

รายงานประจำปี 2557  
Annual Report  
2014



THE LEADER  
IN HYDRAULICS  
OF THAILAND



บริษัท ที.เอ็ม.ซี. อุตสาหกรรม จำกัด (มหาชน)  
T.M.C. Industrial Public Company Limited



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The Investor can study for more the company's data  
from Yearly Data Report 56-1  
at [www.sec.or.th](http://www.sec.or.th) or [www.tmc.co.th](http://www.tmc.co.th)









## FINANCIAL HIGHLIGHT

2014 +/- (%) 2013 +/- (%) 2012 +/- (%) 2011 +/- (%) 2010

## Statement of Comprehensive Income

Revenues from sales and services	648.79	-17.39%	785.32	-21.69%	1,002.87	49.71%	669.88	43.11%	468.10
Earning before interest and income tax	(48.83)	-442.67%	14.25	-93.53%	220.14	117.14%	101.38	32.74%	76.38
Depreciation and amortization	46.81	7.61%	43.50	16.84%	37.23	5.07%	35.44	-19.49%	44.02
Earning before tax	(59.65)	-655.92%	10.73	-93.88%	175.23	245.96%	50.65	169.30%	18.81
Net Profit	(47.98)	-752.79%	7.35	-94.58%	135.53	318.04%	32.42	185.60%	11.35
Earning Per Share	(0.17)	-950.00%	0.02	-96.77%	0.62				

## Statement of Financial Position

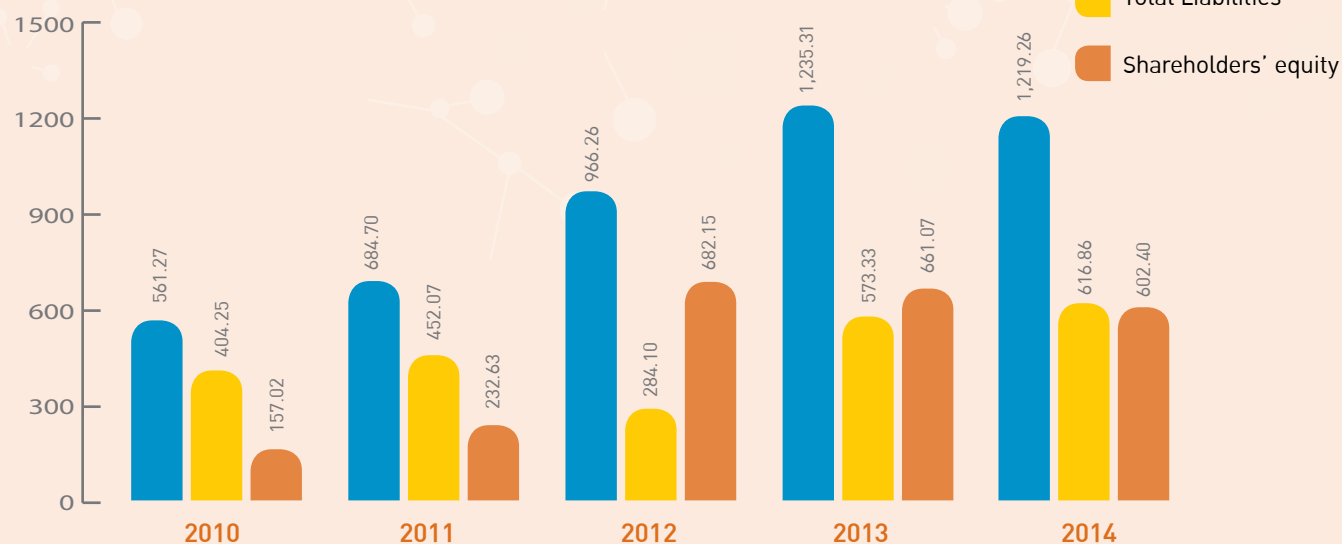
Total Assets	1,219.26	-1.30%	1,235.31	27.84%	966.26	41.21%	684.70	21.99%	561.27
Total Liabilities	616.86	7.59%	573.33	101.81%	284.10	-37.15%	452.07	11.83%	404.25
Shareholders' Equity	602.40	-8.88%	661.07	-3.09%	682.15	193.23%	232.63	48.16%	157.02

## Financial Ratio Analysis

Gross Profit margin ( % )	15.31		19.02		28.80		21.30		19.67
Net Profit Margin ( % )	(7.54)		0.91		13.47		4.83		2.42
Current Ratio ( Times )	0.97		1.46		2.43		0.92		0.73
Debts to Equity ( Times )	1.02		0.87		0.41		1.94		2.57
Return on equity ( % )	(7.89)		1.07		29.63		16.64		8.54
Return on Asset ( % )	(3.98)		1.29		22.16				

