh Kong Plantation Co., Ltd. Director, Savannakhet Sugar Corporation Director, Koh Kong Sugar Industry Co., Ltd. Director, KSL Material Supplies Co., Ltd. Managing Director, Khon Kaen Sugar Power Plant Co., Ltd. Director and Senior Vice President, New Kwang Soon Lee Sugar Co., Ltd. Director and Senior Vice President, New Krung Thai Sugar Factory Co., Ltd. Director and Senior Vice President, Tamaka Sugar Industry Co., Ltd.
Gen. Vapirom Manasrangsi Age (year), 70 % of share, -	<u>Education</u> - Ph.D. (Civil Engineering) - M. Sc. (Information Technology) - B. Sc. <u>Training</u> - Director Accreditation Program (DAP) of IOD (26 /2004)	2004 - Present Present	<u>Position in listed Company</u> Independent Director, Chairman of the Audit Committee, Sahamit Machinery PCL <u>Non-Listed Company</u> Project consultants, Her Royal Highness Princess Maha Chakri Sirindhorn's Personal Affairs Division
Mr. Karun Kittisataporn Age (year), 69 % of share, 0.03	<u>Education</u> - M.A. (International Trade), Syracuse University, USA - Bachelor of Commerce & Administration, Victoria University of Wellington, New Zealand <u>Training</u> - Diploma, GATT Commercial Policy Course, Geneva - Anti-Corruption for Executive Program (ACEP) 2013 - Monitoring the Internal Audit Function (MIA) 2013 - Finance Institutions Governance Program (FGP) 2011 - Audit Committee Program (ACP) 2009 - Finance Statements for Directors (FSD) 2009 - Role of the Compensation Committee (RCC) 2008 - Director Certification Program (DCP) 2006	2010 - Present 2009 - Present 2008 - Present 2008 - Present	<u>Position in listed Company</u> Independent Director, Member of the Audit Committee and Member of the Nomination and Remuneration Committee, Khon Kaen Sugar Industry PCL. Independent Director, Member of the Audit Committee and Member of the Nomination and Remuneration Committee, Central Pattana PCL. Independent Director and Chairman of Nomination and Remuneration Committee, Bank of Ayudhya PCL. Independent Director, Audit Committee Member, Sahamit Machinery PCL.

DETAILS SUMMARY OF THE BOARD OF DIRECTORS AND THE MANAGEMENT



Name	Educational Background	Work Experience	
		Period / Position / Company	
		Present	<u>Non-Listed Company</u> Chairman of the Executive Board of the Support Arts and Crafts International Centre of Thailand, Support Arts and Crafts International Centre of Thailand
		Present 2006 - 2008	Member of the Council of State, Council of State Member of the National Legislative Assembly, National Legislative Assembly
		2003 - 2008	Member of the Court of Directors, Bank of Thailand
		2001 - 2007	Permanent Secretary for Commerce, Ministry of Commerce
Mr. Pure Limsiripan <i>Age (year), 79</i> <i>% of share, 0.66</i>	<u>Training</u> - Director Accreditation Program (DAP) of IOD (17/2004)	2004 - Present	<u>Position in listed Company</u> Independent Director Audit Committee Sahamit Machinery PCL.
		1999 - Present 1962 - Present	<u>Non-Listed Company</u> Director, Aek Dee Textile Co., Ltd. CEO, T. Thai General (1975) Co., Ltd.
Mr. Prayoon Vivetpuvanonth <i>Age (year), 73</i> <i>% of share, -</i>	<u>Education</u> - MBA. Sasin Graduate Institute of Business Administration of Chulalongkorn University - Barrister, The Thai Bar - B.L, Thammasat University - B. Acc, Thammasat University. <u>Training</u> - Director Accreditation Program (DAP) of IOD (35/2005)	Present Present 2005 - Present 2000 - 2004 Present	<u>Position in listed Company</u> Project consultants, Hydrotex PCL. Chairman of the Board, Pholtanya PCL. Independent Director, Sahamit Machinery PCL. Director, Audit Committee, Banpu Plc. <u>Non-Listed Company</u> Executive Director, Wiwechpattana Rice-Mill Co., Ltd.
Mr. Phut Sorayanthanawut <i>Age (year), 54</i> <i>% of share, 0.59</i>	<u>Education</u> - B.Eng, King Mongkut's University of Technology Thonburi - MMP61 Faculty of Accounting, Chulalongkorn University <u>Training</u> - Director Certification Program (DCP) of IOD 227/2016 - Risk Management Program for Corporate Leaders (RCL) of (IOD) (1/2015) - Director Accreditation Program (DAP) of IOD 109/2014	2016 - Present 2015 - Present 1985 - 2015	<u>Position in listed Company</u> Managing Director, Sahamit Machinery PCL. Chairman of the Risk Management Committee, Sahamit Machinery PCL. Assistant to President, Sahamit Machinery PCL.

DETAILS SUMMARY OF THE BOARD OF DIRECTORS AND THE MANAGEMENT



Name	Educational Background	Work Experience	
		Period / Position / Company	
Mr. Thawee Senavattanakul Age (year), 66 % of share, -	<u>Education</u> - Assumption Commercial College	1975 - Present	<u>Position in listed Company</u> Senior Deputy Managing Director, Sahamit Machinery PCL.
Mrs. Intira Thavajvichien Age (year), 65 % of share, 0.07	<u>Education</u> - Oswestry College of Further Education, U.K.	1974 - Present	<u>Position in listed Company</u> Senior Deputy Managing Director, Sahamit Machinery PCL.
Mr. Charndej Tamesirichai Age (year), 46 % of share, -	<u>Education</u> - B.A. Tenri University <u>Training</u> - Director Certification Program (DCP) of IOD 228/2016	2016 - Present 1997 - 2015	<u>Position in listed Company</u> Deputy Managing Director, Sahamit Machinery PCL. Manager, Sahamit Machinery PCL
Ms. Piyanuch Tamesirichai Age (year), 44 % of share, 2.90	<u>Education</u> - MBA, General Management, Strayer University, Maryland - BBA, General Management, George Washington University At Mount Vernon College <u>Training</u> - Global Business Leaders Program (GBL 2) - Director Accreditation Program (DAP) of IOD 132 /2016 - Risk Management Program for Corporate Leaders (RCL) of IOD 5/2016 - Financial and Fiscal Management Program for Senior Executive (FME 3) - Thammasat Leadership Program 7	2016 - Present 2015 - Present 2002 - 2015	<u>Position in listed Company</u> Deputy Managing Director, Sahamit Machinery PCL. Risk Management Committee, Sahamit Machinery PCL. Manager, Sahamit Machinery PCL.
Ms. Piyaporn Srithornratkul Age (year), 43 % of share, 4.80	<u>Education</u> - Master of Business Administration (MBA) California State University, Fullerton, USA - Bachelor of Business Administration (BBA) Faculty of Commerce and Accountancy, Chulalongkorn University <u>Training</u> - Professional Designation in Database Management System, University of California, Los Angeles (UCLA), USA - Middle Management Leadership, Dale Carnegie Training Saint John's Management Center - Mini Metallurgy Engineering, King Mongkut's University of Technology Thonburin National Metal and Materials Technology Center (MTEC)	2016 - Present 2015 - Present 2003 - 2015	<u>Position in listed Company</u> Deputy Managing Director, Sahamit Machinery PCL. Risk Management Committee, Sahamit Machinery PCL. Manager, Sahamit Machinery PCL.

