

THE 20th ANNIVERSARY

ANNUAL REPORT 2015

**BEYOND
FRONTIER**

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VISION

"To be a sustainably profitable and growing company by providing five-star customer satisfaction and quality goods through a skilled workforce and world class manufacturing facility."

MISSION

"To provide our customers superior quality electronics, medical devices and other technological products through total team commitment, skillful staff, advanced manufacturing processes and world class facility."

QUALITY POLICY

We are committed to achieving total customer satisfaction through;

- Consistently supplying quality products to our valued customers.
- Continually improving the effectiveness of our quality management system.
- Creating an environment for cross-functional teamwork with a positive attitude and innovative approach.

STRATEGY

1. Cost reduction to maximize profit of current product
2. Increase volume of current customers for better utilization
3. Diversify our services, products and customers

*DO IT RIGHT
DO IT NOW*

The vision, mission and strategies for 2015 have already been considered and reviewed by the Board of Directors.



CREATIVITY

CUSTOMER FOCUS

COST AWARENESS

CROSS FUNCTIONAL TEAMWORK

FINANCIAL HIGHLIGHTS

Consolidated financial statements	2015	2014	2013
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(Unit: Thousand Baht)

Total Revenue	7,669,885	9,158,275	8,129,838
Sales Revenue	7,616,769	8,992,806	7,651,867
Gross Profit	147,206	(60,604)	(89,026)
Operating Profit	(83,813)	(260,493)	(317,975)
EBITDA	295,614	246,639	476,469
Net Profit (Loss) for the year	(62,906)	(116,471)	136,250
Total Assets	3,436,471	3,513,106	3,517,179
Property, Plant and Equipment	2,082,428	2,150,603	2,401,165
Total Liabilities	1,690,692	1,714,443	1,602,166
Shareholders' Equity	1,745,778	1,798,664	1,915,013

(Unit: Baht)

Book Value per share	4.17	4.30	4.58
Dividend per share	-*	-	-

(Unit: Time)

Debt to Equity	0.97	0.95	0.84
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(Unit: %)

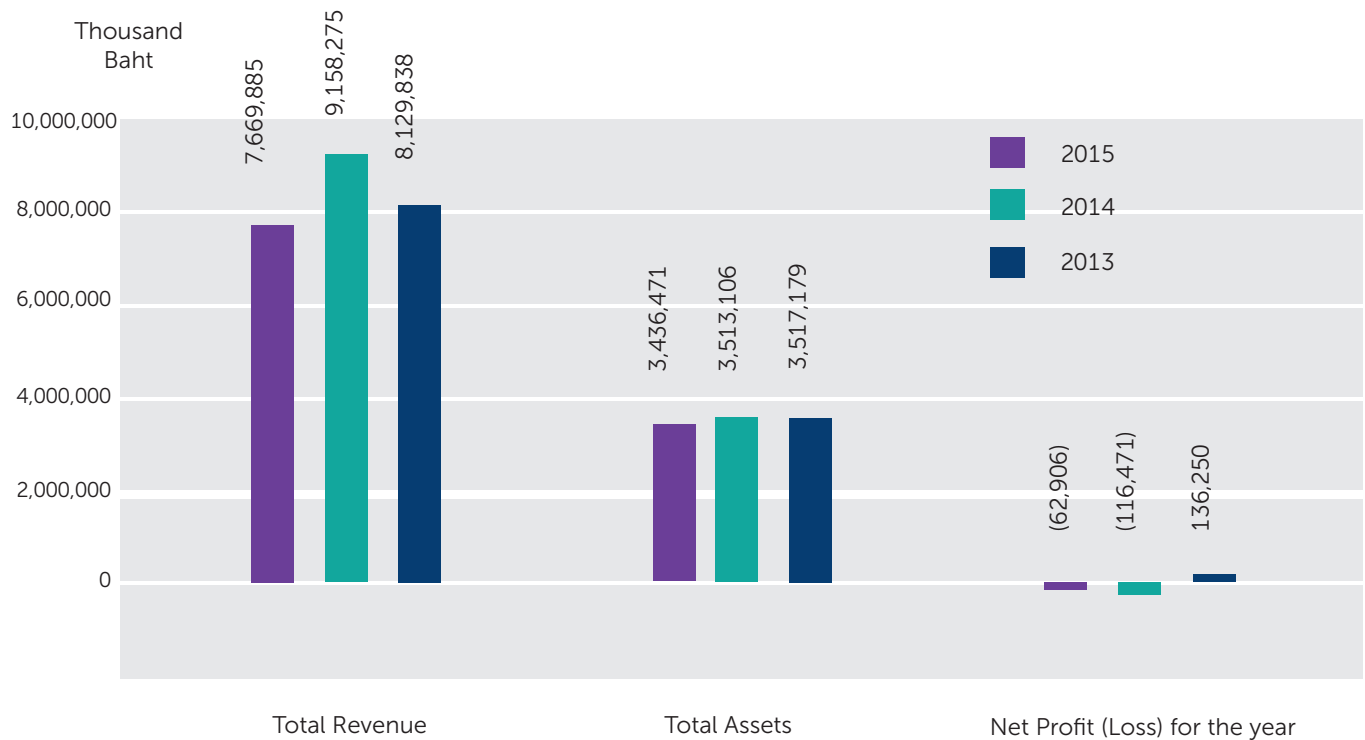
Net Profit (after tax) % Sales	-0.83%	-1.30%	1.78%
EBITDA Margin	3.88%	2.74%	6.23%
Return on Assets	-1.81%	-3.31%	3.67%
Return on Equity	-3.55%	-6.27%	7.42%
Payout ratio (excl. exceptional items)	-*	-	-

(Unit: Share)

Number of shares outstanding (year end)	418,237,983	418,237,983	418,210,338
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* Omission of yearly dividend payment will be submitted to Annual General Meeting of Shareholders of 2016 on 26 April 2016 for Approval

** Calculated on number of shares as at year end



ORGANIZATION STRUCTURE



MESSAGE FROM CHAIRMAN

Dear Shareholders,

I am very pleased and honored to have an opportunity to greet you again with this annual report.

Since the 2011 big flood, the company has tried very hard to recover. And with great effort and dedication of all concerned in the company, we could make a net profit in quarter 4, 2015.

The waiting for profit has come to an end!

From now on, with the right vision, mission, goals and strategies, I am highly confident that the company will move forward strongly, firmly and sustainably.

In the past year, the company was successful in many aspects such as drastic cost reduction, sales increase from current customers and getting new customers. These strategies will be continued, which we expect to bring success, glory and wealth to the organization and shareholders in the long run.

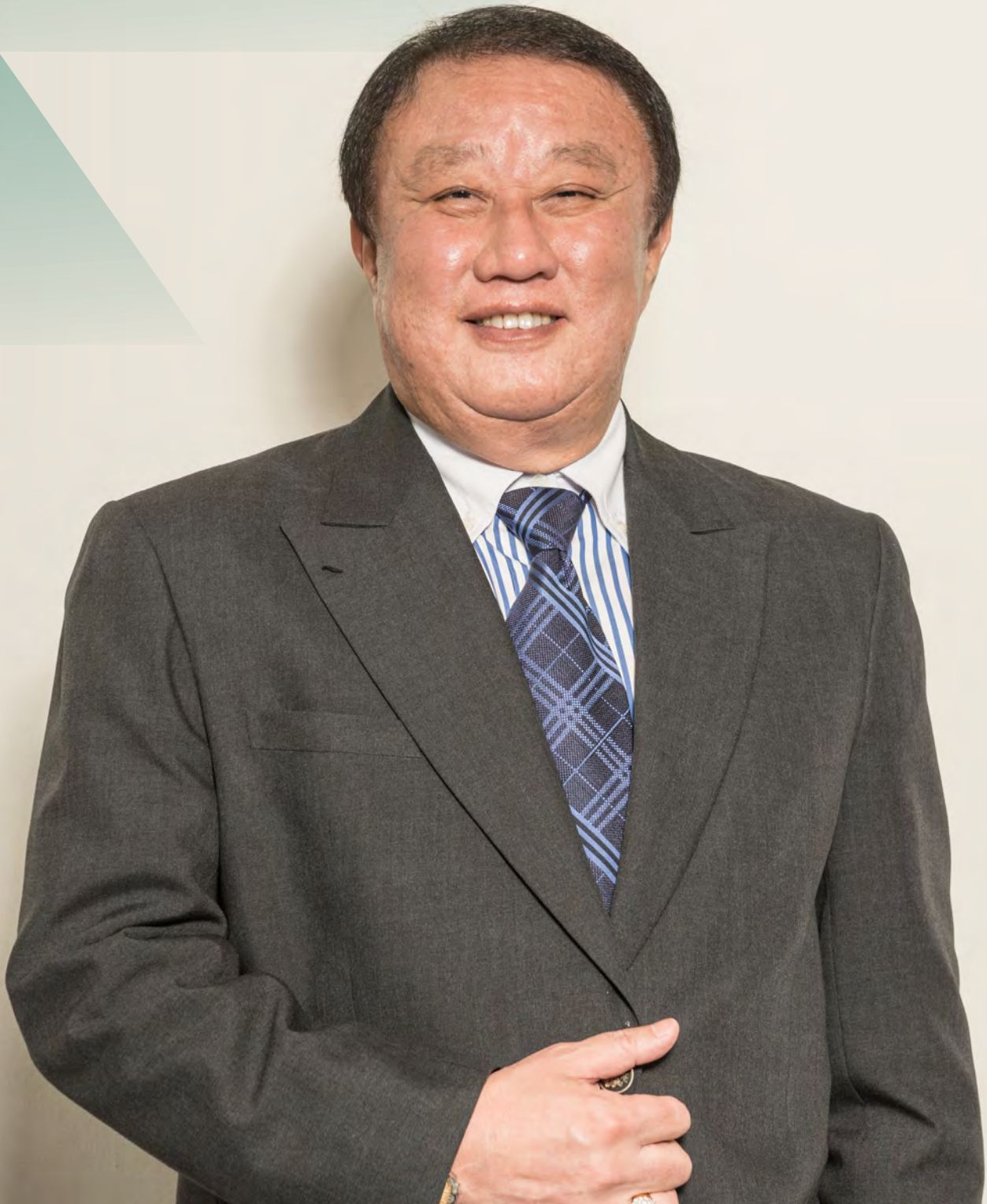
I would like to thank all shareholders who have supported the company very well and have long waited for the company's recovery. Moreover, I would like to thank all stakeholders, the company's Board of Directors, the management team and all of the employees for their utmost support, effort and dedication.

Please be assured that the Board of Directors will follow-up the company's management based on professional basis, transparency and risk protection for the wealth of the shareholders in the long run. I truly hope to receive the strong supports from all concerned.

Thank you very much

A handwritten signature in black ink, appearing to be 'Somnuk Chaikul', with a stylized flourish at the end.

Somnuk Chaikul
Chairman



"From now on, with the right vision, mission, goals and strategies, I am highly confident that the company will move forward strongly, firmly and sustainably"



"Please be assured that I will lead the company to prosperity and glory by strongly and sustainably creating long-term wealth for our shareholders. I truly hope to receive your full support in the future"

MESSAGE FROM CEO

Dear Shareholders,

I am highly honored to have the opportunity to greet all of you here again.

I am very pleased to inform you that the company has grown significantly in line with the three strategies mentioned below.

Cost Reduction: The company reduced expenses drastically in 2015, especially with regards to production costs. More importantly, the executives and every staff in the company have realized and participated in the concrete cost and expense reduction.

Increasing the sales volume from current customers: Although the demand of MMA products has decreased due to the decrease of the world market and price-cutting from competitors, our sales volume of IC-Packaging, Wafer Dicing and Captive products has increased continuously.

Seeking New Customers: The company has been successful in obtaining new customers. The business development department has worked extremely hard to get new customers and start mass production. We expect to get more customers in the near future. Moreover, the company will focus on the same vision, mission, goals and strategies.

Although the total sales volume of the company has decreased, the products with high value added, together with the lower cost, has made the total performance of the company in 2015 better. The Company made net profit in quarter 4, 2015.

In 2016, although the high competition and the fluctuation of the world's economy is expected to be challenging, the company will move forward with the same strategies. As a result, I am confident that the three mentioned strategies will lead us to the new heights.

I would like to thank all shareholders, investors, stakeholders, the Board of Directors, the management team and all employees who have always rendered their strong support.

Please be assured that I will lead the company to prosperity and glory by strongly and sustainably creating long-term wealth for our shareholders. I truly hope to receive your full support in the future.

Thank you very much



Peerapol Wilaiwongstien
Chief Executive Officer

BOARD OF DIRECTORS

1. MR. SOMNUK CHAIKUL

Chairman of Board and
Chairman of Executive Committee

2. MR. PROMPONG CHAIKUL

Director, Executive Director,
Risk Management Committee
Member
and Chief Procurement Officer

3. MR. CHONG KWEN SAM

Director

4. MR. DHEERASAK SUWANNAYOS

Independent Director
and Chairman of Audit Committee

5. MR. PRASART YUNIBHAND

Director
and Remuneration Committee
Member

6. ASSOCIATE PROFESSOR

DR. PREECHA JARUNGIDANAN

Independent Director,
Audit Committee Member
and Chairman of Remuneration
Committee

7. MRS. POONPUN CHAIKUL

Director

8. ASSOCIATE PROFESSOR

DR. AEKKACHAI NITTAYAGASETWAT

Independent Director,
Audit Committee Member
and Remuneration Committee Member

9. ASSOCIATE PROFESSOR

DR. KAMPHOL PANYAGOMETH

Independent Director,
Audit Committee Member
and Chairman of Risk Management
Committee

10. MR. YUNYONG SAWASDI

Company's Secretary
Executive Director
and Chief Financial Officer





MANAGEMENT TEAM

1. MR. PEERAPOL WILAIWONGSTIEN

- * Chief Executive Officer
- * Executive Director

2. MR. YUNYONG SAWASDI

- * Chief Financial Officer
- * Company's secretary
- * Executive Director

3. DR. KAVEE TECHAPICHETVANICH

- * Chief Operations Officer
- * Executive Director
- * Risk Management Committee Member

4. MR. PROMPONG CHAIKUL

- * Chief Procurement Officer
- * Director
- * Executive Director
- * Risk Management Committee Member

5. DR. TATTEE KHAYIM

- * Chief Business Development Officer
- * Executive Director

6. MR. NATTAPON PHUENPATHOM

- * Director (Human Resources and Administration)
- * Risk Management Committee Member

7. MR. SOMMAI NETPU

- * Director (Operation)

8. MR. THAWEECHAI NGAMLERTSIRICHA

- * Director (Sales and Marketing)
- * Risk Management Committee Member

9. MR. KHEMARAT LANGKARPINT

- * Director (Production & Material Control)
- * Risk Management Committee Member

10. MR. JIRAWATH CHANYU

- * Director (Operation)
- * Risk Management Committee Member

11. DR. PICHIT SAENGPONGPAEW

- * Director (Industrial Engineer & IT)
- * Executive Director

12. MS. WILAILAK UNKAEW

- * Director (Purchasing & Logistics)

13. MR. NOPPARAT TIWAWONG

- * Director (Finance)

14. SQN. LDR. WIRUTCH JEAPIYASAKUL

- * Assistant Director (Test Engineering)

15. MS. PASSARA OPARTNIPATH

- * Assistant Director (Accounting)

16. MR. VICTOR GAN CHYE SOON

- * Assistant Director (Business Development)

17. MS. SUNAN WONGMUTTHAVANICH

- * Assistant Director (Internal Audit)
- * Risk Management Committee Member
- * Audit Committee's secretary



NATURE OF BUSINESS

NATURE OF BUSINESS AND SAMPLES OF PRODUCTS

THE COMPANY OFFERS ELECTRONICS MANUFACTURING SERVICES (EMS) TO ORIGINAL EQUIPMENT MANUFACTURERS (OEM) OR ORIGINAL DESIGN MANUFACTURER AND ELECTRONICS PRODUCT DESIGNER, FABLESS COMPANY. IT DISTRIBUTES ITS PRODUCTS TO BOTH LOCAL AND INTERNATIONAL CUSTOMERS.

The company can provide a complete range of services in the manufacturing and assembly of electronic components for electronic products using modern, high-tech, and high quality machinery facilities, including standard machines that can be bought directly from manufacturers and special machines from joint-venture between the company and manufacturers to get the machines with more efficiency and quality. The company is thus able to manufacture and assemble complex innovative electronic components with high precision and accuracy to serve both the products' specification and the needs of the global leading customer.

1. Production and assembly of electronic components (Microelectronics Module Assembly : MMA)

The company deals in the production and assembly of electronic components for electronic products such as the following:

- **Printed Circuit Board Assemblies (PCBA) for Hard Disk Drive Control Boards** PCBA, using PTH, SMT, COB, FOB and FCOF technologies for several types of electronic equipment.

- **Cameras for general purpose and for security:**

The production includes assembly of electronic components on PCBA with SMT & PTH technology, assembly of lens with tools with high precision and assembly of housing to make them ready for sales.

- **Action camera:**

It can take both still and moving pictures (Full HD) with a wide-angle lens that can also take panorama pictures up to 360 degree. The camera can be shock and water-resistant. It is suitable for various activities both on land and under water.

- **Headset with microphone:**

This is the new technology that receives a signal from the larynx at the neck instead of from mouth in order to avoid disturbance of the noise from the external environment while talking. This results in better quality sound. This technology can be used with telecommunication via mobile phone. There is an additional component that can be connected with Bluetooth. It is suitable for communication in noisy places. For example, we can use it while riding a bicycle or even skydiving. Moreover, it can be used at places where people cannot talk loudly. Thus, it can be used in military activities.

- **Medical Devices and Active Medical Devices:**

o These are medical devices that work by electrical energy. They can be used to stimulate and relax the muscles and can be used in hospitals, personal residence or during travel.

- **Wafer Dicing:**

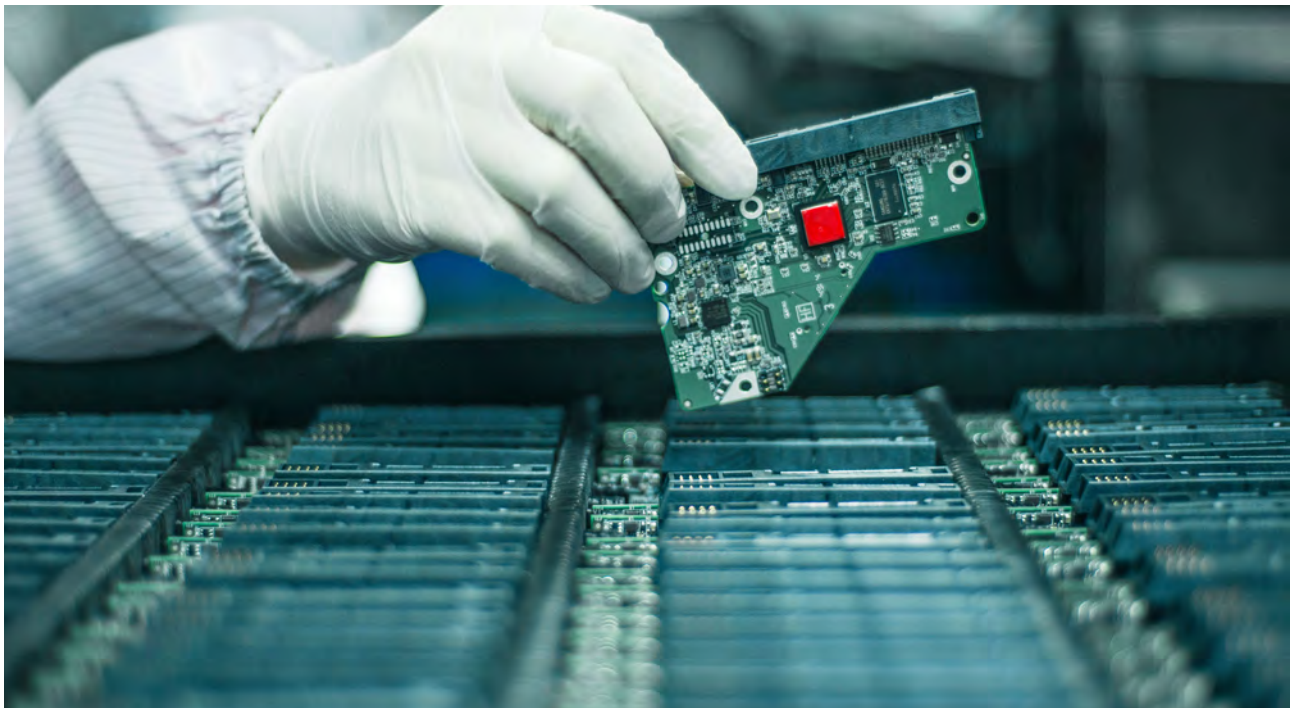
This is used to manufacture IC-Packaging used in electronics components. The machines are both mechanical dicing and stealth dicing. Not many companies in Thailand are able to do wafer dicing.

2. Integrated Circuit Packaging, IC Packaging and Testing

The company currently offers different packages for IC Packaging and Testing services.

- For standard packaging, there are long-time products of standardized patterns and sizes in the market. Generally thick and large, these include SOIC, TSSOP, SC70, SOT23, and SOT143. As for advanced packaging, this involves assembling circuit boards which have only been recently developed. They are much smaller and thinner than those in standard packaging, including TDFN (Thin Dual Flat Non-Lead) and UDFN (Ultra-Thin Dual Flat Non-Lead). An example of IC packaging service is for IC chips.

- In addition, the Company is one of the leading manufacturers of Micro- Electro-Mechanical Systems (MEMS), a fast growing technology at present. The Company has more than 10 years of experience in co-developing the MEMS with leading global companies to apply to the Tire Pressure Monitoring System (TPMS). This system is now legally required in each new car in the U.S.A. starting in 2009. This requirement will be enforced in European countries 2012. The Company also uses this technology to produce other products such as the microphones in mobile phones, pressure measurement devices in medical equipment as well as other industrial and consumer products.



MARKETING AND DISTRIBUTION

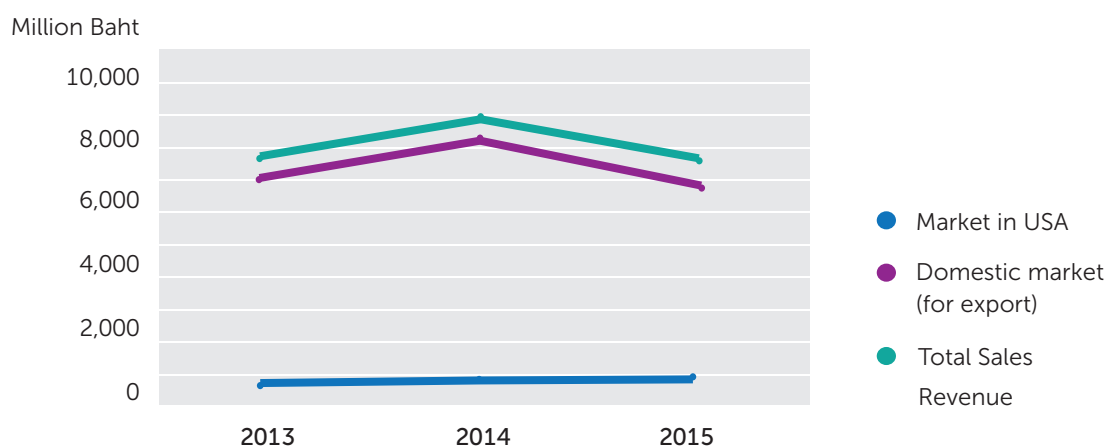
THE COMPANY MANUFACTURES AND ASSEMBLES ELECTRONIC COMPONENTS FOR DISTRIBUTION TO MANUFACTURING COMPANIES IN VARIOUS INDUSTRIES

including computers, electronic equipment, automobiles, communications, security equipment, and entertainment. The company's income and sales proportions to groups of customers in different countries are featured below.

Sales of the Company's electronic components by region

	2013		2014		2015	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Market in USA	634	8.3%	821	9.1%	911	12.0%
- IC Packaging	634	8.3%	821	9.1%	911	12.0%
Domestic market (for export)	7,018	91.7%	8,172	90.9%	6,706	88.0%
- MMA	6,963	91.0%	8,120	90.3%	6,623	87.0%
- IC Packaging	55	0.7%	52	0.6%	83	1.1%
Total sales revenue	7,652	100.0%	8,993	100.0%	7,617	100.0%

The company finds markets, contacts customers, and offers manufacturing and assembly service for electronic products through direct marketing by various units within the company, through associate companies, through business allies as well as through the company's market representatives.



THE COMPANY HAS MARKET REPRESENTATIVES

as follows:

STARS MICROELECTRONICS USA, INC.

This is an American company with its office in Silicon Valley, San Jose, California, U.S.A. It is a subsidiary of the Company with the Company holding 59% of the paid registered capital.

1. BESTRONICS, INC.

The company has produced electronic components, communication devices and medical devices in the USA for more than 20 years. They are our business partners; we have exchanged information, customer network and suppliers. The company focuses on electronic components used in automotive, medical and electricity power industries. Moreover, they aim to expand the market to Optical devices, which is in line with our objectives.

2. AIFOTEC AG

AIFOTEC AG is a German company and has been in business for 10 years. They manufacture the products that need high precision such as telecommunication, Optical communication, automotive, military devices. AIFOTEC AG has expertise in providing prototype builds for customers before mass production. After that, the customers send the products to build at our company due to having lower production costs while maintaining quality production that is in line with product specification and customer needs.

3. SIIX CORPORATION

SIIX Corporation is a listed company in the stock exchange of Japan. It has produced and assembled electronic components for 20 years. They have been our business partner and have supported the company to expand the customer base in Japan. In addition, it focuses on manufacturing and searching for electronic components for IC Packaging, Micro-Electro-Mechanical Systems (MEMS) to be used in the electrical and automotive industry.

4. PEARL STUDIOS, INC.

Pearl Studios, Inc. is a Canadian company. It has been involved in product design since 2008. Furthermore, it has provided consultation on strategies to build product image, to differentiate, to create selling points and to add value to products efficiently. It now has customers all over the world and has business connections in the USA, Europe and Asia. Information is exchanged among one another. It focuses on the medical and electronics market.

TECHNOLOGY USED IN PRODUCTION

Having invested in modern technology and machinery, the company can thus integrate various production technologies and complete systems with the company's expertise and experience in joint product development and design with customers. This is to meet the needs for new production processes of world leading customers. In addition, as the company provides services in Microelectronics Module Assembly and IC Packaging in the same facilities, the two assembly lines can thus be modified and integrated into a System in Package (SiP) production system. Relying on the Microelectronics Module Assembly in a single IC,

it is possible to manufacture electronic parts and components of much smaller sizes

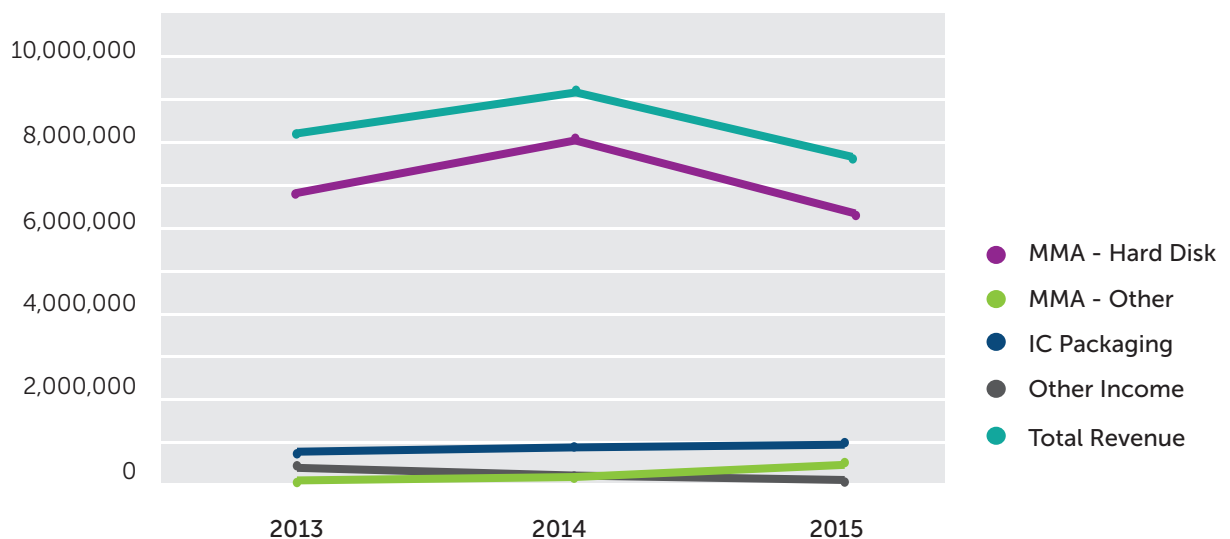
Each production process and technology can be applied to production and assembly of various types of electronic products. Although new models or versions of products have replaced the old ones, the production system, technology and machinery used by the company to manufacture electronic products can be conveniently adapted to support those new models.