## Statements of Financial Position

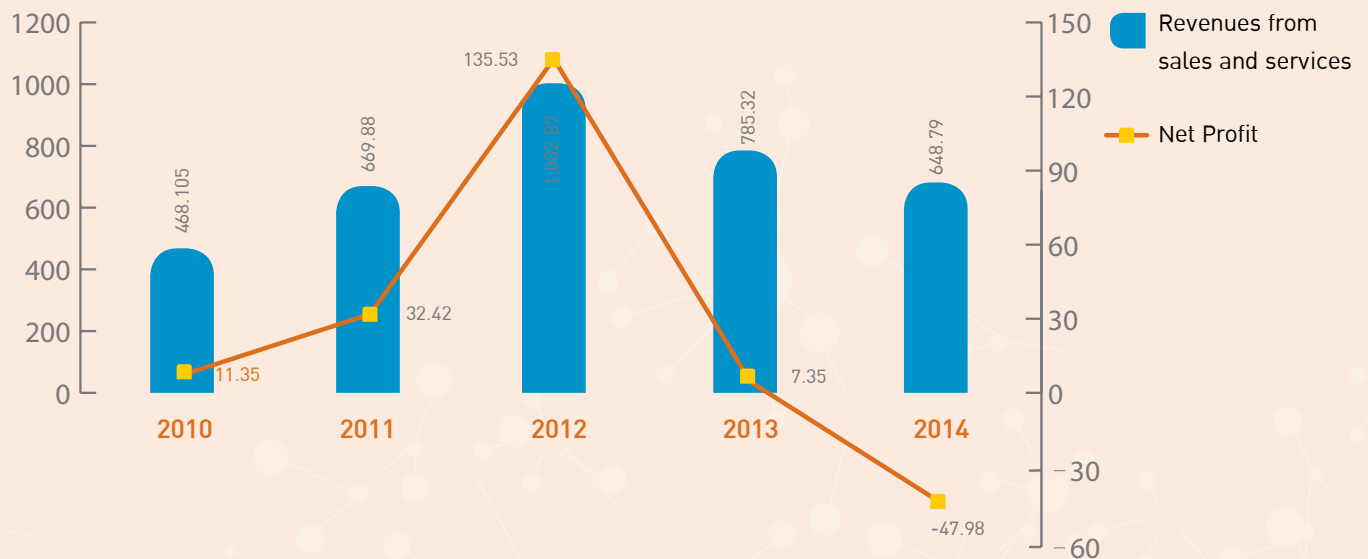
(Unit : Million Baht)





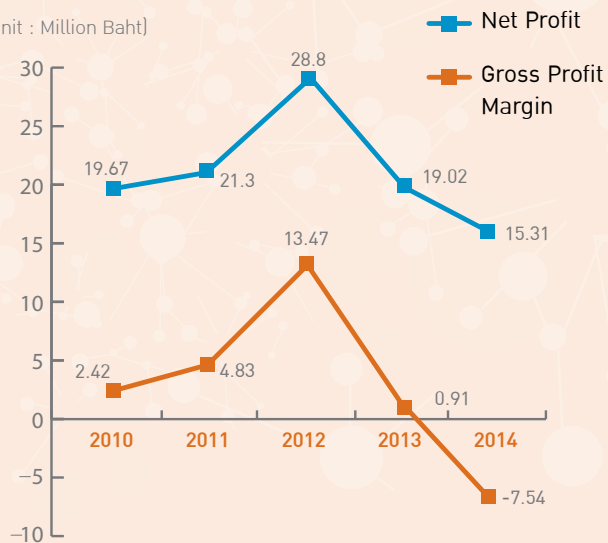
## Revenues from sales and services VS Net Profits

(Unit : Million Baht)



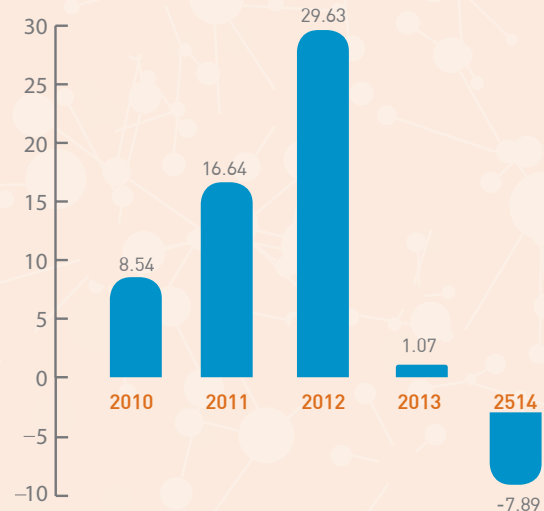
## Gross Profit Margin VS Net Profit Margin

(Unit : Million Baht)



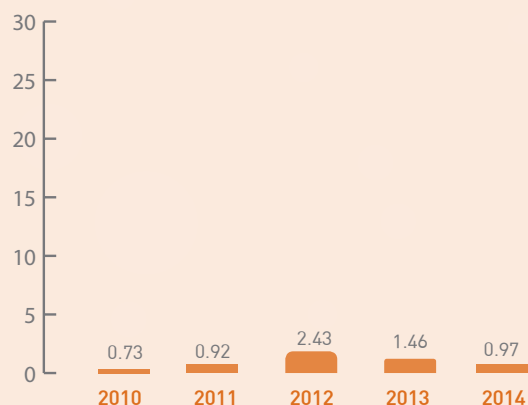
## Return on Equity

(Unit : Million Baht)



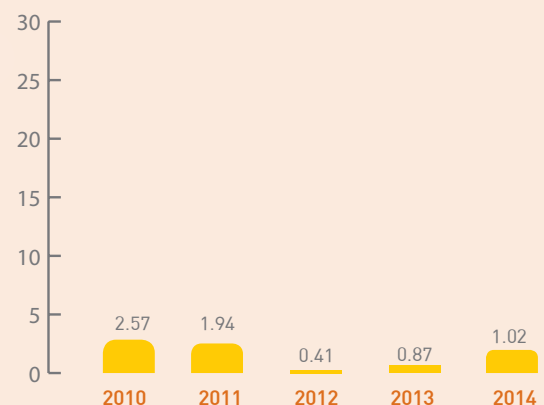
## Current Ratio

(Unit : Million Baht)



## Debts to Equity

(Unit : Million Baht)





## COMPANY PRODUCT

### Hydraulic Press

01



02



03



01

#### HCD : Hydraulic Clapper Die Spotting Press

To use for parallel checking of the upper and middle Die can be adjust the position up-down thoughtly to 0.5 mm. and Bloster/Slide can be flip for easy to repair die that suitable for deep draw mould such as mould for plastic injection.