DETAILS SUMMARY OF THE BOARD OF DIRECTORS AND THE MANAGEMENT



Name	Educational Background	Work Experience	
		Period / Position / Company	
Miss Prangtip Sivaruk Age (year), 41 % of share, 6.26	<u>Education</u> - Master of Public and Private Management, (M.P.P.M.) NIDA - M.S. Business Administration, San Francisco State University, San Francisco, USA - B.A. Sukothai Thammarat University - B.A. Kasetsart University, second class honor <u>Training</u> - Director Certification Program (DCP) of IOD 227/2016 - Risk Management Program for Corporate Leaders (RCL) of IOD 1/2015 - Director Accreditation Program (DAP) of IOD 109 /2014	2016 - Present 2015 - Present 2004 - 2015	<u>Position in listed Company</u> Deputy Managing Director, Sahamit Machinery PCL. Risk Management Committee, Sahamit Machinery PCL. Manager, Sahamit Machinery PCL.
Ms. Nuttaporn Tamesirichai Age (year), 40 % of share, 4.52	<u>Education</u> - Master of Business Administration, Marymount University - Bachelor of Business Administration (BBA), Strayer University, USA <u>Training</u> - Company Secretary Program (CSP) By IOD 73/2016	2016 - Present 2009 - 2015	<u>Position in listed Company</u> Company Secretary, Sahamit Machinery PCL. Manager, Sahamit Machinery PCL.

Details of the positions of the Directors, the Executive Directors and the Authorized Directors as of 31 December 2016

Name	SMIT	Sahamit Holding Co.,Ltd.	K.S.Mould Parts Co.,Ltd.	Nakhon Luang Paper Co.,Ltd.	Tata Co.,Ltd.	Reanthongvittaya Co.,Ltd.	Hua Kee Paper Co.,Ltd.	Narai Hotel Co.,Ltd.	B I G Marketing Co.,Ltd.	BST Specialty Co.,Ltd.	Tamaka Sugar In	New Krung Thai Sugar Factory Co.,Ltd.	New Kwang Soon Lee Sugar Co.,Ltd.	Khon Kaen Sugar Power Plant Co.,Ltd.	KSL Material Supplies Co.,Ltd.	K hon Kaen Alcohol Co.,Ltd.	Koh Kong Sugar Industry Co.,Ltd.	Savannakhet Sugar Corporation	KSL Green Innovation PCL.	Khon Kaen Sugar Industry PCL.	Bank of Ayudhya PCL.	Central Patthan PCL.	T.Thai General (1995) Co.,Ltd.	Aek Dee Textile Co.,Ltd.	Pholtanya PCL.	Hydrotec PCL.	Wiwachpattana Rice-Mill Co.,Ltd.
1. Mr.Chaisilp Tamesirichai	X,D,EM	D,EM	D																								
2. Mr.Prasong Srithornratkul	D,EM	D,EM	D																								
3. Mr.Thana Senavattana	D			X																							
4. Mr.Kiangkrai Boonkittichareon	D				EM	X																					
5. Mr.Pichai Nithivasin	D						EM	X	D	D																	
6. Mr.Pornsiri Thaemsirichai	D										D,EM	D,EM	D,EM	MD	D	EM	D	D	D	D,EM							
7. Gen.Vapirom Manasrangsi	AM																										
8. Mr.Karun Kittisataporn	AM																			ID,AM	ID	ID,AM					
9. Mr.Pure Limsiripan	AM																						X,EM	D			
10. Mr.Prayoon Vivetpuvanonth	AM																								X	P	X
11. Mr.Phut Sorayanthanawut	MD,D,EM																										
12. Mr.Chardej Tamesirichai	D,EM																										
13. Ms.Piyanuch Tamesirichai	D,EM																										
14. Ms.Piyaporn Srithornratkul	D,EM																										
15. Ms.Prangtip Sivaruk	D,EM																										

Remarks : Sumbol position X = Chairman of the Board of Director, D = Director, EM = Executive Director, AM = Audit Committee, ID = Independent Director, MD = Managing Director, P = Project Consultant



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 2016 is posted on the company's website so that shareholders can study all the information prior to receiving the notice in documentation.
2. The company's website where shareholders and those interested may download financial information, company profile, and meeting information is www.sahamit.co.th. Inquiries may be Email to info@sahamit.co.th.
3. The invitation to the Annual General Meeting contains information and guidelines for the shareholders relevant to the meeting including voting procedure. In case the company shareholders cannot personally attend the meeting, the company shareholders may use the proxy form provides as attachment or may download from the company website to appoint the Audit Committee members, Board of Directors, or any persons to be the shareholder's proxy to attend and vote in the Annual General Meeting of Shareholders. The company also gives right to the shareholders arrive late to vote for the agenda that haven't been voted by the time the shareholders attend the meeting unless the shareholders' meeting has disagreed.
4. The company held the Annual General Meeting 2016 on April 26, 2016, where all 8 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 2016, the company would like to offer and opportunity for the shareholders in proposing the agenda of Annual General Meeting of the Shareholders and nominate person to be elected as the company's Directors in advance be e-mailed to info@sahamit.co.th.
6. In the 2016 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 2016, 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 Besides, the Company encourages the acquisition of knowledge through internal and external trainings so as to cope the future growth. The Company establishes a provident fund for employees to provide employees with financial security and stability.

Rights of customers:

The Company is operating under the international standard of ISO 9001:2008 and AS9100c to bring about the highest satisfaction in terms of quality of products, punctual delivery and would class services. To protect trade secrets of each customer has been our priorities to ensure long-term relationship.

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 stakeholders can contact the Company's management, the head of internal audit committee, the head of human resource department, or the chairman of audit committee to report improper incidents, complain, request for clarifications or correction, or make any suggestions (Whistle Blowing Policy) by emailing : ia@sahamit.co.th., or faxing the internal audit office at (0) 2295 1020.

In the previous year, there was no wrongdoing reported to the Company. Details information regarding procedure to report wrongdoing is provided in the Company's Corporate Governance Manual, under the heading Reporting misconduct, fraud, and non-compliance to Code of Business Ethics.



Disclosure of Information and Transparency

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

1. Annual statements (Form 56-1) and annual reports are disclosed through the SET channels and Company website www.sahamit.co.th. There are also updates related news to the Company on the website to facilitate decision-making of those involved.
2. In the previous year, the Company's disclosure of information and transparency were approved by the Securities and Exchange Commission and the SET, as its practice was in accordance with disclosure requirements.
3. In the 2016 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.
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 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 5 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 not the same person. The Company has clearly defined and divided the duties and authorities of these 2 roles. The Company has 7 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 Audit Committee).
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 2016, 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 5 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 5 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 Nuttaporn Tamesirichai 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. 2/2017, also attended by the Audit Committee, held on March 10, 2017, 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.



Risk Management

The Company acknowledges that risk management is an essential element in the framework of good corporate governance, and is an integral part of good management practice. The Company recognizes that the aim of risk management is not to eliminate risk totally, but rather to provide the structural means to identify, prioritize and manage the risks involved in all our activities. It requires a balance between the cost of managing and treating risks and the anticipated benefits that will be derived. The Company's Risk Management Committee set the risk management policy and process for the management to execute. The management team is responsible for identifying risk factors and planning effective control systems. By considering the risk factors, the management can develop a better business model and control system that will enable it to manage risk at an acceptable level. In 2015, the Board of Directors had appointed the Risk Management Committee and the Office of Risk Management to create Risk Management Manuals for each department, reviews and improvements to internal control system were made to ensure all business units implement the controls consistently.

In order that, the Company's Risk Management Committee shall review and assess annually its performance and report the results to the Board. There are 5 Steps of Risk Management Process as following:

- Step 1 – Establish the risk context for the identification and analysis of the risks facing the company.
- Step 2 – Identify the risks which could cause a loss or disruption to the business which can be classified into different 5 main types.
 - 2.1 Financial Risk
 - 2.2 Operational Risk
 - 2.3 Regulatory Risk
 - 2.4 Strategic Risk
- Step 3 – Analyse, evaluate and measure the risks. This involves analysing the likelihood and consequences of each identified risk and deciding which risk factors will potentially have the greatest effect and should, therefore, receive priority with regard to how to be managed. It is about considering the options for treatment and selecting the most appropriate method to achieve the desired outcome.
- Step 4 – Treat and Mitigate the risks. If management considers a risk to be significant, an action plan is developed to mitigate and/or reduce the risk to a more acceptable level. The action plan stipulates who is responsible for taking action, what kind of action needs to be taken and it also includes a time frame within which a risk needs to be reduced or mitigated.
- Step 5 – Monitor & Reviews. It is to assess the effectiveness of its Risk Management Framework through a well structured continuous improvement process to ensure risks and controls are continually monitored and reviewed.