REVENUE STRUCTURE

Revenues	2013		2014		2015	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
<u>Sales income</u>						
MMA – Hard Disk	6,896,713	84.83	8,053,408	87.93	7,585,948	80.59
MMA – Others	59,315	0.73	57,506	0.63	423,894	5.53
IC Packaging	665,365	8.19	849,806	9.28	981,226	12.79
Total Sales income	7,621,393	93.75	8,960,720	97.84	7,585,948	98.91
Service income (1)	30,474	0.37	32,086	0.35	30,821	0.40
Other income	477,971	5.88	165,469	1.81	53,117	0.69
Total Revenues	8,129,838	100.00	9,158,275	100.00	7,669,885	100.00

(1) Income from design product

Thousand Baht



VALUE ADDED STRUCTURE

Value Added	2013		2014		2015	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Total Value Added	563,254	52.56	740,852	78.95	974,798	92.70
Service income (1)	30,474	2.84	32,086	3.42	30,821	2.91
Other income	477,971	44.60	165,469	17.63	53,117	5.02
Total	<u>1,071,699</u>	<u>100.00</u>	<u>938,407</u>	<u>100.00</u>	<u>1,058,735</u>	<u>100.00</u>

(1) Income from design
productValue Added (VA) = Sale - Raw Material

ANNUAL FULL PRODUCTION CAPACITY

**MMA Production and Assembly
of Electronic Components**
51
Million Pieces



SHAREHOLDING STRUCTURE

SHAREHOLDERS

The Company's shareholding structure as of 31 December 2015 featuring the Top 10 shareholders can be summarized as below:

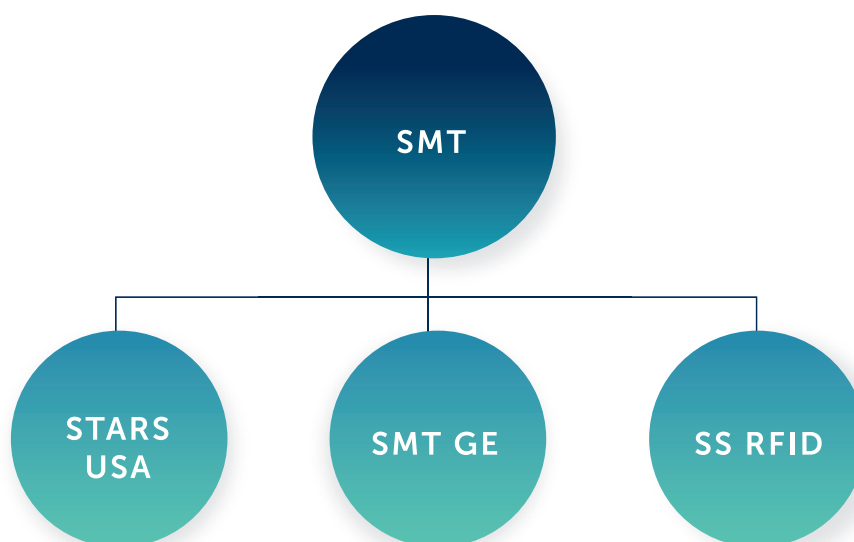
Top Ten Major Shareholders

SHAREHOLDERS		NUMBER OF SHARES	PERCENTAGE
1	MORGAN STANLEY & CO. INTERNATIONAL PLC	34,613,337	8.276
2	Mr. Petch Wailikit	33,595,050	8.033
3	SIIX EMS (THAILAND) CO., LTD.	20,747,981	4.961
4	Mr. Nattapong Chaikul	15,552,500	3.719
5	Miss Oranuj Chaikul	15,110,000	3.613
6	M.L. Kamolsawasdi Visuthi	15,000,000	3.586
7	Miss Nunticha Chaikul	12,000,000	2.869
8	Miss Lucksika Chaikul	11,500,000	2.750
9	Mr. Saran Chaikul	10,001,900	2.391
10	Mrs. Poonpun Chaikul	6,500,000	1.554
	Other	243,617,215	58.248
	Total	<u>418,237,983</u>	<u>100.000</u>

Note: The Company's paid-up capital as of 31st December 2015 was 836,475,966 baht.

SHAREHOLDING STRUCTURE

Stars Microelectronics (Thailand) Public Company Limited now has 3 subsidiaries



Name	Registered capital and number of shares			Holding of SMT percent
	Registered capital	Paid-up capital	Number of shares	
STARS USA	20,000 USD	20,000 USD	20,000,000	59%
SMT GE	1,000,000 Baht	500,000 Baht	50,000	99%
SS RFID	100,000,000 Baht	100,000,000 Baht	10,000,000	75%

STARS MICROELECTRONICS USA, INC. (STARS USA)

Location : 2157 O'Toole Avenue, Suite 10 San Jose, California, USA.

Nature of Business: It is a sales representative of the company and was founded in 2005. The company invested 19% of the capital. Later, the company bought the shares from the former shareholders and now holds 59% of the capital. The outstanding

point is that the management team of stars USA has had long experiences in electronic industry. Moreover, they have selling and marketing knowledge and joint-development with customers including dealing in the production and assembly of electronic components for electronic products. The customer base is Silicon Valley, USA.

SMT GREEN ENERGY CO.,LTD (SMT GE)

Location : 605 – 606 Moo. 2,Tambol Klongjig,Amphur Bang Pa-In, Ayutthaya 13160,Thailand

Nature of Business: It is a Thai company and was founded in 2010 with the main purpose of producing and selling the electrical energy from alternative energy including related business such as the production and selling of equipment used in solar energy and all alternative energy.

SS RFID CO., LTD. (SS RFID)

Location : 605 – 606 Moo. 2,Tambol Klongjig,Amphur Bang Pa-In, Ayutthaya 13160,Thailand

Nature of Business: It is a Thai company and was founded in 2012 with the purpose of producing and selling Radio Frequency Identification (RFID) Tags, which can be applied in many businesses, such as inventory management in modern trade business, checking the passengers' bags at leading airports. The customer base is in USA, Europe and Asia.

IMPORTANT CHANGES AND DEVELOPMENT

1. The company has set up the Business Development department to expand new businesses of the company.
2. In quarter 2 of 2015, the company was granted a tax privilege under some conditions from the Board of Investment (BOI) of Thailand for production of PRINTED CIRCUIT BOARD ASSEMBLY (PCBA) , FLEXIBLE PRINTED CIRCUIT ASSEMBLY (FPCA) , and Electronic products and Electrical equipment such as TV SET TOP BOX , WI-FI BOX , TABLET and SMART METER . The privilege, including tax exemption, lasts 7 years from the date the promoted operations commenced generating revenue.
3. The company joined the CSR-DIW 2015 project with the Department of Industrial Work Ministry of Industry. In 2015, the company performed CSR continuously and received a CSR-DIW award.
4. SMT Green Energy Co.,Ltd, additionally called up share capital amounting to Baht 0.25 million (25% of its registered share capital) and the company made payment in July 2015. As at 30 September 2015, the Company had commitments of approximately Baht 0.5 million in respect of the uncalled portion of its investment in that company.
5. The company was endorsed as the green industry level 3 according to the "Project of supporting the factories in the Industrial Estate to be the green industry" from the Industrial Estate of Thailand on 30 September 2015. This shows the company's determination and management of the conservation of resources, energy and environment systematically"
6. The company was awarded the certificate from "Thailand Greenhouse Gas Management Organization (Public Organization)" on 15 September 2015 to use for a period of one year, from 15 September 2015 to 14 September 2016.
7. The company was awarded the plaque of the outstanding organization in the private sector that supports the disabled in 2015 from the Ministry of Social Development and Human Security on 3 December 2015. This shows the company's participation in developing the quality of life of the disabled to live happily in society.

BOARD OF INVESTMENT RIGHTS AND PRIVILEGES

THE COMPANY HAS BEEN GRANTED THREE ISSUES OF BOARD OF INVESTMENT RIGHTS AND PRIVILEGES ACCORDING TO THE BOARD OF INVESTMENT ACT, B.E. 2520 TO CONDUCT THE COMPANY'S BUSINESS WITH BOARD OF INVESTMENT APPROVAL UNDER STIPULATED CONDITIONS 4 COPIES FOR SMT AND 1 COPY FOR SUB-COMPANY. THE COMPANY'S TAX PRIVILEGES CAN BE SUMMARIZED AS FOLLOWS:

THE COMPANY'S TAX PRIVILEGES

BOI Approval date

18 March 2013

Board of Investment

Issue No. 5195 (1)/2013 dated 19 November 2013

Type of business granted BOI

Manufacture of electronic components including Semiconductor ,PCBA and Hard Disk drive

Summary of requirements, rights and privileges, and conditions

- The company is exempt from corporate income tax for the net profit earned from BOI granted business operations for a period of eight years starting from the date of income from such business operations. (This exemption from corporate income tax privilege ends 28 February 2022.) In the case where the company makes a loss during the tax exemption period, the annual losses incurred during that period can be deducted from the net profit gained after the exemption period for no more than five years from the end date of that period. The deduction can be made to the net profit of one year or several years.
- The company is exempt corporate income tax for the net profit earned from BOI granted business operations 50 percent for five years from the end date of that period.
- The company is exempt from including the dividend earned from BOI granted business operations in the calculation of corporate income tax for the whole period of corporate income tax exemption.
- The registered capital must not be less than 831.78 million baht.
- Production capacity:
SEMICONDUCTOR 3,621,560,000 pieces per year
PCBA 60,000,000 pieces per year
(Working hours: 24 hours a day, 365 days a year)

BOI Approval Date

15 November 2011

Board of Investment

Issue No. 1167 (1)/2012 dated 15 February 2012
Revise BOI Or Kor 0907/004533 dated 4 March 2014

Type of business granted BOI

Manufacture of WAFER GRINDING and WAFER DICING

Summary of requirements, rights and privileges, and conditions

- The company is exempt from corporate income tax for the net profit earned from BOI granted business operations for a period of eight starting from the date of income from such business operations. . (This exemption from corporate income tax privilege ends 1 May 2022.) In the case where the company makes a loss during the tax exemption period, the annual losses incurred during that period can be deducted from the net profit gained after the exemption period for no more than five years from the end date of that period. The deduction can be made to the net profit of one year or several years.
- The company is exempt corporate income tax for the net profit earned from BOI granted business operations 50 percent for five years from the end date of that period.
- The company is exempt from including the dividend earned from BOI granted business operations in the calculation of corporate income tax for the whole period of corporate income tax exemption.
- The registered capital must not be no less than 830.42 million baht.
- Product capacity:
RFID WAFER 157,680 pieces per year
(Working hours: 24 hours a day, 365 days a year)

BOI Approval Date

30 June 2014

Board of Investment

Issue No. 1500(2)2558 dated 21 April 2015

Revise BOI Or Kor 0907/004533 dated 4 March 2014

Type of business granted BOI

Manufacture of PRINTED CIRCUIT BOARD ASSEMBLY (PCBA), FLEXIBLE PRINTED CIRCUIT ASSEMBLY (FPCA) and Manufacture of electronic , electric appliances such as TV SET TOP BOX , WI-FI BOX , TABLET ,SMART METER ,etc

Summary of requirements, rights and privileges, and conditions

- The company is exempt from corporate income tax for the net profit earned from BOI granted business operations for a period not more than 100 percent of Investment exclude land and working capital for seven years starting from the date of income from such business operations

In the case where the company makes a loss during the tax exemption period, the annual losses incurred during that period can be deducted from the net profit gained after the exemption period for no more than five years from the end date of that period. The deduction can be made to the net profit of one year or several years.

- The company is exempt from including the dividend earned from BOI granted business operations in the calculation of corporate income tax for the whole period of corporate income tax exemption.

- The registered capital must not be no less than 839.16 million baht.

- Product capacity:

- PRINTED CIRCUIT BOARD ASSEMBLY (PCBA) 500,000 pieces per year

- FLEXIBLE PRINTED CIRCUIT ASSEMBLY (FPCA) 500,000 pieces per year

- TV SET TOP BOX , WI-FI BOX , TABLET and SMART METER 5,000,000 pieces per year

(Working hours: 24 hours a day, 365 days a year)

BOI Approval Date

2 March 2015

Board of Investment

Issue No. dated 3 December 2015

Revise BOI Or Kor 58-2578-0-00-2-0 dated 3 December 2015

Type of business granted BOI

Medical instrument

Summary of requirements, rights and privileges, and conditions

- The company is exempt from corporate income tax for the net profit earned from BOI granted business operations for a period of eight starting from the date of income from such business operations. In the case where the company makes a loss during the tax exemption period, the annual losses incurred during that period can be deducted from the net profit gained after the

exemption period for no more than five years from the end date of that period. The deduction can be made to the net profit of one year or several years.

- The company is exempt from including the dividend earned from BOI granted business operations in the calculation of corporate income tax for the whole period of corporate income tax exemption.

- The registered capital must not be less than 836.40 million baht.

- Product capacity:

Medical Instrument 420,000 set per year

(Working hours: 24 hours a day, 300 days a year)

THE SUBSIDIARY COMPANY'S TAX PRIVILEGES**SS RFID Company Limited.****BOI Approval Date**

29 January 2013

Board of Investment

Issue No. 1824(1)2014 dated 8 February 2014

Type of business granted BOI

Manufacture of RFID Tag

Summary of requirements, rights and privileges, and conditions

- The company is exempt from corporate income tax for the net profit earned from BOI granted business operations for a period of eight starting from the date of income from such business operations. In the case where the company makes a loss during the tax exemption period, the annual losses incurred during that period can be deducted from the net profit gained after the exemption period for no more than five years from the end date of that period. The deduction can be made to the net profit of one year or several years.

- The company is exempt corporate income tax for the net profit earned from BOI granted business operations 50 percent for five years from the end date of that period.

- The company is exempt from including the dividend earned from BOI granted business operations in the calculation of corporate income tax for the whole period of corporate income tax exemption.

- The registered capital must not be less than 100 million baht.

- Product capacity:

RFID WAFER 1,209,600,000 pieces per year

(Working hours: 21 hours a day, 300 days a year)

In addition, the company was granted the Board of Investment privilege of listing on the Stock Exchange of Thailand according to the announcement of the Board of Investment No. 7/2009 regarding the Board of Investment Measure of BOI Companies being listed in the Stock Exchange of Thailand and the MAI Exchange, which allows the company to be exempt from corporate income tax with no limited amount.

INVESTMENT POLICY AND CAPITAL STRUCTURE

INVESTMENT POLICY

The Company has a policy of investing in subsidiary and/or associate companies that support and benefit the Company's business, are in high growth industries or are involved in areas in which the Company has skills and expertise. Of particular interest is the rate of return on investment, mainly for the benefit of the Company's shareholders.

The Company controls or supervises the investments by having directors or high-level executives represent the Company proportionately based on the number of the shares held. The Company has controlling rights over important matters conducted by the subsidiary and/or associate companies. These investments must be approved by the Company's Board of Directors and shareholders and/or in the case of connected transactions, the Audit Committee, with related rules and regulations enforced.

CAPITAL STRUCTURE

Common shares

(as at 31 December 2015)

Registered capital : 839,164,878 baht
consisting of 419,582,439 shares
with 2.00 baht par value per share

Paid-up capital : 836,475,966 baht
consisting of 418,237,983 shares
with 2.00 baht par value per share

From the date of the issuance of the warrants to May 30, 2014, warrant holders exercised their rights to convert a quantity of 6,185,000 warrants to a total of 6,299,071 common shares. The remaining warrants to be converted are 1,315,000 units and the remaining shares to support the exercise are 1,344,456 units.

Remark:

The Company adjusted the exercise price and ratio for SMT's ESOP Warrants (effective since the 2nd exercise on February 28, 2011). The Company's recent Right Offering allowed the shareholders to subscribe to the newly issued shares at the ratio of 8 current shares per one new share at a price of 16 baht, which was lower than 90% of the average price of the Company. The market price of the shares is determined from the weighted average of the market price of the shares during 7 business days or during February 16-17, 2011 and from February 21-25, 2011, the weighted average price was Baht 19.87 per share. To fit the conditions in provision of the right and duty of the ESOP warrant issuance and holders, the Company was to adjust the right of the ESOP warrant holders. The adjusted right entitles the warrant holders to exercise their right to buy 1.02213 common shares with one warrant at the exercise price of 4.403 baht per share.

ESOP Warrants

The Annual General Meeting of Shareholders for 2010 held on April 29, 2010 resolved to issue and offer 7,500,000 units of SMT warrants in the ESOP program for the Company's directors and employees. Each unit is for one share of the common stock at no charge (0 baht per unit) and the price to exercise the right was set at 4.50 per share. The exercise date is stipulated on the last business day of February, May, August and November of every year, throughout the entire 4-year life of the ESOP program until the last possible date in May 2014 (May 30, 2014).

DIVIDEND POLICY

The company and its subsidiaries have a policy of paying dividends at the rate of 40% of the net profit after tax and legal reserves. The company's Board has the authority to refrain from following the policy or to change the policy on occasion under the condition that such decisions are made for the maximum benefit of shareholders, such as for use as capital reserves for loan repayments, for use as investment capital for production expansion, or in situations where market changes which may affect the company's cash flow in the future.

THE DETAILS OF DIVIDEND PAYMENT ARE SHOWED BELOW.

(baht per share)

	2010	2011	2012	2013	2014	2015
Interim Dividend Payment from first half year result	0.20	0.20	-	-	-	-
Dividend Payment from second half year result	0.50	-	-	-	-	-*
Yearly Dividend Payment	0.70	0.20	-	-	-	-*

*Subject to approval of Annual General Meeting of shareholders of 2016 on 26 April 2016

FUTURE PROJECTS

1. The company has set in motion various strategies that are expected to expand business and increase the income and reduce risks. The company is focusing on the expansion of production capacity for customers' products with high value and high growth relying on research & development between the company and customers. The company expects to see results from 2015 onwards. The company focuses on electronic components for 6 product groups such as Semiconductor, Advanced Consumer, Niche & Specialty, Automotive, Medical Devices and optical Components.

2. The company focuses on market expansions in continents such as the USA, Europe, Japan and other countries in Asia by building business partners for efficient customer base expansion.

3. The company has prepared itself to join the AEC (Asian Economic Community) to be a single market and production base. The company has created the global work place to support future employees who will come from different countries. At the same time, the company has promoted cross-functional teamwork in the organization.

4. The company is in the process of acquiring ISO 13485 (Quality Management Systems for Medical Devices), ISO 22301 (Business Continuity Management Systems), and TL 9000 (Quality Management Systems) and expects ISO 13485 and ISO 22301 to be approved in 2015 and TL 9000 in 2016.



RESEARCH AND DEVELOPMENT

The company continuously put emphasis on research and development of manufacturing processes and products. Our R&D team continued to join hands with customers in joint product development effort to attain high-quality products and to meet customers' satisfaction.

CORPORATE SOCIAL RESPONSIBILITY

THE COMPANY IMPLEMENTED THE CSR-DIW 2015 PROJECT WITH THE DEPARTMENT OF INDUSTRIAL WORKS, MINISTRY OF INDUSTRY.

The company's Corporate Social Responsibility report has been separated from the reports, 56-1 and 56-2. For the policy and the related reports, the shareholders and interested persons can see the details on the company website at www.starsmicro.com, title CSR.

Stars Microelectronics (Thailand) Public Company Limited is committed to conducting its business under good corporate governance and business ethics. The company also cares about the environment and society. It is always conscious of its accountability for the society. The company thinks of its stakeholders, both internal and external, who include shareholders, employees, customers, the communities and the society at large. This will lead to sustainable business development. Concerning the corporate social responsibility or CSR, the company believes that the strength and sustainable development of the surrounding communities are an important factor favorable to its business. BangPa-In District, Ayutthaya Province where the company is located, is home to the company because it is a member of this community and society. Furthermore, the company is dedicated to creating products, beneficial to its business and environmentally friendly to the earth, making it a good citizen of the world. That is, its business can co-exist with our planet. The company has adopted the following CSR policy:

REGARDING THE COMMUNITIES AND SOCIETY

1. The company will survey and check whether its business and future projects will cause a negative impact on the neighboring communities and the overall society, near and far, and assess the extent of the impact. The company will consider the findings, rectify and improve its operations to prevent such an untoward effect on and damage to the communities and the society, both direct and indirect.
2. The company will support volunteer activities that develop the communities and society.
3. The company will help protect and maintain a pleasant environment in the communities and society.
4. The company will support the society and communities in having adequate basic infrastructure.
5. The company will support and take part in activities benefiting the public.

REGARDING THE ENVIRONMENT

1. The company will create and produce products not harmful to the earth.
2. The company will adapt to suitable manufacturing processes to minimize the impact on the environment.
3. The company will promote recycling used materials.
4. The company will share environmental information and support activities, both within and outside the country, that are beneficial to the environment.
5. The company will improve the environmental management in a rigorous and continual manner

Internal training is held to make employees acknowledge the environmental policy and understand the policy and practice against corruption.

The company has appointed 8 working groups in order for corporate social responsibility to be implemented efficiently as follows:

1. Running business with fairness

The company will treat other companies fairly and create good business relationships by focusing on fair competition. The company will promote social responsibility for business partners and avoid any behavior which adversely affects the sustainable political process.

2. Being against corruption

The company will create confidence by acting as a model for taking a stand against corruption. Moreover, the company will support, monitor, promote and train the employees, representatives,



หลักการความรับผิดชอบต่อสังคม

1. ตรวจสอบได้
2. โปร่งใส
3. มีจริยธรรม
4. ยอมรับผลประโยชน์ผู้มีส่วนได้เสีย
5. เคารพหลักนิติธรรม
6. เคารพหลักปฏิบัติสากล
7. เคารพสิทธิมนุษยชน

contractors and customers to understand how to identify and report signs of corruption within the system so as to deal with/suppress it efficiently and effectively.

3. Respect of Human Rights

The company will promote and encourage the company directors, the management team and the employees to implement the observance of human rights in line with international practice. The company will provide consultation and inspect the citizen's political, social, economic and cultural rights.

4. Treatment of employees with justice

The company respects working rights without discrimination of birthplace, race, religion, sex and marital status. The company will not have any prejudice in employment. The company will not use child labor, which is defined as children younger than 15 years old, and protect working condition of the employees. The company will pay wages and salaries and provide benefits to guarantee the security of the employees. The company will pay wages and salaries in line with those in the same industry. The company will provide safe and healthy working places.

Every year the company will hold training for engineers and technicians and employee teams to prevent emergencies and to increase the knowledge and skills needed to protect their lives and assets and the company. In 2015 there were 3 minor accidents on production lines.

โครงการ
CSR-DIW
Corporate Social Responsibility
Department of Industrial Works: CSR-DIW
ภายใต้การดำเนินงานของ
กรมโรงงานอุตสาหกรรม

5. Responsibility for customers

The company will provide consultations and information to customers to protect their health and safety. The company will produce and develop products and services which are useful for society and the environment to create sustainable consumption. In addition, the company will provide knowledge and information necessary for customers to make decisions to buy products and services.

6. Environmental preservation

The company realizes that its business operation may have a negative impact on the environment. Therefore, the company will plan and control production activities to minimize its carbon footprint. The company will use the minimum amount of resources needed by wasting less and reusing more.

7. Community or Social Development

The company will engage with the community by providing information and advice to allow the community to participate in decision making and join activities. The company will allow the community to share and propose their opinions, which are useful for a sustainable community and society.

8. Having and publicizing innovations from operations, which are responsible for society, environment and stakeholders.

The company has directions to reduce using energy, raw materials and focus on producing environmental-friendly products. The company will develop new innovations, which are useful for the company and society responsibly at the individual level, organization level and country level sustainably.

CSR WORKING GROUPS OF STARS MICROELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED



ROLE AND RESPONSIBILITY OF THE COMPANY'S CSR

1. ROLE AND RESPONSIBILITY OF THE MONITORING COMMITTEE

1. Manage and monitor the company to reach the target set by considering affected people and being useful to society.
2. Suggest the direction of operations to reach the target set.
3. Prepare documents, follow up and report the progress of activities and coordinate with related parties.
4. Announce the usage of documents and communicate the company's direction to related people in the organization.

2. ROLE AND RESPONSIBILITY OF THE HUMAN RIGHT COMMITTEE.

1. Provide recommendations and investigate citizen's political, social economic and cultural rights, including people who need special care with basic working rights.
2. Suggest the direction of operation to reach the target set.
3. Prepare documents, follow up and report the progress of activities and coordinate with related parties.
4. Announce the usage of documents and communicate the company's direction to related people in the organization.

3. ROLE AND RESPONSIBILITY OF THE LABOUR PRACTICE COMMITTEE.

1. Provide recommendations and investigate employment relations, conditions, social protection, working safety and human resource development.
2. Suggest the direction of operation to reach the target set.
3. Prepare documents, follow up and report the progress of activities and coordinate with related parties.
4. Announce the usage of documents and communicate the company's directions to related people in the organization.

4. ROLE AND RESPONSIBILITY OF ENVIRONMENTAL COMMITTEE.

1. Provide recommendations and investigate the indication and management of any environmental problems of products and services.
2. Promote consumption, production, utilization of resources and campaign to reduce climate change, including build up the value of ecological services.

3. Suggest the direction of operation to reach the target set.
4. Prepare documents, follow up and report the progress of activities and coordinate with related parties.
5. Announce the usage of documents and communicate the company's directions to related people in the organization.

5. ROLE AND RESPONSIBILITY OF JUST OPERATION COMMITTEE.

1. Provide recommendations and investigate against corruption as well as fraud. To be responsible and fair with regards to political participation and competition. Promote social responsibility and the respect of asset rights.
2. Suggest the direction of operation to reach the target set.
3. Prepare documents, follow up and report the progress of activities and coordinate with related parties.
4. Announce the usage of documents and communicate the company's direction to related people in the organization.

6. ROLE AND RESPONSIBILITY OF CONSUMER PRACTICE.

1. Provide recommendations and investigate market information for health protection practices and consumer safety. To procure and develop useful products and services for sustainable consumption.
2. Suggest the direction of operation to reach the target set.
3. Prepare documents, follow up and report the progress of activities and coordinate with related parties.
4. Announce the usage of documents and communicate the company's direction to related people in the organization.

7. ROLE AND RESPONSIBILITY OF COMMITTEE OF COMMUNITY PARTICIPATION AND DEVELOPMENT.

1. Provide recommendations and investigate participation in development of society, economy of community.
2. Suggest the direction of operation to reach the target set.
3. Prepare documents, follow up and report the progress of activities and coordinate with related parties.
4. Announce the usage of documents and communicate the company's direction to related people in the organization.