02

#### HDS : Hydraulic Die Spotting Press

To use for parallel checking of the upper and middle Die that suitable for forming Die.

03

#### HDP : High Speed Deep Drawing Hydraulic Press

To use for deep draw parts in the production line automotive are Electric Appliance such as rice cooker, washing machines.



05



04



06



04

#### HRP : Hydraulic Try out Press

To use for automotive parts testing and stamping that need high pressure 600 – 2000 ton.

05

#### HHP : Hydraulic Hemming spotting Press

To use for making the external parts of automotive line, such as hood, luggage, front door and rear door.

06

#### HMP : Hydraulic Moulding for hot Press

To use for making the interior parts of automotive line, such as carpet, wall, roof. Normally it must apply the heating system in the production process.



07



08



09



07

### HTP : Hydraulic Trimming and Bending Press

To use for punching and trimming part  
Mostly, It is for making the interior part  
for refrigerator.

08

### HSP : Hydraulic Special forming Press

To use for forming parts for motorcycle.

09

### AMM : Automation Machine for Interior Material

To use for pressing the interior parts of  
automotive that apply the transfer  
system. The material for making part are  
felt or synthetic inon woven material.

## Hydraulic Crane



### Container Lift

To use for transportation such as garbage or steel scrap.

### 065AAA

To use in government sector for trimming trees, maintenance the way lighting.

### 6000A/AA

To use in steel manufacturing plant or construction. It is can fix on ground or truck. The application is for gripping





04

**8000A/AA**

A big crane and fix with 10 wheels. Mostly it is used in construction field for pile lifting.



05

05

**6000S**

This type of crane is specify. It is applied to fix with boat or fix on ground. The application is for gripping woods and weeds.

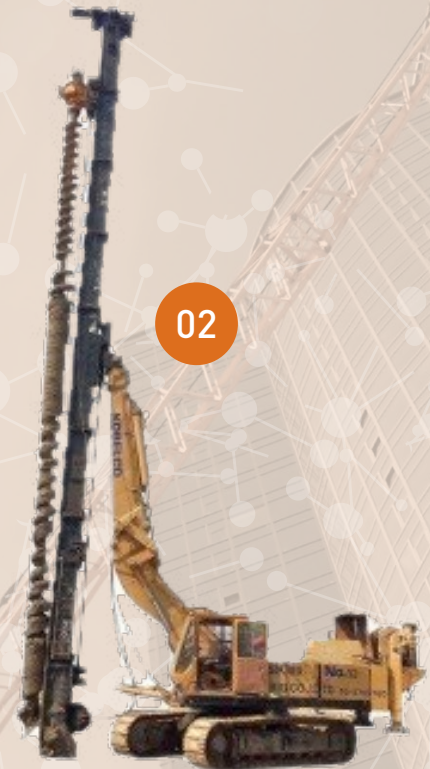
## Hydraulic Press & Drill Machine



01

### Hydraulic Static Pile Driver

The new product of company is the Hydraulic Pressing Machine for Foundation Pile. That is a product of machine in the Construction Industry, to change from pile hammer to pile pressing.



02

### Multi-Function Drilling Rig

The new product of company is the Hydraulic Drilling Machine, it is a machine to support to pile pressing machine and pile driven machine, whether the hydraulic pressing if in case to pressing or driving near the building and city.



## Material Handling Equipment

01



02



03



04



01

Drum carrier  
trucks

02

Hydraulic  
drum lift

03

Table lift

04

Hydraulic hand lift

Handling equipment for lifting and moving objects. It can lift up the objects with weight from 350 kilograms up to 20 tons

## Service Equipment

01



01

Hydraulic Press

Handling equipment used in the automobile service center. It is used in the automobile and motorcycle service center and it can lift up materials with weight from 50 kilograms up to 150 tons



02

02

Two post lift





03

03

Motorcycle lifter



04

04

Gear lifter

Handling equipment used in the automobile service center. It is used in the automobile and motorcycle service center and it can lift up materials with weight from 50 kilograms up to 150 tons

## MESSAGE FROM THE CHAIRMAN



## To The Shareholders

## Of T.M.C. Industrial Public Co., Ltd.

In regard with the company's operating result of year 2014, the company gains loss, due to Thai economy encountering and challenging various issues, from internal and external factors, the private section consequently face recession since 2013. Furthermore, some policies for example, first-car policy and the promotion of home credit expansion affecting to prevent normal family's expense, due to each family must save some of their income to repay the increased debt. In terms of international factor, the overall economy in 2014 is during adjustment. The aforementioned factors results to recession in car industry and operating result of the company which gain revenue mostly from car industry of Thailand. The total manufacture and export is 1.88 million cars, a decrease number comparing to 2.46 million in 2014 or 24%.