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 follows:

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 places 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 relationship.

The Company's CSR activities in Year 2016

1. Donated education fund for students of Wat Khlong Mai School and Phromma Nukhro School.
2. Contributed to the Fund for the Development of Children and Youth in Remote Areas by H.R.H. Princess Maha Chakri Sirindhorn Projects.
3. Donated goods for educational purposes to Machine Shop Department and Production Technology Department of Pathumthani Technical College as education materials to support students to improve their skills and bring more professional experience from the real devices.
4. Provided Fire Safety and Evacuation Training in the Workplace to increase the safety of our workers in dangerous situations, reducing accidents which can occur. Employees can apply knowledge to take care of the health and safety of themselves, family members and communities.
5. Promoted safety and health awareness and training for employees such as 5s Training, Crane Operation Training, ISO 9001 Quality Management Systems Training, Power Quality Training, Safety Officer Training for Supervisor Level by Safety and Health at Work Promotion Association (Thailand)

Collective Action Against Corruption

The Company had participated in Collective Action Against Corruption CAC in which participants members have policies against all forms of corruption and anti-bribery management system as well as providing support for the development of standards for good corporate governance. On the basis of good corporate governance and CSR (Social Responsibility).

In 2016, the Company had set the Anti-Corruption Policy in written document as practice guideline for transparent and sustainable operations with approval from the Board, to ensure that the business activities which might be potentially involved to corruption will be carried out with care and diligence. The Company supports and encourages the employees at all levels to realize the importance of countering corruption and raise their awareness in this respect by communicating anti-corruption policies and practice guidelines to employees along with notifying policies to employees to make them understand and adopt these guidelines in all business activities.

The Company updated document and implemented procedures in accordance with the declaration of intent in Thailand's Private Sector Collective Action Coalition Against Corruption (CAC), and submit the supporting document, working papers, and a self-evaluation tool to CAC in the last quarter of 2016.



In the year 2016, the Company disclosed related party transactions that might be conflicts of interest in notes to the audited financial statement as follows:

Relationship	Description	Transaction	Transaction amount and balance (Unit: Thousand Baht)
1. KS Mould Part Co., Ltd. Is a manufacturer of ejector pins. It is the joint venture between Kanzaki Mfg Co., Ltd. and Sahamit Holding Co., Ltd. holding shares by 24.48% and 60.08% respectively.			
(1) Executives of the Company which are Chaisilp Tamesirichai and Prasong Srithornratkul are also the directors and shareholders in Sahamit Holding Co., Ltd. (2) Sahamit Machinery Plc. is a shareholder of KS Mould Part with the shares of 10.93% of registered capital.	The Company is a distributor of ejector pin for KS Mould Part since the Company was appointed to be a sole distributor in Thailand.	Buy	86,798
		Accounts Payable	13,357
	The Company sold its products to KS Mould Part.	Sell	34,401
		Accounts Receivable	8,383
2. Rien Thong Wittaya Co., Ltd. Is a manufacturer and distributor of books, files and also provides the paper cutting services.			
Kriengkrai Boonkitticharoen is the President of Rien Thong Wittaya Co., Ltd. and also a director of Sahamit Machinery Pcl.	The Company sold paper to Rien Thong Wittaya at market price.	Sell Accounts Receivable	439 46
3. Khon Khaen Sugar PCL is a manufacturer of sugar and other related business.			
Karun Kittasataporn is an Independent Director, Member of the Audit Committee and Member of the Nomination and Remuneration Committee of Khon Khaen Sugar PCL and also the Audit Committee of Sahamit Machinery PCL.	The Company sold spare parts and chemical products for Khon Khaen Sugar PCL.	Sell Accounts Receivable	12,583 6,545
4. Bangkok Industrial Gas Co., Ltd. Is a distributor of Nitrogen Gas.			
Pichai Nithivasin is a director of Bangkok Industrial Gas Co., Ltd. and also a director of Sahamit Machinery PCL.	The company bought Nitrogen gas to be use in the Heat Treatment Plant at market price.	Buy Accounts Payable	2,191 321
5. Hua Kee Co., Ltd. Is the distributor of paper products.			
Pichai Nithivasin is a Managing Director of Hua Kee Co., Ltd. and also a director of Sahamit Machinery PCL.	The company sold paper for the manufacturing plant to Hua Kee Co., Ltd.	Sell Accounts Receivable	998 85
		Buy Accounts Payable	1,500 -

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.



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 Limpsiripan, Mr. Prayoon Vivetpuvanonth, and Mr. Karun Kittisataporn are members of the Audit Committee. The Audit Committee was appointed by the Board of Directors to be responsible for internal auditing, financial report auditing, and to promote and ensure the Company's compliance with the Code of Best Practices for Listed Companies enabling good corporate governance.

In 2016, 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 Company's Quarterly and Annual Financial Reports Before the management presented the financial reports to the Board of Directors for approval, the Audit Committee reviewed all financial reports in conjunction with the auditor and in the absence of the executive directors. This is to allow auditors to freely and independently audit the reports, inquire and inform the details of the financial report, explain the accounting method, and express any concerns to ensure that the financial information is sufficiently disclosed in a timely manner and according to the customary accounting practice and standard. The Committee deemed the financial reports for 2016 to be accurate, adequate, reliable, and in line with generally accepted accounting standards.
- 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) Reviewed the connected transactions between the Company 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.
- 5) Reviewed the operation of the Audit Committee on a quarterly basis 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. And also support The Company to participated in Collective Action Against Corruption CAC.
- 6) Reviewed the Sufficiency of Internal Control and Internal Audit Systems The Audit Committee examined the corporate internal control system by reviewing internal audit reports that includes the Company's significant work processes. The Committee gave advice to the Internal Audit Unit to improve its work effectiveness and efficiency, considered and approved the annual internal audit plan, and supported the Company's effort to develop the knowledge of internal auditors so that they may perform their duties according to international standard and improve the overall quality of the Company's Internal Audit System.



- 7) 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 2015/2016 and reviewed its relevant remuneration.
- 8) Appointed the Risk Management Committee. The Audit Committee had support the set up of the Risk Management Committee to reviewed the Company's risk by focusing on significant risk factors and monitoring risk status. This will strengthen the efficiency and effectiveness of the operations.

In conclusion, during the year 2015, 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 Manasrangsi
Chairman of the Audit Committee



REPORT OF THE BOARD OF DIRECTOR'S RESPONSIBILITIES FOR FINANCIAL STATEMENTS

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

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

The board of directors opines that overall internal control system is satisfactory and can create the credulity towards the financial statements of the company as of December 31, 2016.

Mr.Chaisilp Tamesirichai
Chairman of the Board



To **the Shareholders and Board of Directors of
Sahamit Machinery Public Company Limited**

Opinion

I have audited the financial statements of Sahamit Machinery Public Company Limited (the Company), which comprise the statement of financial position as at December 31, 2016, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sahamit Machinery Public Company Limited as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Recognition of revenues from sales and services

The Company has revenues from sales and services in many segments by product group and management structure under different control environment. There is an accounting policy to recognize various revenues as disclosed in Note 2.2 in the notes to the financial statements. There is considerable number of transactions in recognizing the revenues and data entry process into the different preparation of the financial statements. Therefore, I emphasis on auditing the revenue recognition risk and reward have been transferred to customers.

Risk response by the auditor

My audit approaches include accounting policy assessment on revenue recognition, understanding the revenue cycle, testing and evaluation of the effectiveness of the test of compliance on the internal control system of each segment, testing of the information system that relates to the revenue recognition, auditing the revenue supporting documents against the related revenue recording into the journal and ledger in the main system, verifying the revenue cut-off in each segment including checking credit note and return transactions after year-end to check the transfer of risk and reward that may have effect on the recorded revenue, analysis to compare the accounting information and other financial information relating to the revenues from sales and services.



Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance in order for those charged with governance to correct the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Ms.Thanyaphorn Tangthanopajai)
Certified Public Accountant
Registration No.9169

Dharmniti Auditing Company Limited
Bangkok, Thailand
February 16, 2017

STATEMENT OF FINANCIAL POSITION



AS AT DECEMBER 31, 2016

		<u>ASSETS</u>	
		Baht	
	Notes	2016	2015
CURRENT ASSETS			
Cash and cash equivalents	5	16,058,824.40	25,420,378.69
Current investments	6	340,758,286.59	137,566,667.21
Trade and other receivables	4, 7	436,617,282.81	368,475,877.40
Inventories	8	784,748,124.69	922,020,358.10
Other current assets		1,851,760.18	1,300,403.18
Total current assets		1,580,034,278.67	1,454,783,684.58
NON-CURRENT ASSETS			
Fixed deposit using for guarantee	12	627,714.42	620,214.52
General investments	9	57,407,130.63	57,407,130.63
Property, plant and equipment	10.1, 10.2	765,251,742.11	798,549,757.58
Other non-current assets		2,623,282.75	2,600,281.07
Total non-current assets		825,909,869.91	859,177,383.80
TOTAL ASSETS		2,405,944,148.58	2,313,961,068.38
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Bank overdrafts and short-term loans from financial institutions	12	386,791.43	7,482,193.30
Trade payables	4	171,778,373.94	147,684,293.43
Other payables		28,620,130.15	26,957,613.92
Cash received in advance from sales and services		17,136,072.62	18,933,558.24
Income tax payable		21,120,090.87	12,540,704.40
Other current liabilities		11,159,343.03	5,543,821.24
Total current liabilities		250,200,802.04	219,142,184.53
NON-CURRENT LIABILITIES			
Deferred tax liabilities	11	13,223,175.73	13,789,349.96
Employee benefit obligations	13	23,082,846.00	20,211,830.00
Total non-current liabilities		36,306,021.73	34,001,179.96
TOTAL LIABILITIES		286,506,823.77	253,143,364.49
SHAREHOLDERS' EQUITY			
Share capital			
Authorized share capital			
550,000,000 shares, Baht 1.00 par value each		550,000,000.00	550,000,000.00
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	14	55,000,000.00	55,000,000.00
Unappropriated		1,135,353,297.65	1,076,305,335.20
Other components of equity		123,870,604.44	124,298,945.97
Total shareholders' equity		2,119,437,324.81	2,060,817,703.89
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,405,944,148.58	2,313,961,068.38

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



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2016

	Notes	Baht	
		2016	2015
REVENUES			
Sales and services	4, 22	2,028,741,376.81	1,910,162,467.90
Other income			
Commissions		9,728,532.06	11,984,913.64
Dividend income	9	6,582,620.76	7,679,940.89
Gain on exchange rate		6,014,664.74	8,557,509.48
Gain on disposal of assets		4,473,520.00	3,348,304.71
Others		3,180,819.09	3,239,943.44
Total revenues		2,058,721,533.46	1,944,973,080.06
EXPENSES			
Cost of sales and services	4	1,435,787,329.36	1,366,701,560.84
Selling expenses		103,316,018.62	100,103,663.93
Administrative expenses		245,807,142.15	255,644,184.26
Management benefit expenses	4	31,384,421.00	21,207,499.00
Loss on land revaluation	10.1, 10.2	-	4,593,357.00
Finance costs		845,554.02	765,339.82
Total expenses		1,817,140,465.15	1,749,015,604.85
Income before income tax expenses		241,581,068.31	195,957,475.21
Income tax expenses	15	44,733,105.86	36,735,894.29
Income for the year		196,847,962.45	159,221,580.92
Other comprehensive income :-			
Item that will not be reclassified to profit or loss			
Gain on land revaluation - net of income tax		-	55,080,629.60
		-	55,080,629.60
Item that may be reclassified subsequently to profit or loss			
Unrealized gain (loss) on changes in the fair value of available-for-sale investments - net of income tax		(428,341.53)	706,492.98
		(428,341.53)	706,492.98
Other comprehensive income for the year		(428,341.53)	55,787,122.58
Total comprehensive income for the year		196,419,620.92	215,008,703.50
Basic earnings per share (Baht per share)	18	0.371	0.300

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

		Baht							
		Share capital issued and fully paid-up	Premium on common stocks	Premium on treasury shares	Retained earnings		Other components of equity		Total shareholders' equity
					Appropriated - Legal reserves	Unappropriated	Surplus on land revaluation	Unrealized gain (loss) on changes in value of available- for-sale investments	
Notes									
	Beginning balance as at January 1, 2015	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
	Surplus on land revaluation 10	-	-	-	-	-	55,080,629.60	-	55,080,629.60
	Dividend payment 17	-	-	-	-	(127,200,000.00)	-	-	(127,200,000.00)
	Total comprehensive income for the year	-	-	-	-	159,221,580.92	-	706,492.98	159,928,073.90
	Ending balance as at December 31, 2015	530,000,000.00	262,262,300.00	12,951,122.72	55,000,000.00	1,076,305,335.20	123,819,553.60	479,392.37	2,060,817,703.89
	Dividend payment 17	-	-	-	-	(137,800,000.00)	-	-	(137,800,000.00)
	Total comprehensive income for the year	-	-	-	-	196,847,962.45	-	(428,341.53)	196,419,620.92
	Ending balance as at December 31, 2016	530,000,000.00	262,262,300.00	12,951,122.72	55,000,000.00	1,135,353,297.65	123,819,553.60	51,050.84	2,119,437,324.81

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

STATEMENT OF CASH FLOWS



FOR THE YEAR ENDED DECEMBER 31, 2016

	Baht	
	2016	2015
<u>Cash flows from operating activities :</u>		
Income for the year	196,847,962.45	159,221,580.92
Adjustments to reconcile income for the year to net cash provided by (used in) operating activities :		
Depreciations	72,538,245.75	73,395,355.23
Allowance for doubtful accounts (reversal)	2,212,574.09	(169,794.57)
Bad debts	1,654,551.59	2,269,287.60
(Gain) loss on disposal of current investments	(1,950,610.96)	(1,558,448.79)
(Gain) loss on disposal of fixed assets	(4,473,520.00)	(3,348,304.71)
Unrealized (gain) loss on exchange rates	(198,434.00)	703,015.11
Loss on land revaluations	-	4,593,357.00
Employee benefit expenses	2,912,896.00	2,532,152.00
Dividend income	(6,582,620.76)	(7,679,940.89)
Interest income	(291,589.26)	(149,114.40)
Interest expenses	845,554.02	765,339.82
Income tax expenses	44,733,105.86	36,735,894.29
Income from operating before changes in operating assets and liabilities	308,248,114.78	267,310,378.61
(Increased) decreased in operating assets		
Trade and other receivables	(72,588,501.59)	66,948,234.92
Inventories	137,272,233.41	10,866,074.98
Other current assets	(551,357.00)	(281,037.02)
Other non-current assets	(23,001.68)	(271.84)
Increased (decreased) in operating liabilities		
Trade payables	24,872,485.01	(24,878,854.90)
Other payables	1,662,913.09	(1,813,144.49)
Cash received in advance	(1,797,485.62)	8,317,629.81
Other current liabilities	5,615,521.79	757,482.31
Cash generated from operations	402,710,922.19	327,226,492.38
Payment for employee benefit obligation	(883,000.00)	(808,000.00)
Payment for income tax	(36,612,808.24)	(44,898,044.15)
Net cash provided by operating activities	365,215,113.95	281,520,448.23
<u>Cash flows from investing activities :</u>		
Cash paid for current investments	(860,030,500.00)	(461,597,658.18)
Cash received from sales current investments	658,254,064.67	394,426,205.09
Increased in fixed deposit using for guarantee	(7,499.90)	(9,433.91)
Cash paid for general investments	-	(57,407,130.63)
Dividend income from investments	6,582,620.76	7,679,940.89
Cash paid for purchase of the fixed assets	(40,500,696.44)	(86,293,898.05)
Cash received from sales of the fixed assets	5,733,986.16	17,686,895.88
Cash received from interest income	291,589.26	149,114.40
Net cash used in investing activities	(229,676,435.49)	(185,365,964.51)
<u>Cash flows from financing activities :</u>		
Increased (decreased) in overdrafts and short-term loans from financial institutions	(7,095,401.87)	5,824,541.18
Cash paid for dividend	(137,800,000.00)	(127,200,000.00)
Cash paid for interest expenses	(4,830.88)	(26,332.45)
Net cash used in financing activities	(144,900,232.75)	(121,401,791.27)
Net increased (decreased) in cash and cash equivalents	(9,361,554.29)	(25,247,307.55)
Cash and cash equivalents at the beginning of year	25,420,378.69	50,667,686.24
Cash and cash equivalents at the end of year	16,058,824.40	25,420,378.69

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



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 chokchajongjumroen, 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 Thai Financial Reporting Standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with the financial reporting standards. 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 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.