8. ROLE AND RESPONSIBILITY OF THE CSR SYSTEM SECRETARY

1. Make announcements to appoint the committee and working groups for the company's CSR under the consideration of CSR committee.
2. Hold meetings to follow up the progress, cooperate with related parties, take minutes of the meetings, make reports of activities progress to present to the CSR Committee and working groups.
3. Gather information and make reports on the company and community according to the report of social responsibility manual.
4. Communicate information of the CSR system to related parties in the company.

IMPLEMENTATION AND REPORTING

The company sets practice direction and communicates with all of the employees to acknowledge. In order for the operation of Stars Microelectronics (Thailand) Public Company Limited to be in line with good governance and ethics of the Electronics Industry Citizenship Coalition (EICC) and to be in line with international standards against corruption, the company has set the policy against fraud and corruption. The company has announced the policy as the guideline of practice for management team and employees .

Mechanism/procedure of receiving recommendations or information for top management and employees.

The company provides opportunities for stakeholders to suggest their opinions through discussion, a suggestion box, E-mail via the Human Resources Department, Welfare Committee meeting and Safety Committee meeting.

Business operations that affect the social responsibility.

In 2015 the company and its subsidiaries were not investigated or broke the laws in terms of social responsibility.

Activities for social contributions and environment (AFTER PROCESS)

In 2015 the company performed activities that benefited society, community and environment (CSR-after process) as follows.

Repair the playing equipment and improve the landscape of the playground for Watkampaeng School, Bang Pa-In District, Ayutthaya Province.

The purpose is to repair the playing equipment for students to play during break time and after school and improve the landscape of the playground in order to promote the company's image and create a good relationship between the company and the community (Project period-April-June 2015).



PREVENTION OF INVOLVING IN CORRUPTION.

The company assigns the Risk Management Committee to take responsibility for evaluating risk of corruption constantly. The RCM evaluates, reviews and improves the measures against corruption and report to the company's Board of Directors to acknowledge.

In order for the operation of Stars Microelectronics (Thailand) Public Company Limited to be in line with good governance and ethics of the Electronics Industry Citizenship Coalition (EICC) and to be in line with international standards against corruption, the company has set the policy against fraud and corruption. The company has announced the policy as the guideline of practice for management team and employees as follows.

1. The company never accepts gifts, fraud or any benefit, which aims to persuade any action unlawfully.
2. The company has ethics and determination to prevent any fraud and set the guidelines for practice against corruption. The company investigates and reviews the guideline on a regular basis.
3. The management team and employees are responsible for preventing any fraud. If any inappropriate conduct is found, they must report to the supervisor by letter via suggestion boxes in the company's canteen.
4. External persons, who find that there may be any fraud or any acts that may lead to illegal matters, can inform the company via email : complainbox@starsmicro.com
5. The company guarantees the safety for anyone who reports any misconduct and will assign an officer to investigate every matter. The company will treat each matter as highly confidential.

DIRECTION OF EVALUATION IN LINE WITH THE DIRECTION OF CORRUPTION PREVENTION.

The company has set the direction as follows:

1. Executives and employees must act and evaluate themselves according to the direction of the business ethic of the company, code of conduct and code of conduct of EICC (ELECTRONIC INDUSTRY CODE OF CONDUCT) announced by the company and international standard of corruption prevention.
2. The Risk Management Committee must evaluate the risk of corruption and gathers important issues to present to the Audit Committee and the Board of Directors.
3. The Audit Committee and the Board of Directors must investigate, order to correct and assign the Risk Management Committee to follow up and report continuously. Notably, in 2015 the company was not informed about human rights violations from employees, business partner and communities close to the company. The company encourages the executives and employees to act in line with international human rights principle sustainably.

In 2015, the company had no penalties nor was any fraud found. Due to the company's good governance, no non-executive company directors resigned. In addition, the company directors' monitoring and follow-up resulted in no acts which have damaged the company's reputation.

In 2015, the company did not appoint any new directors since the nine directors of the company are knowledgeable and perform their duty well. Above all, the company's structure and number of directors are suitable for the company's business direction.



HUMAN RESOURCES DEVELOPMENT AND MANAGEMENT

THE COMPANY REALIZES THE IMPORTANCE OF HUMAN RESOURCES MANAGEMENT AND FOCUSES ON THE HUMAN CAPITAL DEVELOPMENT IN LINE WITH ITS VISION, MISSION AND STRATEGIES. THE COMPANY REALIZES THAT HUMAN RESOURCES MANAGEMENT IS A VALUABLE ASSET TO THE COMPANY.

1. SHORT-TERM PLAN OF HUMAN RESOURCES MANAGEMENT.

The company is determined to support the multi-skill development of the employees. Therefore, employees are able to produce quality with quantity at a higher standard to meet the expectation of the customers.

2. LONG-TERM PLAN OF HUMAN RESOURCES MANAGEMENT.

The company will continue with the projects and implement these important projects as follows:

- **Competency Management System.**

This project will enhance the competitive edge for the company. This project will be applied to the recruitment, training, development and performance evaluation system of the company.

- **Diversity Management.**

In order to prepare the company to enter the ASEAN Economic Community (AEC) in the near future, the company encourages its employees to develop multiple language skills, especially in English, including understanding cultural differences, for creating a more global working environment.

- **Employee Engagement Program.**

The project is aimed to create a good working relationship between the employees and management, encourage the employees to work with great determination and dedication to the company. The company encourages the staff to participate in the company's management in all levels and creates mutual understanding between the staff and the management. Moreover, the company supports the staff to realize the importance of self-development in order to advance in their careers. In addition, the company aims to encourage a positive working environment by developing its employees.

The Company has a provident fund for employee. The employees pay a part and the company contributes as well. The contribution rate is based on the law, with the aim to promote savings and long-term commitments (Contractual Savings) for the employee

to supplement the cost of disability retirement or when leaving work.

In addition, the company encourages the staff to build the organization to be a happy workplace by arranging the work environment to motivate the staff to work happily. This will cheer up the staff to cooperate and produce work with quantity and quality for the company with all their effort.

- **Talent Management.**

The company realizes the importance of high performing staff (Talent) and realizes that they will be the strong force that drives the company forward amid high competition. Therefore, the company implements the talent management project systematically.

- **Succession Planning and Career Development.**

The company realizes the importance of succession planning of the top-level executives in order for the company to operate continuously and career development of employees to motivate and prepare the employees for the company's growth. Therefore, the company has implemented a succession planning and career development project.

WIL (WORK INTEGRATED LEARNING) PROJECT

The company brought the WiL (Work integrated Learning) project to build workforce for the long term in both technology and science to support the company's growth in the future. The company, being in the private sector, cooperates with the public sector, National Science Technology and Innovation Policy Office and the education sector, Rejamangala University of Technology Lanna and King Mongkut's University of Technology North Bangkok. The WiL project is for studying high vocational level and bachelor's degree (engineering & science) at the factory. The students work and study afterwards. The lecturers from the university come to teach everyday. The students gain real experience and bring experience to study in the classroom. After graduation, the company will select and recruit them to work as technicians, supervisors and engineers. As a result, the company will not be short of labour and workforce in both technology and science.



GOOD CORPORATE GOVERNANCE

GOOD CORPORATE GOVERNANCE

AS A LISTED COMPANY IN THE SECURITIES EXCHANGE OF THAILAND, THE BOARD OF DIRECTORS OF STARS MICROELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED IS DETERMINED TO CONTINUOUSLY DEVELOP GOOD CORPORATE GOVERNANCE AND BEST PRACTICES IN THE HOPE THAT THE ORGANIZATION IS WELL-ACCEPTED IN THIS REGARD, THEREBY CREATING CONFIDENCE IN SHAREHOLDERS AND STAKEHOLDERS AS WELL AS CREATING ADDED VALUE FOR THE TOTAL BENEFIT OF SHAREHOLDERS.

In 2015, the company followed corporate good governance practices as follows:

1. Rights of Shareholders and Shareholders Meeting

The company's 2015 Annual General Meeting was held on Monday, 27 April 2015 at 14.00 p.m. (within four months from the company's fiscal year end). Record date shareholders were determined and the list of shareholders was settled on according to Section 225 of the Securities and Exchange Act, B.E. 2535.

The company designated Thailand Securities Depository Co., Ltd., its registrar, to send an invitation letter both in Thai and English for the shareholders' meeting, along with the annual report in CD-ROM format to shareholders 14 days in advance of the meeting date. The meeting date was also publicized in newspapers for three consecutive days, no less than three days before the meeting date.

This was to ensure that shareholders had enough time to consider the meeting information. The invitation letter specified in detail the meeting agenda and whether each item on the agenda was for acknowledgment, approval, or consideration. It also contained directors' opinions for each item and the adequate and complete meeting documents required.

Shareholders were also requested to provide necessary documents or evidence to identify themselves in order to exercise their right to attend the meeting.

Shareholders were entitled to attend the shareholders' meeting and to vote by proxy by attaching a letter of authorization form (as stipulated by the Department of Business and Trade Development, the Ministry of Commerce). The company allowed the meeting registration no less than one hour before the meeting's scheduled time using a barcode system. Ballots for each agenda item were printed for shareholders. Those arriving at the meeting after it had started could also vote on agenda items for which a resolution had not yet been passed.

In the 2015 shareholders' annual general meeting, seven out of eleven of the company's directors attended the meeting. Also present were the company's executives and those involved in particular agenda items such as the company's senior director of finance and accounting, auditors, financial advisors, and independent legal advisors. They provided opinions and answered shareholders' questions at the meeting. Representatives of Thailand Securities Depository Co., Ltd. examined the shareholders' registration and counted the votes with the company's independent legal advisors. The meeting was run according to the agendas without adding any agendas.

The company provided details regarding quorum, the number of meeting participants both in person and by proxy, voting procedures and the vote-counting methods as follows:

(1) Shareholders are entitled to one vote per share held. Each shareholder thus has as many votes as the number of the shares held or represented by proxy.

(2) Shareholders having a conflict of interest regarding a particular agenda item are not entitled to cast a vote on that item.

(3) The person conducting the meeting shall ask in regard to every agenda item if there is any person who wants to vote against the item or abstain from voting. If so, the person is advised to express his wish in the vote ballot. Other than that, it is considered that the agenda item gets a vote of approval. The company then deducts the number of votes against and the abstained votes from the total number of votes of the meeting attendees to get the final voting results for that particular agenda item.

(4) In accordance with the Securities Exchange of Thailand's corporate good governance policy, in considering the agenda item regarding the selection of directors to replace those who have completed their term, and company has proposed that shareholders vote individually. This is to allow shareholders have right to select to be true. Shareholders are required to vote in the ballot no matter whether they wish to vote for, against or abstain.

The Company's policy is to encourage all shareholders to attend the meeting including institutional investors.

The meeting venue selected by the company was accessible by public transport in order for the shareholders and the institution investors to commute to the company meeting place conveniently. In addition, The company sets the meeting time in such a manner that shareholders have equal rights and opportunities to investigate the company's operations, ask questions, and

express their opinions and recommendations fully. The company have a channel for shareholders to submit questions advance of the meeting by Email or Fax to the Investor Relation of the company. The company takes minutes detailing completely and accurately the meeting agenda, meeting content, voting results for each agenda item, shareholders meeting's resolutions, issues raised, opinions, and directors and executives' clarifications. The report of the shareholders' meeting are completed within seven days of the shareholders' meeting and kept properly for shareholders' review and investigation.

In addition to the rights to vote at the meeting of shareholders, The shareholders still are entitled fundamental rights more, including a share of the earnings/Dividends are equally, the rights to be treated equally in the purchase of shares by the company etc, which are fundamental rights scheduled to law already.

2. Equitable Treatment of Shareholders

The Board of Directors places importance on shareholders' rights and equitable treatment of shareholders no matter whether they are small, large or foreign shareholders. This is reflected in the practices below.

(1) The company always conducts the shareholders' meeting according to the agenda detailed in the invitation letter. No item shall be added without advance notice unless it is totally necessary. This is especially true in cases regarding important agenda items where shareholders need time to study the information before making decisions.

(2) At least one independent director is nominated as a proxy alternative for shareholders. Shareholders are also informed of the interests each director has in a particular agenda item, for example, the appointment of directors to replace those who have completed their term.

(3) Shareholders are encouraged to use a ballot for each agenda item. Separate ballots are provided for separate agenda items for shareholders to cast accordingly.

(4) The chairperson of the meeting allocates time for shareholders to express their opinions. In the 2015 meeting, the company gave shareholders the opportunity to express their views and ask questions regarding the company. Questions could be posed in advance via email to ir@starsmicro.com or by fax no. 035-221778. Details were also available at the Investor Relations, Tel. No. 035-221777 ext. 313. However, in 2015, no shareholders made any contact to ask questions or express their views.

(5) The Board of Directors ensures that the company abides by the law, rules and regulations, announcements, and orders of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission (SEC), including regarding those items pertaining to disclosure of information about connected transactions, and acquisition or disposition of the company's subsidiaries' major assets. The company shall also abide by the accounting standards set by the Federation of Accounting Professions.

(6) The Board of Directors monitors related transactions. In cases where the company's or its subsidiaries' related transactions involve those who might have current or future interests or conflicts of interests outside normal business conditions, the company shall disclose such related transactions in the notes to financial statements reviewed by the company's auditors.

(7) Regulations require that directors and executives disclose information regarding their personal interest in any transaction that might impact the company via the interests reporting form. The company's secretary shall receive the interest information disclosure form and then submit it to the Chairman of the Board and the Chairman of the Audit Committee. In 2015, the company had each of its directors and executives disclose their interests and it was found that there were no actions taken that violated the regulations regarding connected transactions.

3. Rights of Stakeholders

The company recognizes the rights of each group of stakeholders as described below.

Shareholders : The company has a policy to treats all shareholders equally and fairly and does not take any actions that may violate or reduce the rights of shareholders.

Employees : The company treats all employees equally and fairly with appropriate compensation.

Trading partners and creditors : The company has a policy to treats trading partners and creditors fairly according to trade conditions and/or joint agreements. If there is the case that is not in line with the agreed conditions, the company will inform the creditor in advance to resolve the situation together.

Customers : The company provides quality service and responds to customers' needs while also considering safety by setting the criteria to select the customers and consider the credit limit of the old and new customers who must have a good financial status and good payment record.

Competitors : The company has a policy to plays by the rules of competition and avoids dishonest means to gain advantage over competitors.

Society and environment : The company has a policy to always supports the useful activities and supports the quality of society and environment in general.

In recognizing the stakeholders' rights, the company follows the related rules and regulations.

The company set the policy of social responsibility to ensure that the company's business operations realize the social and environmental factors needed for sustainable development.

The company will act in line with the related laws, rules and regulations to justly protect the right of the stakeholders. The Board of Directors have the channels for receiving complaints from all of the stakeholders which can cause problems with the Board of Directors.

Contact the Board , Independent Director pass the Company's Secretary

e-mail: yunyong-s@starsmicro.com

Fax: 035-221-778

Or by closed letter to Company's Secretary

Address: Stars Microelectronics (Thailand) Company Limited.

605-606 Bang Pa-In Industrial , Moo 2 , Tambol Klongjig,

Amphur Bang Pa-In, Ayutthaya 13160.

4. Disclosure and Transparency

The Board of Directors have examine and support timely disclosure of the company's business information including financial information and financial reports according to the disclosure regulations of the Securities Exchange of Thailand. Such information is available both in Thai and English for investors, shareholders, and concerned parties to have equal and transparent access to. Also disclosed are auditors' reports, financial figures, and notes to the financial statements.

The company also discloses the duties of the Board of Directors and the sub-committees, the number of meetings attended, and directors' remuneration information. The investor relations section is set up to be responsible for providing important information for investors and other concerned parties. The company's information is also disseminated via the Securities Exchange of Thailand and the company's website so investors and stakeholders can have access to its financial and operational information at all times.

According to company regulations, directors and the top four executives after the Chief Executive Officer, and those in management positions in accounting or finance from the sectional level up or equivalent, are required to report their interests and stakes using the interest disclosure report form without delay when a certain transaction may be regarded as having an impact relating to their interests. The reports made shall be in care of the company's secretary.

As for 2015 performance, the company arranged investor and analyst

- presented its operational performance reports on occasions. It also took part in the Opportunity Day project organized by the Securities Exchange of Thailand on two occasions

- Analyst Meeting on two occasions.

Moreover, it always arranged company visits for those interested the shareholders who participated in the meet. Also have the opportunity to exchange ideas with each other

In 2015, the company followed the regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission (SEC) regarding information disclosure completely and on time.

5. ROLES, DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors has duties and reliabilities as set in the related laws, including determining the company's goals, guide lines, policies, annual operational plans, and annual budget. The Board also supervises the performance of the executives or the persons assigned to carry out duties to ensure that the operations are in accordance with the goals, policies, and operational plans set by the Board.

STRUCTURE OF THE BOARD OF DIRECTORS

As at 31 December 2015, the company's Board consists of nine directors, four of them are independent directors two management's directors and three non-independent directors.

The company has no directors who are the director of more than 5 companies. The company has no policy to allow its executive directors to be the company directors of other companies more than 2 companies exclusive of the company's subsidiary companies, which the company has to control and monitor to protect the company's interests. The company has more than one non-executive director who has experience about the company's business.

The company has a total of five committees: the Board of Directors, Executive Committee, Audit Committee, Remuneration Committee and Risk Management Committee. This is for the clear division of authority and duties, and maximum efficiency in setting the company's business direction and operations. The Board of Directors determines the company's goals, and assigns roles, duties and authority to the Audit Committee, the Executive Committee, and the Chairman of the Board.

The company has the policy to limit the serving period of the independent directors for no longer than 9 years. There were no independent directors who had served the company longer than 9 years in 2015.

BOARD DIVERSITY

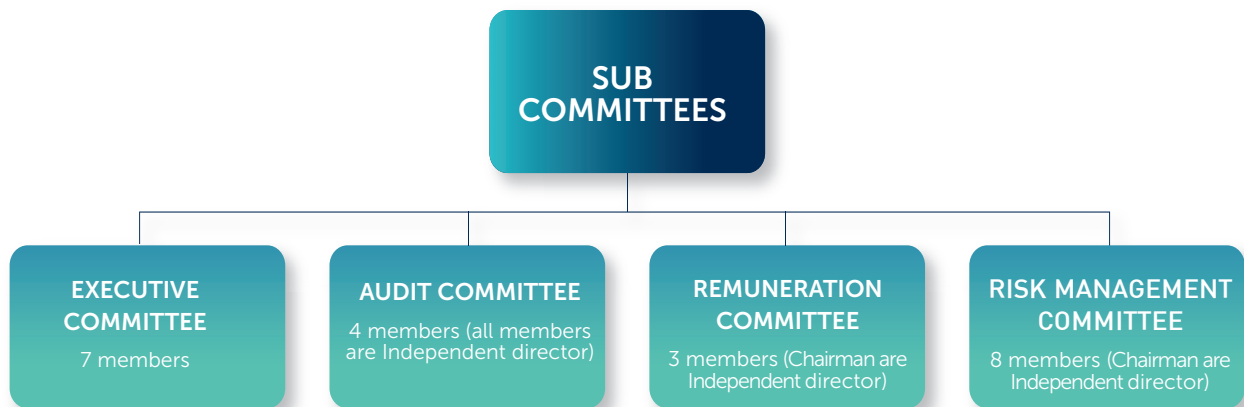
The Board of Directors have set the qualifications of the new company directors by considering the skills lacking with the current Board of Directors to fulfill the knowledge, skills and professions.

In order to enhance the effectiveness of the policies, the decision of the Board of Directors, the Board's composition and structure appropriate to the business operations and have Directors who are eligible according to good corporate governance.

In 2015, the company did not appoint any new directors since the nine directors of the company are knowledgeable and perform their duty well. Above all, the company's structure and number of directors are suitable for the company's business direction.

COMMITTEES

In addition to the Board of Directors, the company has four sub committees:



The authorities and duties of the committees are clearly prescribed. However, there is no Nomination Committee as the company's organizational structure is not that complicated.

INTERNAL CONTROL

The company considers it important to set a standardized internal control system to build acceptance and reliability among shareholders, investors, as well as stakeholders. To help achieve this, it has set up the Audit Committee, an independent committee whose duties are to ensure the accuracy, completeness, and reliability of the company's internal control system and financial reports. The Audit Committee also ensures the efficiency and effectiveness of the internal control system as well as the transparency and accountability of the working system with special regard to conflicts of interests. The Audit Committee meets with the company's management auditors to consider and make recommendations regarding improvement of the company's internal control system.

In addition to this, the company has set up the Internal Audit Unit, which is an independent unit reporting directly to the Audit Committee. The Internal Audit Unit's duties are to examine the various work systems to ensure that they operate appropriately

and in accordance with related rules, regulations, and laws. It then reports the investigation results to the Audit Committee as scheduled in the annual plan.

In 2015, the Audit Committee and the Board of Directors evaluated the company's internal control and opined that the internal control is sufficient. In the Board of Directors' meeting No. 1/2559 on 26 February 2016, the Board of Directors evaluated the company's internal audit system from the report of the Audit Committee and concluded that the company has enough internal control in 5 factors: control environment, risk assessment, control activities, information and communication monitoring.

Currently, the head of internal audit team is Miss Sunan Wongmutthavanich. She is the Assistant Director of Internal Audit Department. In year 2015, the Internal Audit Department performed the audit smoothly and completely according to audit plan which approve by the Audit Committee.

INSIDE INFORMATION CONTROL

The company's measures and guidelines regarding confidentiality and use of inside information to prevent the misuse of such information for the advantage of the company's executives and personnel are summarized below.

1. The Board of Directors, management team, employees and staff of the company shall keep the company's secrets and/or inside information confidential.
2. The Board of Directors, management team, employees and staff of the company shall not disclose or seek advantage from the company's secrets and/or inside information for their own benefit or for the benefit of any other party either directly or indirectly whether or not any benefit is actually received.
3. The Board of Directors, management team, employees and staff of the company shall not buy, sell, transfer, or acquire the company's securities via the use of the company's secrets and/or inside information and/or carry out any act using the company's secrets and/or inside information which may cause direct or indirect damage to the company. This stipulation also applies to spouses and children under legal age of the Board of Directors, management team, employees and staff. Any violation shall be considered a serious offence.
4. The Board of Directors and the executives who acquire the company's financial information shall not take advantage of the information within one month before it is disclosed to the public. The company shall notify directors and executives of the prohibition to purchase or sell the company's securities before the financial statements are revealed to the public.

CODE OF BUSINESS ETHICS AND CODE OF CONDUCT

The Board of Directors recognizes the importance and the necessity of corporate good governance and thus sets policies regarding good governance. In doing this, the Board of Directors acknowledges its duties and responsibilities. It makes use of its knowledge, competence, and experience for the benefit of business operations while complying with business ethics, laws, company objectives, rules and regulations, and shareholders meeting resolutions. It works with integrity focusing on the company's and shareholders' benefit. As featured on its website

www.starsmicro.com, the company, in terms of business ethics, shall:

1. treat shareholders fairly and equally,
2. consider the rights of all groups of stakeholders and ensure that there are no conflicts of interest,
3. structure committees according to their duties and responsibilities. In addition to the Board of Directors, other committees may be established with clear roles, duties and responsibilities for each as determined by the company,
4. conduct business transparently and disclose information clearly, adequately and in a timely manner,
5. conduct business with care, arrange for regular and appropriate risk evaluations, set correction strategies, and follow up with risk management, and
6. instill business ethics in the company's executives and staff.

For new employee each year, The company will train them to know the Code of Business ethics and the company's business in the same time.

SOFTWARE LICENSE

The company had policy about software license and controlled for use, All of employees must realize and not violated any intellectual property.

The practice not to violate the intellectual property.

The company has set the policy to use and control licensed software to make the employees aware and not violate intellectual property and make the announcement to all levels of employees. The IT department of the company inspects the software programs of the employees once a year to prevent the violation of the licensed software.

BOARD OF DIRECTORS' MEETING

In 2015, the company held four Board of Directors' meetings. (Its policy is to hold a meeting once every three months.) Almost all directors attended each meeting. In organizing such meetings, the company's secretary sends a meeting invitation to directors no less than seven days prior to the meeting date, except in cases of urgency to maintain the company's rights or benefits. In urgent cases, invitations shall be extended by phone or mail to set an earlier meeting date. The secretary also takes minutes and keeps the meeting reports as approved by the Board of Directors.

BOARD OF DIRECTORS' REMUNERATION

At the 2015 shareholders' annual general meeting on 27 April 2015, the meeting approved the maintenance of the 2015 Board of Directors remuneration as approved by the shareholders' annual general meeting in 2014 as follows.

		Salary (per month) / Meeting Allowance (per time)
1.	Chairman	36,000 baht per month
2.	Member of Board of Director	24,000 baht per month
3.	Chairman of Audit Committee	36,000 baht per month
4.	Member of Audit Committee	30,000 baht per month
5.	Meeting allowance of member of Board of Director, Audit Committee, Remuneration Committee and Risk Management Committee (specific independence directors only)	5,000 baht per time

***Other benefit -Not receive-**

MONETARY AND NON-MONETARY REMUNERATION

1. Remuneration for the Board of Directors

At fiscal year end on 31 December 2014 and on 31 December 2015, remuneration for directors totaled 3,909,000 baht and 3,568,000 respectively in the form of monthly compensation and attendance fees as detailed below.

(Unit : Baht)

Director Name	Fiscal year 2014		Fiscal year 2015	
	ending December 31st, '14		ending December 31st, '15	
	Attendance fee	Meeting fee	Attendance fee	Meeting fee
	(baht/year)	(baht/year)	(baht/year)	(baht/year)
1. Mr. Somnuk Chaikul	432,000	25,000	432,000	20,000
2. Mr. Pitak Sirivanasandha	96,000	-	-	-
3. Mr. Polsak Lertputipinyo	288,000	15,000	96,000	-
4. Mr. Chong Kwen Sam	288,000	20,000	288,000	20,000
5. Mr. Prasart Yunibhand	288,000	25,000	288,000	35,000
6. Mr. Dheerasak Suwannayos	432,000	10,000	432,000	-
7. Assoc. Prof. Dr. Preecha Jarungidanan	360,000	60,000	360,000	50,000
8. Mrs. Poonpun Chaikul	288,000	25,000	288,000	20,000
9. Mr. Toru Uchino	288,000	25,000	96,000	5,000
10. Assoc. Prof. Dr. Aekkachai Nittayagasetwat	360,000	60,000	360,000	55,000
11. Assoc. Prof. Dr. Kamphol Panyagometh	360,000	50,000	360,000	60,000
12. Mr. Prompong Chaikul	109,000	5,000	288,000	15,000
Total	<u>3,589,000</u>	<u>320,000</u>	<u>3,288,000</u>	<u>280,000</u>

Non-monetary Remuneration

2. Remuneration for Managements

(Unit : Baht)

	Fiscal year 2014 ending December 31st,'14		Fiscal year 2015 ending December 31st,'15	
	Of recipients	Total Payment	Of recipients	Total Payment
Total Salary	7	18,126,932	5	21,213,323
Total Bonus	7	794,507	5	1,414,183
Provident Fund	7	1,684,056	5	1,401,441
Total		<u>20,605,495</u>		<u>24,028,947</u>

HUMAN RESOURCES

As of 31 December 2014 and 31 December 2015, the number of employees (excluding executives) divided according to their major fields of work were as follows:

(Unit : Person)

	As of December 31st,'14	As of December 31st,'15
Sales and Marketing	9	21
Operations & Development	1,196	1,035
Procurement & Supply chain	70	92
Finance & Administration	74	85
Business Development	2	15
Total	<u>1,351</u>	<u>1,248</u>

The company has set the policy to fix compensation for the employees in line with the performance of the company for both short-term and long-term. The company reviews the compensation policy for employees to be in line with the same levels as other companies in the same industry and within proximity.