However, the company determines to focus on our quality of manufacture and adjust cost administration to be more efficient with responsibility and "transparency". We destine to develop our products by research and new innovation in conforming to the demand of the market which depends on technology. In addition, we are appointed to be the new distributor of many international brands, and continue to improve our human resource under good corporate governance for our company. With transparency in management and support rivals to do the same, we always aware of our corporate social responsibility or CSR by taking a major role in support education, health and culture in respect to sustainable development. This is to elevate Thais' livings and Thai society to grow along with the development of the country. Finally, we encourage our stakeholders to rely on us and we try to reserve their return in a very last long period.

A handwritten signature in black ink, appearing to read "Thaweemit Kamolmongkolsuk".

Mr. Thaweemit Kamolmongkolsuk  
Chairman of the Executive Committee

A handwritten signature in black ink, appearing to read "Manu Leopairrote".

Mr. Manu Leopairrote  
Chairman of the Board of Directors



## BOARD OF DIRECTORS



1.	Mr. Manu	Leopairote	Chairman of the Board of Directors / Independent Director
2.	Mr. Thaweemit	Kamolmongkolsuk	Director / Chairman of the Executive Committee
3.	Mrs. Tubtim	Kamolmongkolsuk	Director / Vice Chairman of the Executive Committee
4.	Mr. Surachet	Kamolmongkolsuk	Director / Chief Executive Officer
5.	Mr. Teerapap	Kamolmongkolsuk	Director / Managing Director
6.	Mrs. Pacharawalai	Wu	Director / Deputy Managing Director
7.	Miss Pailin	Kamolmongkolsuk	Director / Deputy Managing Director
8.	Mr. Arthit	Wuthikaro	Chairman of Audit Committee / Independent Director
9.	Miss Chutipa	Obhasanond	Member of Audit Committee / Independent Director
10.	Mr. Mitthong	Chulitawong	Member of Audit Committee / Independent Director

## REPORT OF THE AUDIT COMMITTEE



### To Shareholders Of T.M.C. Industrial Public Co., Ltd.

Audit Committee of the company consists of 3 independent committee members, who are expert in finance, accountancy, laws and industrial business. The three persons are not director, employee and consultant of the company. Their name lists are as follows:

1. Mr. Arthit	Wuthikaro	Chairman of the Audit Committee
2. Miss Chutipa	Obhasanond	Member of the Audit Committee
3. Mr. Mitthong	Chulitawong	Member of the Audit Committee

Mr. Mitthong Chulitawong has been appointed as Member of the Audit Committee on the Annual General Meeting 2014, on 25 April 2014, due to the resignation of Mr. Khan Akaworawit, Member of the Audit Committee on 15 March 2014.

In 2014, the Audit Committee arranged the meeting, participated with managing team, financial and accounting department, internal auditors and the auditor, to acknowledge the evaluation result of Internal Audit, Good Corporate Governance and Performance Report including recommendations to the Board of Directors. The Audit Committee set up 4 meetings for consideration in every quarter. The participants are as follows:

Audit Committee Members		Title	Times Participated
1. Mr. Arthit	Wuthikaro	Chairman of the Audit Committee	4/4
2. Miss Chutipa	Obhasanond	Member of the Audit Committee	3/4
3. Mr. Mitthong	Chulitawong	Member of the Audit Committee	3/4
4. Mr. Khan	Akaworawit	Member of the Audit Committee	1/4

The Audit Committee has performed their duties in accordance with the regulations set by the Board of Directors and the Audit Committee, complying with terms and good practices for the Audit Committee of Stock Exchange of Thailand. The practices of the company's Audit Committees are summarized as follows:

#### 1. Financial Reports

The Audit Committee, cooperating with auditors, managing directors and internal auditors, has reviewed the Company's and its subsidiaries' Quarterly Financial Reports and Financial Statement 2014, considering the main issues and giving suggestions which can be useful in internal control processes in financial statement issuance that should declare sufficient important information conforming with related laws, notices, The Securities Exchange of Thailand regulations and The Securities and Exchange Commission regulations, as well as conforming with standard Financial statements. As a result the Audit Committee did not find any abnormal and extraordinary item.



## 2. Related Reports or Issues which may lead to conflicts in benefit

The Audit Committee reviewed and commented on related issues and possible issues which may lead to conflicts in benefits of the company and its subsidiaries in response to precaution, reason, transparency and benefit of its stakeholders of terms and conditions regulated by Stock Exchange of Thailand.

## 3. Internal Audit and Risk Management

The Audit Committee reviews the sufficiency of internal audit system of the company by considering from the report of internal auditors and the auditor to evaluate the adequacy, appropriateness and efficiency of internal control system. The risk management of the company, operated by managing team, conforms to regulated policy and approving authority.

## 4. Practices in accordance with legal requirement and regulations

The Audit Committee reviewed company operation to make sure that the company has conformed to The Securities and Securities Exchange Act, The Securities Exchange of Thailand regulations, The Securities and Exchange Commission regulations and company business related laws and acknowledged the alteration of regulations which may influence to the business operation of the company.

## 5. Corporate Governance

The Audit Committee reviewed that the company has been operated with good corporate governance enhancing company transparency and accountability to maintain the confidence of stakeholders.