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.

Investments in non-marketable equity securities are general investments, which are stated at cost net from allowance on impairment (if any).

On disposal of an investment, the difference between the net proceeds and the book value of the investment is recognized as income or expense in the statement of comprehensive income. The Company used for computation the cost of investments by the weighted average method.



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.

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 fair value, based on valuations by external independent appraiser, 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.



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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



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non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax. The tax privileges include exemption from income tax on profits from the promoted activities.

Deferred tax

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

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

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

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

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.

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.

2.18 Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These



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judgements and estimates affect amounts reported in the financial statements and disclosures and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance for declining in value of inventory

The determination of allowance for declining in the value of inventory, requires management to make judgements and estimates of the loss expected to occur. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business less selling expense. The provision for obsolete slow-moving and deteriorated inventory, is estimated based on the approximate useful life of each type of inventory. The allowance for diminution in value of inventory as determined is compared with the original balance in the books of account and the increase or decrease in the allowance for diminution in value of inventory will be recognized as cost of sales and service in profit or loss.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review the estimated useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record the impairment loss when it is determined that the recoverable amount is lower than the carrying amount. This requires judgement regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimated future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

3. THE NEW AND REVISED ACCOUNTING STANDARDS ARE 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, which are effective for the fiscal year beginning on or after January 1, 2016 are as follows:

Conceptual Framework for Financial Reporting (revised 2015)

TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 11 (revised 2015)	Construction Contracts
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment

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TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 20 (revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2015)	Separate Financial Statements
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2015)	Earnings Per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible assets
TAS 40 (revised 2015)	Investment Property
TAS 41	Agriculture
TFRS 2 (revised 2015)	Share-Based Payment
TFRS 3 (revised 2015)	Business Combinations
TFRS 4 (revised 2015)	Insurance Contracts
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2015)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 11 (revised 2015)	Joint Arrangements
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2015)	Fair Value Measurement
TSIC 10 (revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2015)	Operating Leases - Incentives
TSIC 25 (revised 2015)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2015)	Service Concession Arrangements: Disclosure
TSIC 31 (revised 2015)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2015)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2015)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2015)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2015)	Applying the Restatement Approach under TAS 29 (revised 2015) Financial Reporting in Hyperinflationary Economics
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2015)	Service Concession Arrangements
TFRIC 13 (revised 2015)	Customer Loyalty Programmes
TFRIC 14 (revised 2015)	TAS 19 (revised 2015) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2015)	Distributions of Non - cash Assets to Owners
TFRIC 18 (revised 2015)	Transfers of Assets from Customers
TFRIC 20 (revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

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The management of the Company evaluated that these new and revised accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations do not have any significant impact on the financial statements in 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, 2016 and 2015, the significant transactions with related parties can be summarized as follows :-

Related companies	Pricing policy	Baht	
		2016	2015
Sales			
K.S. Mould Parts Co., Ltd. (Common directorships)	Market Price	34,401,380.47	44,169,930.75
Reanthong Wittaya Co., Ltd. (Common directorships)	Market Price	439,281.00	376,557.52
Khon Kaen Sugar Industry Pcl. (Common directorships)	Market Price	12,583,041.31	16,336,188.77
T.Thai General (1975) Co., Ltd. (Common disectorships)	Market Price	-	14,000.00
Hua Ki Paper Co., Ltd. (Common directorships)	Market Price	997,800.00	68,400.00
Purchases			
K.S. Mould Parts Co., Ltd. (Common directorships)	Market Price	86,798,049.43	81,262,971.62
Bangkok Industrial Gas Co., Ltd. (Common directorships)	Market Price	2,190,726.38	1,903,889.09
Hua Ki Paper Co., Ltd. (Common directorships)	Market Price	1,500,000.00	-

The outstanding balances as at December 31, 2016 and 2015 are as follows :-

	Baht	
	2016	2015
Trade receivables - Related companies		
K.S. Mould Parts Co., Ltd.	8,383,318.09	151,606.71
Khon Kaen Sugar Industry Pcl.	6,545,460.71	2,794,976.81
Reanthong Wittaya Co., Ltd.	46,420.88	45,261.00
Hua Ki Paper Co., Ltd.	85,279.00	36,594.00
Trade payables - Related companies		
K.S. Mould Parts Co., Ltd.	13,357,053.43	13,196,928.61
Bangkok Industrial Gas Co., Ltd.	321,909.06	349,406.73

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, 2016 and 2015, management benefit expenses as follow :-

	Baht	
	2016	2015
Management benefit expenses		
Short-term employee benefits	30,941,880.00	20,723,880.00
Post-employment benefits	442,541.00	483,619.00
Total	31,384,421.00	21,207,499.00

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5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of :-

	Baht	
	2016	2015
Cash in hand	368,700.58	492,700.23
Cash at bank - current accounts	12,584,134.42	18,932,352.61
Cash at bank - saving accounts	3,105,989.40	5,995,325.85
Total	16,058,824.40	25,420,378.69

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

6. CURRENT INVESTMENTS

Current investments consisted of :-

	Baht	
	2016	2015
Investment in available-for-sale securities		
Unit trusts - open-end fixed income fund	340,035,578.79	124,967,549.08
- foreign investment fund	-	10,000,000.00
Equity	658,894.25	1,999,877.67
Total	340,694,473.04	136,967,426.75
Add Unrealized gain (loss) on changes in the fair value of investments	63,813.55	599,240.46
Investment in available-for-sale securities - at fair value	340,758,286.59	137,566,667.21

7. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of :-

	Baht	
	2016	2015
<u>Trade receivables</u> , classified by age analysis :-		
- Domestic		
Not yet due	233,094,899.42	201,214,460.12
Overdue :		
Not over 3 months	138,561,030.66	132,980,492.02
Over 3 - 6 months	7,844,739.90	9,869,210.43
Over 6 - 12 months	12,501,468.51	4,946,347.92
Over 12 months	11,505,794.92	8,254,416.20
Total	403,507,933.41	357,264,926.69
- Foreign		
Not yet due	10,093,202.37	11,313,981.30
Overdue :		
Not over 3 months	2,356,220.03	588,646.74
Total	12,449,422.40	11,902,628.04
Total trade receivables	415,957,355.81	369,167,554.73
<u>Less</u> Allowance for doubtful accounts	(7,367,756.73)	(6,809,734.23)
Total trade receivables - net	408,589,599.08	362,357,820.50

NOTES TO THE FINANCIAL STATEMENTS



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	Baht	
	2016	2015
<u>Other receivables</u>		
- Advance payable	2,165,277.92	1,741,875.52
- Prepaid expenses	1,962,564.88	2,070,347.67
- Cash deposit for goods	23,899,840.93	2,305,833.71
Total	28,027,683.73	6,118,056.90
Total trade and other receivables - net	436,617,282.81	368,475,877.40

As at December 31, 2016 and 2015, the movements of allowance for doubtful accounts are as follows :-

	Baht	
	2016	2015
Allowance for doubtful accounts :		
Beginning balance	6,809,734.23	9,248,816.40
Increase (decrease) during the year	2,212,574.09	(169,794.57)
Bad debts written off during the year	(1,654,551.59)	(2,269,287.60)
Ending balance	7,367,756.73	6,809,734.23

As at December 31, 2016 and 2015, the Company had installment receivable less than 12 months in the amount of Baht 10.23 million and Baht 4.78 million, respectively. That installment receivable was classified by age in trade receivables-domestic not yet due.

