



สหมิตรเครื่องกล
SAHAMIT MACHINERY

ANNUAL
REPORT
2018

45th Anniversary

Commitment
Dedication
Sustainability



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.

Special Steel



Machine Tools



Tooling



Wood



Paper



Electric





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Message from the Board of Directors



Mr. Chaisilp Tamesirichai
Chairman



Mr. Phut Sorayarnthanawut
Managing Director

2018 is the year Sahamit Machinery Public Company Limited going into its 45th year. Looking back from the beginning in 1973, the Company was established from the initial investment of only Baht 80,000, to carry out the import business for distribution as an agency. Throughout the past 45 years until now, we have gone through many obstacles, which we can overcome to be stronger and substantial. With the cooperation of everyone in our company and the support from various sectors, the company is enabling to expand its business to continue growing and achieve the success. At present, the company has a registered capital of Baht 550 million, with a market value of approximately Baht 3 billion, and a total of 550 employees, under the excellent and integrated products and services in the business of special steel, machine tools and equipment, machinery and equipment for wood processing, paper and electrical engineering to support the growth of major industrial sectors in the country.

The cooperation of every stakeholders becomes important factor enabling the business to grows stronger. As a result, the company had a net profit of Baht 263.48 million, the operating year 2018, ended December 31, 2018, increased from the previous year which had a net profit of Baht 242.45 million in the previous year. The earning per share in 2018 was Baht 0.50, while it was Baht 0.46 in the previous year. In 2018, the company has income for Baht 2,345.84 million. The main investments were the installation of 3 additional furnaces, in order to increase production capacity for the company's heat treatment plant. For the warehouse expansion project in Bang Pakong, Chachoengsao Province, the Company has completed leveling and landfill preparation for warehouse construction. The construction is expected to be completed by 2019.

In 2018, we are extremely proud that the Company was selected by Thaipat Institute to be one of the 100 listed companies that had an outstanding business operation regarding environment, society and governance (Environmental, Social and Governance: ESG) for the second consecutive year. This manifested our commitment to operate business with responsibility to environment, society and governance in order to strive for the Company's sustainability and bolster the confidence of customers, investors and all stakeholders.

Business plan for the year 2019, which has been affected by the rapid changes caused by technology and digital transformation, the Company focuses on sourcing the good quality of products together with continuously developing our services to serve the requirements of customers. The Company is committed to improve the potential of heat treatment services to meet the international standards. We are expecting that by 2019, the Company will be the first company in Thailand to receive its NADCAP certification for the heat treatment services which will enable the Company to extend its services to the aerospace industry.

Moreover, we are expanding to EEC by setting up a service center to serve the needs of customer in that area. The Company focuses on investing in the related-business through the new opportunities together with continuous development.

On this occasion, on behalf of Board of Directors, I would like to express my sincere gratitude towards all shareholders, customers, business alliances that have continued to support us throughout our 45-year history, also to our management team and all employees for their devotions and diligence contributed to the success of the Company. The Company adheres to business operation with concept to create sustainability by efficient, transparent management with good governance, consideration to all stakeholders, and awareness of the duty to bring the company to the determined goal.

On behalf of the Board of Directors

Mr. Chaisilp Tamesirichai
Chairman

Mr. Phut Sorayarnthanawut
Managing Director

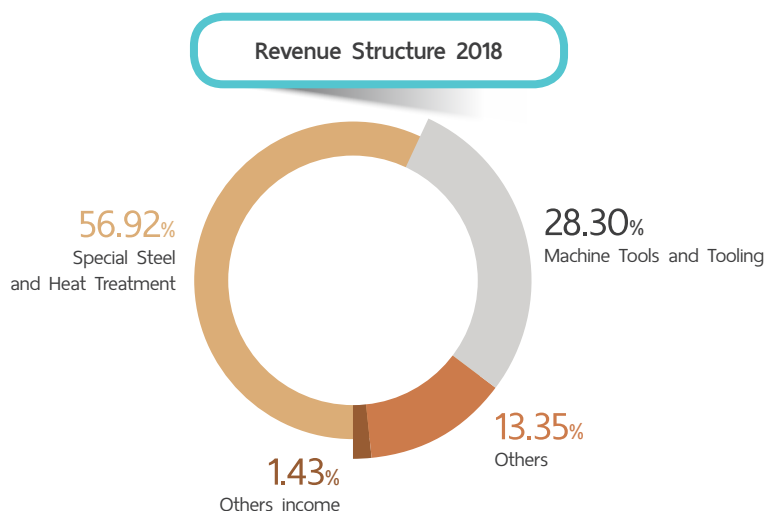
Financial Information

	2018	2017	2016	Unit
Total assets	2,611.14	2,564.76	2,405.94	Million Baht
Total liabilities	349.26	375.79	286.51	Million Baht
Total shareholders' equity	2,261.88	2,188.97	2,119.44	Million Baht
Total revenue	2,345.84	2,182.04	2,058.72	Million Baht
Net profit	263.48	242.45	196.85	Million Baht
Book value per share	4.27	4.13	4.00	Baht
Earning per share	0.50	0.46	0.37	Baht
Dividend per share	0.36	0.32	0.26	Baht
At the closed price	5.90	5.75	4.08	Baht
Net profit margin	11.23	11.11	9.56	%
Return on equity	11.84	11.25	9.42	%
Return on asset	10.18	9.76	8.34	%
Dividend Yield	6.10	5.57	6.37	%
Debt to Equity ratio	0.15	0.17	0.14	Times
Employees	532	533	512	Persons

Revenue Structure	2018		2017		2016	
Unit: Million Baht	amount	%	amount	%	amount	%
Special Steel and Heat Treatment	1,335.12	56.92	1,246.08	57.11	1,144.87	55.61
Machine Tools and Tooling	663.90	28.30	601.53	27.57	560.45	27.22
Others*	313.23	13.35	314.94	14.43	322.40	15.66
Other Income**	33.59	1.43	19.49	0.89	31.00	1.51
Total income	2,345.84	100.00	2,182.04	100.00	2,058.72	100.00

Remarks: * Others include Products in Pulp and Paper, Machinery and Equipment for Wood Industry, and Electrical Engineering sectors

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



Vision, Mission, Business Objective and Business's Strategy

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.

Mission :

- Only provide 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

Business Objective :

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.

Business's Strategy :

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

- To provide 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

Business Overview



Sahamit Machinery PCL. (SMIT) was established on 7 June 1973 with an initial capital of Baht 80,000 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) 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 Baht 80,000 capital as a supplier of raw materials, machinery and equipment for industrial sectors.
- 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 a 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 facilities.
- 2000** Bought the third Sathupradit warehouse for paper stock.
- 2002** Constructed the third warehouse in Bangpakong for abrasive converting facility.
- 2004** Raised registered capital to Baht 550 million.
- 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 expanded 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.
- 2018** Further invest and install in Machineries for Steel's services and heat treatment's facility. Further invest in 20 Rai and 69 Square Wah of land with levelling and landfill preparation for warehouse expansion.



Certificates Awards and Honors

Certificates



Awards and Honors

- 2013** Listed on Forbes Asia's Best Under a Billion (BUB) list of the top small to medium-sized companies in the Asia Pacific region and was one of only eight Thai companies on the list.
- 2017** Received Certificate of ESG100 Year 2017 from Thaipat Institute, as a listed company in the category of Industrials with outstanding Environmental, Social and Governance (ESG) performance.
Certified as member of Private Sector Collective Action Coalition against Corruption (CAC) by Thai Institute of Directors (IOD)
- 2018** Received Certificate of ESG100 Year 2017 from Thaipat Institute, as a listed company in the category of Industrials with outstanding Environmental, Social and Governance (ESG) performance

Board of Directors



3

Mr. Pornsin Thaemsirichai
Director

2

Mr. Prasong Srithornratkul
Vice President

1

Mr. Chaisilp Tamesirichai
Chairman

4

Mr. Pichai Nithivasin
Director

5

Mr. Thana Senavattanagul
Director



9

Ms. Piyaporn Srithornratkul
Deputy Managing Director

8

Ms. Piyanuch Tamesirichai
Deputy Managing Director

6

Mr. Phut Sorayarnthanawut
Managing Director

7

Mr. Chardej Tamesirichai
Deputy Managing Director

10

Ms. Prangtip Sivaruk
Deputy Managing Director



11

Mr. Kriangkrai Boonkitticharoen
Independent Director

12

Gen. Vapirom Manasrangsi
Independent Director
Chairman of the Audit Committee

13

Mr. Prayoon Vivetpuvanonth
Independent Director
Audit Committee

14

Mr. Karun Kittisataporn
Independent Director
Audit Committee

15

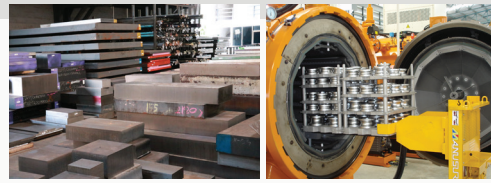
Mr. Chayakorn Limsiripan
Independent Director
Audit Committee

Products and Services

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) & Automation
 - 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
 - Edge banding and wrapping materials for furniture
 - Brand new and used woodworking machineries for the panel and furniture industry



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

5.

Electrical Engineering

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



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

Heat Treatment Services

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

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

- **Vacuum Quenching Furnaces**

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

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

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

- **Atmosphere Controlled Furnaces**

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



Industry and Competition

• Overview of Mould and Dies Industry

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

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

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

• Overview of Paper Industry

Demand for printing and writing paper declined mainly due to the growth of digital media, particularly in the areas of promotional materials and magazines. Meanwhile, demand for packaging paper, paperboard, kraft paper and coated paper continued to increase which grew moderately in line with regional economic expansion and a growth in export-oriented manufacturing.

The Company provides wide range of products for paper manufacturers, imports and distributes paper products, converting machine and also provide services with extensive experience professional team together with the best quality products, the Company is considered good potential comparing to the competitors.

• 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 80 suppliers. The Company is also an exclusive agent for most of the suppliers. However, the Company continues to source and market the new products to increase the marketing opportunities.

Risk Factors

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

- **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 45 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 2018, the Company has total accounts receivable of 443.08 million Baht or 19.16% of Total Sales. The average collections in 2018 equal to 74 days, and has the short-term accounts receivable of 428.93 million Baht or 99.81% 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 Dividend Payment Policy

Shareholders: Top 10 shareholder's lists as of December 31, 2018, 2017 and 2016 are as follows:

As of December 31, 2018				As of December 31, 2017				As of December 31, 2016			
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	43,499,346	8.21		- Mr.Chaisilp Tamesirichai	43,479,346	8.20		- Mr.Chaisilp Tamesirichai	43,619,246	8.23
	- Mrs. Jirawan Tamesirichai	5,940,000	1.12		- Mrs. Jirawan Tamesirichai	5,940,000	1.12		- Mrs. Jirawan Tamesirichai	5,940,000	1.12
	- Ms. Piyonuch Tamesirichai	15,382,100	2.90		- Ms. Piyonuch Tamesirichai	15,382,100	2.90		- Ms. Piyonuch Tamesirichai	15,382,100	2.90
	- Ms. Nuttapon Tamesirichai	23,950,400	4.52		- Ms. Nuttapon Tamesirichai	23,950,400	4.52		- Ms. Nuttapon Tamesirichai	23,930,400	4.52
	- Mr. Vorarit Tamesirichai	11,020,000	2.07		- Mr. Vorarit Tamesirichai	10,870,000	2.05		- Mr. Vorarit Tamesirichai	10,860,000	2.05
	Total	99,791,846	18.82		Total	99,621,846	18.79		Total	99,731,746	18.82
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	27,227,000	5.14		- Ms. Piyamol Srithornratkul	27,217,900	5.14		- Ms. Piyamol Srithornratkul	27,217,900	5.14
	Total	95,564,836	18.03		Total	95,555,736	18.03		Total	95,555,736	18.03
3	Group "Mrs. Suwanna Sivaruk"			3	Group "Mrs. Suwanna Sivaruk"			3	Group "Mrs. Suwanna Sivaruk"		
	- Mrs. Suwanna Sivaruk	34,000,000	6.41		- Mrs. Suwanna Sivaruk	33,500,000	6.32		- Mrs. Suwanna Sivaruk	33,191,000	6.26
	- Ms. Prangtip Sivaruk	29,965,200	5.65		- Ms. Prangtip Sivaruk	29,915,200	5.64		- Ms. Prangtip Sivaruk	29,865,200	5.63
	- Ms. Sasirat Sivaruk	17,815,572	3.36		- Ms. Sasirat Sivaruk	17,765,572	3.35		- Ms. Sasirat Sivaruk	17,715,572	3.34
	Total	81,780,772	15.42		Total	81,180,772	15.31		Total	80,771,772	15.23
4	Group "Mr. Pomsin Thaemsirichai"			4	Group "Mr. Pomsin Thaemsirichai"			4	Group "Mr. Pomsin Thaemsirichai"		
	- Mr. Pomsin Thaemsirichai	12,600,000	2.38		- Mr. Pomsin Thaemsirichai	12,600,000	2.38		- Mr. Pomsin 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	10,155,500	1.92		- Mr. Pornprasong Thaemsirichai	10,155,500	1.92		- Mr. Pornprasong Thaemsirichai	9,855,500	1.86
	Total	28,155,500	5.32		Total	28,155,500	5.32		Total	27,855,500	5.26
5	Mr. Chaisit Wiriyamettakul	19,400,000	3.66	5	Mr. Chaisit Wiriyamettakul	19,400,000	3.66	5	Mr. Chaisit Wiriyamettakul	19,300,000	3.64
6	Mr. Chatrri Sophonpanich	14,400,000	2.72	6	Mr. Chatrri Sophonpanich	14,400,000	2.72	6	Mr. Pisut Wiriyamettakul	15,100,000	2.85
7	Mrs. Suchada Lisawattrakul	10,376,600	1.96	7	Mrs. Suchada Lisawattrakul	10,376,600	1.96	7	Mr. Chatrri Sophonpanich	14,400,000	2.72
8	Bangkok Bank PLC.	10,000,000	1.89	8	Bangkok Bank PLC.	10,000,000	1.89	8	Mrs. Suchada Lisawattrakul	10,376,600	1.96
9	Mr. Prayut Mahakitsiri	6,788,574	1.28	9	Mr. Prayut Mahakitsiri	6,788,574	1.28	9	Bangkok Bank PLC.	10,000,000	1.89
10	Mr. Chayakorn Limsiripan	4,903,000	0.93	10	Mr. Chayakorn Limsiripan	5,916,000	1.12	10	Mr. Prayut Mahakitsiri	6,788,574	1.28
	Total	65,868,174	12.44		Total	66,881,174	12.63		Total	75,965,174	14.34
11	Others	158,838,872	29.96	11	Others	158,604,972	29.91	11	Others	150,120,072	28.32
	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