## 6. Internal Audit Governance

The Audit Committee reviewed the independence of internal auditor, framework, annual audit plan, audit result and followed related corrections, and advised in audit process development.

## 7. Nomination of Auditor and Remuneration

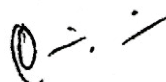
The Audit Committee considered to specific auditor and remuneration by their expert, ability, experience and qualification of recent works.

Thus, the Audit Committee reviewed the auditor's performance of EY Office Co., Ltd. and the remuneration and submitted to the Board of Directors. The committee agreed that they do well understand business of the company with her independent career position. The company appointed EY Office Co., Ltd., to be the auditor of company in year 2015 with its auditors as follows:

1) Miss Thipawan	Nananuwat	Auditor with registered no. 3459 or
2) Miss Sumalee	Reewarabundit	Auditor with registered no. 3970 or
3) Mr. Kritsada	Lerdwana	Auditor with registered no. 4958 or
4) Miss Manee	Rattanabunnakit	Auditor with registered no. 5313

For accounting period ending on 31 December 2014, the auditor who certified Financial Statement of the company is Miss Thipawan Nananuwat.

In conclusion, the Audit Committee has performed its duty with independence, honesty, transparency in compliance with good corporate governance and approved that the company arranged Financial Statement with accuracy of standard accounting certification. The reveal of related information or transactions which may lead to conflict in benefit is accurate and reasonable, providing sufficient and efficient internal control, internal audit and risk management. Our performance or practice is under right, appropriate, unambiguous and ethical conducts, conforming to good corporate governance. This is to make confidence and reliability among shareholders, investors, and connected persons.



(Mr. Arthit Wuthikaro)

Chairman of the Audit Committee

## VISION AND MISSION

### Our Vision

To be the leader in design innovation and produce value added machines by combining the intellectual capital and the modern technology. To meet customer demand with international standard.

### Our Mission

1. Finance                      Build the sustainable business growth with high return.
2. Customer Satisfaction    Respond to customer demand to create customer satisfaction.
3. Internal Process            Combine intellectual capital and modern technology harmoniously to create new innovation and meet customer demand.
4. Learning and Growth
  - 4.1 Enhance quality of life and develop employee's potential as intellectual capital of knowledge base of the company.
  - 4.2 Operate business under the ethical framework with social and environment responsibility.



## COMPANY BACKGROUND

### 1982

- T.M.C. Industrial Company Limited was established with registered capital of Baht 1 million to manufacture and distribute hydraulic press.

### 1985

- The Company won "The Best Manufacturer and Factory" Award from the Ministry of Industry.

### 1987

- The Company won "Thai-Made Quality Product" from Thailand Institute of Scientific and Technological Research.

### 1991

- The Company increased the registered capital from Baht 1 million to Baht 10 million to be used as revolving fund.

### 1996

- The Company signed a partnership contract with KAWASAKI HYDROMECHANIC CORP. for the cooperation in the field of marketing, design, production, technology and quality control of hydraulic press.

### 1997

- The Company signed a supply contract to supply the hydraulic press to "SANKI SEIKO CO., LTD.", Japan.

### 1999

- The Company established the first showroom in Chonburi.

### 2000

- The Company established the second showroom in Hatyai, Songkhla.

### 2005

- The 2nd factory under T.M.C. Manufacturing Co., Ltd. was established with the registered capital of Baht 5 million in order to expand the production and move the hydraulic cranes and hydraulic handling equipment production lines from T.M.C. Industrial Co., Ltd. to the new factory.

### 2006

- The Company was awarded the "Production Machinery" from Thailand Institute of Scientific and Technological Research.
- T.M.C. Industrial Co., Ltd. increased the registered capital from Baht 10 million to Baht 50 million for factory expansion.
- T.M.C. Manufacturing Co., Ltd. increased the registered capital from Baht 5 million to Baht 20 million for purchasing additional machines and for using as revolving fund.

### 2007

- The Company received a certificate from TOYOTA for the substantial contribution made to benefit Ban Pho Plant Start Operation Ceremony.

### 2008

- The Company received an environmental management system certificate - ISO14001:2004.

### 2010

- T.M.C. Industrial Co., Ltd. increased its registered capital from Baht 50 million to Baht 90 million to purchase additional machineries for expansion of its production capacity.





- T.M.C. Manufacturing Co., Ltd. increased its registered capital from Baht 20 million to Baht 30 million to purchase the land for establishment of the new factory and to support the expansion of production capacity.
- T.M.C. Industrial Co., Ltd. and T.M.C. Manufacturing Co., Ltd. were merged and registered for discontinuation of businesses. A new company was established under the existing name of T.M.C. Industrial Co., Ltd. with the registered capital of Baht 120 million.
- The Company received the ISO9001:2008 Standard Certificate for assembly and installation of hydraulic crane.

## 2011

- The Company invested in Metal Fabrication Co., Ltd. which had the registered capital of Baht 20 million and owned a stake of 99.99 % of Metal Fabrication's paid-up capital to engage in structural steel fabrication and to request for tax privilege from the Board of Investment (BOI).
- The Company increased the registered capital to Baht 200 million.
- The Company increased the registered capital to Baht 290 million and privatized the business in order to register in the Market for Alternative Investment (MAI) by offering 90,000,000 shares to the public (Initial Public Offering - IPO) for the first time.