The company has a policy to provide fringe benefits, which are useful for employees such as the provident fund and annual physical check-up. Besides this, the company encourages the employees to play sports and to read. In order for the employees to exercise and relax after work, the company provides badminton courts, tables for playing table tennis and a library in the building.

STAFF DEVELOPMENT POLICY

In its staff development efforts, the company aims to boost its employees' knowledge and skills as well as favorable attitudes towards the company. The purpose is to enhance the efficiency and effectiveness of company operations both at present and in the future.

The company's employees should:

1. Learn various types of work,
2. Be able to perform various duties,
3. Be highly skilled in performing their job, and
4. Rotate duties with other team members.

Seeing staff development as one of the priorities, the company has a policy to:

1. Allocate budget funds for the organization's staff development,
2. Promote staff development in other aspects at all levels by organizing both internal and external training programs regularly,
3. Arrange for staff development jointly with customers for joint innovation product development.
4. Send staff to attend training programs overseas.

In 2015, the company organized training courses to develop executives and employees.

The company invited guest lecturers from outside. In 2015, the company organized approximately 100 training hours, 20 hours for executives and 80 hours for employees.

The example of training courses are as follows –

Course	Level	Totals
Strategic Planning	Management Level	6 hours
Change Management for success	Management Level	8 hours
Presentation Professional	Management Level	6 hours
ISO 22301 Business Continuity Management	Officer Level-Management Level	12 hours
Safety Officer Supervisor Level	Officer Level	12 hours

RELATED PARTY TRANSACTIONS

In 2015, the company completed a number of related transactions with its subsidiaries, related companies, and associate companies as they are major operators in the electronic components trade, making contributions and providing support for the company's business operations. However, any related transactions with persons who potentially have conflicts of interest were trade transactions carried out for the company's maximum benefit and in accordance with trade conditions as practiced with business partners in general who have to rely on each other in trading products or services.

THE AUDIT COMMITTEE'S COMMENTS ON RELATED PARTY TRANSACTIONS

The company's related transactions are considered and addressed by its Audit Committee to ensure that they are normal business transactions with no special conditions and no transfer of interest among the company, its subsidiaries, associate companies, related companies or shareholders. In addition, regarding pricing, the policy for related transactions between the company and related businesses is similar to the policy between the company and non-related persons /businesses and carried out in the company's interests (Fair and at arm's length).

MEASURE OR PROCEDURE FOR THE AUTHORIZATION OF RELATED PARTY TRANSACTIONS

The company is involved in two types of related transactions:

(1) Normal and continuous transactions and (2) Special transactions by measure or procedure of related transactions approval. These types of transactions are described below.

1. Normal and continuous transactions

For these transactions, the company's Board of Directors sees that they are carried out in accordance with the law, rules, regulations, announcements and orders of the Securities Exchange of Thailand, and with the regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission (SEC). This includes compliance with regulations regarding disclosure of connected transactions, and acquisition or disposition of the company or its subsidiaries' major assets as well as accounting standards set by the Federation of Accounting Professions.

2. Special transactions

For these transactions, the company assigns the Audit Committee to make comments regarding their merit and propose to the Board for approve. In cases where the Audit Committee has no expertise regarding the related transactions that might occur, the company shall consult those with special expertise such as auditors, independent estimators, or independent legal offices and those persons with possible conflicts of interest to provide comments regarding the related transactions. These comments shall be taken into consideration by the Audit Committee and/or Board of Directors and/or shareholders depending on the case being considered. However, the company shall disclose the related transactions in the notes to the financial statement reviewed by the company's auditors and present in Annual Report and form 56-1.

TRENDS FOR FUTURE RELATED PARTY TRANSACTIONS

As for future related transactions, the board of directors promises to see that the company complies with the law, rules, regulations, announcements and orders of the Securities Exchange of Thailand, and with the regulations of the Stock Exchange of Thailand and the office of the Securities and Exchange Commission (SEC). The company shall also abide by Regulations regarding disclosure of connected transaction and acquisition or disposition of the company or its subsidiaries' major assets as well as accounting standards set by the Federation of accounting professions. The audit committee shall review the merit, prices, and conditions of the transactions to assess whether they are in accordance with normal business conditions. Executives and stakeholders are not allowed to participate in approving such related transactions.



ENTERPRISE RISK MANAGEMENT

ENTERPRISE RISK MANAGEMENT

Stars Microelectronics (Thailand) Public Company Limited realizes the importance of the company's risk management. The company's Board of Directors appointed the Risk Management Committee (RMC) under the good corporate governance in order to control risk management of the company. Each year, the RMC sets the risk management policy and assigns each related department to implement. Thus, the company's risk management is systematic and goes in the same direction. The RMC sets rules, regulations and procedures for the company's risk management and sets auditing, evaluating, and reporting to the Board of Directors and reveals the important information to related parties on a regular basis.

The company aims to run the organization and improve risk management continuously to increase the company's efficiency by considering inside and outside risk factors which change constantly.

In 2015, the RMC held 4 meetings and reported the progress and obstacles to the Audit Committee meetings and the Board of Directors' meetings. In 2015, the RMC analyzed the risks within the framework of risk management set by the RMC and also set the following risk factors.



THE IMPORTANT FACTORS AFFECTING THE COMPANY'S PERFORMANCE ARE CONCLUDED AS FOLLOWS

1. STRATEGIC RISK MANAGEMENT

The company sets the strategic risk management by evaluating risks and setting risk management plans and evaluations by following up constantly to see if the company can reach the target set. In setting the strategic plan and annual budget, the company takes all risk factors such as world economy, trend of related industries into consideration to be confident that the strategic plan reflects the company's future operations plan correctly and closely to targets. The strategic plan is prepared transparently within the framework of good governance and can be audited.

2. OPERATIONAL RISK MANAGEMENT

2.1 Risk of relying on customers

The company's income from one customer is higher than half of the income from the company's sales and services. But in considering of the gross profit, the company's distribution of gross profit is appropriate among the company's customers. The company has looked for new customers and opened new markets in order for the company's income structure to be balanced, not relying on only one customer.

2.2 Uncertainty of product demands and varieties of products.

The fast changing and development of electronic goods make them have a short life cycle. Product demands change constantly depending on consumer behavior. As a result, the company may face problems in management that can respond to the customer demands. At the same time, it can cause a problem of production cost control to make it acceptable.

The company has tried to look for products with a long life cycle and have high demands which the company can manage the production efficiently and sustainably. In so doing, the company sets procedures to protect this risk to minimize damage to the company.

2.3 Labour shortage risk

The company realizes the importance of labour shortage and change of labour costs and tries to decrease the affect as much as possible by focusing on investing in automatic machines to reduce any potential labour problem and not to let it affect the production capacity targeted. In addition the company improves labour relations management by cultivating the employees to love the company. By this, the company expects to reduce the turnover rate. The company develops recruitment process, training and development to recruit quality employees in time of need. Thus, It doesn't affect the company's operations.

2.4 Risk from material shortage and price change.

Material cost is a big portion of the total cost. Therefore, good material management and material price control are crucial to the company's operations. Some materials' prices are fluctuating in line with world market price. Sometimes there may be such a shortage of materials that the company can not deliver the goods in time.

3. TECHNOLOGICAL RISK MANAGEMENT

The company has invested in new machines replacing the ones damaged by the big flood 3 years ago. The company uses the new machines with higher technology increased production capacity. The company sets the production lines with high efficiency and flexibility, which can support the change of the production process and customer needs. They can be used with a variety of products. The company focuses on research and development to be in line with the customer needs. Moreover, the company jointly develops products with customers to invest in specific machines. The company is highly confident that it can serve the various demands of the customers.

4. FINANCIAL RISK MANAGEMENT

4.1 Foreign Exchange Fluctuation Risk

The company uses the US dollar as the main currency in selling and receiving the money of nearly all revenue. As a result, the foreign currency status of both revenue and expense is nearly the same and the company can do natural hedging to reduce the risk of foreign exchange. The company opens the account with the banks in foreign currency, which the company can pay for goods in terms of the foreign currency immediately. The company's financial department protects the financial risk by using financial tools such as forward contract and financial derivative instrument.

4.2 Risk of Interest Rate

At present, the company borrows short-term loans with one year maturity to be used as working capital. The interest rate is floating in line with the interest rate of the market which is regarded as a risk. The company always considers cautiously before borrowing and looks for sources of funds with a low interest rate. Moreover, the company follows the interest rate policy of the public sector

and the world market closely to use the information for risk management efficiently.

4.3 Risk of the Cash Flow

The company realized the importance of working capital management. The company prepares and looks for working capital for company growth. Moreover, the company plans cash flow management in advance to manage cash flow efficiently, reducing risk and having a low financial cost.

5. COMPLIANCE RISK MANAGEMENT

The company highly realizes the risk that may arise because modern and covering laws, rules and regulations including those for environment safety and health of employees may not be clear. Therefore, the company follows the changes of those laws, rules and regulations closely to study the effects on the company now and in the future to reduce any damages that may arise.



DETAILS OF BIOGRAPHY OF BOARD OF DIRECTORS



Mr. Somnuk Chaikul

**Position : Chairman of Board and
Chairman of Executive Committee**

Age 64 years

Percentage of Shareholding
as of December 31, 2015
0.91 %

Educational Background

Bachelor of Engineering, Major in
Mechanical Engineering, Faculty of
Engineering, Chulalongkorn University

Work Experience

Present:

- Chairman of Stars Microelectronics (Thailand) Public Company Limited
- Chairman of SS RFID Company Limited
- Chairman of SMT Green Energy Company Limited
- Chairman of TMP Rice Mill Company Limited
- Chairman of Cheeva Rice Company Limited
- Advisory Chairman of Key Stars Property Company Limited
- Chairman of Srisukhothai Real Estate Company Limited

Training History

- Director Accreditation Program (DAP), Class of 26/2004, Thai Institute of Directors

Mr. Prompong Chaikul

**Position : Director
Executive Director
Risk Management Committee
Member and Chief Procurement
Officer**

Age 29 years

Percentage of Shareholding
as of December 31, 2015
1.49 %

Educational Background

Master of Business Administration (Executive) (M.B.A.), Sasin Graduate Institute of Business administration of Chulalongkorn University

Bachelor and Master of Engineering, Major in Electrical and Electronics Engineering (with Management), Imperial College London, United Kingdom (First class honors)

Work Experience

Present:

- Director, Executive Director, Risk Management Committee Member and Chief Procurement Officer of Stars Microelectronics (Thailand) Public Company Limited
- Director of SS RFID Company Limited
- Director of SMT Green Energy Company Limited

Past:

- Assistant Director (Planning & Development) of Stars Microelectronics (Thailand) Public Company Limited
- Senior Engineer (Project & Development) of Stars Microelectronics (Thailand) Public Company Limited
- Project Manager of Borei Corp., USA

Training History

- Director Accreditation Program (DAP), Class of 116/2015, Thai Institute of Directors
- EN ISO 13485:2012 –Requirement and Internal Audit for Medical Device (TUV SUD PSB) Thailand

- Strategic Planning
- Change Management for Success
- Work and Safety Training (Management level), Safety Training Institute
- Coaching Skill , Bangkok Business Training
- Mini Master in HR Management
- Cost Management, Management and Psychology Institute
- Business Analysis, Executive Financial Management, Marketing Strategy, Risk Management
- EICC Code of Conduct



Mr. Chong Kwen Sam

Position : Independent Director

Age 64 years

Percentage of Shareholding

as of December 31, 2015

-none-

Educational Background

- Diploma in Business Management, Singapore Institute of Management, Singapore.
- Postgraduate Diploma in Business Administration T.E.D. Management Studies School (Singapore).

Work Experience

Present:

- Director, Stars Microelectronics (Thailand) Public Company Limited
- Avon Holding Private Limited
- Midas Trust Private Limited

Training History

- Director Accreditation Program (DAP), Class of 74/2008, Thai Institute of Directors



Mr. Dheerasak Suwannayos

Position : Independent Director and Chairman of the Audit Committee

Age 63 years

Percentage of Shareholding

as of December 31, 2015

-none-

Educational Background

M.A. in Economics, University of Karachi, Karachi, Pakistan
B.A. (hons.) in Economics, University of Karachi, Karachi, Pakistan

Work Experience

Present:

- Independent Director and Chairman of the Audit Committee of Stars Microelectronics (Thailand) Public Company Limited

Past:

2011-2014

- Director of Thai Airways International Public Company Limited
- Director, Risk Management Committee of Thai Airways International Public Company Limited
- Director, Good Corporate Governance Committee of Thai Airways International Public Company Limited

2008-2012 Managing Director of Islamic Bank of Thailand

2009-2011

- Member, Board of Committees, MCOT Public Company Limited
- Chairman, Risk Management Committee of MCOT Public Company Limited
- Chairman, The Performance Evaluation Committee for the President of MCOT Public Company Limited

- Chairman, The MCOT Structure Reform and Personnel Development Plan Taskforce

2006-2009 Advisor of Krung Thai Asset Management Public Company Limited

2005-2007 Director Islamic Bank of Thailand

2004-2008 Advisor, Office of The Small and Medium Enterprise Promotion

2002-2004 President, Shariah Bank (providing financial services based on Islamic laws) of Krung Thai Bank

Training History

- Director Accreditation Program (DAP), Class of 27/2004, Thai Institute of Directors
- Institute of Islamic Banking and Insurance, London, United Kingdom
- Certificate for Executive, Theories and Practices of Islamic Banking
- Certificate, Islamic Banking and Insurance
- Certificate, Islamic Banking Liquidity Management Research and Training Center, Kuala Lumpur, Malaysia
- Director Certification Program (IOD)
- The Leadership (GRID)



Mr. Prasart Yunibhand

Position: Director and Remuneration Committee Member

Age 68 years

Percentage of Shareholding

as of December 31, 2015

0.92 %

Educational Background

Master Degree in International Relations and Law, University of Detroit, USA

Bachelor of Law, Faculty of Law, Chulalongkorn University

Work Experience

Present:

- Director and Remuneration Committee Member of Stars Microelectronics (Thailand) Public Company Limited
- Managing Director of Noppong & Prasart Law Office Limited
- Director of Siam Capital Multi-Services Company Limited
- Director of Siam-Charoen Capital Services Company Limited

Training History

- Director Accreditation Program (DAP), Class of 26/2004, Thai Institute of Directors



Associate Professor Dr. Preecha Jarungidanan

Position : Independent Director, Audit committee Member and Chairman of Remuneration Committee

Age 69 years

Percentage of Shareholding

as of December 31, 2015

0.01%

Educational Background

Doctor of Philosophy (Ph.D.) in Economics, Major in Monetary Theory,

University of Missouri (Columbia) USA.

Master of Economics, Major in Public Finance, California State University,

Long Beach, USA.

Bachelor of Economics, Major in Finance and Banking, Thammasat University

Work Experience

Present:

- Independent Director and Audit Committee Member and Chairman of Remuneration Committee of Stars Microelectronics (Thailand) Public Company Limited
- Director and Audit Committee Member

of Kim Eng Securities (Thailand) Public Company Limited

- Director and Audit Committee Member of Lam Soon (Thailand) Public Company Limited
- Honorary Director of Public Debt Management Control and Policy Committee, The Public Debt
- Director of Office of the National Research Council of Thailand, Economics Department

Past:

Academic Specialist, The National Institute of Development Administration

Training History

- Director Accreditation Program (DAP), Class of 9/2004, Thai Institute of Directors
- Director Certification Program (DCP), Class of 89/2007, Thai Institute of Directors
- Audit Committee Program (ACP), Class of 24/2008, Thai Institute of Directors



Mrs. Poonpun Chaikul

Position : Director

Age 56 years

Percentage of Shareholding

as of December 31, 2015
1.55 %

Educational Background

Bachelor Degree, Faculty of Business Administration, Bangkok University

Work Experience

Present:

- Director of Stars Microelectronics (Thailand) Public Company Limited
- Director of TMP Rice Mill Company Limited
- Director of Cheeva Rice Company Limited
- Chairman of Kullapassorn Company Limited

- Chairman of Key Stars Property Company Limited
- Co-founder of Zonta 9 Association.
- A member of Alumni of Aroonpradit school, Petchaburi province to celebrate the 150 th anniversary of the school.

Training History

- Director Certification Program (DCP), Class of 131/2010, Thai Institute of Directors
- Financial Statement for Directors (FSD), Class of 8/2553, Thai Institute of Directors
- Mini - M.B.A., Faculty of Commerce and Accountancy, Chulalongkorn University
- The Boss (Class of 7)
- RECU course class 43, Faculty of Architecture, Chulalongkorn University.
- High-level Insurance course class 3 from OIC Advanced Insurance Institute (OIC All)



Associate Professor Dr. Aekkachai Nittayagasetwat

**Position : Independent Director,
Audit Committee Member and
Remuneration Committee Member**

Age 52 years

Percentage of Shareholding

as of December 31, 2015
- none-

Educational Background

- Ph.D. (Finance), University of Mississippi, U.S.A.
- M.B.A. (Finance), National Institute of Development Administration, Thailand
- B.Sc. (Chemical Technology majoring in Chemical Engineering), Chulalongkorn University, Thailand

Work Experience

Present:

- Independent Director , Audit Committee Member and Remuneration Committee Member of Stars Microelectronics (Thailand) Public Company Limited
- Audit Committee Member of Panjatatana Plastic Public Company Limited
- Chairman of Audit Committee of Getabec Company Limited
- Chairman of Audit Committee of GT Wealth Management Company Limited
- Associate Professor of Finance, National Institute of Development Administration (NIDA)
- Chairman of Audit Committee of Universal Absorbance and Chemicals Public Company Limited
- Chairman of Audit Committee of TRC Construction Public Company Limited

Past:

- Dean of NIDA Business School, National Institute of Development Administration
- Associate Dean of NIDA Business School, National Institute of Development Administration
- Associate Dean for Academic Affairs, GSBA, NIDA
- Securities Analyst and Investment Banking Officer, Mithai Europartmer Finance and Securities Co., Ltd.

Training History

- Financial Risk Manager (FRM), Global Asset Risk Professionals (GARP)
- Listed Companies Association on "Listed Firms Financial Distress Prediction" and "The Stability of The Thai Capital Market" Projects
- Stock Exchange of Thailand on "Securities Business after Brokerage Firms" Project
- Executive Leadership Program (ELP), National Institute of Development Administration, Thailand and The Wharton School, University of Pennsylvania
- Compensation Program, Thai Institute of Directors



Associate professor Dr. Kamphol Panyagometh

**Position : Independent Director,
Audit Committee Member and
Chairman of Risk Management
Committee**

Age 43 years

Percentage of Shareholding

as of December 31, 2015

- none-

Educational Background

Ph.D. in Finance, Schulich School of Business, York University, Canada

M.B.A (Finance Major), National Institute of Development Administration

B.Sc. (Microbiology), King Mongkut's Institute of Technology Thonburi

Work Experience

Present:

- Independent Director, Audit Committee Member and Chairman of Risk Management Committee of Stars Microelectronics (Thailand) Public Company Limited
- Independent Director, Audit Committee Member and Chairman of Risk Management Committee of Hydrotek Public Company Limited
- Director of MSc in Financial Investment and Risk Management, NIDA Business School
- Associate Professor in Finance, NIDA Business School
- Asset Allocation and Portfolio Management Consultant, Finansia Asset Management
- Investment Committee, National Institute of Development Administration (NIDA)
- Board of Directors, Asian Finance Association

- Sub-committee of Foreign Asset Management Company Selection, Social Security Fund
- Regional Director in Thailand, Global Association of Risk Professionals
- CFA Society of Thailand Board of Directors

Past:

- Risk Management Consultant, One Asset Management
- Sub-committee of Education, Thai Financial Planners Association (TFPA)
- Director of University Liaisons, CFA Society of Thailand
- Research Associate, The Individual Finance and Insurance Decisions Centre, Canada
- Financial Lecturer, Schulich School of Business, York University, Canada
- Research Assistant, Schulich School of Business, York University, Canada
- Finance Officer, Asia Pacific Corporation
- Securities Analyst, Thana One Securities

Training History

- Director Accreditation Program (DAP), Class of 90/2011, Thai Institute of Directors
- Chartered Financial Analyst (CFA)
- Financial Risk Managers (FRM)
- Certified Financial Planners (CFP)
- NIDA-Wharton Executive Leadership Program

The image is a full-page background graphic. It features a person in a dark suit and tie, with their right hand reaching out towards a digital interface. Overlaid on the hand and the background are white, glowing circuit board patterns and a grid of dots. The left side of the image is dominated by large, diagonal, overlapping geometric shapes in shades of teal, light blue, and dark blue. The overall aesthetic is modern and technological.

MANAGEMENT STRUCTURE

MANAGEMENT STRUCTURE

BOARD OF DIRECTORS

At present, the company's Board of Directors comprises nine members, two of whom are executives, four independent directors, and three non-executives.

The company has no directors who are the director of more than 5 companies. The company has no policy to allow its executive directors to be the company directors of other companies more than 2 companies exclusive of the company's subsidiary company's interests. The company has more than one non-executive director who has experience about the company's business.

Name of Director		Position
1	Mr. Somnuk Chaikul	Chairman and Chairman of Executive Committee
2	Mr. Prompong Chaiku	Director, Executive Director and Risk Management Committee Member
3	Mr. Chong Kwen Sam	Director
4	Mr. Prasart Yunibhand	Director and Remuneration Committee Member
5	Mrs. Poonpun Chaikul	Director
6	Mr. Dheerasak Suwannayos	Independent Director and Chairman of the Audit Committee
7	Associate professor Dr. Preecha Jarungidanan	Independent Director, Audit Committee Member and Chairman of Remuneration Committee
8	Associate professor Dr. Aekkachai Nittayagasetwat	Independent Director, Audit Committee Member and Remuneration Committee Member
9	Associate professor Dr. Kamphol Panyagometh	Independent Director, Audit Committee Member and Chairman of Risk Management Committee

Mr. Yunyong Sawasdi is the Company's Secretary

THE NINE MEMBERS OF THE BOARD OF DIRECTORS HAVE NO FORBIDDEN QUALIFICATION AS FOLLOWS:

1. Never dishonestly committed an offence against property.
2. Never entered into any transaction which may cause conflict of interest against Stars Microelectronics (Thailand) Plc., during the year.

Notes: Independent directors that meet all the requirements specified in the Company's list of qualifications of an independent director are number 6, 7, 8, and 9

SCOPE OF AUTHORITIES AND DUTIES OF THE BOARD OF DIRECTORS

1. Manage and operate the company's business according to law, company objectives, rules and regulations, as well as shareholders' meeting resolutions with honesty and in keeping with the company's interests.

2. Assume the authority to appoint a specified number of directors, the company's, executives, any person and/or outside persons as the company's Executive Committee to carry out one or more duties as assigned by the Board of Directors. It also has the authority to appoint committees such as the Nomination Committee, the Remuneration Committee as deemed appropriate. It also has the authority to appoint the authorized person to act on behalf of the Board of Directors under its control. It has the authority to terminate, cancel, set the terms of office, correct and change the authority as deemed appropriate. Besides, it has the authority to hire, appoint, transfer, remove, terminate, set the terms of office, fix the salary and fringe benefits for the person in the position of the Chief Executive Officer (CEO) as deemed appropriate or proposed by the Executive Committee or the Nomination Committee.

3. Approve and set goals, policies, annual operational plans and annual budgets for the company as well as control and supervise the administration and the management of executives and any other persons assigned to carry out duties to ensure that it achieves the goals set and is in accordance with the goals, policies and plans set by the Board of Directors.

4. Consider, review, investigate and approve the company's policies, directions, strategies, and business operation plans of large investment projects proposed by the Board.

5. Maintain operations to ensure that they are in accordance with operational plans and budgets.

6. Consider the approval of investments in business expansion and joint ventures with other operators, companies, or businesses.

7. Set policy for control and supervision of the management of subsidiaries and/or affiliated companies.

8. Assume the authority to consider items for submission to shareholders for approval regarding the termination of use and the disposal or the sale and leaseback of assets according to the pertaining regulations in cases where the accounting net value exceeds 30 million baht.

9. Consider and approve other important operations regarding the company or those deemed appropriate for the company's benefit.

The authority described above excludes the following matters which require prior permission obtained at the shareholders' meeting. These matters include:

- (a) any matter mandated by law to require shareholders' meeting resolutions, and
- (b) any matter in which directors have interests and which by law requires approval obtained at the shareholders' meeting such as those regarding connected transactions and acquisition or disposition of the company's major assets according to relevant laws.

The following matters must be approved by a majority of votes of Board meeting attendees and no less than three quarters of the total number of possible votes at the shareholders' meeting:

- (a) the sale or transfer of major parts of the company's business or the entire business
- (b) the purchase or acceptance of the transfer of another company's business or private company
- (c) the making, amending, or terminating of agreements regarding the leasing of major parts of the company's business or the entire business and the assignment of other parties to manage the company's business or consolidation with other businesses with the objective to share profit and loss
- (d) the amendments of the MOA (memorandum of association) or regulations thereof
- (e) the increasing or reducing of capital and issuing of debenture bonds
- (f) mergers and closures
- (g) other actions stipulated by the laws, rules and regulations of the Securities Exchange of Thailand to gain approval of the Board and the shareholders' meeting with the votes as stated above.

It is noted that any Board member with interests or conflicts of interests with the company and/or its subsidiaries is not allowed to vote in that particular matter.

In addition to the Board of Directors, the company has set up four sub-committees to help manage operations, screen matters, and make decisions according to corporate good governance practices.

The Executive Committee

The Audit Committee

The Remuneration Committee

The Risk Management Committee

THE EXECUTIVE COMMITTEE

Executive Committee comprises 7 Directors

	Name of director	Position
1	Mr. Somnuk Chaikul	Chairman of the Executive Director
2	Mr. Peerapol Wilaiwongstien	Executive Director
3	Mr. Yunyong Sawasdi	Executive Director
4	Dr. Kavee Techapichetvanich	Executive Director
5	Mr. Prompong Chaikul	Executive Director
6	Dr. Tattee Khayim	Executive Director
7	Dr. Pichit Saengpongpaew	Executive Director

ROLE AND AUTHORITY OF EXECUTIVE DIRECTORS

1. COMPONENT AND APPOINTMENT

- 1.The Board of Directors appoints the Executive Committee.
- 2.The persons to be appointed can be selected from members of the Board of Directors, members of the top management of the company and/or outside persons. Those persons must be capable and knowledgeable. They must have enough time to dedicate their knowledge and ability to the company.
3. Have qualifications which are not against the Public Limited Company Act and other related law.
4. The Executive Director can not be a partner or a director of other companies which operate the same business and compete with the company either for own interests or other people's interests except that the Executive Director has informed the Board of Directors before being appointed.

2. TERMS OF OFFICE OF EXECUTIVE DIRECTOR

- 1.The Executive Director has the terms of office for 2 years from the appointment date. The Board of Directors can change or adjust the terms of office of the Executive Director. The Executive Director who vacates the office can be reappointed. The Board of Directors appoints the Executive Directors to fill the vacancy.
2. Resignation

3. DUTIES AND RESPONSIBILITIES

1. Assign administration and management to set policies, goals, annual operational plans and annual budget as well as establish business strategies for submission to the Board of Directors for approval
2. Control and ensure that the company's business operations are in the company's rules and regulations, as well as policies, goals, annual operational plans, annual budget, and business strategies approved at the Board of Directors.
3. Evaluate the company's and various department's general performance on a quarterly basis
- 4.Coordinate with the Board of Directors in setting directions and guidelines in deciding on the Mission for administration and management. The committee establishes long term plans and business goals that are in line with policies, annual operational plans and annual budget approved by the Board for further execution by the administration and the management
- 5.Control, review, and monitor administration and management's operations follow according to policies set by the Board of Directors
6. Issue orders, regulations, announcements, and stipulations to ensure that the company's operations are in accordance with its policies, for the benefit of the company and to maintain discipline within the organization
7. Consider, approve or authorize to hire, appoint, transfer, remove, discharge or terminate, fix the salary for the top management of the company from the level of Chief Executive Officer to department directors. The Chairman of Executive Committee has the authority to take action.