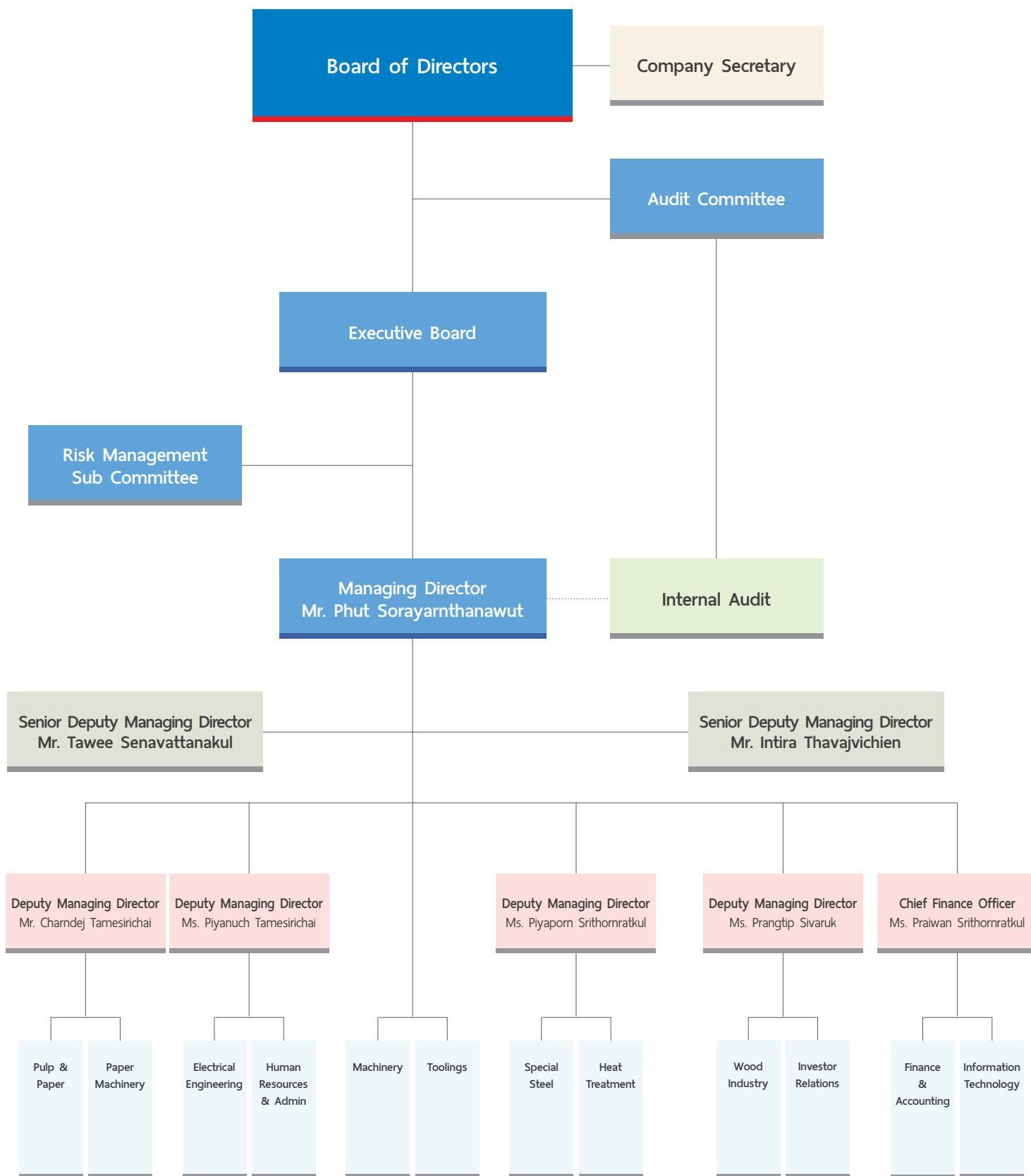
Source : Thailand Securities Depository Co., Ltd. (TSD)

Dividend Payment Policy

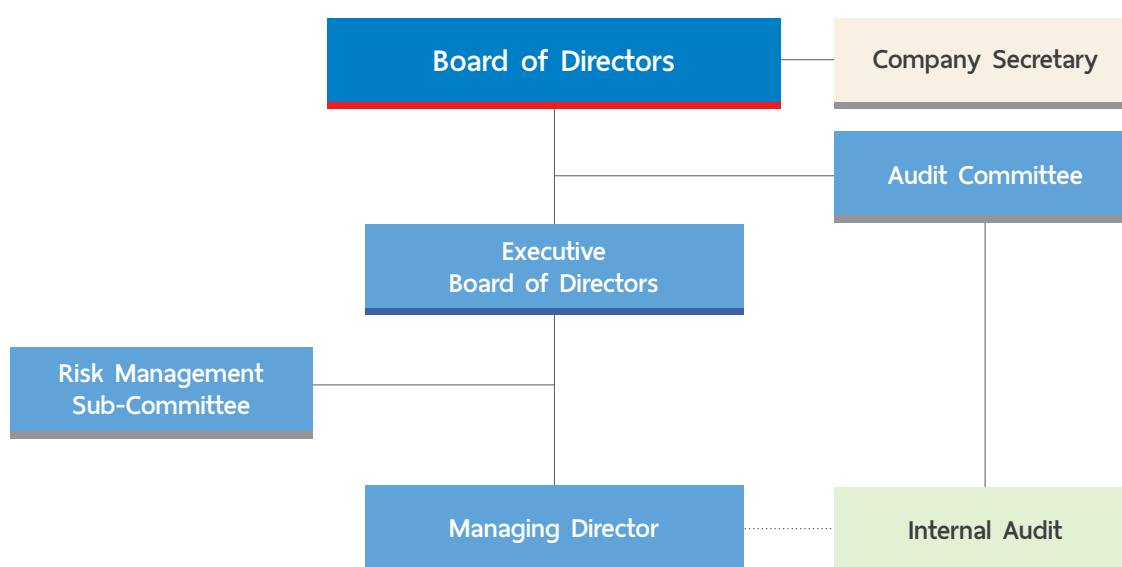
Sahamit Machinery PCL has a policy to pay a dividend at the rate not less than 40 percent of the annual net profit after tax, legal reserves and reserves for future expansion (if any)

Year	Net profit	Dividend per Share	Total Amount (Unit : Baht)	Dividend Payout Ratio (%)	Dividend Yield (%)
2017	242,450,679.53	0.36	190,800,000	78.70	5.57
2016	196,847,962.45	0.30	159,000,000	80.77	6.37
2015	159,221,580.92	0.26	137,800,000	86.55	5.71

Organization Charts



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 Sub-Committee

The Board of Directors Total 15 members (As of December 31, 2018) as the following:

Name	Position
1. Mr. Chaisilp Tamesirichai	Chairman of the Board
2. Mr. Prasong Srithornratkul	Director
3. Mr. Pichai Nithivasin	Director
4. Mr. Thana Senavattanagul	Director
5. Mr. Pornsin Thaemsirichai	Director
6. Mr. Phut Sorayarnthanawut	Director
7. Mr. Charndej Tamesirichai	Director
8. Ms. Piyanuch Tamesirichai	Director
9. Ms. Piyaporn Srithornratkul	Director
10. Ms. Prangtip Sivaruk	Director
11. Mr. Kiangkrai Boonkittichareon	Independent Director
12. Gen. Vapirom Manasrangsi	Independent Director / Chairman of the Audit Committee
13. Mr. Karun Kittisataporn	Independent Director / Audit Committee
14. Mr. Chayakorn Limsiripan	Independent Director / Audit Committee
15. 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.Piyaporn Srithornrutkul whoever or Ms.prangtip Sivaruk or Mr.Phut Sorayarnthanawut, 2 directors signed together with the company's seal.

In 2018, Mr. Pure Limsiripan an Independent Director / Audit Committee resigned on July 3, 2018, The Board of Directors has appointed Mr. Chayakorn Limsiripan to be a new Independent Director / Audit Committee effective on August 9, 2018.

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 mission, vision, objectives, directions, policies, plans and budgets with regular monitoring and review in each fiscal year 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 in accordance with the Company's goal and strategy which disclosed in Management's Clarification and Analysis (MD&A) in an annual report.

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.

Board of Directors Meeting

1. The Meeting of Board of Directors shall be held at least 6 times per year and shall be annually scheduled with agendas in advance.
2. Each Board meeting should be attended by no less than three-quarters of the Board. The same applies to the number of directors in attendance for each voting agenda item.
3. The directors should attend no less than 75% of the total Board meetings held annually.

The Executive Board Total 7 members (As of December 31, 2018) as the following:

Name		Position
1. Mr. Chaisilp	Tamesirichai	Chairman of the Board
2. Mr. Prasong	Srithornratkul	Vice Chairman of the Board
3. Mr. Phut	Sorayarnthanawut	Managing Director
4. Mr. Chardej	Tamesirichai	Deputy Managing Director
5. Ms. Piyanuch	Tamesirichai	Deputy Managing Director
6. Ms. Piyaporn	Srithornratkul	Deputy Managing Director
7. 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 Baht 50 million.
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.

Chairman

Name	Position
Mr. Chaisilp Tamesirichai	Chairman

Duties and Responsibilities of the Chairman

1. Call Board meetings, Chairman Board meetings and shareholders' meeting, and set meeting agenda in collaboration with the Vice President and Managing Director.
2. Approve for Board Meetings, attend Board meetings and shareholders' meetings, ensure efficient meetings in compliance while encouraging directors and shareholders to express their independent views with information duly provided.
3. Encourage and support the Board to work to their utmost ability, based on their duties and responsibilities under corporate governance.

4. Supervise and follow up the work of the Board and the committee to ensure that objectives are reached.
5. Cast a decisive vote in Board meetings in case of equal votes of both sides.