## 2012

- On October 17-19, 2012, the Company offered 85,000,000 shares (IPO) to the public and 5,000,000 shares to the staff, which is accounting for the ratio of 23.08 % of total 390,000,000 ordinary shares, at par value of Baht 1 per share, by offering to the public at par value of Baht 3.90 and to the staff at par value of Baht 3.12.
- October 26, 2012 was the first trading date in the Stock Exchange of Thailand.

## 2013

- August 19, 2013, The Company invested in T.M.C. - Lao Assembly and Manufacture Industrial Machine Co., Ltd. which had jointly between The Company and S.U. Construction and Renovate Housing Co., Ltd. in 1,430 Million Kip (5.72 Million Baht) or in 70:30 %. The T.M.C. - Lao Assembly and Manufacture Industrial Machine Co., Ltd. had engage in the business of assembly and manufacture industrial machine at Muang Vientiane, The Lao People's Democratic Republic for starting business to the AEC.

## 2014

- March 13, 2014, The Securities and Exchange Commission gave award for praise to the Company in the project of "IPO Pride of Provinces #1", in occasion of the company had join and be allowed to IPO from The Securities and Exchange Commission in specific time, and like a pride of Chonburi Province.
- March 26, 2014, Sign the New Factory Construction's Contract, phase 1 at Amphur Banbueng, Chonburi in the land 58 Rai for expand the factory operation.
- April 25, 2014, The Annual General Meeting of Shareholders 2014 had resolution to close down the Metal Fabrication Company Limited which was subsidiary of T.M.C. Industrial Company Limited, because there was no proceed and operation since establish the company. The close down registration was register on July 22, 2014 at Department of Business Development, Ministry of Commerce, and current status is in process of liquidation.
- October 22, 2014, TMC has signed in a contract for appointed as a sells partner for Hydraulic Press Pile Machine of Thailand by Sunward Intelligent Equipment Company Limited which is a Company registered from China that a manufactures and sells of modern and high quality machinery to use in a construction and civil works which is a one of the leading brands in China that are accepted continuously.





## GENERAL INFORMATION

Name of Company	:	T.M.C. Industrial Public Company Limited (“the Company” or “TMC”)
Type of Business	:	Manufacture and distribute high quality hydraulic, i.e. Hydraulic Press Machine, Hydraulic Press and Drill Machine for Foundation Pile, Hydraulic Crane, Hydraulic Handling Equipment and etc.

### Office Location

Head Office	:	125/10 Moo 5, Bansuan sub-district, Muang district, Chonburi
Branch Office No.1	:	68/1 Moo 5, Nongree sub-district, Muang district, Chonburi
Branch Office No.2	:	8/42 Moo 6, Bansuan sub-district, Muang district, Chonburi
Branch Office No.3	:	6/10 Radyindee road, Hatyai sub-district, Hatyai district, Songkhla
Registration No.	:	0107554000089
Home page	:	<a href="http://www.tmc.co.th">http://www.tmc.co.th</a>
Telephone	:	(6638) 271-933 - 4
Facsimile	:	6638) 271-931
Registered capital	:	290,000,000 Baht
Ordinary shares	:	290,000,000 Shares
Par value	:	1.00 Baht per Par
Paid-up capital	:	290,000,000 Baht

### Subsidiary that the company holds shares more than 10 percent

#### Subsidiary No.1

Name of company Limited	:	T.M.C. – Lao Assembly and Manufacture Industrial Machine Company Limited
Head office location	:	Khum 03, Unit No.61, Dongdoke-Seekerd, Ban Tanmeechai, Muang Chaithani, Vientiane district, The Lao People’s Democratic Republic
Telephone	:	(+856) 21771691
Facsimile	:	(+856) 21771691
Type of Business	:	Assembly and Manufacture Industrial Machine
Registered capital	:	1,430,000,000 Lao PDR Kip (5,720,000 Baht)
Company Shareholding (%)	:	70.00%

#### Subsidiary No.2

Name of company	:	Metal Fabrication Company Limited (“Subsidiary” Or “metal Fabrication”)
Head office location	:	125/10 Moo 5 Bansuan sub-district, Muang district, Chonburi 20000
Type of Business	:	Structural steel fabrication

Ordinary shares	:	200,000 Shares
Number of shares held by the	:	199.998 shares
Company Shareholding (%)	:	99.99%
Current Status	:	The Annual General Meeting of Shareholders 2014 had resolution approved to close down the Metal Fabrication Company Limited, and the close down registration was register on July 22, 2014 at Department of Business Development, Ministry of Commerce, and current status is in process of liquidation.