For the CEO position, in case of hiring, appointing, transferring, removing, terminating and fixing the salary, the Chairman of the Executive Committee has authority to submit to the Board of Directors' Meeting to consider and approve.

8. Consider and approve the salary structure and other fringe benefits of the management and employees of the company and submit to the Remuneration Committee to submit further to the Board of Directors for approval.

9. Consider and approve the change and improvement of management structure, rules and regulations and working procedure of each department and submit to the Board of Directors to approve.

10. Review balance sheets, profit and loss statements, cash flow projections, and investment plans and then submit them to the Audit Committee for consideration and approval for submission at the shareholders' meeting (if necessary) for approval

11. Make recommendations and provide consultancy for the Board for decision making regarding the company's business

12. Assign administration and management to prepare reports regarding the company's performance, financial statements, investment budget, and address major problems or risk management issues for submission to the Board of Directors for acknowledgment and/or approval

13. Determine marketing and sales strategies that are in line with annual operational plans and the annual budget

14. Consider tendering bids or participating in bid tenders under 100 million baht

15. Approve the purchase of machinery budget for transactions under 30 million baht (both single transactions or a series of transactions) totaling no more than 100 million baht or equivalent except approved by the Board and/or stated in annual operational plans or the annual

16. have the authority to terminate the use, disposal, sale or lease back of assets according to the pertaining regulations and guidelines in cases where the net accounting value is over one million baht but no more than 30 million baht

17. Consider the lending, borrowing, or securing of capital, requests for, granting, or guaranteeing of credit, and investments in instruments guaranteed by the Ministry of Finance, commercial banks or any other appropriate instruments for submission to the Board of Directors for approval

18. Submit matters that the Board considers important and require Board approval to the Board for consideration

19. Perform other duties assigned by the Board with the necessary authority to perform the duties

4. EXECUTIVE COMMITTEE MEETING

(a) The Executive Committee must hold a meeting at least once a month. The Executive Directors must attend the meeting regularly.

(b) To form a quorum in an Executive Committee Meeting to carry out any procedure described above, no less than half of the total number of directors must attend the meeting.

(c) A director is entitled to one vote in the Executive Committee meeting.

(d) For a resolution to pass, it must get no less than half of the total votes of directors attending the meeting, except in passing a resolution regarding items nos. 1, 10, 12, 14 and 15 above, which require no less than three-fourth of votes of the total number of company directors.

(e) The Executive Committee may appoint a sub-committee, working committee and/or person to monitor the items to be submitted to the Executive Committee, carry out any procedures for the Executive Committee's operations or conduct any matter in lieu as assigned by the Committee within the scope of its authority and duties.

It is to be noted that the approval of said items shall not be of the nature in which the Executive Committee or an authorized party thereof can approve transactions which they may have interests in, conflicts with or may have conflicts of interest with the company, its subsidiaries or related companies (according to the regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission (SEC)). The Committee shall submit such transactions to the Board of Directors and/or shareholders at the shareholder's meeting for consideration and approval in accordance with related regulations, announcements or laws. Exempt from this procedure is the approval of those items that are normal business transactions, the scope of which are clearly defined.

5. REMUNERATION FOR EXECUTIVE DIRECTOR

The Executive Director who is entitled to receive the remuneration from the company must be the Executive Director from outside only. The Board of Directors sets the remuneration for the Executive Directors.

REMUNERATION COMMITTEE

For corporate good governance and in compliance with the “2012 Principles of Corporate Good Governance for Listed Companies” the Board of Directors has established the Remuneration Committee to consider the structure and the criteria for remuneration of directors and the Chief Executive Officer and provides comments for the Board of Directors.

- The Board of Directors approves the remuneration of the Chief Executive Officer.
- The Board of Directors proposes the Remuneration of Directors at the shareholders' meeting for approval.

The Company's Remuneration Committee comprises the following three members:

Name of remuneration director		Position
1	Associate Professor Dr. Preecha Jarungidanan	Chairman of Remuneration Committee
2	Mr. Prasart Yunibhand	Remuneration Committee Member
3	Associate professor Dr. Aekkachai Nittayagasetwat	Remuneration Committee Member

* Chairman of The Remuneration Committee is an Independent Director.

The Remuneration Committee is a committee appointed to make recommendations regarding consideration of remuneration of the directors, committee members, sub-committee members, Chief Executive Officer, consultants to the Board of Directors and the company's secretary to ensure transparency and fairness. The Remuneration Committee is totally independent in performing its duties according to the charter.

1. ORGANIZATION AND APPOINTMENT

- The Board of Directors considers the appointment of the Remuneration Committee.
- The Remuneration Committee comprises at least three members with the majority being independent directors.
- The chairman of the Remuneration Committee to be appointed must be an independent director.
- The company's secretary shall be the Remuneration Committee's secretary with the duty to provide support to ensure the Remuneration Committee's operations run smoothly.

2. TERM OF OFFICE

The Remuneration Committee's term of office is three years from the date of appointment by the Board of Directors. Those who have completed the term may be re-appointed with the majority of votes at the Board of Directors' meeting. As for a replacement committee member when there is a vacancy, the Board of Directors considers the selection and further appointment.

3. DUTIES AND RESPONSIBILITIES

The Remuneration Committee has the following major duties and responsibilities:

1. Submit proposals regarding remuneration for committees, sub-committees, the Chief Executive Officer, and the Board's consultants to the Board of Directors and/or shareholders' meeting for approval
2. Determine the annual retainer fee and the meeting attendance fee and other remuneration as appropriate considering the guidelines practiced by other companies in the same industry, the company's performance, as well as the responsibilities, knowledge, capabilities, and experience of directors, the Chief Executive Officer or the consultants required by the company
3. Call the management, supervisors and/or any person concerned to attend meetings to clarify matters or ask and answer questions and/or provide documentation for consideration regarding remuneration. The committee appoints independent experts as appropriate both from within and outside the company at the company's expense and within the budget approved by the Board of Directors for consultancy as well as makes recommendations regarding decisions on remuneration
4. Set the principles of reporting and submit evaluation reports on the performance of the Board, committees, sub-committees, the Chief Executive Officer, and the Board's consultants to the Board of Directors
5. Report results on the fulfillment of duties to the Board of Directors every time there is a Remuneration Committee meeting and report the name list, scope of the Remuneration Committee's authority and duties to shareholders on the Registration Statement Form (Form 56-1) and in the annual report (Form 56-2), for example
6. Consider, review, and make recommendations in case there are changes regarding the Remuneration Committee's charter to the Board of Directors for approval of amendments as appropriate or in accordance with the rules and regulations of agencies concerned
7. Consider and carry out other duties assigned by the Board of Directors on occasion Meetings

4. MEETINGS

1. The Remuneration Committee shall hold a meeting at least once a year as necessary and appropriate.
2. The Remuneration Committee Chairman shall set the agenda of each meeting and chair the meeting where minutes are taken and meeting records are kept.
3. The meeting agenda and meeting documents shall be forwarded to the Remuneration Committee in advance prior to the meeting.
4. To form a quorum, no less than half of the Remuneration Committee members must be present.
5. The Remuneration Committee's meeting resolutions are reached according to the majority of votes of the committee members attending the meeting. Members with interests in any matter shall not consider or pass a resolution therein.

5. REPORTING

The Remuneration Committee shall report its performance to the Board of Directors and shall report on its duties during the past year to shareholders in the annual report detailing the following:

1. name list of the Remuneration Committee
2. the number of meetings held
3. the number of times each remuneration committee member attended the meetings
4. results of their performance according to the charter

THE AUDIT COMMITTEE

The Audit Committee, appointed by the Board of Directors, comprises four independent directors who are experts in such fields as accounting and finance economics and risk management.

The Company's audit committee comprises the following four members:

Name of remuneration director	Position
1 Mr. Dheerasak Suwannayos	Chairman of the Audit Committee
2 Associate professor Dr. Preecha Jarungidanan	Audit Committee Member
3 Associate professor Dr. Aekkachai Nittayagasetwat	Audit Committee Member
4 Associate professor Dr. Kamphol Panyagometh	Audit Committee Member

Three out of four member of the Audit Committee - Mr. Dheerasak Suwannayos, Associate professor Dr. Aekkachai Nittayagasetwat and Associate professor Dr. Kamphol Panyagometh are knowledgeable and experienced enough to review the reliability of the financial statements .

The secretary to the Audit Committee is Miss Sunan Wongmutthavanich. She is now Assistant Director-Internal Audit Department

THE AUDIT COMMITTEE'S SCOPE OF AUTHORITIES AND DUTIES

(1) THE AUDIT COMMITTEE HAS THE FOLLOWING DUTIES AS ASSIGNED BY THE BOARD OF DIRECTORS:

- Review the company's financial reports to ensure accuracy and adequacy
- Review the company's internal controls and internal audit systems to ensure their suitability and effectiveness, preserve the independence of the internal audit work unit, and approve appointments, movement, and termination of the chief of internal audit or any other unit responsible for internal audits
- Review operations to ensure the company's compliance with the law and regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission (SEC) as well as laws related to the company's business
- Consider, select and nominate independent persons to become the company's auditors, propose remuneration of said persons, Including termination of external audit and meet with auditors without the management being present at least once a year
- Assess connected transactions or those that might have conflicts of interest so that they are in accordance with the law and regulations of the Stock Exchange of Thailand as well as ensure that the transactions are justifiable and for the company's maximum benefit
- Prepare the Audit Committee's report and include it in the company's annual report which shall be signed by the Chairman of the Audit Committee and contain at least the following information:
 - comments regarding the accuracy and reliability of the company's financial report
 - comments regarding the adequacy of the company's internal control system
 - comments regarding compliance with the law and regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission (SEC) as well as laws related to the company's business
 - comments regarding the suitability of auditors
 - comments regarding transactions that might involve conflicts of interest

- the number of the Audit Committee meetings and attendance records of each Audit Committee member
- comments and general observations made by the Audit Committee in conducting its duties according to the charter
- other items deemed of note for shareholders and general investors within the scope of duties and responsibilities assigned by the Board of Directors

7. Address any other matters assigned by the company's Board with the Audit Committee's approval

(2) THE AUDIT COMMITTEE'S RESPONSIBILITIES

The Audit Committee is directly accountable to the Board of Directors and the company's Board maintains responsibility for the company's performance regarding outside parties.

(3) THE AUDIT COMMITTEE'S AUTHORITY

1. The Audit Committee has the authority to seek unbiased comments from other professional consultants when necessary at the company's expense.
2. The Audit Committee has the authority to call for information from various work units of the company for additional consideration of various matters.

(4) THE AUDIT COMMITTEE MEETING

1. The meeting. The Audit Committee holds a meeting at least once every quarter. In case of urgency, any Audit Committee member or a company director may ask for an Audit Committee meeting to be held.

2. Voting. Any Audit Committee member with any interest in the matter under consideration is prohibited from making comments and voting regarding the matter. The Audit Committee's secretary carries no vote.

3. Meeting reports. The Audit Committee's secretary or person assigned by the Audit Committee shall take minutes and prepare the Audit Committee meeting reports. The reports shall then be submitted to the Audit Committee for approval and for further submission to the Board of Directors so that the Board is informed of the Audit Committee's activities.

(5) THE AUDIT COMMITTEE'S REPORTING

In carrying out its duties, the Audit Committee is required to report to the company's Board so improvements and corrections can be made within the time period the Audit Committee sees appropriate if it finds or suspects any of the following situations which might have significant impact on the company's financial status and operational results:

1. transactions where there are conflicts of interest,
2. misappropriation or major impairment of the internal control system,
3. violation of the law or rules and regulations of the Stock Exchange of Thailand or laws related to the company's business.

After reporting such matters which might have significant impact on the company's financial status and operational results to the Board of Directors and after joint decision with the Board of Directors and the management on improvements and corrections to be made, if the Audit Committee finds negligence in implementing the decisions in a timely manner without justifiable cause, a designated Audit Committee member may report such findings to the Stock Exchange of Thailand or the Office of the Securities and Exchange Commission (SEC).

RISK MANAGEMENT COMMITTEE

The company has appointed the Risk Management Committee in compliance with the practice of good corporate governance according to the Securities Exchange of Thailand regarding risk management. The company also sees that good risk management will help add to its value for shareholders while promoting stable and sustainable growth and boosting its competitiveness. The Risk Management Committee was set up as a unit to study, follow up on, evaluate and prioritize risks, and then provide the Board of Directors with advice regarding reduction of risks and taking action

to reduce risks that may result either from internal and external factors.

The Board of Directors has set the risk management policy stressing that the company manages the risks all over the organization to reach the targets of risk management. The Risk Management Committee sets the targets and indicators of risk measurement. They have an improvement plan and report the risk management to the Audit Committee and the Board of Directors to acknowledge in every meeting.

The Risk Management Committee comprises the following eight members :

Name of Risk Management Committee	Position
1 Associate Professor Dr.Kamphol Panyagometh	Chairman of the Risk Management Committee
2 Dr. Kavee Techapichetvanich	Risk Management Committee Member
3 Mr. Prompong Chaikul	Risk Management Committee Member
4 Mr. Nattapon Phuenpathom	Risk Management Committee Member
5 Mr.Khemarat Langkarpint	Risk Management Committee Member
6 Mr.Thaweechai Ngamlertsirichai	Risk Management Committee Member
7 Mr.Jirawath Chanyu	Risk Management Committee Member
8 Miss. Sunan Wongmutthavanich	Risk Management Committee Member

* Chairman of Risk Management Committee are Independent Director

COMPONENTS

1. The company's Board of Directors consider and appoints the Risk Management Committee.

2. The Risk Management Committee comprises independent directors and no less than five top level executives from major division of the company.

3. The term of office is of two types:

* For independent directors, the term of office for the position is three years. Pertaining to this, the director whose term has been completed may be chosen to resume the position in the committee. In the case where a committee member resigns of a

position becomes vacant before the term is over, the Board of Directors may appoint another independent director to hold the position for the rest of the term of office of the committee member replaced.

* For top level executive directors, the term of office lasts as long as the executives hold the top level executive position in a particular division. In the case where a position held by a top executive becomes vacant, an individual with similar qualifications and the same or equivalent position shall be appointed as replacement. The replacement individual shall be a member of the committee until he is promoted or moved, resigns or is terminated, or for any reason is rendered unable to work in the position.

DUTIES AND RESPONSIBILITIES

1. Set risk management policies and plans, prepare risk reports for submission to the Board of Directors for consideration and approval in determining appropriate risk management plans and implementation within the company.

2. Study, evaluate and follow up on the risks that may emerge as well as set policies and an Integrated Risk Management framework to cover major risks both from internal and external factors including the following:

2.1 internal factor

- Business risk
- Financial risk
- Operation risk

2.2 external factor

- Economic risk
- Regulatory / Political risk etc.

3. Supervise and follow up regularly on the implementation of risk management policies to ensure efficient and continuous risk management practices.

4. Review and check risk management reports regularly to follow up on significant risk and to see to that the risks are management adequately and properly.

5. Provide regular reports to the Board of Directors regarding risks, risk management, as well as the risk situations the company faces, and improvements or corrections needed to be in accordance with the set risk management policies

6. Have the authority to appoint a work group and/or additional staff, or hire external independent experts as necessary to study, evaluate, follow up on and make recommendations regarding risk management.

7. Prepare the Risk Management Committee's annual performance reports as well as determine goals and plans for the following year for submission to the Board of Directors

8. Consider, review and make recommendations regarding any changes in the charter of the Risk Management Committee for submission to the Board of Directors to request approval of improvement of the charter so that it is appropriate or in accordance with the rules and regulations of the agencies concerned.

9. Perform any other duties regarding risk management as assigned by the Board of Directors.

THE RISK MANAGEMENT COMMITTEE MEETING

1. The Risk Management Committee must hold at least four meetings annually as necessary and appropriate.

2. No less than half of the Risk Management Committee members are required at each meeting of the Risk Management Committee to constitute a quorum.

3. The resolution of the Risk Management Committee is decided by the majority votes of the members participating in that particular meeting.

4. The Risk Management Committee may invite other people concerned with an agenda item to participate in the meeting as necessary.

5. Meeting documents must be delivered to each of the Risk Management Committee no less than seven days before the meeting date. Meeting minutes must be prepared and delivered to the Risk Management Committee members within 14 days after the meeting is completed.

6. The secretary of the Risk Management Committee is responsible for arranging meetings including the meeting venue, the meeting agenda and the meeting documents.

THE REPORTING WORK RESULTS

The Risk Management Committee must report its work in dealing with and in managing risk as well as risk situations on each of the specified headings to the Board of Directors to ensure that the Board is aware of and realizes the factors that may have significant impact to the company's business operations.

SCOPE OF THE AUTHORITY AND DUTIES OF CHIEF EXECUTIVE OFFICER

1. Oversee, run and carry out regular business duties for the benefit of the company and manage the company's operations according to the policies, goals, operational plans, annual budget and related strategies set by the Board of Directors and/or assigned by Executive Committee.

2. Supervise operations regarding finance, marketing, human resources management and other operations in general so that they are in accordance with the company's policies, and annual business operational plans set by the Board of Directors and/or the Executive Committee.

3. Have the authority to hire, appoint, transfer, discharge or terminate, fix the salary and fringe benefits, bonus and increase or adjust the salary for the employees whose positions are from the "Chief" level to the department directors. This must be approved by the Board of Directors or the authorized person by the Board of Directors.

4. Have the authority to hire, appoint, transfer, discharge or terminate, fix the salary and fringe benefits, bonus and increase or adjust the salary for the employees whose positions are lower than the department directors.

5. Approve the purchase of machinery under a limit (whether it is one or a series of transactions) of four million baht per transaction, and no more than 20 million baht per year except in cases where

approval has been received from the company's Board and/or the purchase has appeared in annual business operational plans or the annual budget.

6. Have the authority to approve the termination of use, disposal, sale and leaseback of assets according to the pertaining regulations in cases where the accounting net value is not over one million baht.

7. Submit proposed contracts and/or transactions for the company's benefit to the Board of Directors' meeting for approval.

8. Have the authority to approve the purchase of raw materials in the Western Digital (WD) project valued at no more than 150 million baht or equivalent per transaction.

9. Carry out other duties assigned by the Board of Directors and/or the Executive Committee with the authority to carry out any procedures necessary for fulfilling said duties.

It is noted that in conducting matters in which the Chief Executive Officer, authorized person or persons with possible conflicts (according to the policy of the Stock Exchange of Thailand) has interests or conflicts of interests with the company and/or its subsidiaries, and/or related companies, the Chief Executive Officer has no authority to decide such matters.



DETAILS OF THE BOARD OF DIRECTORS' MEETINGS, SUB-COMMITTEE MEETINGS, AND THE 2015 SHAREHOLDERS' ANNUAL GENERAL MEETING

Name list	Attendance in Board of Director Meeting	Attendance in Audit Committee Meeting	Attendance in Remuneration Committee Meeting	Attendance in Risk Management Committee Meeting	Attendance in Shareholders 'Annual General Meeting '2015
1 Mr.Somnuk Chaikul	4/4	-	-	-	1/1
2 Mr. Prompong Chaikul	3/4	-	-	1/4	1/1
3 Mr. Chong Kwen Sam	4/4	-	-	-	0/1
4 Mr.Dheerasak Suwannayos	0/4	0/4	-	-	0/1
5 Mr. Prasart Yunibhand	4/4	-	3/3	-	1/1
6 Associate professor Dr. Preecha Jarungidanan	3/4	4/4	3/3	-	1/1
7 Mrs. Poonpun Chaikul	4/4	-	-	-	1/1
8 Associate professor Dr. Aekkachai Nittayagasetwat	4/4	4/4	3/3	-	1/1
9 Associate professor Dr. Kamphol Panyagometh	4/4	4/4	-	4/4	1/1

**Annual General Meeting year 2015 on 27 April 2015

BOARD OF DIRECTORS' MEETINGS

The company has already set the dates for the Board of Directors' meeting and the Audit Committee's meetings for 2016 and has already informed all related directors.

The company plans to hold Board of Directors' meetings 6 times a year. The company secretary will send the invitation letters with agendas 7 days in advance in order for all directors to become familiar with the meetings in advance.

GUIDELINES FOR MANAGEMENT COMPENSATION

The Remuneration Committee considers the remuneration of directors and Chief Executive Officer, submitting the proposal to the Board of Directors for approval. Remuneration for the Board of Directors requires approval of the shareholders at a shareholders' meeting. The company's guidelines regarding management compensation are laid down as follows:

1. The company determines appropriate remuneration to attract and retain directors with suitable knowledge and capabilities for the company. Principal factors in the consideration include:

- * the company's performance,
- * responsibilities assigned to directors, and
- * average remuneration rate of businesses in the same industry.

2. Directors' remuneration consists of an annual retainer fee and meeting attendance fee.

GUIDELINES FOR HIGH LEVEL EXECUTIVES

The Executive Committee will consider remuneration of high level executives including those in Chief positions, senior directors and directors of various departments to maintain pay at an appropriate level in order to attract and retain executives with suitable knowledge and capabilities for the company. Principal factors in the consideration include:

- * the company's performance
- * the Key Performance Indicators - KPI when considering an increase in remuneration or annual salary raise
- * average remuneration rate in the industry

In addition, the company may also seek consultation from experts in Human Resources Management at the company's expense.

QUALIFICATIONS OF BOARD OF DIRECTORS

1. Possess the qualifications required by law (Public Company Act and Securities and Stock Exchange Act)
2. Be knowledgeable, capable, and experienced in matters beneficial to business operations, and be forthright and possess ethics in business operations
3. Have reliable discretion independent from management and any other interest groups
4. Be able to devote adequate time to the company and pay attention to fulfilling responsibilities

QUALIFICATIONS OF THE EXECUTIVE COMMITTEE

1. Have vision, initiative and integrity
2. Be knowledgeable, capable, and experienced in matters beneficial to the business operations, and be forthright and possess ethics in business operations
3. Able to devote adequate time to the company and pay attention to fulfilling responsibilities

QUALIFICATIONS OF AUDIT COMMITTEE

1. The Audit Committee comprises at least three independent directors.
2. The Audit Committee is appointed by the Board or the shareholders
3. The Audit Committee members must not be persons assigned by the Board to make decisions regarding the company, its parent company, subsidiaries, associate companies, affiliates or corporate bodies that might have conflicts.
4. The Audit Committee members must have adequate knowledge and experience to fulfill duties as Audit Committee members; it is noted that there must be at least one Audit Committee member who is knowledgeable and experienced enough to review the reliability of the financial statements.

QUALIFICATIONS OF REMUNERATION COMMITTEE

1. The Remuneration Committee members must be company directors and not Chairman of the Board of Directors.
2. The Remuneration Committee must consist mainly of independent directors.
3. The Remuneration Committee members must be knowledgeable, capable, and experienced as well as understand the qualities, duties, and responsibilities as a committee member considering remuneration.
4. The Remuneration Committee members must be able to devote adequate time to fulfill the Remuneration Committee's duties.

QUALIFICATIONS OF INDEPENDENT DIRECTORS

Independent directors carry out duties assigned by the Board of Directors independently from major shareholders and the company's management and meet all the qualification requirements stipulated by the Office of the Securities and Exchange Commission (SEC). Independent directors shall form at least one-third of the total number of the directors but must be no less than three. Each director must have the following qualifications:

1. Must not hold shares in excess of 1% of the total voting shares of the Company, its parent company, subsidiaries, associate companies or corporate bodies that may have conflicts of interest. This also covers shareholding of persons associated with independent directors.
2. Must not be a board member, employee, staff, consultant earning regular salary or person with controlling interest, or a person with the authority to make decisions within the company, its subsidiaries, associate companies or corporate bodies that may have conflicts of interest, unless having been relieved of such conditions for no less than two years prior to the appointment.
3. Must not be a person who is related through kinship or legitimate registration as a father, mother, spouse, sibling, child or spouse of a child of a management executive or major shareholder, a person with controlling interest or person to be nominated as an executive or person with controlling interest of the Company or its subsidiaries.
4. Must not have a business relationship with a company, parent company, subsidiaries, associate companies or corporate bodies with possible conflicts that might impair independent judgment. Independent directors must not be major shareholders or persons with controlling interests under those with a business relationship with the company, its parent company, subsidiaries, associate companies or corporate bodies with possible conflicts unless having been relieved of such conditions for no less than two years prior to the appointment. Business relationship in the above paragraph includes any trading transactions in the ordinary course of business, granting and taking a lease of real property, any transaction relating to assets or services, the grant or acceptance of financial assistance worth from three percent of the net tangible assets or from 20 million baht over above, whichever is lower. Debts incurred during the year before the business relationship with the same person are also counted.
5. Must not be auditor of a company, its parent company, subsidiaries, associate companies or corporate bodies with possible conflicts and must not be a major shareholder with the authority to control nor a partner of an audit firm that audits a company, its subsidiaries, associate companies or corporate bodies that might have conflicts unless having been relieved of such conditions for no less than two years prior to the appointment.
6. Must not be a person who provides any professional services, including legal counseling or financial consulting services, receives annual service fees over two million baht from the company, subsidiaries, associate companies or corporate bodies with possible conflicts and must not be a major shareholder with the authority to make decisions or a partner of an entity providing such professional services unless having been relieved of such conditions for no less than two years prior to the appointment.
7. Must not be a board member who is appointed to be a representative board member of the company, major shareholder, or shareholder who is associated with a major shareholder.
8. Must not have any other attributes that may prevent him/her from freely expressing opinions about the Company's operations.

SELECTION OF DIRECTORS AND INDEPENDENT DIRECTORS AND MEMBERS OF REMUNERATION COMMITTEE

Although the company has no Nomination Committee to select persons to become directors, the company has a policy to search for and select persons considering

The new directors recruited must possess knowledge, ability and experience related to the company's business and are in line with the company's business strategies now and in the future.

Principles in appointment and removal of directors are as follows:

1. The Company's Board

Comprises at least five directors and no more than 15 directors. No less than half of the directors must have residence in the Kingdom and must meet the qualifications stipulated by law. Directors are not allowed to conduct business as partner or director of other corporate bodies of a similar nature or conduct business in competition with the company, except when the shareholders have been informed at a meeting prior to the appointment.

2. The shareholders appoint directors

By the majority of votes according to the following principles and methods.

- 2.1 Shareholders are entitled to one vote per share.
- 2.2 Shareholders are to vote for directors one candidate at a time.
- 2.3 Persons winning the highest number of votes are selected as directors, of which the number is equal to that required or to be selected on that occasion; in the case of an equality of votes, the Chairman shall cast the deciding vote.

3. At every annual general meeting, one-third of the directors shall retire from office. If the number of directors to retire from office is not a multiple of three, then the number of directors closest to one-third shall retire. The directors to retire from office pursuant to the first paragraph in the first and the second years shall be determined by drawing lots. In every subsequent year, the directors who have served longest in office shall retire. A retiring director based on the preceding shall be eligible for re-election.

4. If an office of director is vacated other than by rotation The Board of Directors may appoint a person who is qualified and is not prohibited under the law as a director in his place at the following meeting of the Board of Directors unless the remaining tenure of the director is less than 2 months. The replacement director shall assume the director's office for only as long as the remaining tenure of the replaced director.