Managing Director

Name	Position
Mr. Phut Sorayarnthanawut	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, 2018, 2017 and 2016 are as follows:

No.	Name	Position	As of December 31, 2018		As of December 31, 2017		As of December 31, 2016	
			Number of Shares	%	Number of Shares	%	Number of Shares	%
1.	Mr. Chaisilp Tamesirichai	Chairman of the Board	43,499,346	8.21	43,479,346	8.20	43,619,246	8.23
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	2,672,464	0.50	2,672,464	0.50	4,629,464	0.87
4.	Mr. Thana Senavattanakul	Director	4,670,800	0.88	2,621,400	0.49	4,009,074	0.76
5.	Mr. Pornsin Thaemsirichai	Director	12,600,000	2.38	12,600,000	2.38	12,600,000	2.38
6.	Mr. Kiangkrai Boonkittichareon	Independent Director	36,000	0.01	36,000	0.01	36,000	0.01
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. Chayakorn Limsiripan ***	Audit Committee	4,903,000	0.93	5,916,000	1.12	5,714,600	1.08
10.	Mr. Prayoon Vivetpuvanonth	Audit Committee	-	-	-	-	-	-
11.	Mr. Phut Sorayarnthanawut	Managing Director	3,137,292	0.59	3,137,292	0.59	3,137,292	0.59
12.	Mr. Thawee Senavattanakul	Senior Deputy Managing Director	-	-	-	-	-	-
13.	Mrs. Intira Thavajvichien	Senior Deputy Managing Director	406,474	0.07	391,474	0.07	371,474	0.07
14.	Mr. Chardej Tamesirichai	Deputy Managing Director	-	-	-	-	1,000	-
15.	Ms. Piyanuch Tamesirichai	Deputy Managing Director	15,382,100	2.90	15,382,100	2.90	15,382,100	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	34,000,000	6.41	33,500,000	6.32	33,191,000	6.26
		Total	189,791,512	35.80	188,220,112	35.51	190,753,586	35.99

*** Appointing a new independent director / audit committee, namely Mr. Chayakorn Limsiripan on 9 August 2018.

The Audit Committee Total 4 members (As of December 31, 2018) as the following:

Name		Position
1. Gen. Vapirom	Manasrangsi	Independent Director / Chairman of the Audit Committee
2. Mr. Karun	Kittisataporn	Independent Director / Audit Committee
3. Mr. Chayakorn	Limsiripan	Independent Director / Audit Committee
4. 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 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.

Risk Management Sub-Committee Total 5 members (As of December 31, 2018) as the following:

Name		Position
1. Mr. Phut	Sorayarnthanawut	Chairman of the Risk Management Sub-Committee
2. Ms. Piyanuch	Tamesirichai	Risk Management Sub-Committee
3. Ms. Piyaporn	Srithornratkul	Risk Management Sub-Committee
4. Ms. Prangtip	Sivaruk	Risk Management Sub-Committee
5. Ms. Praiwan	Srithornratkul	Secretary to Risk Management Sub-Committee

The company's Risk Management Sub-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 Sub-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 Sub-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 Sirikarnvadee Imthongkam	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.

Nomination of Committee, Independent Directors and Executive Directors

The Company does not have the nomination and remuneration 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 nominating the Company's Board of Directors, votes can be casted 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 2018

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	120,000	-	6/6	30,000		-	150,000
2. Prasong Srithornratkul	Vice President and Director	120,000	-	6/6	30,000		-	150,000
3. Mr. Pornsin Thaemsirichai	Director	120,000	-	4/6	20,000		-	140,000
4. Mr. Thana Senavattanakul	Director	120,000	-	6/6	30,000		-	150,000
5. Mr. Pichai Nithivasin	Director	120,000	-	5/6	25,000		-	145,000
6. Mr. Phut Sorayarnthanawut	Director	120,000	-	6/6	30,000		-	150,000
7. Mr. Charndej Tamesirichai	Director	120,000	-	5/6	25,000		-	145,000
8. Ms. Piyanuch Tamesirichai	Director	120,000	-	6/6	30,000		-	150,000
9. Ms. Piyaporn Srithornratkul	Director	120,000	-	6/6	30,000		-	150,000
10. Ms. Prangtip Sivaruk	Director	120,000	-	6/6	30,000		-	150,000
11. Mr. Kiangkrai Boonkittichareon	Independent Director	120,000	-	6/6	30,000		-	150,000
12. Gen. Vapirom Manasrangsi	Chairman of the Audit Committee	120,000	240,000	4/6	20,000	3/5	15,000	395,000
13. Mr. Karun Kittisataporn	Independent Director / Audit Committee	120,000	240,000	5/6	25,000	5/5	25,000	410,000
14. Mr. Pure Limsiripan*	Independent Director / Audit Committee	70,000	120,000	3/3	15,000	4/4	20,000	225,000
15. Mr. Chayakorn Limsiripan**	Independent Director / Audit Committee	50,000	100,000	1/1	5,000	1/1	5,000	160,000
16. Mr. Prayoon Vivetpuvanonth	Independent Director / Audit Committee	120,000	240,000	6/6	30,000	5/5	25,000	415,000
Total		1,800,000	960,000		405,000		90,000	3,235,000

* During the year 2018, there was an independent director / audit committee resigned from the position, Mr. Pure Limsiripan, effective July 3, 2018.

** And appointed an independent director / audit committee, Mr. Chayakorn Limsiripan, effective August 9, 2018.

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

- 1) The Remuneration of the Board of Directors (Baht / person / year) 120,000 Baht
- 2) The Remuneration of the Audit Committees (Baht / person / year) 20,000 Baht
- 3) Meeting Allowance (Baht / person / time) 5,00 Baht

In 2018, there were one AGM and five Board of Directors and Audit Committee meetings.

- 4) Other compensation – None

Total remuneration of the Management in 2018

Total remuneration of the Management	31,242,880
Numbers of the Management (person)	9
Monetary remuneration type	Salary and bonus
Other remuneration type	Company car

Audit fee

The Corporate Auditor for the fiscal year ended 31 December 2018 is Ms. Thanyaporn Tangtanopajai Certified Public Accountant, registration number 9169 of Dharmniti Auditing Co., Ltd. The total audit fee is Baht 1,070,000 comprising of the quarterly audit fee of Baht 465,000, annual audit fee of Baht 535,000 and BOI audit fee of Baht 70,000.

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 2018, some directors and executives have participated in training courses, for example,

Mr. Chayakorn Limsiripan (Independent Director and Audit Committee) had attended Director Accreditation Program from Thai Institute of Directors (IOD) Program 155/2018

Ms. Piyanuch Tamesirichai (Deputy Managing Director) had attended Top Executive of Capital Market Academy Class 27th.

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
Mr. Chaisilp Tamesirichai Age (Year): 75 % of Share: 8.21 As of 31 December 2018, Number of Shares held by Self: 43,499,346 shares Spouse/Immature Children: 5,940,000 shares/1.12%	<u>Education</u> - M.A., Political Science, Ramkhamhaeng University - Certificate MINI M.B.A., Chulalongkorn University - B.A., Ramkhamhaeng 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): 75 % of Share: 8.09 As of 31 December 2018, Number of Shares held by Self: 42,878,936 shares Spouse/Immature Children: None	<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 Senavattanaagul Age (Year): 79 % of Share: 0.88 As of 31 December 2018, Number of Shares held by Self: 4,670,800 shares Spouse/Immature Children: None	<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): 75 % of Share: 0.01 As of 31 December 2018, Number of Shares held by Self: 36,000 shares Spouse/Immature Children: None	<u>Education</u> - B.A. Business Administration, Thammasat University <u>Training</u> - Director Accreditation Program (DAP) of IOD (17 /2004)	1994 – Present 1990 – 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): 75 % of Share: 0.50 As of 31 December 2018, Number of Shares held by Self: 2,672,464 shares Spouse/Immature Children: None	<u>Education</u> - Diploma. Business Administration. Golden Gate College, San Francisco, U.S.A. <u>Training</u> - Director Accreditation Program (DAP) of IOD (26/2004)	1987 – Present 1994 – Present 2015 – Present 1997 – Present 1996 – Present 1996 – Present 1993 – 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.

Name	Educational Background	Work Experience	
		Period	Position
		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 2001 – 2007	Member of the Court of Directors Bank of Thailand Permanent Secretary for Commerce Ministry of Commerce
Mr. Chayakorn Limsiripan Age (Year): 49 % of Share: 0.93 As of 31 December 2018, Number of Shares held by Self: 4,903,000 shares Spouse/Immature Children: None	<u>Education</u> - M.B.A., Finance, Clark University, U.S.A. - B.A. Management, Assumption University <u>Training</u> - Director Accreditation Program (DAP) of IOD (155/2018)	2004 – Present 2012 – Present 2007 – Present 2007 – Present 2016 – Present	<u>Position in listed Company</u> Independent Director / Audit Committee Sahamit Machinery PCL <u>Non-Listed Company</u> Managing Director, Krel Co., Ltd. Director, TQP Co., Ltd. Director, Thaiqualitycom Co., Ltd. Director, P J L Property Co., Ltd.
Mr. Prayoon Vivetpuvanonth Age (Year): 76 % of Share: - As of 31 December 2018, Number of Shares held by Self: None Spouse/Immature Children: None	<u>Education</u> - M.B.A., 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)	2005 - Present 2000 – 2004 Present	<u>Position in listed Company</u> Independent Director / Audit Committee Sahamit Machinery PCL Director, Audit Committee, Banpu Plc. <u>Non-Listed Company</u> Executive Director, Wiwechpattana Rice-Mill Co., Ltd.
Mr. Phut Sorayarnthanawut Age (Year): 57 % of Share: 0.59 As of 31 December 2018, Number of Shares held by Self: 3,137,292 shares Spouse/Immature Children: None	<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 Sub-Committee, Sahamit Machinery PCL Assistant to President, Sahamit Machinery PCL
Mr. Thawee Senavattanaagul Age (Year): 68 % of Share: - As of 31 December 2018, Number of Shares held by Self: None Spouse/Immature Children: None	<u>Education</u> - Assumption Commercial College	1975 - Present	<u>Position in listed Company</u> Senior Deputy Managing Director, Sahamit Machinery PCL

Name	Educational Background	Work Experience	
		Period	Position
Mrs. Intira Thavajvichien Age (Year): 67 % of Share: 0.07 As of 31 December 2018, Number of Shares held by Self: 406,474 shares Spouse/Immature Children: None	<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): 48 % of Share: - As of 31 December 2018, Number of Shares held by Self: None Spouse/Immature Children: None	<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): 46 % of Share: 2.90 As of 31 December 2018, Number of Shares held by Self: 15,382,100 shares Spouse/Immature Children: None	<u>Education</u> - M.B.A., General Management, Strayer University, Maryland - B.B.A., General Management, George Washington University At Mount Vernon College <u>Training</u> - Top Executive Program of Capital Market Academy Class 27 - Top Executive Program in Commerce and Trade (TEPCoT) 10 - Director Certification Program (DCP) of IOD 249/2017 - 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 Sub Committee, Sahamit Machinery PCL Division Manager, Sahamit Machinery PCL
Ms. Piyaporn Srithornratkul Age (Year): 45 % of Share: 4.80 As of 31 December 2018, Number of Shares held by Self: 25,458,900 shares Spouse/Immature Children: None	<u>Education</u> - M.B.A., Specialist in Finance, California State University, U.S.A. - B.B.A., Faculty of Commerce and Accountancy, Chulalongkorn University <u>Training</u> - Director Accreditation Program (DAP) of IOD 138/2017 - Professional Designation in Database Management System, University of California, Los Angeles (UCLA), U.S.A.	2016 – Present 2015 – Present 2003 – 2015	<u>Position in listed Company</u> Deputy Managing Director, Sahamit Machinery PCL Risk Management Sub-Committee, Sahamit Machinery PCL Manager, Sahamit Machinery PCL

Name	Educational Background	Work Experience	
		Period	Position
	<ul style="list-style-type: none"> - Middle Management Leadership, Dale Carnegie Training - Saint John's Management Center - Mini Metallurgy Engineering, King Mongkut's University of Technology Thonburi - National Metal and Materials Technology Center (MTEC) 		
Ms. Prangtip Sivaruk Age (Year): 43 % of Share: 6.41 As of 31 December 2018, Number of Shares held by Self: 34,000,000 shares Spouse/Immature Children: None	<u>Education</u> <ul style="list-style-type: none"> - Master of Public and Private Management, (M.P.P.M.) NIDA - M.S. Business Administration, San Francisco State University, U.S.A. - B.A. Sukothai Thamatirat University - B.A. Kasetsart University, second class honor <u>Training</u> <ul style="list-style-type: none"> - 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 Sub-Committee, Sahamit Machinery PCL Manager, Sahamit Machinery PCL
Ms. Nuttaporn Tamesirichai Age (Year): 42 % of Share: 4.52 As of 31 December 2018, Number of Shares held by Self: 23,950,400 shares Spouse/Immature Children: None	<u>Education</u> <ul style="list-style-type: none"> - M.B.A., Marymount University - B.B.A., Strayer University, U.S.A. <u>Training</u> <ul style="list-style-type: none"> - Company Secretary Program (CSP) By IOD 73/2016 - Property & Asset Management for Family Business Program 	2016 – Present 2009 – 2015	<u>Position in Listed Company</u> Company Secretary, Sahamit Machinery PCL Manager, Sahamit Machinery PCL
Ms. Praiwan Srithornratkul Age (Year): 46 % of Share: - As of 31 December 2018, Number of Shares held by Self: 10,000 shares Spouse/Immature Children: None	<u>Education</u> <ul style="list-style-type: none"> - M.Acc., Chulalongkorn University - B.B.A. Rajamangala University of Technology <u>Training</u> <ul style="list-style-type: none"> - Training Course for Internal Audit of Certificate By Federation of Accounting Professions 	2018 – Present 2004 - 2018	<u>Position in Listed Company</u> Chief Financial Officer, Sahamit Machinery PCL Internal Audit Manager, Sahamit Machinery PCL