8. INVENTORIES

Inventories consisted of :-

	Baht	
	2016	2015
Inventories	667,411,850.07	827,222,409.35
Work in process	6,557,895.53	9,982,912.02
Raw materials and supplies	27,101,135.80	33,706,823.70
Goods in transit	90,977,243.29	58,408,213.03
Total	792,048,124.69	929,320,358.10
<u>Less</u> Provision for the decline in value of inventory	(7,300,000.00)	(7,300,000.00)
Inventories - net	784,748,124.69	922,020,358.10

9. GENERAL INVESTMENTS

General investments consisted of :-

Investment in equity;		Paid up capital	Percentage of	Cost method (Baht)	
Related company	Type of Business,	Baht	shareholding	2016	2015
K.S Mould Parts Co., Ltd.	Sale/produce of mould parts, ejector pins and rendering Ion-Nitriding service	116,519,000.00	10.93	57,407,130.63	57,407,130.63
Total				57,407,130.63	57,407,130.63

For the years ended December 31, 2016 and 2015, the Company has received dividend income from K.S. Mould Parts Co., Ltd. in the amount of Baht 6,555,154.09 and Baht 7,647,679.78, respectively.

On May 11, 2015, the Company had entered stock transfer contract to buy ordinary shares of K.S. Mould Parts Co., Ltd. with a company located in Japan for the number of 127,300 shares, at Baht 450 per share amounting to Baht 57.41 million (including cost of the acquisition amounting to Baht 0.12 million). The Company was registered as a shareholder on July 6, 2015 and fully paid for the shares on July 13, 2015.

And later on October 28, 2015, K.S. Mould Parts Co., Ltd. has registered the correct date of the share register with the Ministry of Commerce on May 11, 2015 according to the date of agreement to buy ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS



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10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of :-

10.1 Property, plant and equipment for operations consisted of :-

	Baht			
	Balance per book as at December 31, 2015	Additions	Deductions	Balance per book as at December 31, 2016
<u>At appraised</u>				
Land and improvements				
- Cost	208,495,172.79	-	-	208,495,172.79
- Surplus on land revaluation	154,774,442.00	-	-	154,774,442.00
- Loss on land revaluation	(20,063,224.68)	-	-	(20,063,224.68)
Total land and improvements - at appraised value	343,206,390.11	-	-	343,206,390.11
<u>At cost</u>				
Buildings and improvements	303,033,716.06	3,108,769.81	-	307,788,281.37
Machinery and equipment	613,061,878.80	14,795,504.11	(10,173,558.91)	646,655,969.46
Furniture, fixtures and office equipment	44,415,196.03	3,412,199.29	(1,185,879.70)	46,670,319.17
Vehicles	111,728,555.48	12,040,833.36	(12,804,627.01)	110,964,761.83
Assets in progress	24,476,062.06	7,143,389.87	-	972,707.42
Total buildings and equipment - at cost	1,096,715,408.43	40,500,696.44	(24,164,065.62)	1,113,052,039.25
Total	1,439,921,798.54			1,456,258,429.36
<u>Less Accumulated depreciation</u>				
Buildings and improvements	194,923,460.36	12,647,465.63	-	207,570,925.99
Machinery and equipment	353,906,448.45	44,139,782.60	(9,041,844.38)	389,004,386.67
Furniture, fixtures and office equipment	37,456,907.42	2,968,268.01	(1,071,641.07)	39,353,534.36
Vehicles	86,385,224.73	12,782,729.51	(12,790,114.01)	86,377,840.23
Total	672,672,040.96	72,538,245.75	(22,903,599.46)	722,306,687.25
Property, plant and equipment - net	767,249,757.58			733,951,742.11

	Baht			
	Balance per book as at December 31, 2014	Additions	Deductions	Balance per book as at December 31, 2015
<u>At appraised</u>				
Land and improvements				
- Cost	212,560,932.68	-	(4,065,759.89)	208,495,172.79
- Surplus on land revaluation	85,923,655.00	68,850,787.00	-	154,774,442.00
- Loss on land revaluation	(5,039,867.68)	5,039,868.00	(20,063,225.00)	(20,063,224.68)
Total land and improvements - at appraised value	293,444,720.00	73,890,655.00	(24,128,984.89)	343,206,390.11
<u>At cost</u>				
Buildings and improvements	282,415,371.39	4,372,235.69	(353,500.93)	303,033,716.06
Machinery and equipment	605,475,333.57	29,858,299.97	(35,790,330.16)	613,061,878.80
Furniture, fixtures and office equipment	43,340,065.39	3,028,069.72	(1,952,939.08)	44,415,196.03
Vehicles	110,531,556.23	5,543,092.70	(4,346,093.45)	111,728,555.48
Assets in progress	11,102,047.42	43,492,199.97	-	24,476,062.06
Total buildings and equipment - at cost	1,052,864,374.00	86,293,898.05	(42,442,863.62)	1,096,715,408.43
Total	1,346,309,094.00			1,439,921,798.54

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	Baht			
	Balance per book as at December 31, 2014	Additions	Deductions	Transferred in (Transferred out) Balance per book as at December 31, 2015
<u>Less</u> Accumulated depreciation				
Buildings and improvements	182,825,071.45	12,451,888.84	(353,499.93)	-
Machinery and equipment	336,093,698.99	43,492,614.86	(25,679,865.40)	-
Furniture, fixtures and office equipment	36,220,842.01	3,026,645.97	(1,790,580.56)	-
Vehicles	76,307,105.62	14,424,205.56	(4,346,086.45)	-
Total	631,446,718.07	73,395,355.23	(32,170,032.34)	-
Property, plant and equipment - net	714,862,375.93			767,249,757.58

In December 2015, the Company's land was revalued by an independent appraiser. The Company adjusted the results on the appraisal in the financial statements for the year ended December 31, 2015. This resulted in an additional surplus on land revaluation of Baht 68.85 million (Baht 55.08 million, net from income tax) and was credited to "Surplus on land revaluation" as shown under the "Shareholders' Equity" in the statement of financial position. And it had resulted in additional loss on land revaluation (net from reversal of loss on land revaluation) of Baht 15.02 million and was debited to "Loss on land revaluation" in the statement of comprehensive income.

As at December 31, 2016 and 2015, land as stated at the appraised value had the surplus (loss) on land revaluation as follows :-

	Thousand Baht				
	At cost	Previous appraised value	Latest appraised value (December 2015)	Surplus on land revaluation (records in shareholders' equity)	Loss on land revaluation (records in comprehensive income)
Land to already appraised value					
- Office land	20,072	95,200	134,400	114,328	-
- Warehouse land	123,594	129,350	163,400	39,806	-
- Land improvements	1,747	1,747	1,747	-	-
Land to non-appraised value					
- Warehouse land	63,082	-	43,660	641	(20,063)
Total	208,495	226,297	343,207	154,775	(20,063)

The "Surplus on land revaluation" is not available for dividend distribution.

The fair value of land was revalued by an independent appraiser using the market comparable approach that reflects recent transaction prices for similar properties with fair value hierarchy in level 2 as described in note 21.5.

As at December 31, 2016 and 2015, the Company had the fixed assets have been fully depreciated which are still in use as follows :-

	Baht	
	2016	2015
<u>At cost</u>		
Buildings and improvements	76,640,263.70	72,167,139.05
Machinery and equipment	139,435,929.50	131,225,579.09
Furniture, fixtures and office equipment	33,094,997.89	32,610,106.32
Vehicles	47,009,291.77	46,426,245.90
Total	296,180,482.86	282,429,070.36

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10.2 Land for rubber trees plantation consisted of :-

	Baht	
	2016	2015
Land for rubber trees plantation - at cost	34,782,164.47	34,782,164.47
<u>Less</u> Loss on land revaluation	(3,482,164.47)	(3,482,164.47)
Land for rubber trees plantation - at appraised value	31,300,000.00	31,300,000.00
Rubber trees plantation costs	2,442,119.01	2,454,117.33

The Company has started to utilize the land for rubber trees plantation. In December 2015, the Company revalued its land as stated in note 10.1 above. This resulted decreasing of loss on land revaluation, the Company is reversal of loss on land revaluation Baht 10.43 million (balance as loss on land revaluation Baht 3.48 million) and was debited to "Loss on land revaluation" as shown in the statement of comprehensive income.