5. At a meeting, The shareholders may pass a resolution for any director to leave the office before the end of their term with no less than three-fourths of the shareholders attending the meeting, having the right to vote and having total shares of no less than half of the shares held by the shareholders attending the meeting.

THE ORIENTATION FOR THE NEW COMPANY DIRECTORS

The Board of Directors has set the policy to provide an orientation to all new company directors due to the realized importance of providing them with the knowledge and understanding of the company's business and procedures needed prior to attending their first Board of Directors' meeting. The company secretary prepares useful and necessary documents for new company directors such as: the company's rules and regulations, business model, company director's manual, authority and responsibility of company directors, business ethic and employee's code of conduct, information disclosure, compensation and benefits of company directors and the directors of subcommittee, general

information and information of the management team. All new company directors are invited to visit the company

All new directors will be required to attend the training course of "Company director of listed companies" organized by the Institute of Directors Association at the company's expense.

INDEPENDENT DIRECTOR NOMINATION

Independent directors must form no less than one-third of the total number of directors and there must be no less than three independent directors. The selection and nomination guidelines of independent directors are similar to those of directors and executives. Those selected to assume the positions of independent directors must have the qualifications stipulated by the company.

AUDIT COMMITTEE NOMINATION

Audit Committee must be no less than three independent directors. The selection in the same method of independent directors Moreover the Audit Committee must have the qualifications stipulated by the law.

TOP MANAGEMENT NOMINATION

Executive Committee has authorize to hire, appoint, transfer, remove, discharge or terminate, fix the salary for the top management of the company from the level of Chief Executive Officer to department directors. The Chairman of Executive Committee has the authority to take action.

For the CEO position, in case of hiring, appointing, transferring, removing, terminating and fixing the salary, the Chairman of the Executive Committee has authority to submit to the Board of Directors ' Meeting to consider and approve.

HOLDING A DIRECTOR POSITION IN OTHER COMPANIES

The company's directors should limit the number of companies in which they hold a director position to no more than five. This is to ensure that they have adequate time to perform their assigned duties and responsibilities. Directors are required to report to the company should there be any changes therein regarding the holding of directorship in other companies.

EVALUATION OF BOARD OF DIRECTORS

The Board of Directors evaluates the entire Board's performance no less than once a year to determine its strong points and weaknesses. The purpose is to increase future efficiency as well as to promote mutual understanding among directors working with each other.

EVALUATION OF CHIEF EXECUTIVE OFFICER

The company evaluates the Chief Executive Officer's performance annually for consideration of remuneration which is fair to both the company and the Chief Executive Officer by relying on the principles practiced by the majority of listed companies and agreed to in advance with the Chief Executive Officer according to specific criteria. Evaluation criteria include financial performance and achievement of long-term strategic goals. Both financial metrics and non-financial metrics are used in performance evaluation.

Financial Metrics: e.g. income net profit, net earnings per share, return on fixed assets, return on equity and Economic Value Added – EVA etc.

Non-Financial Metrics: e.g. vision, leadership, achievement of strategic plans, risk management, good relations with the Board of Directors, response to need and directions of the Board of Directors, communications, human resources management, market expansion, etc.

DIRECTORS AND EXECUTIVES DEVELOPMENT

The company has a policy to develop directors and high-level executives regarding corporate good governance and sustainable management. Directors and executives take part in the training programs organized by the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission (SEC), and the Institute of Directors (IOD). Each director has completed training in the Director Certification Program (DCP) or the Director Accreditation Program (DAP) organized by the IOD.

MANAGEMENT SUCCESSION PLAN

The company has a management succession plan with selection procedures considering both candidates from within and outside the company. It has an appropriate system to select directors and

important executives in line with the management succession plan. Each position is filled through a transparent and fair selection process.

COMPANY'S SECRETARY

Appointed by the Board of Directors on 7 August 2009, the company's secretary has the major duties of organizing the Board of Directors' meetings and shareholders' meetings, ensuring that they run smoothly and according to the law. The secretary also prepares meeting reports, collects them and keeps the records for easy retrieval, prepares and sends letters of invitation to the meetings along with annual reports to shareholders and supervisory agencies as well as disseminates the information via the company's website. The secretary ensures that the company, its subsidiaries, directors and executives operate in accordance with the rules and regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission (SEC). The secretary coordinates with said agencies, reporting information regarding the company's directors and executives to the SET and SEC. In addition, the secretary provides recommendations and consultancy to new directors regarding assuming their positions. The secretary takes care of shareholders relations, acting as the liaison between shareholders and the Board of Directors and executives. The secretary also promotes knowledge and understanding regarding corporate governance providing related information and encouraging Board adherence. Additionally, the secretary ensures that there be a performance review conducted according to stated principles, and provides information and suggestions to directors and executives in preparing various reports as required by law and regulations for public disclosure to ensure transparency. This is information such as acknowledgement of duties regarding securities holding reports and supervision of the company's operations so that they comply with the rules and regulations of the company, the Stock Exchange of Thailand and related compliance units.

INTERNAL AUDITOR

The Internal Auditor of the Company reports direct to The Audit Committee. They have Independence to comment and perform in accordance with Internal Audit standard by audit, evaluate risk, assess adequacy of Internal Control for the efficiency of audit and achieve the audit plan objective.

REPORT OF THE AUDIT COMMITTEE

DEAR SHAREHOLDERS,

The Audit Committee, appointed by the Board of Directors of Stars Microelectronics (Thailand) Public Company Limited, consists of four members as following:

1	Mr. Dheerasak Suwannayos	Chairman of the Audit Committee
2	Associate Professor Dr. Preecha Jarungidanan	Audit Committee Member
3	Associate Professor Dr. Aekkachai Nittayagasetwat	Audit Committee Member
4	Associate Professor Dr. Kamphol Panyagometh	Audit Committee Member

The Chairman of the Audit Committee is not a member of other sub-committees. And all of them are experts in accounting , finance, law, and economics.

In 2015, the Audit Committee held 4 meetings to review the correctness of financial statements, Auditor report, internal control system, risk management, supervision of internal audit, transactions of conflict of interest or related transaction, recruiting Auditor and fixing the remuneration, compliance with the law of the Securities and Exchange Commission and the law related to the company's business and review to confirm the compliance of the company with the International Financial Reporting Standard (IFRS) and arrange one meeting with Auditor without the participation of the company's Management.

Financial Report

For the period ended on 31 December 2015, the Audit Committee opined that the financial statements were prepared in accordance with the General Accounting Accepted Principles and disclosed the information in note to financial statements properly whereas the Certified Public Accountant expressed and opinion on the financial statements in the independent Auditor's Report and conducted their audit to confide that the company can comply with the International Financial Reporting Standard (IFRS).

Report of the meeting of the Audit Committee

The report was submitted to the Board of Directors to acknowledge and was set as the agenda in every meeting of the Board of Directors. The report gave useful recommendations to the company's management team to be in line with the good governance practice and the rules and regulations of the Stock Exchange of Thailand.

Performance Evaluation

The Audit Committee performed completely according to the charter. The Audit Committee performed in line with the good practice, which supported the company's good governance.

Conflict of Interest or related transactions

The Audit Committee reviewed related transactions between the company and its subsidiaries and related persons to consider the business transactions appropriately and maximize the company's benefit and comply with the Stock Exchange of Thailand's regulation. The company disclosed the information of the related transactions completely.

Consideration of the Auditor selection and fixing the remuneration

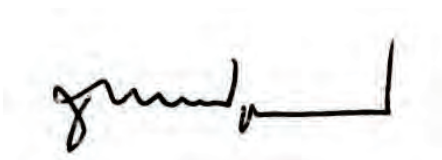
The Audit Committee considered selecting the auditor from EY Office Limited to be the company's auditor for year 2015 and also considered the auditing remuneration submitted to Annual General Meeting of Shareholders for approval. The auditor names are as follow.

Mr. Termphong Opanaphan	- Certified Public Account No. No. 4501 and/or
Miss Vissuta Jariyathanakorn	- No. 3853 and/or
Miss Manee Rattanabunnakit	- No. 5313

For period ended on 31 December 2015, the auditor who certified the financial statements of the company was Miss Manee Rattanabunnakit

Compliance with the law of the Securities and Exchange Commission and the law related to the company's business. The Audit Committee reviewed the company's operation in accordance with the law of the Securities and Exchange Commission and the company's business is not against any related business law.

The Audit Committee has performed its duties independently, carefully, and honestly and has stated its opinions openly to ensure that the company's internal controls are in compliance with the law, rules and regulations related to business operations as well as ensure that the Audit Committee's 2015 performance achieved the objectives set by the Board of Directors.



Mr.Dheerasak Suwannayos
Chairman of the Audit Committee

REPORT OF THE RISK MANAGEMENT COMMITTEE

DEAR SHAREHOLDERS,

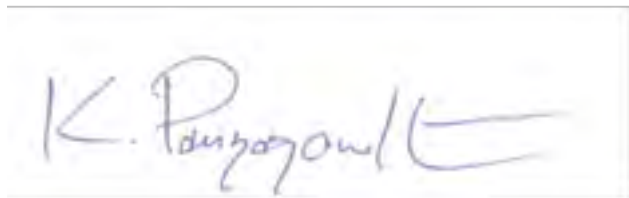
Stars Microelectronics (Thailand) Public Company Limited realizes the importance of risk management as it is important to business operations. The company's Board of Directors has appointed a risk management committee to assess and analyze the various risk factors that may affect the company's operations and to set measures to prevent and reduce the risks continuously. The company realizes that the good risk management system will increase the value of business for shareholders and create sustainable growth for the company.

In 2015, the risk management committee carried out its duties as assigned by the Board, having held four meetings in total. The committee's major accomplishment are summarized below.

1. Assessed Risks and define the framework of the risk management for each department to cover the Company's internal and external risks.
2. Followed up the company's compliance with the risk management policy continuously in order for the system to be effective.
3. Reviewed the company's concepts of risk management and procedural guidelines by considering various factors such as society, politics, economy, environment, technology, competitor, etc.
4. Report the risk management to the Audit Committee and Board of Directors for consideration and approval in defining the appropriated risk management plans and apply to action in the company.

From the mentioned above, Risk Management Committee has prudently considered the risk assessment and evaluate the level of risk and define the measures to prevent and manage the risks to manage the risk at acceptable level.

The Risk Management Report was submitted to Audit Committee to set the sufficient internal control system and reported to every Board of Directors meeting. The content of the company's risk management has been put into this annual report.



Associate professor Dr. Kamphol Panyagometh
Chairman of the Risk Management Committee

REPORT OF THE REMUNERATION COMMITTEE

DEAR SHAREHOLDERS,

The Remuneration Committee, appointed by the Board of Directors of Stars Microelectronics (Thailand) Public Company Limited for a three-year term of office, consists of three members. The Chairman of the Remuneration Committee is appointed from the independent directors.

- | | |
|---|------------------------------------|
| 1. Associate professor Dr. Preecha Jarungidanan | Chairman of Remuneration Committee |
| 2. Mr. Prasart Yunibhand | Remuneration Committee Member |
| 3. Associate professor Dr. Aekkachai Nittayagasetwat | Remuneration Committee Member |

The Remuneration Committee has performed its duties and responsibilities independently as prescribed in the Remuneration Committee charter to consider the forms and principles of compensation for directors, presented at the shareholders' meeting for approval annually as well as the remuneration of Chief Executive Officer, which is submitted to the Board of Directors for approval.

In 2015, the Remuneration Committee held three meeting with full attendance of the three Remuneration Committee members to consider and determine the annual retainer fee and the meeting attendance fee. Also in 2015, the Remuneration Committee reviewed The Evaluation Form of CEO and considered the salary and benefits of the new Chief Executive Officer before submitting to the Board of Directors to consider and approve. The committee assigned the independent financial consultant to provide the necessary information for consideration. The directors with conflict of interest will not join the meeting.

The Remuneration Committee considered both fees for 2015, carefully taking into account the guidelines practiced by other firms in the same industry, the company's performance, as well as directors' knowledge, capabilities and experience. Remuneration deemed appropriate was determined and submitted for approval at the 2014 Annual General shareholders' meeting. The details of the remuneration for the members of the company's Board of Directors and the sub-committees' members are shown in the part of the remuneration for the members of the Board of Directors of this annual report.



Associate professor Dr. Preecha Jarungidanan
Chairman of the Remuneration Committee

REPORT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS OF THE BOARD OF DIRECTORS

The company's Board of Directors are responsible for the company's and its subsidiaries' financial statements and a separate financial statement of the company for the annual report. The said financial statements were prepared according to the accounting standard generally approved in Thailand. The company uses the appropriate accounting policy and implements the policy on a regular basis. The company considers carefully and forecasts appropriately and reveals enough information in the notes of the financial statements.

The company's Board of Directors set the efficient and effective internal system to be confident that accounting records are correct, complete, and timely and protect against fraud and abnormal operations.

The company's Board of Directors assigns the Audit Committee comprised of the independent directors to take responsibility for the quality of the financial statements and the internal control. The opinion of the Audit Committee is in this annual report.

The company's Board of Directors feels that the company's internal control system and the internal audit of the company is sufficient and believes reasonably that the company's and its subsidiaries' financial statements as of 31st December 2015 are correct and believable according to the generally accepted accounting standard.

A handwritten signature in black ink, appearing to be 'Somnuk Chaikul', with a stylized flourish at the end.

Mr. Somnuk Chaikul
Chairman of Board

MANAGEMENT DISCUSSION AND ANALYSIS

The operating result of 2015 as compared to 2014 for Stars Microelectronics (Thailand) Public Company Limited ("The Company") and its subsidiaries is summarized by the table below:

THE OPERATING RESULTS IN 2015 IN COMPARISON WITH 2014

	2015		2014		Increase (Decrease)	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Sales and service income						
- Sales from MMA (HD)	6,180,828	81.15	8,053,408	89.55	(1,872,580)	(23.25)
- Sales from MMA (Other)	423,894	5.57	57,506	0.64	366,388	637.13
- Sales from IC	981,226	12.88	849,806	9.45	131,420	15.46
- Service income	30,821	0.40	32,086	0.36	(1,265)	(3.94)
Total sales and service income	7,616,769	100.00	8,992,806	100.00	(1,376,037)	(15.30)
Cost of sales and services	7,469,563	98.07	9,053,410	100.67	(1,583,846)	(17.49)
Gross profit (loss)	147,206	1.93	(60,604)	(0.67)	207,809	(342.90)
Selling expenses	68,791	0.90	52,937	0.59	15,855	29.95
Administrative expenses	162,227	2.13	146,953	1.63	15,274	10.39
Operating profit (loss)	(83,813)	(1.10)	(260,493)	(2.90)	176,680	(67.83)
Other income	-	-	-	-	-	-
Compensation for flood damage	-	-	72,920	0.81	(72,920)	(100.00)
Gain on exchange	25,411	0.33	67,627	0.75	(42,216)	(62.42)
Revenue from scrap sales	18,527	0.24	18,509	0.21	18	0.09
Others	9,178	0.12	6,412	0.07	2,766	43.14
Other expense	-	-	-	-	-	-
Loss on impairment of equipment	10,384	0.14	-	-	10,384	N/A
Loss before finance cost and income tax expenses	(41,080)	(0.54)	(95,024)	(1.06)	53,944	(56.77)
Finance cost	(22,073)	(0.29)	(20,922)	(0.23)	(1,151)	5.50
Loss before income tax expenses	(63,153)	(0.83)	(115,946)	(1.29)	52,793	(45.53)
Income tax benefits (expenses)	248	0.00	(525)	(0.01)	773	(147.19)
Loss for the year	(62,906)	(0.83)	(116,471)	(1.30)	53,566	(45.99)
Depreciation and amortisation	336,694	4.42	341,663	3.80	(4,969)	(1.45)
EBITDA	295,614	3.88	246,639	2.74	48,975	19.86

The above operating results for 2015 and 2014 came from the following factors:

Sales and Service income

The income for sales and services was 7,617 MB in 2015, which decreased from the previous year by 1,376 MB (15.30%) from 8,993 MB. This mainly came from sales decreasing in MMA (Hard Disk Drive) products due to high competition and decreasing demand of the world market. Nevertheless, sales of MMA products, other than hard disk drives and IC packaging products increased significantly.

Cost of Sales and Gross Profit

The cost of sales and services was 7,470 MB in 2015, which decreased from the previous year by 1,584 MB (17.49%) from 9,053 MB. This downward trend was more than that of sales and services resulting in the Company and its subsidiaries having a gross profit of 147 MB in 2015, compared to the gross loss of 61 MB in 2014. This improvement came from the continuous cost reduction and new products, which gave more profit margins to the company.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)

In 2015, the EBITDA of the company and its subsidiaries was 296 MB, increasing 49 MB (19.86%) from 2014. This resulted from improved operating performance, despite depreciation and amortisation in 2015 being lower than 2014 by 5 MB.

Selling and Administrative Expenses

The selling and administration expenses in 2015 were 231 MB, increasing 31 MB (15.5%) from 2014. These were necessary issues for the marketing approach. The company has more expenses in commission and investment on the marketing staff, resulting in 3 new customers in 2015 and more in 2016.

Other income and expenses

In 2015, the other income of company and subsidiary company was 53.1 MB, which came from gaining on foreign exchange in amount of 25.4 MB and others in amount of 9.2 MB. Gaining on foreign exchange was decreased by 42.2 MB from 67.6 MB in 2014. This was because of the high volatility in the money market. In the third quarter of 2015, the company suffered a loss on the exchange due to the high amount of debt in US dollars and forward export, while Baht devalued continually. Nevertheless, the company had reviewed its foreign exchange policy, which is totally borrowing in Baht and maintaining the amount of forward export according to operating requirements. From the new policy, the company was back up with gains on the foreign exchange in the fourth quarter in 2015. The sales from the scrap operation was 18.5 MB in 2015, which remained stable from 2014. There was no compensation for flood damage in 2015 compared to the amount of 72.9 MB received in 2014, which was the last insurance claim.

In 2015, the company's finance costs were 22.1 MB, which increased 1.2 MB from the previous year. This was because of the new long-term loan in tenor of 3 years to improve financial status of the company.

FINANCIAL STATUS

As of 31st December 2015, the company's assets, Liabilities and Shareholders' equity compared with 31st December 2014 were as follows.

	2015		2014		Increase (Decrease)	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Cash and cash equivalents	14,994	0.44	84,413	2.40	(69,419)	(82.24)
Trade and other receivables	733,794	21.35	642,957	18.30	90,837	14.13
Inventories	508,308	14.79	570,046	16.23	(61,737)	(10.83)
Total current assets	<u>1,306,071</u>	<u>38.01</u>	<u>1,324,184</u>	<u>37.69</u>	<u>(18,113)</u>	<u>(1.37)</u>
Property, plant and equipment	2,082,428	60.60	2,150,603	61.22	(68,175)	(3.17)
Total non-current assets	<u>2,130,400</u>	<u>61.99</u>	<u>2,188,922</u>	<u>62.31</u>	<u>(58,523)</u>	<u>(2.67)</u>
Total assets	<u>3,436,471</u>	<u>100.00</u>	<u>3,513,106</u>	<u>100.00</u>	<u>(76,636)</u>	<u>(2.18)</u>
Bank overdrafts and short-term loans from financial institutions	609,439	17.73	554,613	15.79	54,827	9.89
Trade and other payables	486,709	14.16	1,012,109	28.81	(525,401)	(51.91)
Total current liabilities	<u>1,305,827</u>	<u>38.00</u>	<u>1,682,509</u>	<u>47.89</u>	<u>(376,682)</u>	<u>(22.39)</u>
Long-term loans, net of current portion	325,600	9.47	0	0.00	325,600	N/A
Total non-current liabilities	<u>384,866</u>	<u>11.20</u>	<u>31,934</u>	<u>0.91</u>	<u>352,932</u>	<u>1,105.20</u>
Total liabilities	<u>1,690,692</u>	<u>49.20</u>	<u>1,714,443</u>	<u>48.80</u>	<u>(23,750)</u>	<u>(1.39)</u>
Total shareholders' equity	<u>1,745,778</u>	<u>50.80</u>	<u>1,798,664</u>	<u>51.20</u>	<u>(52,886)</u>	<u>(2.94)</u>

Assets

As of 31st December 2015, the total assets of the company and its subsidiaries were 3,436 MB. This was a decrease of 77 MB (2.18%) from 2014. This came from the decrease in current assets by the amount of 18 MB and non-current assets in amount of 59 MB. Current assets, inventory, cash and cash equivalents decreased due to a lower number of sales and improved operating management. Nevertheless, trade and other receivables increased, because the company gave a longer credit period to its customers. Non-current assets decreased mainly due to depreciation.

Liabilities and shareholders' equity

As of 31st December 2015, the total liabilities of the company and its subsidiaries were 1,691 MB, decreasing 24 MB (1.39%) from 2014. These came from decreasing current liabilities in the amount of 377 MB, while non-current liabilities increased by 353 MB. The company increased long-term debt to stabilize financial status to be stronger. In detail, trade and other payables decreased by 525 MB to 487 MB in 2015, according to the decrease in sales and shorter payable period of new material used for new products. As of 31st December 2015, the total shareholders' equity of the company and its subsidiaries was 1,746 MB, decreasing 53 MB (2.94%) from 2014. This resulted in a loss for the year 2015 in the amount of 63 MB, while there was other comprehensive income in amount of 10 MB.

SOURCES AND USES OF FUND

	2015	2014	Increase (Decrease)	
	Thousand Baht	Thousand Baht	Thousand Baht	%
Net cash flows from (used in) operating activities	(341,805)	512,894	(854,699)	(166.64)
Net cash flows from (used in) investing activities	(201,230)	(157,360)	(43,870)	27.88
Net cash flows from (used in) financing activities	473,617	(311,364)	784,981	(252.11)
Net increase (decrease) in cash and cash equivalents	(69,419)	44,169	(113,588)	(257.17)
Cash and cash equivalents at beginning of year	84,413	40,244	44,169	109.75
Cash and cash equivalents at end of year	14,994	84,413	(69,419)	(82.24)

The company and its subsidiaries had 341 MB of net cash flow used in operation activities in 2015. This was mainly from investment in working capital. There were more investments in trade and other receivables in the amount of 85 MB and payment in trade and other payables in the amount of 585 MB. Moreover, the company and its subsidiaries used 201 MB of net cash flow for investing activities. The company used this fund for the acquisition of machines, equipment

and intangible assets in the amount of 252 MB and payments of other payables for purchases of machinery and equipment in the amount of 23 MB. Nevertheless, there was cash back from sales of machinery and equipment in the amount of 74 MB.

From shortage in net cash flow from operating activities and investing activities, the company raised funds with a long-term loan of 600 MB, tenor of 3 years, to stabilize the financial status of the company.

FINANCIAL RATIO

Financial Ratio	2015	2014	Unit
1. Current Ratio	1.00	0.79	Time
2. Quick Ratio	0.57	0.43	Time
3. Number of Days Receivables	32.99	24.18	Day
4. Number of Days Inventory	26.35	21.04	Day
5. Number of Days Payables	36.62	32.35	Day
6. Cash Cycle	22.71	12.87	Day
7. Gross Profit (Loss) Margin	1.93	(0.67)	%
8. EBITDA Margin	3.88	2.74	%
9. Net Profit (Loss) Margin	(0.83)	(1.30)	%
10. Debt to Equity Ratio	0.97	0.95	Time
11. Return on Assets	(1.81)	(3.31)	%
12. Return on Equity*	(3.13)	(6.01)	%
13. Earning per Share**	(0.13)	(0.27)	Baht
14. Book Value per Share***	4.17	4.30	Baht

Note :

Return on Equity = Profit attributable to Equity holders of the Company / Average Equity attributable to owners of the Company

Earning Per Share = Profit attributable to Equity holders of the Company / Number of ordinary shares

Book Value per Share = Equity attributable to owners of the Company / Number of ordinary shares

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

Independent Auditor's Report

To the Shareholders of Stars Microelectronics (Thailand) Public Company Limited

I have audited the accompanying consolidated financial statements of Stars Microelectronics (Thailand) Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2015, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Stars Microelectronics (Thailand) Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit

to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stars Microelectronics (Thailand) Public Company Limited and its subsidiaries and of Stars Microelectronics (Thailand) Public Company Limited as at 31 December 2015, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Manee Rattanabunnakit
Certified Public Accountant (Thailand) No. 5313

EY Office Limited
Bangkok: 26 February 2016

STARS MICROELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014	2015	2014
Assets					
Current assets					
Cash and cash equivalents	8	14,994,349	84,413,370	841,415	63,150,422
Trade and other receivables	9	733,794,131	642,957,105	737,674,875	639,985,988
Inventories	10	508,308,234	570,045,580	506,603,133	568,879,608
Other current assets		48,974,257	26,767,939	48,902,588	26,543,730
Total current assets		1,306,070,971	1,324,183,994	1,294,022,011	1,298,559,748
Non-current assets					
Investments in subsidiaries	11	-	-	45,924,239	75,676,739
Property, plant and equipment	12	2,082,427,838	2,150,602,788	2,054,261,405	2,106,428,340
Intangible assets	13	32,108,372	25,680,253	32,071,138	25,641,586
Deferred tax assets	23	12,537,232	11,189,165	-	-
Other non-current assets		3,326,139	1,450,125	3,319,125	1,445,246
Total non-current assets		2,130,399,581	2,188,922,331	2,135,575,907	2,209,191,911
Total assets		3,436,470,552	3,513,106,325	3,429,597,918	3,507,751,659

The accompanying notes are an integral part of the financial statements.

STARS MICROELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	14	609,439,476	554,612,806	609,439,476	554,612,806
Trade and other payables	15	486,708,531	1,012,109,188	450,298,097	977,028,425
Current portion of liabilities under finance lease agreements	17	4,047,526	999,286	4,047,526	999,286
Current portion of long-term loans	16	201,600,000	108,000,000	201,600,000	108,000,000
Other current liabilities		4,031,021	6,787,441	3,970,730	6,676,240
Total current liabilities		<u>1,305,826,554</u>	<u>1,682,508,721</u>	<u>1,269,355,829</u>	<u>1,647,316,757</u>
Non-current liabilities					
Liabilities under finance lease agreements, net of current portion	17	15,471,599	2,336,339	15,471,599	2,336,339
Long-term loans, net of current portion	16	325,600,000	-	325,600,000	-
Provision for long-term employee benefits	18	36,442,719	26,446,640	36,258,535	26,056,540
Deferred tax liabilities	23	7,143,033	2,942,433	7,143,033	2,942,433
Other non-current liabilities		208,468	208,468	208,468	208,468
Total non-current liabilities		<u>384,865,819</u>	<u>31,933,880</u>	<u>384,681,635</u>	<u>31,543,780</u>
Total liabilities		<u>1,690,692,373</u>	<u>1,714,442,601</u>	<u>1,654,037,464</u>	<u>1,678,860,537</u>

The accompanying notes are an integral part of the financial statements.