Details of the positions of the Directors, the Executive Directors and the Authorized Directors as of 31 December 2017

Name	SMT	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.	Khon Kaen Alcohol Co., Ltd.	Koh Kong Sugar Industry Co. Ltd.	Savarnakhet Sugar Corporation	KSL Green Innovation PCL	Khon Kaen Sugar Industry PCL	Bank of Ayudhya PCL	Central Pattana PCL	Kiet Co., Ltd.	TQP Co., Ltd.	Thaiguaycom Co., Ltd.	P J L Property Co., Ltd.	Wiwachpattana Rice-Mill Co., Ltd.
1. Mr. Chaisilp Tamesirichai	X, D, EM	D, E	D																								
2. Mr. Prasong Srithornratkul	D, EM	D, E	D	D																							
3. Mr. Thana Senavattanaagul	D			X																							
4. Mr. Pichai Nithivasin	D					EM	X	D	D																		
5. Mr. Pornsin Thaemsirichai	D									D, EM	D, EM	D, EM	MD	D	EM	D	D	D	D, EM								
6. Mr. Kiangrai Boonkitticharoen	ID			EM	X																						
7. Gen.Vapirom Manasrangsi	ID, AM																										
8. Mr. Karun Kittisataporn	ID, AM																		ID, AM	ID	ID, AM						
9. Mr. Chayakorn Limsiripan	ID, AM																					MD	D	D	D		
10. Mr. Prayoon Vivetpuvanonth	ID, AM																							A		X	
11. Mr. Phut Sorayamthanawut	EX, MD																										
12. Mr. Chardej Tamesirichai	D, EX																										
13. Ms. Piyanuch Tamesirichai	D, EX																										
14. Ms. Piyaporn Srithornratkul	D, EX																										
15. Ms. Prangtip Sivaruk	D, EX																										

Remarks: Symbol 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

Corporate Governance (CG)

Sahamit Machinery Public Company Limited has complied with the good corporate governance principles in its management policy in accordance with the Stock Exchange of Thailand's Code of Best Practices for Directors of Listed Companies to ensure that the business is conducted effectively and transparency, accountability and fairness to all stakeholders. SMIT 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 2018 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 2018 on April 26, 2018, there were 13 members of the Board of Director attended the meeting (from the total members of the Board of Directors: 15 members). 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 2018, 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 2018 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 2018, 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's Board of Directors have recognized the importance of the responsibility for disclosure of both financial and non-financial information specified in the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand as well as any other relevant information to be disclosed correctly, accurately, on a timely basis and transparently through easy-to-access channels that are fair and trustworthy. The Company has provided company information includes financial reports and non-financial information specified in the regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) as well as any other relevant information which disclosed in the annual report, form 56-1, and the Company's website to be circulated to investors, shareholders and other interested persons as required by the law, the SEC and the SET

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. Disclosure of the information in 56-1 form and annual report both Thai and English languages through various information channels such as company website, www.sahamit.co.th and the Stock Exchange of Thailand (SET) website, www.sec.or.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 2017 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 2018, 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. To ensure that directors have sufficient time to perform their duties, the board has set a limit of five board seats in publicly-listed companies, which an individual director can hold simultaneously. 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. For the board meeting, the board sets the board meeting schedules for the whole year and notify each director in advance so that each member of the board can manage time to attend meetings which have at least 4 board meetings every 3 months, and 1 additional meeting one month before the Annual General Meeting of Shareholders. Each director individually should attend at least 75% of all the board meetings held during the year. Occasionally, special meetings need to be called because of an urgent or special matter. In board meetings, the chairman, managing director, and secretary set the board meeting agenda together and ensure that all important issues are included. Each member of the board should be free to propose an issue for a meeting agenda. Prior to each meeting, the board secretary should distribute a complete set of supporting documents which is sent to the Board of Directors at least five business days in advance of the board meeting to allow the Board an opportunity to properly review the agenda before the meeting.

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. 2/2018, also attended by the Audit Committee, held on March 7, 2018, 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 Sub-Committee proposed the Risk Assessment Report in 2018 and the Risk Management Plan in 2019 to the Board of Directors meetings on March 7, 2019 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.

Report of Audit Committee

The Audit Committee of Sahamit Machinery Public Company Limited currently comprises entirely of 4 independent directors with profound experience in management, law, financial, accounting and internal audit and fully qualified in accordance with the regulations of the Securities and Exchange Commission and the Stock Exchange (SEC) and the Stock Exchange of Thailand (SET). General Vapirom Manasrangsi as the Chairman of Audit Committee, Mr. Karun Kittisataporn, Mr. Prayoon Vivetpuvanonth and Mr. Chayakorn Limpisiriphan are members of the Audit Committee.

The Audit Committee has performed duties independently in accordance with the Charter of the Audit Committee and assigned by the Board of Directors which conforms to the best practices of the Securities and Exchange Commission including reviewing compliance with good corporate governance principles, pushing for the preparation of personnel which is considered an important resource for operations in order to support rapid changing business, encourage the use of information technology systems to link the work of the entire organization in order to increase operational efficiency and effectiveness.

In 2018, 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 which can be summarized as follows:

- 1. Review of financial reports** The Audit Committee reviewed quarterly and annual financial statements together with connected transaction and those with potential conflicts of interest, together with the management, Internal Auditor And External Auditors By inquiring the auditor about the accuracy of the financial statements, Important Adjusting Entries, Accounting estimates which affecting the financial statements, appropriateness of accounting records, inspection scope including the disclosure of information correctly, completely, sufficiently and independently of the auditor. Besides, the Audit Committee held an independent meeting with the external auditor without the presence of management so as to freely and independently.

The Audit Committee deemed the financial report for 2018 were duly prepared in accordance with accounting standard requirement under generally accepted accounting principles, accurate, adequate, reliable and beneficial for financial statements user.

- 2. Review of internal control effectiveness** The Audit Committee reviewed effectiveness of the Company's internal control systems and internal audit procedures for each quarter by using the evaluation form of the internal control system of the Securities and Exchange Commission, there is no significant issues had been detected. The Audit Committee has reported the evaluation of the effectiveness of the internal control system to the Board of Directors on a yearly basis.

The Audit Committee agreed that the Company's internal control system was appropriate, adequate and effective for its businesses.

- 3. Oversight of internal audit** The Audit Committee has considered and approved the corporate internal control system and reviewing the independence, appropriateness, adequate of resources related to the Audit performance including corporate governance of internal audit to be effective, efficient and conform to the approved plan as well as acknowledge the audit report and providing useful recommendations for development of internal audit performance to ensure that the Company's internal audit system were appropriate, efficiency and effective.

The Audit Committee agreed that internal audit system of the company were appropriate, adequate and effective. The annual audit plan is conform to the company's objectives and risks.

4. **Review of risk management** The Company has a Risk Management Sub-Committee, performs risk assessment to cover both internal and external factors and assesses Chances of occurrence which have an effect on business operations, setting policy, preventive measures to decrease the impact of risk to an acceptable level. Including reviewing, evaluating and reporting the Company's risk management to the Board of Directors and the Audit Committee. In addition, the Audit Committee reviewed the plan and risk management report and makes recommendation to ensure that risk management of company were appropriate, effective and comply with international stadard.

The Audit Committee agreed that the Company has effective risk management which appropriate to the situation and current business environment

5. **Corporate Governance** Audit Committee reviewed and supported compliance with the principles of good corporate governance for listed companies Including the review of compliance with securities and exchange laws, Regulations of the Stock Exchange of Thailand and laws related to the Compa-ny's businesses as well as the implementation of anti-corruption policy and obligations that may arise from contracts made with third parties and other claims

The Audit Committee agreed that the Company has continuously developed good corporate governance. Compliance with the law on securities and exchange, the regulations of the Stock Exchange of Thailand, and laws related to the business operations of the company appropriately. In the past year, there was no operation or any actions that are contrary to the laws, regulations and rules relating to the business operations.

6. **Review of connected transactions or the transactions that may lead to the conflicts of interest**

The Audit Committee reviewed the connected transactions and the conflicted transactions between the Company and related parties in order to comply with principles of fairness, transparency, adequate information disclosure and the Company's best interests, as well as in compliance with the regulation of The Securities and Exchange Commission and The Stock Exchange of Thailand.

Based on reviews, the Audit Committee agreed that the connected transactions and the conflicted transactions were normal business transaction undertaken for the Company's benefit, along with adequate data enclousure.

7. **Appointment of the Company's auditors** The Audit Committee considered and selected the Company's auditors and proposed a nomination of Dharmniti Auditing Compnay Limited to be the Company's auditor for the year 2019 and reviews its relevant remunerations.

8. **Review of the Audit Committee's Charter** The Audit Committee reviewed the charter of the Audit Committee in accordance with the rules and guidelines under the principles of good corporate governance, rules and regulation of The Securities and Exchange Commission and The Stock Exchange of Thailand

9. **Assessment of self evalutaion** The Audit Committee performed self evalution for the year 2018 according to the good corporate governance of the Securities and Exchange Commission. The result was satisfactory, rendered its effectiveness and achieved the objuectives and reported to the Company's Board of Directors.

In conclusion, during the year 2018, the Audit Committee has performed their duties with knowledge, competenced independently and with care to review information as well as giving various suggestions for the benefit of all stakeholders. The Audit Committee had given the management team valuable advices and suggestion regarding risk management and internal control systems in order to help fostering the Company's future business plans as well as prevention and possible solutions for the Company's relevant risk factors.

Gen. Vapirom Manasrangsri
Chairman of the Audit Committee

Related Party Transactions

In the year 2018, 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 Mr. Chaisilp Tamesirichai and Mr. Prasong Srithornratkul are also the directors and shareholders in Sahamit Holding Co., Ltd. (2) Sahamit Machinery PCL 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	97,164
		Accounts Payable	16,091
	The Company sold its products to KS Mould Part.	sell	51,263
		Accounts Receivable	3,601
2. Rien Thong Wittaya Co., Ltd. is a manufacturer and distributor of books, files, also provides the paper cutting services.			
Mr. Boonkitticharoen is the President of Rien Thong Wittaya Co., Ltd., also a director of Sahamit Machinery PCL.	The Company sold paper to Rien Thong Wittaya Co., Ltd at market price.	Sell Accounts Receivable	326 49
3. Khon Khaen Sugar PCL is a manufacturer of sugar and other related business			
Mr. Karun Kittasataporn is an Independent Director, Member of the Audit Committee and Member of the Nomination and Remuneration Committee of Khon Khaen Sugar PCL, also the Audit Committee of Sahamit Machinery PCL.	The Company sold spare parts and chemical products for Khon Khaen Sugar PCL	Sell Accounts Receivable	5,887 1,665
4. Bangkok Industrial Gas Co., Ltd. is a distributor of Nitrogen Gas			
Mr. Pichai Nithivasin is a director of Bangkok Industrial Gas Co., Ltd., 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	3,071 525
5. Hua Kee Co., Ltd. is the distributor of paper products			
Mr. Pichai Nithivasin is a Managing Director of Hua Kee Co., Ltd., also a director of Sahamit Machinery PCL.	The company sold paper for the manufacturing plant to Hua Kee Co., Ltd.	Sell Accounts Receivable	1,035 135

Necessity and reasonability on related transaction Related transaction during the past year for business operation of company and its subsidiaries by policies of entered into those transaction in order for highest benefit of company in term of policies and set up the price as considering from market price or in accordance with agreement. In addition, mentioned transaction has been considered by Audit Committee on fairness and reasonable.

Procedure of approval on transaction Normal business transactions and trade agreements with commercial terms shall act in the same situation by bargaining power without influence of their position on Director, Executive or related person. By this, management division needs to report every business transaction to Board of Directors for acknowledgement on quarterly basic. Abnormal business transaction, unless size of transaction doesn't need to be approved from Shareholders meeting (as provision from The Stock Exchange of Thailand) then need consideration from Board as prior first entity and size of happened transaction will be under authority to approve then approval of this transaction will ended as this stage as Audit Committee will be join in these consideration (stakeholders not attend and vote in the meeting). Moreover, if the sizes of transaction more than authority from Board can approve then Board will conclude the resolution and propose to shareholders meeting for approval. Board of Directors will consider on transaction which may have conflict of interest or related transaction or transactions appropriately through moderation from Audit Committees for entries criteria defined by Stock Exchange of Thailand, The Securities and Exchange Commission and Capital Market Supervisory as well as disclosure of transaction that may have conflict of interest to public with ensure accuracy and completeness.

Related party transactions in the future will be conducted as part of the normal course of business with neither special favors nor transfers of benefits between the Company and its subsidiaries or any related person. The Company strictly follows the regulations of the Stock Exchange of Thailand (SET) and other regulatory authorities related to related party transactions, based on reasonableness, appropriateness and fairness, and for the utmost benefit of all shareholders and stakeholders together with the Company's good corporate governance policy.