As at December 31, 2016 and 2015, land for rubber trees plantation as stated at the appraised value had the loss on land revaluation as follows :-

	Thousand Baht				
	At cost	Previous appraised value	Latest appraised value (December 2015)	Surplus on land revaluation (records in shareholders' equity)	Loss on land revaluation (records in comprehensive income)
Land to already appraised value					
- Land for rubber trees plantation	34,782	20,870	31,300	-	(3,482)
Total	34,782	20,870	31,300	-	(3,482)

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 as shown under the accounts "other non-current assets" in the statement of financial position.

11. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Changes in deferred tax assets and deferred tax liabilities for the years ended December 31, 2016 and 2015 are summarized as follows :-

	Baht			
	Balance per book as at December 31, 2015	Revenue (expenses) during the year In profit or loss	In other comprehensive income	Balance per book as at December 31, 2016
Deferred tax assets:				
Trade receivables	1,361,946.85	111,604.50	-	1,473,551.35
Inventories	1,460,000.00	-	-	1,460,000.00
Depreciations of fixed assets	5,711,995.85	(226,718.85)	-	5,485,277.00
Unrealized loss on land revaluation	4,709,077.83	-	-	4,709,077.83
Employee benefit obligations	4,042,366.00	574,203.20	-	4,616,569.20
Total	17,285,386.53	459,088.85	-	17,744,475.38
Deferred tax liabilities:				
Investments in available-for-sale securities	119,848.09	-	(107,085.38)	12,762.71
Unrealized gain on land revaluation	30,954,888.40	-	-	30,954,888.40
Total	31,074,736.49	-	(107,085.38)	30,967,651.11
Net	(13,789,349.96)			(13,223,175.73)

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	Baht		
	Balance per book as at December 31, 2014	Revenue (expenses) during the year In profit or loss	Balance per book as at December 31, 2015
Deferred tax assets:			
Investments in available-for-sale securities	56,775.15	-	(176,623.24)
Trade receivables	1,849,763.28	(487,816.43)	-
Inventories	1,460,000.00	-	-
Depreciations of fixed assets	5,952,433.50	(240,437.65)	-
Unrealized loss on land revaluation	3,790,406.43	918,671.40	-
Employee benefit obligations	3,549,799.60	492,566.40	-
Total	16,659,177.96	682,983.72	(176,623.24)
Deferred tax liabilities:			
Unrealized gain on land revaluation	17,184,731.00	-	13,770,157.40
Total	17,184,731.00	-	13,770,157.40
Net	(525,553.04)		(13,789,349.96)

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

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

	Baht	
	2016	2015
Bank overdrafts	386,791.43	623,219.34
Trust receipts	-	6,858,973.96
Total	386,791.43	7,482,193.30

For the years ended December 31, 2016 and 2015, promissory notes and trust receipts as stated above have interest rates ranging from 2.0500% - 2.9939% per annum and 1.9800% - 2.2510% per annum, respectively.

As at December 31, 2016 and 2015, the Company has overdrafts and other credit lines from local financial institutions totaling Baht 1,665.00 million and USD 21.00 million and Baht 1,795.00 million and USD 26 million, respectively, 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.

13. EMPLOYEE BENEFIT OBLIGATIONS

Employee benefits obligations, as follow :-

The statements of financial position

For the years ended December 31, 2016 and 2015

	Baht	
	2016	2015
Defined benefit obligations at January 1,	20,211,830.00	17,748,998.00
Employee benefit paid by project	(883,000.00)	(808,000.00)
Current service costs and interest	3,754,016.00	3,270,832.00
Defined benefit obligations at December 31,	23,082,846.00	20,211,830.00

Expense recognized in the statements of comprehensive income

For the years ended December 31, 2016 and 2015

NOTES TO THE FINANCIAL STATEMENTS



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	Baht	
	2016	2015
Current service costs		
Administrative expenses	2,470,355.00	2,048,533.00
Management benefit expenses	442,541.00	483,619.00
	2,912,896.00	2,532,152.00
Interest on obligation	841,120.00	738,680.00
Total	3,754,016.00	3,270,832.00

Principal actuarial assumptions at the reporting date

	Percentage
Discount rate	4.16
Salary increase rate	5.00
Employee turnover rate	0.00 - 28.00
	(classification of age)
Mortality rate	100 of Thai mortality table 2008

Sensitivity analysis

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2016 are summarized below:

	Baht	
	Employee benefits obligations increase (decrease)	
	1% increase	1% decrease
Discount rate	(2,627,659.00)	3,099,288.00
Salary increase rate	3,794,497.00	(3,210,178.00)
Employee turnover rate	(2,870,352.00)	2,241,460.00
Mortality rate	241,377.00	(238,607.00)

14. LEGAL RESERVE

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

15. INCOME TAX EXPENSES

15.1 Major components of income tax expenses

For the years ended December 31, 2016 and 2015 consisted of :-

	Baht	
	2016	2015
Income tax expense shown in profit or loss :		
Current tax expense:		
Income tax expense for the year	45,192,194.71	37,418,878.01
Deferred tax expense :		
Changes in temporary differences relating to the original recognition and reversal	(459,088.85)	(682,983.72)
Total	44,733,105.86	36,735,894.29

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

For the years ended December 31, 2016 and 2015 which are summarized as follows :-

	Baht	
	2016	2015
Accounting profit for the year	241,581,068.31	195,957,475.21
The applicable tax rate	20%	20%
Tax expense at the applicable tax rate	48,316,213.66	39,191,495.04
Reconciliation items:		
Tax effect of expenses that are not deductible in determining tax profit:		
- Expenses not allowed as expenses in determining taxable profit	935,689.99	980,774.70
Tax effect of income or profit that are not required in determining taxable profit:		
- Exemption of non-taxable dividend income	(1,315,524.15)	(1,532,665.96)
- The exemption of profit of the promoted business (BOI)	(1,818,750.83)	(1,393,612.32)
- Expenses deducted as expenses added in taxable	(1,384,522.81)	(510,097.17)
Total reconciliation items	(3,583,107.80)	(2,455,600.75)
Total income tax expenses	44,733,105.86	36,735,894.29

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

For the years ended December 31, 2016 and 2015 are summarized as follows :-

	2016		2015	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit before tax expense for the year	241,581,068.31		195,957,475.21	
Tax expense at the applicable tax rate	48,316,213.66	20.00	39,191,495.04	20.00
Reconciliation items	(3,583,107.80)	(1.48)	(2,455,600.75)	(1.25)
Tax expense at the average effective tax rate	44,733,105.86	18.52	36,735,894.29	18.75

16. CAPITAL MANAGEMENT

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

According to the statements of financial position as at December 31, 2016 and 2015, the Company's debt-to-equity ratios were 0.14:1 and 0.12:1, respectively.

17. DIVIDEND

For the year 2016

At the Board of Directors' Meeting No. 4/2016 held on August 15, 2016, the board approved to pay interim dividends from the operating results for the first six-month period 2016 amounting to Baht 63.60 million at the rate of Baht 0.12 per share.

And at the Shareholder's Annual General Meeting for the year 2016 held on April 26, 2016, the shareholders approved to pay dividends for the year ended December 31, 2015 amounting to Baht 74.20 million at the rate of Baht 0.14 per share.

Totaling pay dividends in the year 2016 amounting to Baht 137.80 million.



DECEMBER 31, 2016

For the year 2015

At the Board of Directors' Meeting No. 4/2015 held on August 13, 2015, the board approved to pay interim dividends from the operating results for the first six-month period 2015 amounting to Baht 63.60 million at the rate of Baht 0.12 per share.

And at the Shareholder's Annual General Meeting for the year 2015 held on April 28, 2015, the shareholders approved to pay dividends for the year ended December 31, 2014 amounting to Baht 63.60 million at the rate of Baht 0.12 per share.