STARS MICROELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014	2015	2014
Shareholders' equity					
Share capital					
Registered					
419,582,439 ordinary shares of Baht 2 each		839,164,878	839,164,878	839,164,878	839,164,878
Issued and fully paid-up					
418,237,983 ordinary shares of Baht 2 each	19	836,475,966	836,475,966	836,475,966	836,475,966
Share premium	19	927,953,033	927,953,033	927,953,033	927,953,033
Retained earnings					
Appropriated - statutory reserve	21	79,300,000	79,300,000	79,300,000	79,300,000
Unappropriated (deficit)		(128,127,092)	(65,950,435)	(96,740,678)	(26,607,610)
Other components of shareholders' equity					
Other comprehensive income		28,572,133	11,769,733	28,572,133	11,769,733
Capital surplus from changes in shareholding					
in subsidiary		671,619	671,619	-	-
Equity attributable to owners of the Company		1,744,845,659	1,790,219,916	1,775,560,454	1,828,891,122
Non-controlling interests of the subsidiaries		932,520	8,443,808		
Total shareholders' equity		1,745,778,179	1,798,663,724	1,775,560,454	1,828,891,122
Total liabilities and shareholders' equity		3,436,470,552	3,513,106,325	3,429,597,918	3,507,751,659

The accompanying notes are an integral part of the financial statements.
Directors

STARS MICROELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

INCOME STATEMENT

For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements			Separate financial statements	
	Note	2015	2014	2015	2014
Revenues					
Sales and service income	26	7,616,768,863	8,992,805,966	7,562,224,789	8,936,288,784
Other income					
Compensation for flood damage	2	-	72,920,387	-	72,920,387
Gain on exchange		25,411,381	67,627,093	20,453,879	60,791,182
Revenue from scrap sales		18,526,994	18,509,444	18,526,994	18,509,444
Others		9,178,217	6,411,898	16,519,554	10,597,473
Total revenues		<u>7,669,885,455</u>	<u>9,158,274,788</u>	<u>7,617,725,216</u>	<u>9,099,107,270</u>
Expenses					
Cost of sales and services		7,469,563,358	9,053,409,778	7,445,163,912	9,030,816,901
Selling expenses		68,791,436	52,936,647	32,690,010	14,552,310
Administrative expenses		162,226,974	146,952,682	150,786,214	127,935,670
Loss on impairment of equipment	12	10,383,847	-	-	-
Loss on impairment of investments	11	-	-	30,000,000	-
Total expenses		<u>7,710,965,615</u>	<u>9,253,299,107</u>	<u>7,658,640,136</u>	<u>9,173,304,881</u>
Loss before finance cost and income tax expenses		(41,080,160)	(95,024,319)	(40,914,920)	(74,197,611)
Finance cost		(22,073,119)	(20,921,787)	(22,073,119)	(20,913,075)
Loss before income tax expenses		(63,153,279)	(115,946,106)	(62,988,039)	(95,110,686)
Income tax benefits (expenses)	23	247,727	(525,005)	-	-
Loss for the year		<u>(62,905,552)</u>	<u>(116,471,111)</u>	<u>(62,988,039)</u>	<u>(95,110,686)</u>
Profit attributable to:					
Equity holders of the Company (loss)		(55,301,730)	(110,963,703)	(62,988,039)	(95,110,686)
Non-controlling interests of the subsidiaries (loss)		(7,603,822)	(5,507,408)		
		<u>(62,905,552)</u>	<u>(116,471,111)</u>		
Loss per share	25				
Basic loss per share					
Loss attributable to equity holders of the Company		(0.132)	(0.265)	(0.151)	(0.227)

The accompanying notes are an integral part of the financial statements.

STARS MICROELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements			Separate financial statements	
	Note	2015	2014	2015	2014
Loss for the year		<u>(62,905,552)</u>	<u>(116,471,111)</u>	<u>(62,988,039)</u>	<u>(95,110,686)</u>
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Changes in revaluation of land - net of income tax	20	16,802,400	-	16,802,400	-
Actuarial losses	18	<u>(6,784,893)</u>	<u>-</u>	<u>(7,145,029)</u>	<u>-</u>
Other comprehensive income for the year		<u>10,017,507</u>	<u>-</u>	<u>9,657,371</u>	<u>-</u>
Total comprehensive income for the year		<u>(52,888,045)</u>	<u>(116,471,111)</u>	<u>(53,330,668)</u>	<u>(95,110,686)</u>
Total comprehensive income attributable to:					
Equity holders of the Company (loss)		(45,374,257)	(110,963,703)	<u>(53,330,668)</u>	<u>(95,110,686)</u>
Non-controlling interests of the subsidiaries (loss)		<u>(7,513,788)</u>	<u>(5,507,408)</u>		
		<u>(52,888,045)</u>	<u>(116,471,111)</u>		

The accompanying notes are an integral part of the financial statements.

CASH FLOWS STATEMENT

For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash flows from operating activities				
Loss before tax	(63,153,279)	(115,946,106)	(62,988,039)	(95,110,686)
Adjustments to reconcile loss before tax to net cash provided by				
(paid from) operating activities:				
Compensation for flood damage	-	(72,920,387)	-	(72,920,387)
Depreciation and amortisation	336,694,190	341,663,214	330,865,545	335,916,391
Doubtful debts and bad debts	1,039,930	880,549	1,039,930	880,549
Write-offs of withholding tax deducted at sources	470,589	-	470,589	-
Unrealised loss (gain) on exchange	549,962	7,944,681	(340,712)	7,333,367
Loss on sales of machinery and equipment	4,652,435	2,123	4,652,435	2,123
Loss on impairment of investments	-	-	30,000,000	-
Decrease of inventories to net realisable value (reversal)	(13,714,495)	10,730,049	(14,074,150)	10,434,049
Loss on impairment of equipment	10,383,847	-	-	-
Write-offs of machinery and equipment	30,748	3,010,894	30,748	3,010,894
Write-offs of account payable	-	(3,216,493)	-	(3,216,493)
Provision for long-term employee benefits	9,926,372	5,627,057	8,424,253	5,377,253
Interest expenses	22,073,119	20,921,787	22,073,119	20,913,075
Profit from operating activities before changes in				
operating assets and liabilities	308,953,418	198,697,368	320,153,718	212,620,135
Operating assets (increase) decrease				
Trade and other receivables	(85,129,270)	(97,929,968)	(92,626,178)	(96,118,701)
Inventories	75,451,841	(107,010,411)	76,350,625	(106,242,554)
Other current assets	(22,155,706)	(8,510,771)	(22,308,247)	(8,442,531)
Other non-current assets	(1,869,369)	-	(1,869,367)	-
Operating liabilities increase (decrease)				
Trade and other payables	(584,592,495)	479,079,757	(583,314,846)	476,320,367
Other current liabilities	(3,772,242)	(2,883,906)	(3,721,330)	(2,929,193)
Cash paid for long-term employee benefits	(6,715,186)	(5,268,934)	(5,367,287)	(5,268,934)
Cash from (used in) operating activities	(319,829,009)	456,173,135	(312,702,912)	469,938,589
Cash received from compensation for flood damage	-	77,920,387	-	77,920,387
Cash paid for interest expenses	(21,667,533)	(20,995,224)	(21,667,533)	(20,986,512)
Cash paid for income tax	(308,940)	(204,415)	(278,067)	(200,958)
Net cash flows from (used in) operating activities	(341,805,482)	512,893,883	(334,648,512)	526,671,506

The accompanying notes are an integral part of the financial statements.

CASH FLOWS STATEMENT (CONTINUED)

For the year ended 31 Decemb

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash flows from investing activities				
Payments of other payables for purchases of				
machinery and equipment	(23,202,903)	(83,327,509)	(23,202,903)	(83,319,567)
Acquisition of machinery, equipment and intangible assets	(251,873,429)	(74,172,716)	(251,670,385)	(73,854,781)
Proceeds from sales of machinery and equipment	73,846,123	139,804	73,846,123	139,804
Cash paid for investment in a subsidiary	-	-	(247,500)	-
Net cash flows used in investing activities	<u>(201,230,209)</u>	<u>(157,360,421)</u>	<u>(201,274,665)</u>	<u>(157,034,544)</u>
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from				
financial institutions	54,826,670	(71,451,570)	54,826,670	(71,451,570)
Repayment of liabilities under finance lease agreements	(412,500)	(34,375)	(412,500)	(34,375)
Cash received from long-term loans	600,000,000	-	600,000,000	-
Repayment of long-term loans	(180,800,000)	(240,000,000)	(180,800,000)	(240,000,000)
Proceeds from increase in share capital	-	121,721	-	121,721
Proceeds from non-controlling interests of a subsidiary for its investment	2,500	-	-	-
Net cash flows from (used in) financing activities	<u>473,616,670</u>	<u>(311,364,224)</u>	<u>473,614,170</u>	<u>(311,364,224)</u>
Net increase (decrease) in cash and cash equivalents	<u>(69,419,021)</u>	<u>44,169,238</u>	<u>(62,309,007)</u>	<u>58,272,738</u>
Cash and cash equivalents at beginning of year	<u>84,413,370</u>	<u>40,244,132</u>	<u>63,150,422</u>	<u>4,877,684</u>
Cash and cash equivalents at end of year	<u>14,994,349</u>	<u>84,413,370</u>	<u>841,415</u>	<u>63,150,422</u>
Supplemental cash flows information				
Non-cash transactions:				
Purchases of machinery and equipment for which no cash has been paid	77,525,921	20,483,165	77,525,921	20,475,715
Sales of machinery and equipment for which no cash has been received	3,137,838	-	3,137,838	-
Machine and equipment acquired under finance lease agreements	16,596,000	3,370,000	16,596,000	3,370,000

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2015

(Unit: Baht)

Consolidated financial statement										
	Equity attributable to owners of the Company									
	Other components of shareholders' equity				Total equity attributable to owners of the company		Equity attributable to non-controlling interests of the subsidiaries		Total shareholders' equity	
	Issued and paid-up share capital	Share premium	Retained earnings		Other comprehensive income	Capital surplus from changes in shareholding in subsidiary	Total other components of shareholders' equity	Total equity attributable to owners of the company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
			Appropriated Statutory Reserve	unappropriated (Deficit)						
Balance as at 1 January 2014	836,420,676	927,886,602	79,300,000	45,013,268	11,769,733	671,619	12,441,352	1,901,061,898	13,951,216	1,915,013,114
Loss for the year	-	-	-	(110,963,703)	-	-	-	(110,963,703)	(5,507,408)	(116,471,111)
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(110,963,703)	-	-	-	(110,963,703)	(5,507,408)	(116,471,111)
Increase in share capital (Note 19)	55,290	66,431	-	-	-	-	-	121,721	-	121,721
Balance as at 31 December 2014	836,475,966	927,953,033	79,300,000	(65,950,435)	11,769,733	671,619	12,441,352	1,790,219,916	8,443,808	1,798,663,724
Balance as at 1 January 2015	836,475,966	927,953,033	79,300,000	(65,950,435)	11,769,733	671,619	12,441,352	1,790,219,916	8,443,808	1,798,663,724
Loss for the year	-	-	-	(55,301,730)	-	-	-	(55,301,730)	(7,603,822)	(62,905,552)
Other comprehensive income for the year	-	-	-	(6,874,927)	16,802,400	-	16,802,400	9,927,473	90,034	10,017,507
Total comprehensive income for the year	-	-	-	(62,176,657)	16,802,400	-	16,802,400	(45,374,257)	(7,513,788)	(52,888,045)
Additional investment from non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	2,500	2,500
Balance as at 31 December 2015	836,475,966	927,953,033	79,300,000	(128,127,092)	28,572,133	671,619	29,243,752	1,744,845,659	932,520	1,745,778,179

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

For the year ended 31 December 2015

(Unit: Baht)

Separate financial statements						
	Issued and paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity	
			Appropriated-statutory reserve	Unappropriated (deficit)	Other comprehensive income	Total other components of shareholders' equity
					Revaluation surplus on land	Total shareholders' equity
Balance as at 1 January 2014	836,420,676	927,886,602	79,300,000	68,503,076	11,769,733	11,769,733
Loss for the year	-	-	-	(95,110,686)	-	-
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(95,110,686)	-	-
Increase in share capital (Note 19)	55,290	66,431	-	-	-	121,721
Balance as at 31 December 2014	<u>836,475,966</u>	<u>927,953,033</u>	<u>79,300,000</u>	<u>(26,607,610)</u>	<u>11,769,733</u>	<u>11,769,733</u>
Balance as at 1 January 2015	836,475,966	927,953,033	79,300,000	(26,607,610)	11,769,733	11,769,733
Loss for the year	-	-	-	(62,988,039)	-	-
Other comprehensive income for the year	-	-	-	(7,145,029)	16,802,400	16,802,400
Total comprehensive income for the year	-	-	-	(70,133,068)	16,802,400	16,802,400
Balance as at 31 December 2015	<u>836,475,966</u>	<u>927,953,033</u>	<u>79,300,000</u>	<u>(96,740,678)</u>	<u>28,572,133</u>	<u>28,572,133</u>
						<u>1,775,560,454</u>

The accompanying notes are an integral part of the financial statements.

STARS MICROELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to consolidated financial statements
For the year ended 31 December 2015

1. CORPORATE INFORMATION

Stars Microelectronics (Thailand) Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The major shareholder of the Company is Chaikul Family. The Company is principally engaged in the manufacture and distribution of integrated circuit boards. The registered office of the Company is at 586 Moo 2, Klong Jig, Bang Pa-In, Ayutthaya.

In addition, the Company recognised insurance compensation from flooding amounting to Baht 35 million and Baht 73 million for customers' inventories consigned with the Company, which exceeded the damages the Company had to pay to the customers, in profit or loss for 2013 and 2014, respectively. The Company had received such compensation of Baht 35 million and Baht 73 million in 2013 and 2014, respectively.

2. FLOOD IMPACT

From October to November 2011, there was severe flooding in Thailand. The location of the Company's factory and office in Bang Pa-In Industrial Estate in Ayutthaya was inundated, causing damage to the Company's assets such as inventories, building utility systems and machinery. The Company assessed damage to its assets caused by the floods and recorded damages of Baht 1,572 million in profit or loss for 2011.

The Company has insurance coverage for property damage caused by the floods, which includes asset insurance and business interruption insurance. The Company claimed compensation from its insurance companies, who assessed losses and finalised the compensation payable to the Company totaling Baht 1,692 million.

In 2012 and 2013, the Company recognised insurance compensation from flooding amounting to Baht 1,293 million and Baht 399 million, respectively, in profit or loss. Of this compensation, Baht 1,294 million was for assets, Baht 390 million for inventories and Baht 8 million for business interruption. The Company had received such compensation of Baht 822 million, Baht 865 million and Baht 5 million in 2012, 2013 and 2014, respectively.

3. BASIS OF PREPARATION

3.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

3.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Stars Microelectronics (Thailand) Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2015	2014
			Percent	Percent
Stars Microelectronics USA, Inc.	Trading company	United States of America	59	59
SMT Green Energy Company Limited	Manufacture and distribution of equipment used to generate electricity from solar energy or alternative energy as well as generation and distribution of electricity from solar energy or alternative energy	Thailand	99	99
SS RFID Company Limited	Manufacture and distribution of RFID Tags (Radio Frequency Identification Tags)	Thailand	75	75

b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

e) The Company and subsidiaries determine that the Thai Baht is their functional currency including an overseas subsidiary because the activities of the subsidiary are carried out as an extension of the Company, rather than being carried out with a significant degree of autonomy.

f) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

3.3 The separate financial statements present investments in subsidiaries under the cost method.

4. NEW FINANCIAL REPORTING STANDARDS

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Financial reporting standards that became effective in the current year

The Company has adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, some of these standards involve changes to key principles, which are summarised below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former standard allowed the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognise actuarial gains and losses immediately in other comprehensive income.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of TAS 27 Consolidated and Separate Financial Statements dealing with consolidated financial statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over investees and determining which entities have to be included in preparation of the consolidated financial statements. This standard does not have any impact on the Company's and its subsidiaries' financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact on the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

(b) Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's management believes that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when it is initially applied.

5. SIGNIFICANT ACCOUNTING POLICIES**5.1 Revenue recognition**Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

5.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

5.4 Inventories

Finished goods and work in process are valued at the lower of cost and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual costs and includes all production costs and attributable factory overheads.

Raw materials, spare parts and supplies are valued at the lower of cost (under the average method) and net realisable value and are charged to production costs whenever consumed.

5.5 Investments

Investments in subsidiaries are accounted for in the separate financial statements using the cost method and net of allowance for impairment loss.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

5.6 Property, plant and equipment/Depreciation

Land is stated at revalued amount. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to its fair value. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When a land's carrying amount is increased as a result of a revaluation of the Company's land, the increase is credited directly to other comprehensive income and the cumulative increase is recognised as equity under the heading of "Revaluation surplus on land". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same land previously recognised as an expense.

- When a land's carrying amount is decreased as a result of a revaluation of the Company's land, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus on land" in respect of the same land.

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings	20 years
Building improvement	10 years
Machinery and equipment	5 and 10 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation and under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

5.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.8 Intangible assets

Intangible assets are stated at cost less any accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible assets with finite useful lives of the Company are computer software which has the useful life of 10 years.

5.9 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

5.10 Long-term leases

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The equipment acquired under finance leases is depreciated over the useful life of the asset.

Lease of equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

5.11 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

5.12 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss. However in case where land was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

5.13 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

5.14 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.15 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.16 Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

5.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1

Use of quoted market prices in an observable active market for such assets or liabilities

Level 2

Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3

Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

6. 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 reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

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.

Net realisable value of inventories

The management uses judgement to estimate net realisable value of inventories taking into account fluctuations of price or cost directly related to events occurring after the end of the reporting period and movements of inventories and the prevailing economic condition.

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 plant and equipment and to review estimate useful lives and residual values when there are any changes.

The Company measures land at revalued amounts. Such amount is determined by the independent valuer using the market approach. The valuation involves certain assumptions and estimates as explained in Note 12.

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

Deferred tax assets

Deferred tax assets are recognised 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 utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate 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.

Impairment of equity investments

The Company treats investments in subsidiaries as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement of the management.

7. RELATED PARTY TRANSACTIONS

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	2015	2014	2015	2014	
<u>Transactions with subsidiaries</u> (eliminated from the consolidated financial statements)					
Sales and service income	-	-	856	765	Cost plus margin
Sales of machinery and equipment	-	-	4	-	Agreed price
Other income	-	-	12	5	Agreed price
Commission expense	-	-	1	-	Agreed price
<u>Transactions with related companies</u>					
Sales and service income	11	14	11	14	Cost plus margin

As at 31 December 2015 and 2014, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Trade receivables - related parties (Note 9)				
Subsidiaries	-	-	125,618	124,427
Related companies (related by common shareholders)	1,822	1,325	1,822	1,325
Total trade receivables - related parties	1,822	1,325	127,440	125,752
Other receivables - related parties (Note 9)				
Subsidiaries	-	-	1,905	565
Total other receivables - related parties	-	-	1,905	565
Other non-current assets - related parties				
Subsidiaries	-	-	1,942	-
Total other non-current assets - related parties	-	-	1,942	-
Other payables - related parties (Note 15)				
Subsidiaries	-	-	1,223	521
Total other payables - related parties	-	-	1,223	521

Directors and management's benefits

During the years ended 31 December 2015 and 2014, the Company and its subsidiaries had employee benefit expense payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Short-term employee benefits	30	27	25	22
Post-employment benefits	3	3	3	3
Total	<u>33</u>	<u>30</u>	<u>28</u>	<u>25</u>

8. CASH AND CASH EQUIVALENTS

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash	120	120	100	100
Bank deposits	9,874	69,293	741	63,050
Bills of exchange	5,000	15,000	-	-
Total	14,994	84,413	841	63,150

As at 31 December 2015, bank deposits in saving accounts and bills of exchange carried interests between 0.10% and 1.50% per annum (2014: between 0.10% and 2.65% per annum).

9. TRADE AND OTHER RECEIVABLES

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Trade receivables - related parties				
Aged on the basis of due dates				
Not yet due	1,142	1,325	109,520	96,600
Past due				
Up to 3 months	-	-	17,219	24,978
3 - 6 months	-	-	21	3,686
6 - 12 months	680	-	680	488
Total trade receivables - related parties	1,822	1,325	127,440	125,752
Trade receivables - unrelated parties				
Not yet issued invoices	181,618	490,464	181,618	490,464
Aged on the basis of due dates				
Not yet due	204,764	132,620	139,402	16,018
Past due				
Up to 3 months	115,173	10,576	59,389	3,683
3 - 6 months	33,298	4,978	32,356	510
6 - 12 months	196,190	297	196,190	297
Over 12 months	-	390	-	390
Total trade receivables - unrelated parties	731,043	639,325	608,955	511,362
Less: Allowance for doubtful debts	(1,225)	(881)	(1,225)	(881)
Total trade receivables - unrelated parties, net	729,818	638,444	607,730	510,481
Total trade receivables - net	731,640	639,769	735,170	636,233
Other receivables				
Other receivables - related parties	-	-	1,905	565
Other receivables - unrelated parties	2,154	3,188	600	3,188
Total other receivables	2,154	3,188	2,505	3,753
Total trade and other receivables - net	733,794	642,957	737,675	639,986

Approximately Baht 251 million of the trade accounts receivable balances as at 31 December 2015 (2014: Baht 239 million) have been sold at a discount to financial institutions, with recourse.

10. INVENTORIES

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2015	2014	2015	2014	2015	2014
Finished goods	156,237	84,664	(1,430)	(1,358)	154,807	83,306
Work in process	81,267	66,127	(4,515)	(19,621)	76,752	46,506
Raw materials	258,749	421,523	(2,359)	(1,227)	256,390	420,296
Spare parts and supplies	20,766	20,157	(407)	(219)	20,359	19,938
Total	<u>517,019</u>	<u>592,471</u>	<u>(8,711)</u>	<u>(22,425)</u>	<u>508,308</u>	<u>570,046</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2015	2014	2015	2014	2015	2014
Finished goods	155,525	84,330	(1,161)	(1,266)	154,364	83,064
Work in process	80,267	65,709	(4,128)	(19,417)	76,139	46,292
Raw materials	258,113	420,827	(2,359)	(1,227)	255,754	419,600
Spare parts and supplies	20,753	20,143	(407)	(219)	20,346	19,924
Total	<u>514,658</u>	<u>591,009</u>	<u>(8,055)</u>	<u>(22,129)</u>	<u>506,603</u>	<u>568,880</u>

During the current year, the Company and its subsidiaries reversed the write-down of cost of inventories by Baht 14 million (Separate financial statements: Baht 14 million), and reduced the amount of inventories recognised as expenses during the year.

During 2014, the Company and its subsidiaries reduced cost of inventories by Baht 11 million (Separate financial statements: Baht 10 million), to reflect the net realisable value. This was included in cost of sales.

11. INVESTMENTS IN SUBSIDIARIES

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Carrying amounts based on cost method	
	2015	2014	2015 (%)	2014 (%)	2015 (Thousand Baht)	2014 (Thousand Baht)
Stars Microelectronics USA, Inc.	20,000 (US Dollar)	20,000	59	59	429	429
SMT Green Energy Company Limited	500,000 (Baht)	250,000	99	99	495	248
SS RFID Company Limited	100,000,000 (Baht)	100,000,000	75	75	75,000	75,000
					75,924	75,677
Less: Allowance for impairment of investments					(30,000)	-
					<u>45,924</u>	<u>75,677</u>

SMT Green Energy Company Limited additionally called up share capital amounting to Baht 0.25 million (25% of its registered share capital) and the Company made payment in July 2015. As at 31 December 2015, the Company had commitments of approximately Baht 0.5 million in respect of the uncalled portion of its investment in that company.

Under the capital alliance agreement made by the Company and the co-investor for the investment in SS RFID Company Limited and the related business alliance agreement, the Company has to comply with certain conditions, pertaining to restrictions on manufacture, distribution and distribution territory of RFID Tags, manufacture, purchase and sale of related machine and disposal of, pledge of or encumbrance on the shares of SS RFID Company Limited held by the Company.

In addition, under those agreements, SS RFID Company Limited receives technical assistance from the co-investor related to the manufacture of RFID Tags, development and supply of related machine, and is to pay a fee at a rate stipulated in the agreement that are calculated based on sales of the subsidiary for a period of 5 years (ending in 2018).

During 2015, the Company recorded allowance for impairment of investments in subsidiaries amounting to Baht 30 million in order to reflect the recoverable amount of these investments.

12. PROPERTY, PLANT AND EQUIPMENT

(Unit: Thousand Baht)

	Consolidated financial statements					Total
	Revaluation basis	Cost basis				
	Land	Buildings and building improvement	Machinery and equipment	Motor vehicles	Assets under installation and under construction	
Cost / Revalued amount						
1 January 2014	70,010	759,609	2,663,860	13,423	95,174	3,602,076
Additions	-	1,481	29,875	2,570	56,926	90,852
Disposals	-	-	(276)	-	-	(276)
Write-offs	-	(3,865)	(27,776)	-	-	(31,641)
Transfers between accounts	-	64,828	67,538	-	(132,366)	-
31 December 2014	70,010	822,053	2,733,221	15,993	19,734	3,661,011
Revaluations	21,003	-	-	-	-	21,003
Additions	-	7,351	46,181	-	282,200	335,732
Disposals	-	-	(460,650)	-	-	(460,650)
Write-offs	-	-	(4,672)	-	-	(4,672)
Transfers between accounts	-	46,676	66,319	-	(112,995)	-
31 December 2015	91,013	876,080	2,380,399	15,993	188,939	3,552,424

(Unit: Thousand Baht)

	Consolidated financial statements					Total
	Revaluation basis	Cost basis				
		Buildings and building improvement	Machinery and equipment	Motor vehicles	Assets under installation and under construction	
Accumulated depreciation						
1 January 2014	-	257,730	933,171	10,010	-	1,200,911
Depreciation for the year						
Depreciation on disposals	-	66,064	270,660	1,538	-	338,262
Depreciation on write-offs	-	-	(135)	-	-	(135)
	-	(3,683)	(24,947)	-	-	(28,630)
31 December 2014	-	320,111	1,178,749	11,548	-	1,510,408
Depreciation for the year	-	69,920	261,526	1,413	-	332,859
Depreciation on disposals	-	-	(379,014)	-	-	(379,014)
Depreciation on write-offs	-	-	(4,641)	-	-	(4,641)
31 December 2015	-	390,031	1,056,620	12,961	-	1,459,612
Allowance for impairment loss:						
1 January 2014	-	-	-	-	-	-
31 December 2014	-	-	-	-	-	-
Increase during the year	-	-	10,384	-	-	10,384
31 December 2015	-	-	10,384	-	-	10,384
Net book value						
31 December 2014	70,010	501,942	1,554,472	4,445	19,734	2,150,603
31 December 2015	91,013	486,049	1,313,395	3,032	188,939	2,082,428
Depreciation for the year						
2014 (Baht 332 million included in manufacturing cost, and the balance in administrative expenses)						338,262
2015 (Baht 327 million included in manufacturing cost, and the balance in administrative expenses)						332,859

(Unit: Thousand Baht)

	Separate financial statements					Total
	Revaluation basis	Cost basis				
		Buildings and building improvement	Machinery and equipment	Motor vehicles	Assets under installation and under construction	
Cost / Revalued amount						
	1 January 2014					
		70,010	759,609	2,609,883	13,423	95,035
	Additions	-	1,481	29,572	2,570	56,920
	Disposals	-	-	(276)	-	-
	Write-offs	-	(3,865)	(27,776)	-	-
	Transfers between accounts	-	64,828	67,538	-	(132,366)
	31 December 2014					
		70,010	822,053	2,678,941	15,993	19,589
	Revaluations	21,003	-	-	-	-
Additions	-	7,351	46,147	-	282,039	
Disposals	-	-	(460,650)	-	-	
Write-offs	-	-	(4,672)	-	-	
Transfers between accounts	-	46,676	66,013	-	(112,689)	
31 December 2015						
	91,013	876,080	2,325,779	15,993	188,939	

(Unit: Thousand Baht)

	Separate financial statements					Total
	Revaluation basis	Cost basis				
		Buildings and building improvement	Machinery and equipment	Motor vehicles	Assets under installation and under construction	
Accumulated depreciation						
1 January 2014	-	257,730	928,661	10,010	-	1,196,401
Depreciation for the year	-	66,064	264,920	1,538	-	332,522
Depreciation on disposals	-	-	(135)	-	-	(135)
Depreciation on write-offs	-	(3,683)	(24,947)	-	-	(28,630)
31 December 2014	-	320,111	1,168,499	11,548	-	1,500,158
Depreciation for the year	-	69,920	255,707	1,413	-	327,040
Depreciation on disposals	-	-	(379,014)	-	-	(379,014)
Depreciation on write-offs	-	-	(4,641)	-	-	(4,641)
31 December 2015	-	390,031	1,040,551	12,961	-	1,443,543
Net book value						
31 December 2014	70,010	501,942	1,510,442	4,445	19,589	2,106,428
31 December 2015	91,013	486,049	1,285,228	3,032	188,939	2,054,261
Depreciation for the year						
2014 (Baht 326 million included in manufacturing cost, and the balance in administrative expenses)						332,522
2015 (Baht 321 million included in manufacturing cost, and the balance in administrative expenses)						327,040

The Company arranged for an independent professional valuer to appraise the value of its land in order to state the land at revalued amount. The appraisal had the effect of increasing the Company's revaluation surplus on land, which was recognised as equity in the statements of financial position (Note 20). The Company arranged for an independent professional valuer to appraise the value of its land using the market approach in 2015.