Corporate Social and Environmental 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 business ethically and responsibly. Its commitment towards stakeholders, communities, society, and environments are detailed as follow:

1. Corporate Governance The Company aims to become part of a leading organization in Thailand. To this effect, it looks to promote sustainable growth, to build good reputation and credibility amongst its investors and other stakeholders, to adopt ethical business practices and to strictly follow good corporate governance guidelines.

2. Respect for Human Rights The Company supports the principle of human rights. To this effect, it will conduct activities that support human rights and the right to freedom. The Company believes in the principle of equality and will not tolerate discrimination of race, age, and gender. It is also against the use of child labor and any form of corruption.

3. Fair Employee Treatment The Company will give fair compensation to its employees at the level that is appropriate to the industrial environment of Thailand and any changes in the organizational structure will be done responsibly and in accordance with the law of Thailand. The Company created an Employee Benefit Committee so that its employees can participate in the management of the benefits.

4. Adopt Good Business Ethics The Company intends to conduct its operations ethically, in compliance with the law and societal practice, and remain politically neutral.

5. Customer and Supplier Care The Company place great importance in producing high quality sugar that is safe for human consumption. It also aims to continuously provide good service to its customers and suppliers and hope that in return, the Company will receive the same high quality and service from them and therefore able to build a longstanding relationships.

6. Environment Friendly The Company gives precedence to environment protections. We bring in the principles of decreasing polluting waste from sources and apply it to the company's waste disposal management. This results in polluting waste being brought back to reuse or to sell as raw materials for other productions. This is to minimize the impact on the environment and surrounding communities.

The Company's CSR activities in Year 2018

1. Donating education fund for students of Wat Khlong Mai School and Phromma Nukhro School and donate fund to help Ban Lung Pradu School for building playground to improve the physical health of their community.
2. Donating fund for preserving religious properties to Samlae Temple, Sawang Hong Thong Temple, Pa Phrathat Khao Noi Temple and Analayo Thipayaram Temple.
3. Donating furniture and office supplies to Suan Kaew Foundation to be used for public benefit to help society.
4. Donating goods for educational purposes to King Mongkut's University of Technology Thonburi, Sakaeo Technical College, Samut Prakan Kanchanaphisek Technical College, Chulabhorn (Lad khwang) Technical College, Thai-Austrian Technical College, Bangpakong Industrial Community Education College and Bangsaen Technical College as education materials to support students to improve their skills and bring more professional experience from the real devices.
5. Creating Occupational health and safety awareness to prevent and reduce the incidence of injuries by providing training to employees such as fire and evacuation safety training, Forklift Operation Training and Occupational Health and Safety for Managers and Supervisors etc. for employees reducing accidents which can occurs. Also, creating environment awareness by reducing the use of resources (e.g. energy, water and office supplies) in efficient way.

Anti-Corruption Policy

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 care and diligence. The Company support and encourage 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 Anti-Corruption Policy is available download on SMIT website: www.sahamit.co.th)

In 9 March 2017, the Company was certified a three-year member of the Private Sector Collective Action Coalition against Corruption (CAC). The Company manages its business on the basis of transparency and ethics and complies with the policy and laws related to anti-corruption, bribery and inappropriate benefits to government officials or private sectors. The Company prescribes the organization structure by clearly dividing duties, responsibility, work process and line of command in each division in order to facilitate the balance of power and intra-audit. The Company provides the Manual on Anti-Corruption which compiles policies, ethics, regulations, rules and work processes for the directors, executives and staff to implement.

Management's Clarification and Analysis

Financial Performance

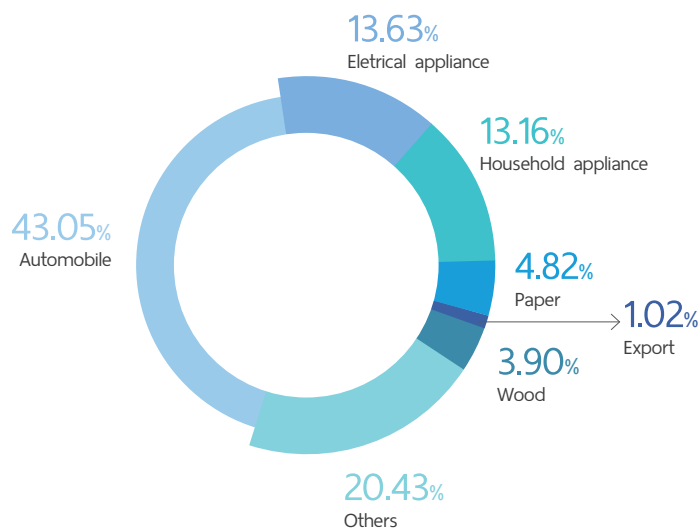
Overall performance of 2018, Total Revenue was Baht 2,345.84 million, Baht 163.80 million, increased from the previous year's revenue of Baht 2,182.04 million or 7.51 percent as the economy continues to recover in many industries which benefit from the continued government's efforts to use stimulus measures which can be significant motivation to industrial enterprise and support Thailand economic growth.

Total Revenues

The revenues of 2018 are mainly as follows,

- Revenues from sales and services were Baht 2,312.24 million equal to 98.57 percent of total revenue.
- Commissions were Baht 10.53 million equal to 0.45 percent of total revenue.
- Dividend received was Baht 4.38 million equal to 0.19 percent of total revenue.
- Gain on Exchange rates was Baht 6.54 million equal to 0.28 percent of total revenue.
- Gain on disposal of assets was Baht 12.15 million equal to 0.52 percent of total revenue.

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



In 2018, the main sources of income still derived from Special Steel and Heat Treatment with total sales of Baht 1,335.12 million, equal to 56.91 percent of total revenue. Besides, the Machine tools and tooling's revenue was Baht 663.90 million, equal to 28.30 percent of total revenue.

Total Expenses

In 2018, Total Expense was Baht 2,021.73 million equal to 86.18 percent of Total Revenue, amount to Baht 137.63 million or 7.30 percent, increased from the previous year.

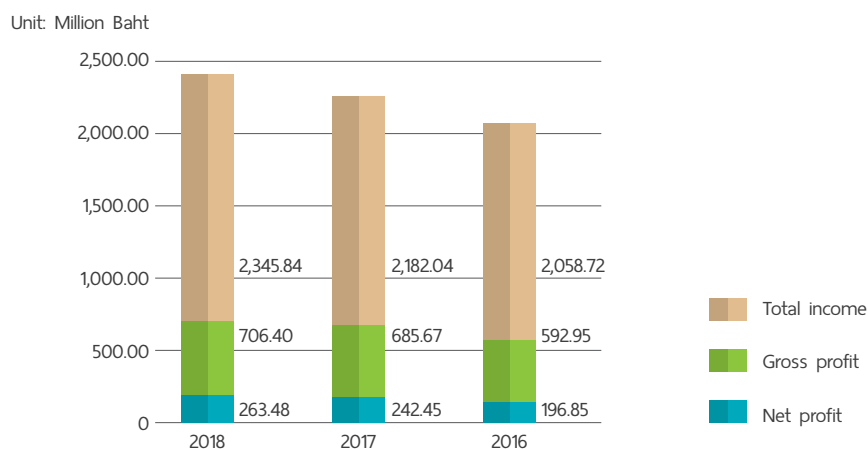
- Cost of sales and services were Baht 1,605.84 million with an increase of Baht 124.64 million or 8.63 percent from the previous year.
- Selling and Administrative expenses were Baht 379.84 million with an increase of 7.35 million or 1.97 percent from the previous year.
- Management benefit expenses were Baht 35.04 million with an increased of THB 2.50 million or 7.68 percent from the previous year.

- Financial costs were Baht 1.01 million with an increase of Baht 0.14 million or 16.09 percent from the previous year.

The cost of sales and services increased due to increasing in sales, especially Special Steel and Heat Treatment, also Machine tools and tooling which benefit from the government's economic stimulus measures, increases in exports and private investment, a stable consumption expansion as well as the expected.

Net Profit

The Net Profit in 2018 was Baht 263.48 million which increased from Baht 242.45 million of the previous year or 11.23 percent, equaled to the net profit margin of 8.67 percent as a result of the increased in Sales, Services and Commissions, as well as the efficient implementation of the procurement plan and cost-effective inventory management. The Company still maintains satisfactory rate of Gross and Net margin as shown on the graph below. These were due to the efficient cost control and the ability to adjust suitable product pricing in accordance with the product quality.



Financial status

As of December 31, 2018, SMIT had the Total Asset of Baht 2,611.14 million with an increase of Baht 46.38 million or 1.81 percent from the previous year. The Total Asset comprised of

1. Current Asset of Baht 1,782.89 million, equaled Baht 31.69 million or 1.81 percent, increased from the previous year
2. Non-Current Asset of Baht 828.26 million, equaled Baht 14.71 million or 1.81 percent increased from the previous year

Current Investments as of December 31, 2018 was Baht 185.27 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, 2018 was Baht 443.08 million or 19.16 percent of total sales with a decreased of Baht 58.68 million or 11.69 percent from the previous year. The less-than-3-month accounts receivable was Baht 428.93 million or accounted to 96.81 percent of total accounts receivable. Average collection period was 74 days, comparing to 76 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 2018, the Company had the provision for the accounts receivable of Baht 8.53 million or 1.93 percent of the total Accounts Receivable.

Inventory as of December 31, 2018 was Baht 1,099.29 million which represented an increase of 11.69 percent or Baht 115.10 million from 2017. The increase in the level of inventory has been mainly due to higher stocks of machine tools and tooling. The forecasted suitable inventory planning has been related to the government's economic stimulus plan which has been important to economic growth and industrial expansion.

Property, plant and equipment and other assets as of December 31, 2018 was Baht 768.01 million with an increase of Baht 14.81 million or 1.97 percent from the previous year.

SMIT had invested for common stocks of K.S. Mould Parts Co, Ltd. amount of 127,300 shares at Baht 450 per share, hold 10.93 percent of the paid-up capital. Total investment was Baht 57.41 million. K.S. Mould Parts Co, Ltd. also provided a better performance which the company received the dividend in the amount of Baht 4.37 million in the year 2018.

Capital structure

The Company's capital structure in 2018, total liability was Baht 349.26 million with an decrease of 7.06 percent or Baht 26.53 million. The current liability was Baht 301.04 million or 86.19 percent of total liability, mostly from trust receipt payable Baht 2.56 million and account payable Baht 209.51 million or 68.88 percent of total liability as a result of building up the stock, especially in special steel and machines tools and tooling relating to the forecasted suitable inventory planning. The non-current liability was Baht 48.22 million with an increase of Baht 4.36 million or 9.94 percent from the previous year increased from the company's employee benefits obligations amount of Baht 4.84 million which calculated by an actuary.

The total equity was Baht 2,261.88 million comprised of the paid – up capital of Baht 530 million, surplus capital of THB 262.26 million, premium on treasury shares of Baht 12.95 million, surplus on land revaluation of Baht 123.82 million and the unrealized gain on fair valued of the investment of Baht 0.91 million and Retained earnings of Baht 1,331.93 million. The total equity was increased by 3.33 percent or Baht 72.91 million from the previous year due to the increased of operating profit margin.

The company paid the dividend twice this year, first dividend payout totaled to Baht 116.60 million from the 2017's performance and second dividend payout totaled to Baht 74.20 million from the 2017's interim performance.

The Debt-to-Equity ratio was calculated to be 0.15 times, in comparison with 0.17 times in 2017 due to the Company has very good liquidity from the operating cash flows.

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, 2018.

Mr. Chaisilp Tamesirichai
Chairman of the Board

Independent Auditor's Report

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, 2018, 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, 2018, 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 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 my professional judgement, 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.

Inventory and the allowance for diminution in value of inventory

The Company's inventories as at December 31, 2018 amounted to Baht 1,099.29 million or 42.10% of total assets which is a significant amount to the financial statements. The Company has disclosed the accounting policy for inventories and detailed inventories are disclosed in the notes to the financial statements in Notes 2.6 and 8, respectively. Inventories are stated at the lower of cost or net realizable value, whichever is lower. The management must exercise judgment in determining the amount of allowance for diminution in value of slow-moving or obsolete inventories in each product life group which the management has determined higher percentage in accordance with product life and provided an individual detailed analysis of obsolete stock. Therefore, the internal control on inventories, existence and measurement of inventories are significant risk that requires special attention in the audit.

Risk response by the auditor

With respect to my audit method on such matter, I regularly tested the internal control relating to the inventory cycle throughout the year, tested the method of inventory cost calculation, observed the inventory count, and assessed the effectiveness of the inventory count. Furthermore, I audited the inventory aging analysis report preparation, analyzing and comparing information of period held and movement of inventory to identify the product group with an indication of slower than usual turnover, inquired and considered the reasonableness of the method used by the management in determining the net realizable value by auditing supporting evidence which represents the use of judgment and best estimate of the management, especially the percentage used in calculating the allowance for diminution in value of inventory in each product life group according to each product group. I tested the net realizable value from the latest selling products and after the financial statement date. I paid attention to the adequacy of information disclosure related to the accounting policy and the amount in respect of the recognition of the allowance for diminution in value of inventory.