Totalling pay dividends in the year 2015 amounting to Baht 127.20 million.

18. 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 :-

	2016	2015
Income for the years (Baht)	196,847,962.45	159,221,580.92
Weighted average number of ordinary shares (Shares)	530,000,000	530,000,000
Basic earnings per share (Baht per share)	0.371	0.300

19. EXPENSE BY NATURE

Significant expenses by nature are as follow :-

	Baht	
	2016	2015
Purchase	1,211,710,606.37	1,259,036,219.80
Changes in inventory and work in process	131,673,281.10	3,634,505.16
Raw materials and consumables used	53,191,139.53	56,983,377.44
Employee costs	179,173,986.04	177,525,131.38
Management benefit expenses	31,384,421.00	21,207,499.00
Depreciation	72,538,245.75	73,395,355.23
Transportation and gasoline expenses	18,159,750.49	19,065,927.69

20. PROVIDENT FUND

The Company and its employees jointly established a provident fund scheme. Both the employees and the Company contribute to this fund. The fund is managed by the Bank of Ayudhya Public Company Limited and will be paid to the employees upon termination in accordance with the fund's policy. For the years ended December 31, 2016 and 2015, the Company contributed to the fund totaling Baht 1.07 million and Baht 0.93 million, respectively.

21. FINANCIAL INSTRUMENTS

21.1 Financial risk management policies

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

21.2 Interest rate risk

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

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

As for the financial liabilities, the Company's liabilities are mostly short-term with a floating interest rate. The management believes that the interest rates are suitable to the current environment and expects that there should not be any significant fluctuations in the interest rates.

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21.3 Foreign currency risk

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

As at December 31, 2016, the Company has outstanding forward exchange buying contracts are summarized below :-

Currency	Foreign currency (Thousands)	Contract amount (Thousand Baht)	Fair value (Thousand Baht)
USD	2,985	104,830	106,373
JPY	27,600	9,363	8,389

21.4 Credit Risk

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

21.5 Fair value

The Company uses the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

Level 1 - Use of quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Use of inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (e.g. prices) or indirectly (e.g. derived from prices).

Level 3 - Use of unobservable inputs such as estimates of future cash flows.

As at December 31, 2016, the Company had the following assets and liabilities that were measured at fair value using different levels of inputs as follows :-

	Baht			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Current investments				
- Unit trusts	-	340,341,486.59	-	340,341,486.59
- Equity	416,800.00	-	-	416,800.00
Total	416,800.00	340,341,486.59	-	340,758,286.59

During the current year, there were no transfers within the fair value hierarchy.

Valuation techniques and inputs to level 2

The fair value of investments in unit trusts that not listed on the Stock Exchange of Thailand has been determined by using the net assets value per unit as announced by fund manager.

22. PRIVILEGES AND BENEFITS UNDER INVESTMENT PROMOTION

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

Promotion Certificate No.	2229 (2)/2554	1476 (2)/2557
Dated	October 7, 2011	November 11, 2013
Category of promoted operation	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	October 4, 2012 ending October 3, 2020	March 28, 2016 ending March 27, 2024
2. An exemption of income tax for the period of (year)	8 years (not exceed in amount of Baht 75 million)	8 years (not exceed in amount of Baht 74 million)

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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, 2016 and 2015 consisted of :-

	Thousand Baht					
	2016			2015		
	BOI	Non-BOI	Total	BOI	Non-BOI	Total
Sales and services						
- Domestic	28,166	1,966,101	1,994,267	23,130	1,849,618	1,872,748
- Export	-	34,474	34,474	-	37,414	37,414
Total	28,166	2,000,575	2,028,741	23,130	1,887,032	1,910,162

23. 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, 2016 are as follows :-

	Thousand Baht			
	Steel & Heat treatment	Machine tools & Tooling	Others	Total
Sales and services	1,144,872	560,448	323,421	2,028,741
Gross profit from segment	386,420	117,650	88,884	592,954
Other income	5,050	6,128	9,529	20,707
Net income	391,470	123,778	98,413	613,661
Non segment :				
Other income				9,273
Selling expenses				(103,316)
Administrative expenses				(245,807)
Management benefit expenses				(31,384)
Finance costs				(846)
Income tax expenses				(44,733)
Income for the period				196,848
Statement of financial position as at December 31, 2016				
Trade and other receivables				436,617
Inventories				784,748
Property, plant and equipment				765,252
Total other assets				419,327
Total				2,405,944

NOTES TO THE FINANCIAL STATEMENTS



DECEMBER 31, 2016

Segment information's for the year ended December 31, 2015 are as follows :-

	Thousand Baht			
	Steel & Heat treatment	Machine tools & Tooling	Others	Total
Sales and services	1,145,239	414,711	350,212	1,910,162
Gross profit from segment	354,944	91,357	97,160	543,461
Other income	6,548	12,265	10,292	29,105
Net income	361,492	103,622	107,452	572,566
Non segment :				
Other income				5,705
Selling expenses				(100,104)
Administrative expenses				(255,644)
Management benefit expenses				(21,207)
Loss on land revaluation				(4,593)
Finance costs				(765)
Income tax expenses				(36,736)
Income for the period				159,222
<u>Statement of financial position as at December 31, 2015</u>				
Trade and other receivables				368,476
Inventories				922,020
Property, plant and equipment				798,550
Total other assets				224,915
Total				2,313,961

24. COMMITMENTS AND CONTINGENT LIABILITIES

24.1 Commitment

As at December 31, 2016, 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 1.5% of local sales and 1% of export sales.

24.2 Guarantee

As at December 31, 2016, the Company had guarantee as follows :-

- The Company had letters of guarantee issued by the banks of Baht 24.45 million for guaranteed using electricity and in respect of certain as required in the normal course of the Company's business.
- The Company had unused letters of credit from a financial institutions amounting to Baht 84.24 million.

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

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

These revised accounting standards which are effective for the fiscal year beginning on or after January 1, 2017 are as follows:

TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events After the Reporting Period
TAS 11 (revised 2016)	Construction Contracts
TAS 12 (revised 2016)	Income Taxes



DECEMBER 31, 2016

TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 20 (revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 29 (revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2016)	Earnings Per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible assets
TAS 40 (revised 2016)	Investment Property
TAS 41 (revised 2016)	Agriculture
TAS 104 (revised 2016)	Accounting for Trouble Debt Restructuring
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments Disclosure and Presentation
TFRS 2 (revised 2016)	Share-Based Payment
TFRS 3 (revised 2016)	Business Combinations
TFRS 4 (revised 2016)	Insurance Contracts
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2016)	Exploration for and Evaluation of Mineral Resource
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 11 (revised 2016)	Joint Arrangements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 10 (revised 2016)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2016)	Operating Leases - Incentives
TSIC 25 (revised 2016)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2016)	Service Concession Arrangements: Disclosure
TSIC 31 (revised 2016)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2016)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2016)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2016)	Applying the Restatement Approach under TAS 29 (revised 2016) Financial Reporting in Hyperinflationary Economics



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TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2016)	Service Concession Arrangements
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
TFRIC 14 (revised 2016)	TAS 19 (revised 2016)-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2016)	Distributions of Non - cash Assets to Owners
TFRIC 18 (revised 2016)	Transfers of Assets from Customers
TFRIC 20 (revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2016)	Levies

The management of the Company believe that these accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standards interpretations which are revised will not have any significant impact on the financial statements for the year 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 16, 2017.



INVESTOR'S INFORMATION

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

Registrar	Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand Tel: 66 (0) 2009 9386 Fax: 66 (0) 2009 9476 TSD CALL CENTER : 66 (0) 2009 9999 Website: http://www.set.or.th/tsd
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Auditor	Dharmniti Auditing Company Limited Miss Thanyaporn Tangtanopajai CPA Registration No. 9169 178 Dharmniti Building, 6 th Floor, Soi Permsap (Prachachuen 20), Prachachuen Road, Bangsue, Bangkok 10800 Tel 66 (0) 2555-0605 Fax 66 (0) 2555-0666
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