Had the land been carried in the financial statements on a historical cost basis, its net book value as of 31 December 2015 and 2014 would have been Baht 55 million.

As at 31 December 2015, the Company had machinery and vehicles with net book value of Baht 20 million (2014: Baht 4 million) which were acquired under finance lease agreements.

As at 31 December 2015, certain items of equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 188 million (2014: Baht 164 million).

According to the conditions in the credit facility agreements, which the Company has entered into with financial institutions, the financial institutions will be on pari-passu position with the Company's other lenders and the Company will not make commitment on its land, buildings and machinery.

13. INTANGIBLE ASSETS

(Unit: Thousand Baht)

	Computer software	
	Consolidated financial statements	Separate financial statements
Cost:		
1 January 2014	32,311	32,281
Additions	7,174	7,157
31 December 2014	39,485	39,438
Additions	10,263	10,255
31 December 2015	49,748	49,693
Amortisation:		
1 January 2014	10,403	10,402
Amortisation for the year	3,402	3,394
31 December 2014	13,805	13,796
Amortisation for the year	3,835	3,826
31 December 2015	17,640	17,622
Net book value:		
31 December 2014	25,680	25,642
31 December 2015	32,108	32,071

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

(Unit: Thousand Baht)

	Interest rate (% per annum)		Consolidated and separate financial statements	
	2015	2014	2015	2014
Bank overdrafts	MOR - MOR less 0.5	MOR - MOR less 0.5	23,438	1,909
Promissory notes	2.20 - 3.75	2.50 - 2.66	230,000	226,000
Trust receipts	2.10 - 3.00	0.78 - 0.94	266,001	326,704
Packing credit	2.14	-	90,000	-
Total			609,439	554,613

Under the credit facility agreements, the Company has to comply with certain conditions that the banks will be on pari-passu position with other lenders and the Company will not make commitment on its land, buildings and machinery.

15. TRADE AND OTHER PAYABLES

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Trade payables - unrelated parties	353,098	919,763	315,867	884,508
Other payables - related parties	-	-	1,223	521
Other payables - unrelated parties	38,964	57,951	38,961	57,871
Other payables for purchases of machinery	78,351	23,367	78,351	23,360
Accrued expenses	16,296	11,028	15,896	10,768
Total trade and other payables	486,709	1,012,109	450,298	977,028

16. LONG-TERM LOANS

(Unit: Thousand Baht)

Loan	Interest rate	Repayment schedule	Consolidated and separate financial statements	
			2015	2014
1	THBFIX 1M ⁽¹⁾ + 1.8% per annum	Monthly installments as from July 2013	-	108,000
2	THBFIX 1M ⁽¹⁾ + 2.5% per annum	Monthly installments as from July 2015	332,800	-
3	THBFIX 1M ⁽¹⁾ + 2.5% per annum	Monthly installments as from December 2015	194,400	-
Total			527,200	108,000
Less: Current portion			(201,600)	(108,000)
Long-term loans, net of current portion			325,600	-

(1) THBFIX 1M is Thai Baht Interest Rate Fixing for the period of one month.

In 2015, the Company entered into an agreement with a local bank to obtain long-term facilities of Baht 600 million (fully drawn down) for financial restructuring and acquisition of plant, machinery and factory equipment and furniture. The loan carries interest at THBFIX 1M rate plus 2.5% per annum and is to be repaid in 36 monthly installments (ending in June and November 2018).

Under the loan agreements, the Company has to comply with certain conditions that the banks will be on pari-passu position with the Company's other lenders and the Company will not make commitment on its land, buildings and machinery. In addition, the Company has to comply with certain covenants, pertaining to matters such as maintenance of debt-to-equity ratio, current ratio and debt service coverage ratio, restrictions on disposals of assets, limits on the creation of additional liabilities and changes in the Company's major shareholding and management structures.

17. LIABILITIES UNDER FINANCE LEASE

(Unit: Thousand Baht)

	Consolidation and financial statements	Separate financial statements
	2015	2014
Liabilities under finance lease agreements	23,024	3,650
Less: Deferred interest expenses	(3,505)	(315)
Total	19,519	3,335
Less: Portion due within one year	(4,048)	(999)
Liabilities under finance lease agreements - net of current portion	<u>15,471</u>	<u>2,336</u>

The Company has entered into the finance lease agreements with leasing companies for rental of machinery, motor vehicles and equipment for use in its operation, whereby it committed to pay rental on a monthly basis. The terms of the agreements are generally between 2 and 6 years and the effective interest rates are between 5.21 and 9.45% per annum (2014: between 5.21 and 5.43% per annum).

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

	As of 31 December 2014			
	Within 1 year	1 - 5 years	Over 5 years	Total
Future minimum lease payments	5,163	14,857	3,004	23,024
Deferred interest expenses	(1,115)	(2,300)	(90)	(3,505)
Present value of future minimum lease payments	<u>4,048</u>	<u>12,557</u>	<u>2,914</u>	<u>19,519</u>

(Unit: Thousand Baht)

	As of 31 December 2015			
	Within 1 year	1 - 5 years	Over 5 years	Total
Future minimum lease payments	1,123	2,527	-	3,650
Deferred interest expenses	(124)	(191)	-	(315)
Present value of future minimum lease payments	<u>999</u>	<u>2,336</u>	<u>-</u>	<u>3,335</u>

18. PROVISION FOR LONG-TERM EMPLOYEE BENEFITS

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Provision for long-term employee benefits at beginning of year	26,447	26,089	26,056	25,948
Included in profit or loss:				
Current service cost	4,893	4,479	4,637	4,229
Interest cost	1,395	1,148	1,378	1,148
Past service costs and gains or losses on settlement	3,638	-	2,409	-
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	(657)	-	(657)	-
Financial assumptions changes	5,389	-	5,374	-
Experience adjustments	2,053	-	2,428	-
Benefits paid during the year	(6,715)	(5,269)	(5,367)	(5,269)
Provision for long-term employee benefits at end of year	<u>36,443</u>	<u>26,447</u>	<u>36,258</u>	<u>26,056</u>

Line items in the profit or loss under which long-term employee benefit expenses are recognised are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cost of sales and services	4,125	2,690	4,125	2,628
Selling and administrative expenses	5,801	2,937	4,299	2,749
Total expenses recognised in profit or loss	<u>9,926</u>	<u>5,627</u>	<u>8,424</u>	<u>5,377</u>

The Company and its subsidiaries expect to pay Baht 2 million of long-term employee benefits during the next year (Separate financial statements: Baht 2 million) (2014: Baht 7 million, Separate financial statements: Baht 5 million).

As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit of the Company and its subsidiaries is 18 years (Separate financial statements: 18 years) (2014: 20 years, Separate financial statements: 20 years).

Significant actuarial assumptions are summarised below.

(Unit: % per annum)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Discount rate	3.2	4.4	3.2	4.4
Salary increase rate	3.5 - 10.0	3.5 - 10.0	3.5 - 10.0	3.5 - 10.0
Staff turnover rate	0.0 - 25.0	0.0 - 20.0	0.0 - 25.0	0.0 - 20.0

The result of sensitivity analysis for significant assumption that affect the present value of the long-term employee benefit obligation as at 31 December 2015 are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(5)	5	(5)	5
Salary increase rate	5	(5)	5	(5)
Staff turnover rate	(5)	2	(5)	2

19. SHARE CAPITAL / WARRANTS

The 2010 Annual General Meeting of the Company's shareholders, held on 29 April 2010, approved the issuance of 7.5 million warrants to purchase the Company's ordinary shares to directors and employees of the Company under the Employee Stock Option Plan (ESOP). The warrants were name-specified and non-transferable type, unless by hereditary transfer. The Company's Board of Directors determined the allotment of the warrants to the Company's directors. The Board of Directors and/or the Chairman of the Board determined the allotment of the warrants to the Company's employees. The allotment of the warrants was not offered through intermediary. There were no directors or employees who received the allotment more than 5% of total warrants. The warrants can be exercised to subscribe to the Company's ordinary shares in a ratio of 1 warrant per 1 ordinary share, at an exercise price of Baht 4.50 each. The warrants have a life of 4 years from the issue date, and are exercisable every three months. The accumulated percentage of the exercise does not exceed 15% for the first and second exercise, 30% for the third and fourth exercise, 45% for the fifth and sixth exercise, 60% for the seventh and eighth exercise, 80% for the ninth and tenth exercise, and 100% for the eleventh and twelfth exercise.

The meeting of the Company's Board of Directors held on 10 May 2010 approved the allotment of the warrants to the Company's directors and employees. On 1 June 2010, the Company issued and allotted the warrants to its directors and employees. The first exercise date is the last business day of November 2010 (30 November 2010) and the last exercise date is the last business day of May 2014 (30 May 2014).

On 23 February 2011, the Extraordinary General Meeting of the Company's shareholders No. 1/2011 approved the allocation of the new ordinary shares to the Company's existing shareholders based on the current shareholding of 8 existing shares per 1 new share with an offering price of Baht 16 per share, which was lower than 90% of the market price of the Company's ordinary shares. To comply with the conditions of the rights and roles of the warrant issuers and holders, the Company therefore adjusted the exercise ratio of the warrants from 1 warrant per 1 ordinary share at an exercise price of Baht 4.50 per share to 1 warrant per 1.02213 ordinary shares at an exercise price of Baht 4.403 per share. The adjustment was effective from 28 February 2011 onwards.

Movements in the issued and fully paid-up share capital and the number of warrants were summarised below:

	Number of warrants (Unit)	Issued and fully paid-up share capital (Baht)	Share premium (Baht)	Date of registration with the Ministry of Commerce
Outstanding as at 1 January 2014	1,342,050	836,420,676	927,886,602	
Exercised in February 2014	(17,050)	34,850	41,872	10 March 2014
Exercised in May 2014				
(the last exercise)	(10,000)	20,440	24,559	6 June 2014
Outstanding as at 31 December 2014	1,315,000	836,475,966	927,953,033	

The outstanding 1,315,000 warrants already expired.

20. REVALUATION SURPLUS ON LAND

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	2015	2014
Balance - beginning of year	11,770	11,770
Increase in revaluation surplus on land - net of income tax	16,802	-
Balance - end of year	28,572	11,770

The revaluation surplus on land can neither be offset against deficit nor used for dividend payment.

21. STATUTORY RESERVE

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

22. EXPENSES BY NATURE

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Salaries, wages and other employee benefits	475,974	452,213	429,598	401,065
Depreciation and amortisation	336,694	341,663	330,866	335,916
Raw materials and consumables used	6,711,318	8,194,602	6,710,982	8,193,238
Changes in inventories of finished goods and work in progress	(86,713)	(25,976)	(85,753)	(25,285)

23. INCOME TAX

Income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Current income tax:				
Current income tax charge	29	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(277)	525	-	-
Tax expenses (benefits) reported in the statement of income	(248)	525	-	-

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2015 and 2014 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Deferred tax on gain from revaluation of land	4,201	-	4,201	-
	4,201	-	4,201	-

The reconciliation between accounting profit and income tax expenses is shown below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Accounting loss before tax	(63,153)	(115,946)	(62,988)	(95,111)
Applicable tax rate	8.84%, 20%, 34%	8.84%, 20%, 34%	20%	20%
Accounting loss before tax multiplied by income tax rate	(23,009)	(23,223)	(17,023)	(19,022)
Deferred tax assets for which have not been recognised during the year because future taxable profits may not be sufficient	22,119	29,224	16,583	24,941
Deferred tax assets for which have not been recognised in the prior years but utilised in the year - tax losses	(1,116)	(6,718)	(1,116)	(6,718)
Effects of:				
Non-deductible expenses	1,753	964	1,572	789
Others	5	278	(16)	10
Total	1,758	1,242	1,556	799
Tax expenses (benefits) reported in the statement of income	(248)	525	-	-

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statement of financial position			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Deferred tax assets				
Unused tax losses*	12,537	11,189	-	-
Total	12,537	11,189	-	-
Deferred tax liabilities				
Revaluation surplus on land	7,143	2,942	7,143	2,942
Total	7,143	2,942	7,143	2,942

* Including the effect of the unrealised gain on exchange rate of Baht 1,071,601 (2014: Baht 48,194) from translating foreign currency deferred tax assets into Baht at the exchange rate ruling at the end of reporting period

As at 31 December 2015 the Company and its subsidiaries has deductible temporary differences and unused tax losses totaling Baht 1,072 million (2014: Baht 990 million) (Separate financial statements: Baht 1,007 million (2014: Baht 951 million)), on which deferred tax assets have not been recognised as the Company and its subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses amounting to Baht 985 million will expire by 2027.

24. PROMOTIONAL PRIVILEGES

The Company and its subsidiary have received promotional privileges from the Board of Investment. Subject to certain imposed conditions, the significant tax privileges of the Company and its subsidiary are as follows:

	The Company			
	58-2578-0-00-2-0	1500(2)/2558	5195(1)/2556	2020(1)/2552
1. Certificate No.	Manufacture of medical tools	Manufacture of printed circuit board assembly (PCBA), flexible printed circuit assembly (FPCA), electronic products and electrical equipment	Manufacture of semiconductor (i.e. integrated circuit, touch sensor module, laser module), and printed circuit board assembly (PCBA) for hard disk drive	Manufacture of semiconductor (i.e. integrated circuit, touch sensor module, laser module), and printed circuit board assembly (PCBA) for hard disk drive
2. Promotional privileges for				
3. The significant privileges are				
3.1 Exemption of corporate income tax on profit derived from the promoted operations, in accordance with conditions stipulated in the certificates, and exemption of income tax on dividends paid to the shareholders from the profit of promoted operations during the corporate income tax exemption period.	8 years	7 years (Exemption of corporate income tax cannot exceed Baht 107.5 million, but it can be adjusted later according to actual investment amount, excluding land cost and working capital)	8 years	8 years (The privileges ended. The Company received new certificate (5195(1)/2556) under the Board of Investment's Flood Relief Measures)
3.2 50% reduction of corporate income tax on profit derived from the promoted operations for a period of 5 years after the tax-exemption period ends.	Not granted	Not granted	Granted	Granted
3.3 Exemption of import duty on machinery as approved by the Board.	Granted	Granted	Granted	Granted
4. Date of first earning promoted operation profit	Not yet utilised the privileges	Not yet utilised the privileges	1 March 2014	1 June 2010

	The Company	Subsidiary (SS RFID Company Limited)
1. Certificate No.	1386(4)/2549	1824(1)/2557
2. Promotional privileges for	1167(1)/2555	Manufacture of RFID tags (Radio Frequency Identification Tags)
	Manufacture of printed circuit board assembly (PCBA), touch pad module, optical mouse sensor and integrated circuit	
3. The significant privileges are		
3.1 Exemption of corporate income tax on profit derived from the promoted operations, in accordance with conditions stipulated in the certificates, and exemption of income tax on dividends paid to the shareholders from the profit of promoted operations during the corporate income tax exemption period.	8 years	8 years
3.2 50% reduction of corporate income tax on profit derived from the promoted operations for a period of 5 years after the tax-exemption period ends.	7 years (expired in 2014)	
	Not granted	Granted
3.3 Exemption of import duty on machinery as approved by the Board.	Granted	Granted
4. Date of first earning promoted operation profit	1 May 2007	29 July 2014
	2 May 2014	

The Company's operating revenues for the years divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations		Total	
	2015	2014	2015	2014	2015	2014
Sales						
Domestic sales	6,232,374	8,107,576	215,009	7,112	6,447,383	8,114,688
Direct export sales	925,011	821,601	189,831	-	1,114,842	821,601
Total sales	7,157,385	8,929,177	404,840	7,112	7,562,225	8,936,289

The subsidiary's (SS RFID Company Limited) operating revenues for the years divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations		Total	
	2015	2014	2015	2014	2015	2014
Sales						
Domestic sales	328	147	-	-	328	147
Direct export sales	600	832	-	-	600	832
Total sales	928	979	-	-	928	979

25. LOSS PER SHARE

Loss per share is calculated by dividing loss for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

The following table sets forth the computation of basic loss per share:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Loss for the year (Thousand Baht)	(55,302)	(110,964)	(62,988)	(95,111)
Weighted average number of ordinary shares (Thousand shares)	418,238	418,230	418,238	418,230
Loss per share (Baht per share)	(0.132)	(0.265)	(0.151)	(0.227)

26. SEGMENT INFORMATION

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. For management purposes, the Company and its subsidiaries are organised into 2 business units based on their products: Microelectronics Module Assembly (MMA) and Integrated Circuit Packaging (IC Packaging) and by geographical areas: segment located in Thailand and segment located in United States of America (SMT Green Energy Company Limited has not yet commenced its trading operation).

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

Revenue from external customers is based on locations of the customers.

(Unit: Thousand Baht)

	2015	2014
Revenue from external customers		
Thailand	6,446,830	8,114,834
United States of America	1,167,475	858,899
Others	2,464	19,043
Total (per consolidated financial statements)	7,616,769	8,992,806

Non-current assets (other than financial instruments and deferred tax assets) are the assets of entities located in Thailand.

Sales and service income of MMA for the years 2015 and 2014 derived from one customer accounted for approximately 81% and 90%, respectively, of total sales and service income of the Company.

27. PROVIDENT FUND

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and its subsidiaries and their employees contributed to the fund monthly at the rates of 3 - 10% of basic salary. The fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2015 amounting to approximately Baht 10 million (2014: Baht 9 million) (Separate financial statements: Baht 9 million (2014: Baht 9 million)) were recognised as expenses.

11 to the financial statements.

28.3 Electricity Purchase Agreement

The Company entered into an agreement with a company to purchase electricity in a specified quantity and at a stipulated price as defined in the agreement. The agreement period is 15 years and will expire in September 2029.

28.4 Guarantees

As at 31 December 2015, there were outstanding bank guarantees of Baht 2 million (2014: Baht 4 million) issued by banks on behalf of the Company to guarantee electricity use.

28. COMMITMENTS AND CONTINGENT LIABILITIES

28.1 Capital commitments

As at 31 December 2015, the Company had capital commitments of Baht 5 million (2014: Baht 5 million and USD 0.4 million), relating to the acquisition of machinery, software and building utility system. In addition, the Company had commitments to banks under outstanding letters of credit amounting to approximately USD 0.4 million (2014: Baht 18 million and USD 6.5 million) relating to purchase of machinery and goods.

28.2 Long-term service commitments

28.2.1 The Company entered into a service agreement with a financial advisor for a period from March 2015 to February 2016. Under the conditions of the agreement, the Company is to pay a financial advisory fee on a monthly basis at a rate stipulated in the agreement and to pay other expenses required to complete the service as per actual payment.

28.2.2 A subsidiary has commitment in relation to receipt of technical assistance related to manufacture of RFID Tags, and development and supply of related machine, as discussed in Note

29. FAIR VALUE HIERARCHY

As at 31 December 2015, the Company had the land which is stated at the revalued amount of Baht 91 million and the fair value hierarchy is level 2.

30. FINANCIAL INSTRUMENTS

30.1 Financial risk management

Financial instruments of the Company and its subsidiaries, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, trade and other payables, liabilities under finance lease agreements and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables. The management manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses.

However, the Company and its subsidiaries are exposed to concentrations of credit risk with respect to trade and other receivables because they have a few major customers who are in the same industry. The maximum exposure to credit risk is limited to the carrying amount of trade and other receivables as stated in statement of financial position.

Interest rate risk

Exposure of the Company and its subsidiaries to interest rate risk relates primarily to its cash at banks, bank overdrafts, liabilities under finance lease agreements, short-term and long-term borrowings. Most of the financial assets and liabilities do not bear interest or bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	As at 31 December 2015						
	Consolidated financial statements						
	Fixed interest rate			Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	15	-	15	0.1 - 1.5
Trade and other receivables	-	-	-	-	734	734	-
	-	-	-	15	734	749	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	586	-	-	23	-	609	MOR - MOR less 0.5, 2.10 - 3.75
Trade and other payables	-	-	-	-	487	487	-
Liabilities under finance lease agreements	4	13	3	-	-	20	5.21 - 9.45
Long-term loans	-	-	-	527	-	527	THB FIX 1M+2.5
	590	13	3	550	487	1,643	

(Unit: Million Baht)

	As at 31 December 2014						
	Consolidated financial statements						
	Fixed interest rate			Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	84	-	84	0.1 – 2.65
Trade and other receivables	-	-	-	-	643	643	-
	-	-	-	84	643	727	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	553	-	-	2	-	555	MOR - MOR less 0.5, 2.50 - 2.66, 0.78 - 0.94
Trade and other payables	-	-	-	-	1,012	1,012	-
Liabilities under finance lease agreements	-	3	-	-	-	3	5.21 - 5.43
Long-term loans	-	-	-	108	-	108	THB FIX 1M+1.8
	553	3	-	110	1,012	1,678	

(Unit: Million Baht)

	As at 31 December 2015						
	Separate financial statements						
	Fixed interest rate			Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	1	-	1	0.1 - 0.5
Trade and other receivables	-	-	-	-	738	738	-
	-	-	-	1	738	739	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	586	-	-	23	-	609	MOR - MOR less 0.5, 2.10 - 3.75
Trade and other payables	-	-	-	-	450	450	-
Liabilities under finance lease agreements	4	13	3	-	-	20	5.21 - 9.45
Long-term loans	-	-	-	527	-	527	THB FIX 1M+2.5
	590	13	3	550	450	1,606	

(Unit: Million Baht)

	As at 31 December 2014						
	Separate financial statements						
	Fixed interest rate			Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	63	-	63	0.1 - 0.375
Trade and other receivables	-	-	-	-	640	640	-
	-	-	-	63	640	703	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	553	-	-	2	-	555	MOR - MOR less 0.5, 2.50 - 2.66, 0.78 - 0.94
Trade and other payables	-	-	-	-	977	977	-
Liabilities under finance lease agreements	-	3	-	-	-	3	5.21 - 5.43
Long-term loans	-	-	-	108	-	108	THB FIX 1M+1.8
	553	3	-	110	977	1,643	

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions and purchases of machinery that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2015	2014	2015	2014	2015	2014
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	13.5	19.7	9.7	36.9	36.0886	32.9630
Japanese yen	-	-	5.8	6.0	29.9604	27.3840
						(per 100 Yen)
Swiss Franc	-	-	0.1	-	36.3704	-

Foreign exchange contracts outstanding are summarised below.

Foreign currency	As at 31 December 2015			
	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate	
			Bought	Sold
			(Baht per 1 foreign currency unit)	
US dollar	0.4	2.8	36.1190 - 36.2600	35.7800 - 36.1460

In addition, as at 31 December 2015, the Company entered into a foreign exchange contract to buy CHF 0.1 million whereby it is required to pay USD 0.1 million.

Foreign currency	As at 31 December 2014			
	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate	
			Bought	Sold
			(Baht per 1 foreign currency unit)	
US dollar	6.5	1.8	32.9000 - 33.1900	32.4700 - 33.0275

30.2 Fair value of financial instruments

Since the majority of the financial instruments of the Company and its subsidiaries are short-term in nature and loans bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statements of financial position.

31. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2015, the Group's debt-to-equity ratio was 0.97:1 (2014: 0.95:1) and the Company's was 0.93:1 (2014: 0.92:1).

The Company manages its capital structure with reference to its debt-to-equity ratio in order to comply with conditions in credit facility and long-term loan agreements with financial institutions, which requires the Company to maintain a debt-to-equity ratio at the level stipulated in the agreements.

32. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2016.

REMUNERATION FOR THE AUDITOR

At the 2015 shareholders' annual general meeting, the appointment of the following Auditors from EY Office Co. Ltd. was approved as auditors for the company and its subsidiaries: namely, Ms. Vissuta Jariyathanakorn (Certified Public Accountant License No. 3853) and/or ;Mr. Termphong Opanaphan (Certified Public Accountant License No. 4501); and/or Ms.Manee Rattanabunnakit (Certified Public Accountant License No. 5313).The meeting also approved auditing remuneration for 2015 of 1,840,000 baht.

AUDITING REMUNERATION FOR THE PAST THREE YEARS (2013-2015)

Unit : Baht

	Year 2013	Year 2014	Year 2015
Audit fee	1,875,000	1,800,000	1,840,000

THE AUDITOR

EY Office Co., Ltd.
 33rd Floor, Lake Ratchada Building
 193/136-137 New Patchadapisake road
 Klongtoey, Bangkok 10110
 Tel : 0-2264-0777
 Fax : 0-2264-0789-90

CORPORATE INFORMATION AND REFERENCE PERSONS

CORPORATE INFORMATION

Stars Microelectronics (Thailand) Public Company Limited

Registration No. 0107545000098

Type of Business :

Electronic Manufacturing Service

Headquarter : 605-606 Moo 2, Tambol Klongjig ,

Amphur Bang Pa-In Ayutthaya 13160 Thailand

Tel: 035-221777

Fax: 035-221778

Website : www.starsmicro.com

SUBSIDIARY COMPANY :

Stars Microelectronics USA, Inc.

2157 O'Toole Ave., Suite I San Joes, CA 95131 USA

Tel : +1 (408) 894 – 8160

Fax : +1 (408) 894 – 8180

SMT Green Energy Company Limited

605-606 Moo 2, Tambol Klongjig ,

Amphur Bang Pa-In Ayutthaya 13160 Thailand

SS RFID Company Limited

605-606 Moo 2, Tambol Klongjig ,

Amphur Bang Pa-In Ayutthaya 13160 Thailand

REFERENCE PERSONS

The Stock Registrar

Thailand Securities Depositary Co., Ltd

93 Stock Exchange of Thailand Building

Ratchadapisake Road, Dindaeng, Dindaeng,

Bangkok 10400

Tel: 0- 2009-9000

Fax : 0- 2009-9991

SET Contact center: 0 2009-9999

Website: <http://www.set.or.th/tsd>

E-mail: SETContactCenter@set.or.th

INVESTOR RELATIONS CONTACT

Stars Microelectronics (Thailand) Public Company Limited

Bang Pa-In Industrial Estate (I-EA-T Free Zone)

605-606 Moo 2, Tambol Klongjig,

Amphur Bang Pa-In Ayutthaya 13160

Email: ir@starsmicro.com

Tel: 035-221-777 ext 313

Fax: 035-221-778

Investors can learn more information of the Company from Annual Registration Statement (Form 56-1) on www.sec.or.th or www.set.or.th or the company's website www.starsmicro.com



www.starsmicro.com



**STARS MICROELECTRONICS
(THAILAND) PCL.**

Bang Pa-In Industrial Estate
(I-EA-T Free Zone)
605-606 Moo 2,
Klongjig, Bang Pa-In
Ayutthaya 13160, Thailand.

Tel : +66 (0)35-221-777
Fax : +66 (0)35-221-778
Hot Line : +66 (0)35-258-132

www.starsmicro.com