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.

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.

The engagement partner responsible for the audit resulting in this independent auditor's report is Ms.Thanyaphorn Tangthanopajai

Ms.Thanyaphorn Tangthanopajai
Certified Public Accountant
Registration No.9169

Dharmniti Auditing Company Limited
Bangkok, Thailand
February 14, 2019

Statement of Financial Position

As at December 31, 2018

		<u>ASSETS</u>	
		Baht	
	Notes	2018	2017
CURRENT ASSETS			
Cash and cash equivalents	5	31,458,811.40	21,503,443.51
Current investments	6	185,272,610.27	219,003,451.72
Trade and other receivables	4, 7	465,154,852.48	522,914,914.63
Inventories	8	1,099,290,620.14	984,189,879.57
Other current assets		1,712,223.94	3,589,685.75
Total current assets		1,782,889,118.23	1,751,201,375.18
NON-CURRENT ASSETS			
Fixed deposit using for guarantee	12	639,337.74	633,691.55
General investments	9	57,407,130.63	57,407,130.63
Property, plant and equipment	10.1, 10.2	768,007,383.44	753,204,203.98
Other non-current assets		2,201,412.20	2,309,568.14
Total non-current assets		828,255,264.01	813,554,594.30
TOTAL ASSETS		2,611,144,382.24	2,564,755,969.48

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

Statement of Financial Position (Cont.)

As at December 31, 2018

LIABILITIES AND SHAREHOLDERS' EQUITY

	Notes	Baht	
		2018	2017
CURRENT LIABILITIES			
Bank overdrafts and short-term loans from financial institutions	12, 24	2,557,037.27	17,798,479.13
Trade payables	4	209,513,249.77	229,499,398.78
Other payables		30,770,004.45	30,377,124.09
Cash received in advance from sales and services		28,512,677.48	18,235,937.55
Income tax payable		25,010,826.80	29,065,722.40
Other current liabilities		4,676,733.66	6,955,793.08
Total current liabilities		301,040,529.43	331,932,455.03
NON-CURRENT LIABILITIES			
Deferred tax liabilities	11	10,744,930.02	11,215,467.54
Employee benefit obligations	13	37,478,805.00	32,640,550.00
Total non-current liabilities		48,223,735.02	43,856,017.54
TOTAL LIABILITIES		349,264,264.45	375,788,472.57

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

Statement of Financial Position (Cont.)

As at December 31, 2018

LIABILITIES AND SHAREHOLDERS' EQUITY

	Notes	Baht	
		2018	2017
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		1,276,933,090.08	1,204,248,188.38
Other components of equity		124,733,604.99	124,505,885.81
Total shareholders' equity		2,261,880,117.79	2,188,967,496.91
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,611,144,382.24	2,564,755,969.48

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

Statement of Comprehensive Income

For the year ended December 31, 2018

		Baht	
	Notes	2018	2017
REVENUES			
Sales and services	4, 22	2,312,242,109.20	2,163,874,167.12
Other income			
Commissions		10,527,267.40	7,790,474.90
Dividend income	9	4,385,102.73	4,392,002.73
Gain on exchange rate		6,540,032.86	-
Gain on disposal of assets		126,074.08	1,821,462.72
Others		12,015,916.64	4,164,953.73
Total revenues		2,345,836,502.91	2,182,043,061.20
EXPENSES			
Cost of sales and services	4	1,605,836,759.74	1,478,201,709.94
Selling expenses	26	249,304,463.21	236,154,847.77
Administrative expenses	26	130,539,685.35	136,335,289.23
Management benefit expenses	4	35,035,828.00	32,535,981.00
Finance costs		1,011,266.91	868,226.39
Total expenses		2,021,728,003.21	1,884,096,054.33
Income before income tax expenses		324,108,499.70	297,947,006.87
Income tax expenses	15	60,623,598.00	55,496,327.34
Income for the year		263,484,901.70	242,450,679.53
Other comprehensive income :-			
Item that will not be reclassified to profit or loss			
Actuarial loss from defined benefit plans			
- net of income tax		-	(3,955,788.80)
		-	(3,955,788.80)
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		227,719.18	635,281.37
		227,719.18	635,281.37
Other comprehensive income for the year		227,719.18	(3,320,507.43)
Total comprehensive income for the year		263,712,620.88	239,130,172.10
Basic earnings per share (Baht per share)	18	0.50	0.46

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

Baht

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

Statement of Cash Flows

For the year ended December 31, 2018

	Baht	
	2018	2017
<u>Cash flows from operating activities :</u>		
Income for the year	263,484,901.70	242,450,679.53
Adjustments to reconcile income for the year to net cash provided by (used in) operating activities :		
Depreciations	64,936,980.30	70,004,460.60
Allowance for doubtful accounts (reversal)	772,095.98	2,942,590.99
Bad debts	1,957,995.82	596,758.80
(Gain) loss on disposal of current investments	(1,429,363.35)	(2,138,373.25)
(Gain) loss on disposal of fixed assets	(126,074.08)	(1,821,462.72)
Unrealized (gain) loss on exchange rates	(339,264.54)	254,340.85
Employee benefit expenses	4,414,667.00	4,111,524.00
Dividend income	(4,385,102.73)	(4,392,002.73)
Interest income	(96,510.13)	(140,206.03)
Interest expenses	1,011,266.91	868,226.39
Income tax expenses	60,623,598.00	55,496,327.34
Income from operating before changes in operating assets and liabilities	390,825,190.88	368,232,863.77
(Increased) decreased in operating assets		
Trade and other receivables	54,936,795.88	(89,877,380.58)
Inventories	(115,100,740.57)	(199,441,754.88)
Other current assets	1,877,461.81	(1,737,925.57)
Other non-current assets	108,155.94	313,714.61
Increased (decreased) in operating liabilities		
Trade payables	(19,553,710.00)	57,507,082.96
Other payables	392,880.36	1,756,993.94
Cash received in advance	10,276,739.93	1,099,864.93
Other current liabilities	(2,279,059.42)	(4,203,549.95)
Cash generated from operations	321,483,714.81	133,649,909.23
Payment for employee benefit obligation	(585,000.00)	(364,600.00)
Payment for income tax	(65,205,960.92)	(48,728,277.14)
Net cash provided by operating activities	255,692,753.89	84,557,032.09

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

Statement of Cash Flows (Cont.)

For the year ended December 31, 2018

	Baht	
	2018	2017
<u>Cash flows from investing activities :</u>		
Cash paid for current investments	(272,682,430.45)	(250,760,234.00)
Cash received from sales current investments	308,127,284.23	375,447,543.83
Increased in fixed deposit using for guarantee	(5,646.19)	(5,977.13)
Dividend income from investments	4,385,102.73	4,392,002.73
Cash paid for purchase of the fixed assets	(80,851,147.20)	(58,154,624.78)
Cash received from sales of the fixed assets	1,237,061.52	2,019,165.03
Cash received from interest income	96,510.13	140,206.03
Net cash used in investing activities	(39,693,265.23)	73,078,081.71
<u>Cash flows from financing activities :</u>		
Proceed form overdrafts and short-term loans from financial institutions	887,013,921.22	689,548,939.25
Repayment of overdrafts and short-term loans from financial institutions	(902,255,363.08)	(672,137,251.55)
Cash paid for dividend	(190,800,000.00)	(169,600,000.00)
Cash paid for interest expenses	(2,678.91)	(2,182.39)
Net cash used in financing activities	(206,044,120.77)	(152,190,494.69)
Net increased (decreased) in cash and cash equivalents	9,955,367.89	5,444,619.11
Cash and cash equivalents at the beginning of year	21,503,443.51	16,058,824.40
Cash and cash equivalents at the end of year	31,458,811.40	21,503,443.51

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

Notes to Interim the Financial Statements

December 31, 2018

1. GENERAL INFORMATION

(a) Address and legal status

Sahamit Machinery Public Company Limited was registered under Thai law on September 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 B.E.2535 on November 21, 1994. The office is located at 42, 48 Soi chokchaijongjumroen, Rama 3 Road, Bangpongpan, Yannawa, Bangkok, 10120.

(b) Nature of the Company's operations

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

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

2.1 Basis for preparation of the financial statements

The financial statements have been prepared in accordance with the financial reporting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with the financial reporting standards. 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 interim 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 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.

2.8 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.

2.9 Related parties

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

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

2.10 Impairment of assets

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

2.11 Foreign currency transactions

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

2.12 Provisions

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

2.13 Treasury shares

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

2.14 Income tax

Income tax comprises current income tax and deferred tax.

Current tax

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

Deferred tax

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

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.

2.15 Use of accounting estimates

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

2.16 Employee benefits

Short-term employee benefits

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

Post-employment benefit (Defined contribution plans)

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

Post-employment benefits (Defined benefit plans)

The Company has obligations in respect of the severance payments to employees upon retirement under the Company's article and 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.

2.17 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 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 ACCOUNTING STANDARDS ARE EFFECTIVE IN THE CURRENT YEAR

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the 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, 2018 are as follows:

TAS 1 (revised 2017)	Presentation of Financial Statements
TAS 2 (revised 2017)	Inventories
TAS 7 (revised 2017)	Statement of Cash Flows
TAS 8 (revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2017)	Events After the Reporting Period
TAS 11 (revised 2017)	Construction Contracts
TAS 12 (revised 2017)	Income Taxes
TAS 16 (revised 2017)	Property, Plant and Equipment
TAS 17 (revised 2017)	Leases
TAS 18 (revised 2017)	Revenue
TAS 19 (revised 2017)	Employee Benefits
TAS 20 (revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2017)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2017)	Borrowing Costs
TAS 24 (revised 2017)	Related Party Disclosures
TAS 26 (revised 2017)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2017)	Separate Financial Statements
TAS 28 (revised 2017)	Investments in Associates and Joint Ventures
TAS 29 (revised 2017)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2017)	Earnings Per Share
TAS 34 (revised 2017)	Interim Financial Reporting
TAS 36 (revised 2017)	Impairment of Assets
TAS 37 (revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2017)	Intangible assets

TAS 40 (revised 2017)	Investment Property
TAS 41 (revised 2017)	Agriculture
TFRS 2 (revised 2017)	Share-Based Payment
TFRS 3 (revised 2017)	Business Combinations
TFRS 4 (revised 2017)	Insurance Contracts
TFRS 5 (revised 2017)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2017)	Exploration for and Evaluation of Mineral Resource
TFRS 8 (revised 2017)	Operating Segments
TFRS 10 (revised 2017)	Consolidated Financial Statements
TFRS 11 (revised 2017)	Joint Arrangements
TFRS 12 (revised 2017)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2017)	Fair Value Measurement
TSIC 10 (revised 2017)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2017)	Operating Leases – Incentives
TSIC 25 (revised 2017)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2017)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2017)	Service Concession Arrangements: Disclosure
TSIC 31 (revised 2017)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2017)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2017)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2017)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2017)	Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economics
TFRIC 10 (revised 2017)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2017)	Service Concession Arrangements
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 14 (revised 2017)	TAS 19 (revised 2017)-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2017)	Distributions of Non - cash Assets to Owners
TFRIC 18 (revised 2017)	Transfers of Assets from Customers
TFRIC 20 (revised 2017)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2017)	Levies

The management of the Company evaluated that these 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, 2018 and 2017, the significant transactions with related parties can be summarized as follows :-

		Baht	
	Pricing policy	2018	2017
<u>Related companies</u>			
Sales			
K.S Mould Parts Co., Ltd. (Common directorships)	Market Price	51,263,443.03	25,277,977.30
Reanthong Wittaya Co., Ltd. (Common directorships)	Market Price	325,617.00	321,888.00
Khon Kaen Sugar Industry Pcl. (Common directorships)	Market Price	5,887,225.27	6,828,518.01
Hua Ki Paper Co., Ltd. (Common directorships)	Market Price	1,035,465.00	1,106,430.00
Purchases			
K.S Mould Parts Co., Ltd. (Common directorships)	Market Price	97,163,871.25	99,924,840.96
Bangkok Industrial Gas Co., Ltd. (Common directorships)	Market Price	3,071,359.29	2,618,113.98

The outstanding balances as at December 31, 2018 and 2017, are as follows :-

	Baht	
	2018	2017
<u>Trade receivables - Related companies</u>		
K.S Mould Parts Co., Ltd.	3,600,658.66	9,722,457.82
Reanthong Wittaya Co., Ltd.	49,247.82	-
Khon Kaen Sugar Industry Pcl.	1,665,060.98	1,188,686.01
Hua Ki Paper Co., Ltd.	134,820.00	113,318.35
<u>Trade payables - Related companies</u>		
K.S Mould Parts Co., Ltd.	16,090,744.13	21,735,650.15
Bangkok Industrial Gas Co., Ltd.	525,434.49	396,536.43