### Registrar

Name	:	Thailand Securities Depository Co., Ltd
Address	:	62 Ratchadapisek Road, Klongtoey district, Bangkok 10110
Telephone	:	(66) 2229 2800
Facsimile	:	(66) 2654 5427

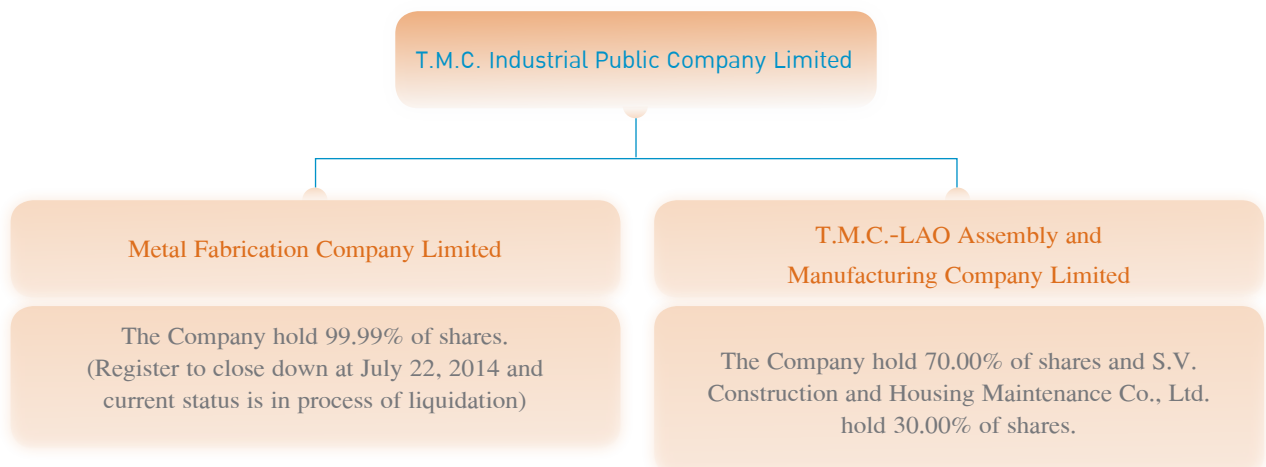
### Auditor

Name	:	EY Office limited
Address	:	33 <sup>rd</sup> Floor Lake Rajada office Complex, 93/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110
Telephone	:	(66) 2264 0777
Facsimile	:	(66) 2264 0789

### Shareholders Structure of Company's Group

#### Shareholders Structure of T.M.C. Industrial Public Company Limited and Subsidiary

As of December, 2014





## NATURE OF BUSINESS

**T.M.C. Industrial Public Company Limited** : engages in the production and distribution high quality of hydraulic machines which are categorized as follow:

1. Hydraulic press machine with 1 ton pressure up to 3,500 tons pressure.
2. Hydraulic crane both truck – mounted cranes and fixed crane.
3. Hydraulic Press and Drill Machine for Foundation Pile
4. Hydraulic handling equipment such as motorcycle lifter and table lift.
5. Hydraulic repair and maintenance services and metal machining.

**T.M.C.-LAO Assembly and Manufacturing Company Limited** : engages in the production and distribution of hydraulic machines.

**Metal Fabrication Company Limited** : engages in the welding and fabrication of structural steel.

### Income structure

Unit : Million Baht

Details	Consolidated financial statements							
	2011		2012		2013		2014	
	Baht Million	%	Baht Million	%	Baht Million	%	Baht Million	%
Income from sales								
1. Hydraulic press	288.67	43.09	563.27	56.17	437.60	55.72	299.27	46.13
2. Hydraulic crane	185.89	27.75	162.77	16.23	134.50	17.13	140.35	21.63
3. Hydraulic handling equipment	68.06	10.16	88.40	8.81	71.92	9.16	52.81	8.14
4. Others	29.37	4.38	26.48	2.64	29.15	3.71	34.34	5.29
<b>Total income from sales</b>	<b>571.99</b>	<b>85.39</b>	<b>840.92</b>	<b>83.85</b>	<b>673.17</b>	<b>85.72</b>	<b>526.77</b>	<b>81.19</b>
Income from services								
5. maintenance service	40.01	5.97	124.32	12.40	98.52	12.54	49.32	7.60
6. Metal machining	57.88	8.64	37.63	3.75	13.63	1.74	72.70	11.21
<b>Total income from services</b>	<b>97.89</b>	<b>14.61</b>	<b>161.95</b>	<b>16.15</b>	<b>112.15</b>	<b>14.28</b>	<b>122.02</b>	<b>18.81</b>
<b>Total income from sales and services</b>	<b>669.88</b>	<b>100.00</b>	<b>1,002.87</b>	<b>100.00</b>	<b>785.32</b>	<b>100.00</b>	<b>648.79</b>	<b>100.00</b>