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, 2018 and 2017, management benefit expenses as follow :-

	Baht	
	2018	2017
Management benefit expenses		
Short-term employee benefits	34,477,880.00	32,040,880.00
Post-employment benefits	557,948.00	495,101.00
	<u>35,035,828.00</u>	<u>32,535,981.00</u>

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of :-

	Baht	
	2018	2017
Cash in hand	491,978.88	387,399.53
Cash at bank - current accounts	22,372,896.56	14,767,307.53
Cash at bank - saving accounts	8,593,935.96	6,348,736.45
Total	<u>31,458,811.40</u>	<u>21,503,443.51</u>

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

6. CURRENT INVESTMENTS

Current investments consisted of :-

	Baht	
	2018	2017
Investment in available-for-sale securities		
Unit trusts - open-end fixed income fund	168,586,648.76	217,217,152.31
Unit trusts - open-end equity fund	15,000,000.00	-
Equity	543,397.27	928,384.15
Total	184,130,046.03	218,145,536.46
<u>Add</u> Unrealized gain (loss) on changes in the fair value of investments	1,142,564.24	857,915.26
Investment in available-for-sale securities - at fair value	185,272,610.27	219,003,451.72

7. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of :-

	Baht	
	2018	2017
<u>Trade receivables</u> , classified by age analysis :-		
- <u>Domestic</u>		
Not yet due	256,206,181.38	263,775,737.35
Overdue :		
Not over 3 months	166,036,499.10	206,905,556.99
Over 3 - 6 months	11,373,071.59	13,821,523.28
Over 6 - 12 months	2,298,660.86	4,814,784.75
Over 12 months	9,012,561.07	12,043,008.04
Total	444,926,974.00	501,360,610.41
- <u>Foreign</u>		
Not yet due	5,152,687.95	10,111,805.29
Overdue :		
Not over 3 months	1,528,161.51	-
Total	6,680,849.46	10,111,805.29
Total trade receivables	451,607,823.46	511,472,415.70
<u>Less</u> Allowance for doubtful accounts	(8,527,689.08)	(9,713,588.92)
Total trade receivables – net	443,080,134.38	501,758,826.78

	Baht	
	2018	2017
<u>Other receivables</u>		
- Advance payable	3,756,249.09	1,217,837.80
- Prepaid expenses	5,243,686.65	1,430,645.14
- Cash deposit for goods	13,074,782.36	18,507,604.91
Total	22,074,718.10	21,156,087.85
Total trade and other receivables – net	465,154,852.48	522,914,914.63

As at December 31, 2018 and 2017, the movements of allowance for doubtful accounts are as follows :-

	Baht	
	2018	2017
Allowance for doubtful accounts :		
Beginning balance	9,713,588.92	7,367,756.73
Increase (decrease) during the period	772,095.98	2,942,590.99
Bad debts written off during the period	(1,957,995.82)	(596,758.80)
Ending balance	8,527,689.08	9,713,588.92

As at December 31, 2018 and 2017, the Company had installment receivable less than 12 months in the amount of Baht 9.52 million and Baht 13.22 million, respectively. That installment receivable was classified by age in trade receivables-domestic not yet due.

8. INVENTORIES

Inventories consisted of :-

	Baht	
	2018	2017
Inventories	960,282,770.67	818,941,892.82
Work in process	6,067,559.70	10,029,007.31
Raw materials and supplies	29,970,238.49	28,544,345.81
Goods in transit	110,270,051.28	133,974,633.63
Total	1,106,590,620.14	991,489,879.57
<u>Less</u> Provision for the decline in value of inventory	(7,300,000.00)	(7,300,000.00)
Inventories – net	1,099,290,620.14	984,189,879.57

9. GENERAL INVESTMENTS

General investments consisted of :-

Investments in equity; related company	Type of Business	Paid up capital (Baht)	Percentage of shareholding	Cost method (Baht)	
				2018	2017
K.S Mould Parts Co., Ltd.	Sale/produce of mould parts, ejector pins and rendering lon- 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, 2018 and 2017, the Company has received dividend income from K.S Mould Parts Co., Ltd. in the amount of Baht 4,370,102.73.

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).

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, 2017	Additions	Deductions	Transferred in (Transferred out)	Balance per book as at December 31, 2018
<u>At appraised</u>					
Land and improvements					
- Cost	236,495,172.79	-	-	-	236,495,172.79
- Land improvement	-	-	-	12,625,000.00	12,625,000.00
- 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	371,206,390.11	-	-	12,625,000.00	383,831,390.11
<u>At cost</u>					
Buildings and improvements	308,186,221.64	2,981,235.65	-	256,760.00	311,424,217.29
Machinery and equipment	659,788,577.75	5,497,783.79	(5,438,571.58)	49,046,150.93	708,893,940.89
Furniture, fixtures and office equipment	48,576,543.11	2,711,946.90	(3,847,517.85)	947,604.08	48,388,576.24
Vehicles	116,031,088.92	5,233,243.93	(2,879,881.03)	-	118,384,451.82
Assets in progress	964,078.08	64,426,936.93	-	(62,875,515.01)	2,515,500.00
Total buildings and equipment - at cost	1,133,546,509.50	80,851,147.20	(12,165,970.46)	(12,625,000.00)	1,189,606,686.24
Total	1,504,752,899.61				1,573,438,076.35
<u>Less Accumulated depreciation</u>					
Buildings and improvements	218,859,098.35	10,005,999.63	-	-	228,865,097.98
Machinery and equipment	428,021,955.97	42,600,303.60	(5,204,379.21)	-	465,417,880.36
Furniture, fixtures and office equipment	41,652,356.72	3,353,295.32	(2,970,731.78)	-	42,034,920.26
Vehicles	94,315,284.59	8,977,381.75	(2,879,872.03)	-	100,412,794.31
Total	782,848,695.63	64,936,980.30	(11,054,983.02)	-	836,730,692.91
Property, plant and equipment - net	721,904,203.98				736,707,383.44

	Baht				Balance per book as at December 31, 2017
	Balance per book as at December 31, 2016	Additions	Deductions	Transferred in (Transferred out)	
<u>At appraised</u>					
Land and improvements					
- Cost	208,495,172.79	28,000,000.00	-	-	236,495,172.79
- 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	28,000,000.00	-	-	371,206,390.11
<u>At cost</u>					
Buildings and improvements	307,788,281.37	302,940.27	-	95,000.00	308,186,221.64
Machinery and equipment	646,655,969.46	3,898,038.71	(4,510,036.02)	13,744,605.60	659,788,577.75
Furniture, fixtures and office equipment	46,670,319.17	3,123,239.64	(1,217,015.70)	-	48,576,543.11
Vehicles	110,964,761.83	8,999,429.90	(3,933,102.81)	-	116,031,088.92
Assets in progress	972,707.42	13,830,976.26	-	(13,839,605.60)	964,078.08
Total buildings and equipment - at cost	1,113,052,039.25	30,154,624.78	(9,660,154.53)	-	1,133,546,509.50
Total	1,456,258,429.36				1,504,752,899.61
<u>Less Accumulated depreciation</u>					
Buildings and improvements	207,570,925.99	11,288,172.36	-	-	218,859,098.35
Machinery and equipment	389,004,386.67	43,470,615.31	(4,453,046.01)	-	428,021,955.97
Furniture, fixtures and office equipment	39,353,534.36	3,375,133.76	(1,076,311.40)	-	41,652,356.72
Vehicles	86,377,840.23	11,870,539.17	(3,933,094.81)	-	94,315,284.59
Total	722,306,687.25	70,004,460.60	(9,462,452.22)	-	782,848,695.63
Property, plant and equipment - net	733,951,742.11				721,904,203.98

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.

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, 2018 and 2017, the Company had the fixed assets have been fully depreciated which are still in use as follows :-

	Baht	
	2018	2017
<u>At cost</u>		
Buildings and improvements	134,997,732.59	131,578,118.13
Machinery and equipment	195,767,058.82	169,869,946.09
Furniture, fixtures and office equipment	34,820,771.87	34,709,463.00
Vehicles	84,863,472.45	61,554,014.72
Total	450,449,035.73	397,711,541.94

10.2 Land for rubber trees plantation consisted of :-

	Baht	
	2018	2017
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	2,058,398.46	2,166,554.40

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.

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, 2018 and 2017 are summarized as follows :-

	Baht			
	Balance per book	Revenue (expenses) during the year		Balance per book
	as at December	In profit or loss	In other	as at December
	31, 2017		comprehensive	31, 2018
			income	
Deferred tax assets:				
Trade receivables	1,942,717.78	(237,179.96)	-	1,705,537.82
Inventories	1,460,000.00	-	-	1,460,000.00
Depreciations of fixed assets	5,271,098.30	(203,003.72)	-	5,068,094.58
Unrealized loss on land revaluation	4,709,077.83	-	-	4,709,077.83
Employee benefit obligations	6,528,110.00	967,651.00	-	7,495,761.00
Total	19,911,003.91	527,467.32	-	20,438,471.23
Deferred tax liabilities:				
Investments in available-for-sale securities	171,583.05	-	56,929.80	228,512.85
Unrealized gain on land revaluation	30,954,888.40	-	-	30,954,888.40
Total	31,126,471.45	-	56,929.80	31,183,401.25
Net	(11,215,467.54)			(10,744,930.02)

	Baht			
	Balance per book	Revenue (expenses) during the period		Balance per book
	as at December	In profit or loss	In other	as at December
	31, 2016		comprehensive	31, 2017
			income	
Deferred tax assets:				
Trade receivables	1,473,551.35	469,166.43	-	1,942,717.78
Inventories	1,460,000.00	-	-	1,460,000.00
Depreciations of fixed assets	5,485,277.00	(214,178.70)	-	5,271,098.30
Unrealized loss on land revaluation	4,709,077.83	-	-	4,709,077.83
Employee benefit obligations	4,616,569.20	922,593.60	988,947.20	6,528,110.00
Total	17,744,475.38	1,177,581.33	988,947.20	19,911,003.91
Deferred tax liabilities:				
Investments in available-for-sale securities	12,762.71	-	158,820.34	171,583.05
Unrealized gain on land revaluation	30,954,888.40	-	-	30,954,888.40
Total	30,967,651.11	-	158,820.34	31,126,471.45
Net	(13,223,175.73)			(11,215,467.54)

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

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

	Baht	
	2018	2017
Bank overdrafts	2,557,037.27	640,546.46
Trust receipts	-	17,157,932.67
Total	2,557,037.27	17,798,479.13

For the years ended December 31, 2018 and 2017, promissory notes and trust receipts as stated above have interest rates 4.78713% per annum and 3.50994% per annum, respectively.

As at December, 2018 and 2017, the Company has overdrafts and other credit lines from local financial institutions totaling Baht 1,665.00 million and USD 21.00 million which the overdrafts from a local financial institution guaranteed by fixed deposits in amount of Baht 0.50 million and other credit lines without any collateral.

13. EMPLOYEE BENEFIT OBLIGATIONS

Employee benefits obligations, as follow :-

The statements of financial position

For the years ended December 31, 2018 and 2017

	Baht	
	2018	2017
Defined benefit obligations at January 1,	32,640,550.00	23,082,846.00
Employee benefit paid by project	(585,000.00)	(364,600.00)
Current service costs and interest	5,423,255.00	4,977,568.00
Actuarial loss from defined benefit plans	-	4,944,736.00
Defined benefit obligations at December 31,	37,478,805.00	32,640,550.00

Expense recognized in the statements of comprehensive income

For the years ended December 31, 2018 and 2017

	Baht	
	2018	2017
Current service costs		
Administrative expenses	3,856,719.00	3,616,423.00
Management benefit expenses	557,948.00	495,101.00
	4,414,667.00	4,111,524.00
Interest on obligation	1,008,588.00	866,044.00
Total	5,423,255.00	4,977,568.00

Principal actuarial assumptions at the reporting date

	Percentage	
	For the years ended December 31,	
	2018	2017
Discount rate	3.09	3.09
Salary increase rate	5.00	5.00
Employee turnover rate	0.00 - 26.00	0.00 - 26.00
	(classification of age)	(classification of age)
Mortality rate	100 of Thai mortality table 2008	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, 2018 are summarized below:

	Baht	
	Employee benefits obligations increase (decrease)	
	1% increase	1% decrease
Discount rate	(4,137,531.00)	4,857,121.00
Salary increase rate	5,520,380.00	(4,736,746.00)
Employee turnover rate	(4,470,795.00)	3,360,633.00
Mortality rate	382,531.00	(378,264.00)

Employee benefits obligations

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a New Labour Protection Act, which is in the process being enacted in the Royal Gazette. The Labour Protection Act includes a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of 20 years or more, receives severance payment of 400 days of wages at the most recent rate, which is increased from the current maximum rate of 300 days. When the labour law comes into force, the Company and its subsidiaries will recognize the increase in the employee benefits obligations approximately Baht 12.26 million, resulting in the decrease in net profit approximately Baht 9.81 million.

14. LEGAL RESERVE

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

15. INCOME TAX EXPENSES

15.1 Major components of income tax expenses

For the years ended December 31, 2018 and 2017 consisted of :-

	Baht	
	2018	2017
Income tax expense shown in profit or loss :		
Current tax expense:		
Income tax expense for the year	61,151,065.32	56,673,908.67
Deferred tax expense :		
Changes in temporary differences relating to the original recognition and reversal	(527,467.32)	(1,177,581.33)
Total	60,623,598.00	55,496,327.34
Income tax expense relation to components of other Comprehensive income :		
Deferred tax expense :		
Actuarial loss from defined benefit plans	-	(988,947.20)
Unrealized gain (loss) on changes in the fair value of available-for-sale investments	56,929.80	158,820.34
	56,929.80	(830,126.86)

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, 2018 and 2017 which are summarized as follows :-

	Baht	
	2018	2017
Accounting profit for the year	324,108,499.70	297,947,006.87
The applicable tax rate	20%	20%
Tax expense at the applicable tax rate	64,821,699.94	59,589,401.37
Reconciliation items:		
Tax effect of expenses that are not deductible in determining tax profit:		
- Expenses not allowed as expenses in determining taxable profit	771,229.04	874,350.43
Tax effect of income or profit that are not required in determining taxable profit:		
- Exemption of non-taxable dividend income	(877,020.54)	(876,820.54)
- The exemption of profit of the promoted business (BOI)	(1,827,332.14)	(2,165,642.74)
- Expenses deducted as expenses added in taxable	(2,264,978.30)	(1,924,961.18)
Total reconciliation items	(4,198,101.94)	(4,093,074.03)
Total income tax expenses	60,623,598.00	55,496,327.34

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

For the years ended December 31, 2018 and 2017 are summarized as follows :-

	2018		2017	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit before tax expense for the year	324,108,499.70		297,947,006.87	
Tax expense at the applicable tax rate	64,821,699.94	20.00	59,589,401.37	20.00
Reconciliation items	(4,198,101.94)	(1.30)	(4,093,074.03)	(1.37)
Tax expense at the average effective tax rate	60,623,598.00	18.70	55,496,327.34	18.63

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, 2018 and 2017, the Company's debt-to-equity ratios were 0.15:1 and 0.17:1, respectively.

17. DIVIDEND

For the year 2018

At the Board of Directors' Meeting No. 4/2018 held on August 10, 2018, the board approved to pay interim dividends from the operating results for the first six-month period 2018 amounting to Baht 74.20 million at the rate of Baht 0.14 per share.

At the Shareholder's Annual General Meeting for the year 2018 held on April 26, 2018, it was approved to pay dividends for the year ended December 31, 2017 to the shareholders at the rate of Baht 0.22 per share, totalling Baht 116.60 million.

Totalling pay dividends in the year 2018 amounting to Baht 190.80 million.

For the year 2017

At the Board of Directors' Meeting No. 4/2017 held on August 15, 2017, the board approved to pay interim dividends from the operating results for the first six-month period 2017 amounting to Baht 74.20 million at the rate of Baht 0.14 per share.

And at the Shareholder's Annual General Meeting for the year 2017 held on April 27, 2017, it was approved to pay dividends for the year ended December 31, 2017 to the shareholders at the rate of Baht 0.18 per share, totalling Baht 95.40 million.

Totalling pay dividends in the year 2017 amounting to Baht 169.60 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 :-

	2018	2017
Income for the years (Baht)	263,484,901.70	242,450,679.53
Weighted average number of ordinary shares (Shares)	530,000,000	530,000,000
Basic earnings per share (Baht per share)	0.50	0.46

19. EXPENSE BY NATURE

Significant expenses by nature are as follow :-

	Baht	
	2018	2017
Purchase	1,617,105,113.72	1,579,049,134.64
Changes in inventory and work in process	(109,338,038.58)	(202,081,680.48)
Raw materials and consumables used	58,468,288.24	61,730,689.64
Employee costs	201,034,472.90	191,200,254.34
Management benefit expenses	35,035,828.00	32,535,981.00
Depreciation	64,936,980.30	70,004,460.60
Transportation and gasoline expenses	22,455,388.52	20,336,220.57

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, 2018 and 2017, the Company contributed to the fund totaling Baht 1.39 million and Baht 1.18 million, respectively.

21. FINANCIAL INSTRUMENTS

21.1 Financial risk management policies

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

21.2 Interest rate risk

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

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

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

21.3 Foreign currency risk

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

As at December 31, 2018, the Company has outstanding forward exchange buying contracts are summarized below :-

Currency	Foreign currency (Thousands)	Contract amount (Thousand Baht)	Fair value (Thousand Baht)
EUR	827	31,095	30,399
USD	4,117	134,357	132,447

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, 2018, 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	-	184,901,610.27	-	184,901,610.27
- Equity	371,000.00	-	-	371,000.00
Total	371,000.00	184,901,610.27	-	185,272,610.27

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

22.1 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	March 28, 2017
	ending October 3, 2020	ending March 27, 2024
2. An exemption of income tax for the period of (year)	8 years	8 years
	(not exceed in amount of Baht 75 million)	(not exceed in amount of Baht 74 million)

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

Sales and services for the years ended December 31, 2018 and 2017 consisted of :-

	Thousand Baht					
	2018			2017		
	BOI	Non-BOI	Total	BOI	Non-BOI	Total
Sales and services						
- Domestic	37,667	2,251,326	2,288,993	32,289	2,101,009	2,133,298
- Export	-	23,249	23,249	-	30,576	30,576
Total	37,667	2,274,575	2,312,242	32,289	2,131,585	2,163,874

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

Promotion Certificate No.	61-0132-1-00-0-0
Dated	February 2, 2018
Category of promoted operation	Category 7.6 : International business company
Key Privileges and benefits under the promotion certificate	
1. An exemption from import duty for machineries	Must imported by August 2, 2020
2. An exemption from import duty for necessary raw material and matters imported from overseas for export manufacturing.	Not started operation (1 year from first import date)
3. An exemption from import duty for re-export promotional items.	Not started operation (1 year from first import date)

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, 2018 are as follows :-

	Thousand Baht			
	Steel & Heat treatment	Machine tools & Tooling	Others	Total
Sales and services	1,335,116	663,900	313,226	2,312,242
Gross profit from segment	461,418	149,136	95,851	706,405
Other income	15,870	1,321	10,649	27,840
Net income	477,288	150,457	106,500	734,245
Non segment :				
Other income				5,755
Selling expenses				(249,304)
Administrative expenses				(130,540)
Management benefit expenses				(35,036)
Finance costs				(1,011)
Income tax expenses				(60,624)
Income for the period				263,485
<u>Statement of financial position as at December 31, 2018</u>				
Trade and other receivables				465,155
Inventories				1,099,291
Property, plant and equipment				768,007
Total other assets				278,691
Total				2,611,144

Segment information's for the year ended December 31, 2017 are as follows :-

	Thousand Baht			
	Steel & Heat treatment	Machine tools & Tooling	Others	Total
Sales and services	1,246,076	601,533	316,265	2,163,874
Gross profit from segment	448,656	147,708	89,308	685,672
Other income	3,144	1,980	6,261	11,385
Net income	451,800	149,688	95,569	697,057
Non segment :				
Other income				6,784
Selling expenses				(236,155)
Administrative expenses				(136,335)
Management benefit expenses				(32,536)
Finance costs				(868)
Income tax expenses				(55,496)
Income for the period				242,451
<u>Statement of financial position as at December 31, 2017</u>				
Trade and other receivables				522,915
Inventories				984,190
Property, plant and equipment				753,204
Total other assets				304,446
Total				2,564,755

24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in the liabilities arising from financing activities for the years ended December 31, 2018 and 2017 are as follows:

	Baht		
	2018		
	Balance as at December 31,2017	Cash flows Increase (decrease)*	Balance as at December 31,2018
Bank overdrafts and short-term loans from financial institutions	17,798,479.13	(15,241,441.86)	2,557,037.27
Total	17,798,479.13	(15,241,441.86)	2,557,037.27

	Baht		
	2017		
	Balance	Cash flows	Balance
	as at December	Increase	as at December
	31,2016	(decrease)*	31,2017
Bank overdrafts and short-term loans from			
financial institutions	386,791.43	17,411,687.70	17,798,479.13
Total	386,791.43	17,411,687.70	17,798,479.13

* Financing cash flows included net proceed and repayment cash transactions in the statements of cash flows.

25. COMMITMENTS AND CONTINGENT LIABILITIES

25.1 Commitment

As at December 31, 2018, 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.
- The Company has commitment from purchase that has not been delivered for USD 216,404.98 and commitment from machinery purchase that has not been delivered for Euro 420,000 and USD 648,000.

25.2 Guarantee

As at December 31, 2018, the Company had guarantee as follows :-

- The Company had letters of guarantee issued by the banks of Baht 13.98 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 110.78 million.

26. RECLASSIFICATION

Certain transactions in the financial statements for the year ended December 31, 2017 have been reclassified to conform to the classifications in the year ended December 31, 2018, with no effect on previously reported on net income or shareholders' equity.

	Baht	
	For the year ended December 31, 2017	
	After reclassified	Before reclassified
statement of comprehensive income		
Selling expenses	236,154,847.77	108,954,007.27
Administrative expenses	136,335,289.23	263,536,129.73

27. THE NEWLY ISSUED AND REVISED FINANCIAL REPORTING STANDARDS AND EFFECTIVE IN THE FUTURE

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 newly issued and revised.

These newly issued and revised financial reporting standards which are effective for the fiscal year beginning on or after January 1, 2019 are as follows:

TAS 1 (revised 2018)	Presentation of Financial Statements
TAS 2 (revised 2018)	Inventories
TAS 7 (revised 2018)	Statement of Cash Flows
TAS 8 (revised 2018)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2018)	Events After the Reporting Period
TAS 12 (revised 2018)	Income Taxes
TAS 16 (revised 2018)	Property, Plant and Equipment
TAS 17 (revised 2018)	Leases
TAS 19 (revised 2018)	Employee Benefits
TAS 20 (revised 2018)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2018)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2018)	Borrowing Costs
TAS 24 (revised 2018)	Related Party Disclosures
TAS 26 (revised 2018)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2018)	Separate Financial Statements
TAS 28 (revised 2018)	Investments in Associates and Joint Ventures
TAS 29 (revised 2018)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2018)	Earnings Per Share

TAS 34 (revised 2018)	Interim Financial Reporting
TAS 36 (revised 2018)	Impairment of Assets
TAS 37 (revised 2018)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2018)	Intangible assets
TAS 40 (revised 2018)	Investment Property
TAS 41 (revised 2018)	Agriculture
TFRS 1	First-time Adoption of International Financial Reporting Standards
TFRS 2 (revised 2018)	Share-Based Payment
TFRS 3 (revised 2018)	Business Combinations
TFRS 4 (revised 2018)	Insurance Contracts
TFRS 5 (revised 2018)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2018)	Exploration for and Evaluation of Mineral Resource
TFRS 8 (revised 2018)	Operating Segments
TFRS 10 (revised 2018)	Consolidated Financial Statements
TFRS 11 (revised 2018)	Joint Arrangements
TFRS 12 (revised 2018)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2018)	Fair Value Measurement
TFRS 15	Revenue from Contracts with Customers
TSIC 10 (revised 2018)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2018)	Operating Leases – Incentives
TSIC 25 (revised 2018)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2018)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2018)	Service Concession Arrangements: Disclosure
TSIC 32 (revised 2018)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2018)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2018)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2018)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2018)	Applying the Restatement Approach under TAS 29 (revised 2018) Financial Reporting in Hyperinflationary Economics

TFRIC 10 (revised 2018)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2018)	Service Concession Arrangements
TFRIC 14 (revised 2018)	TAS 19 (revised 2018)-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 17 (revised 2018)	Distributions of Non - cash Assets to Owners
TFRIC 20 (revised 2018)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2018)	Levies

Newly financial reporting standards which are effective for the fiscal year beginning on or after January 1, 2020 are as follows.

TAS 32	Financial Instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The management of the Company believe that these accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standards interpretations which are newly issued and revised will not have any significant impact on the financial statements for the year when they are initially applied.

28. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors of the Company on February 14, 2019.

INVESTOR INFORMATION

Company Name	Sahamit Machinery Public Company Limited
Stock Symbol	SMIT
Established Date	7 June 1973
First Trade Date in SET	18 May 2005
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, Comprised of 530 Million Ordinary shares
Par value	1 Baht par value
Preferred Share	None
Fiscal Year	January 1 – December 31 of each year
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 Tel: 66 (0) 2009 9386 Fax: 66 (0) 2009 9476 TSD CALL CENTER : 66 (0) 2009 9999 Website: http://www.set.or.th/tsd
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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