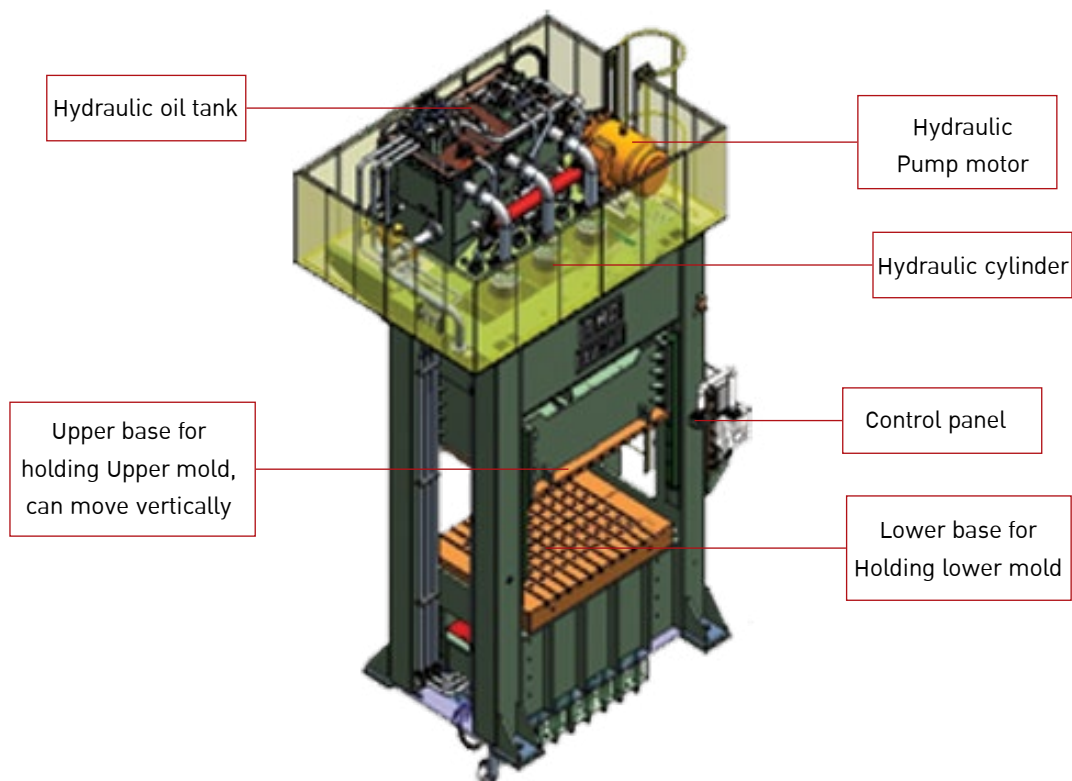
## PRODUCTS AND SERVICES

T.M.C. Industrial Public Company Limited engages in operation and distribution hydraulic system machine for all of industrial i.e. Automotive Industrial, Electrical Appliance Industrial, Building Construction and other Constructions, etc. The hydraulic machines are categorized to 5 types as follow:

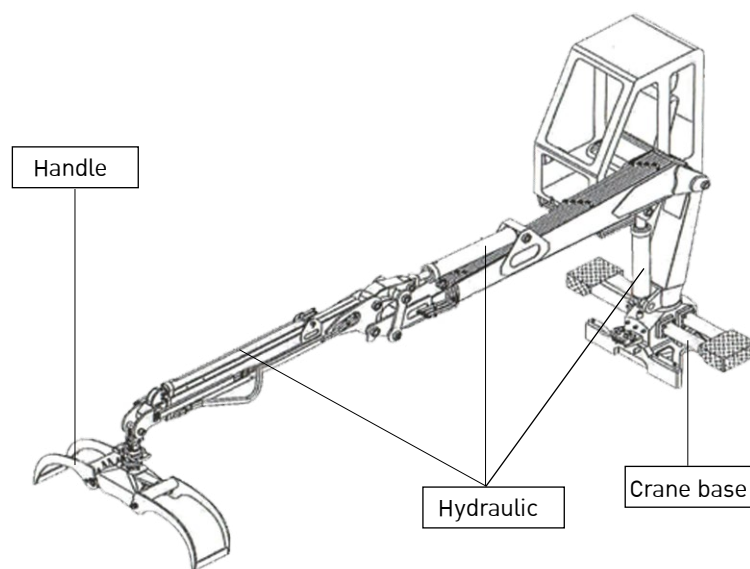
1. Hydraulic press machine
2. Hydraulic crane both truck – mounted cranes and fixed crane.
3. Hydraulic Press and Drill Machine for Foundation Pile
4. Hydraulic handling equipment
5. Hydraulic repair and maintenance services and metal machining.

**1. Hydraulic press** is the main income generated product of the Group of Companies. Income proportion from sales of hydraulic press in 2012, 2013 and 2014 were 56.17% and 55.72% and 46.13% respectively. Hydraulic press is the machine that uses fluid (hydraulic oil) to transfer force to drive hydraulic cylinder to generate pressure force on the piece of work for molding products or for other purposes as per design of the machine. Main customers of hydraulic press are automotive industries, electric appliances industries as well as mold and die industries.

Currently, the Company can design and manufacture hydraulic presses that can generate up to 3,500 tons pressures, the highest pressure that can be manufactured in Thailand. Hydraulic presses of the Company can be divided pursuant to their applications as follow:



**2. Hydraulic cranes** income ratio from sales of hydraulic cranes in 2012, 2013 and 2014 were 16.23% and 17.13% and 21.63% respectively. Hydraulic crane is an equipment used for lifting objects vertically and moving them horizontally. There are 2 main types of hydraulic cranes: straight-arm crane and folding-arm crane. The differences are that straight-arm crane cannot fold their arms. The Company manufactures only folding-arm hydraulic crane. The Company produces both fixed cranes for lifting objects within the factory or the regular work area and truck-mounted crane so that crane can be moved to particular areas conveniently without wasting time for installation.



### **3. Hydraulic Press and Drill Machine for Foundation Pile**

The new product of company is the hydraulic Drilling Machine for Foundation Pile that is a product of machine in the Construction Industry, especially the Foundation of the Public Works which is an offset in the driving pile and change from pile hammer to pile pressing. Due to in the currently, The Government Policy and Community have issue the Legislation to force the building in the city and near the community cannot have a noise and vibration from the driving pile. Therefore deserving that the hydraulic Drilling Machine for Foundation Pile is suitable for the Marketing and support the expansion in the Construction Industry, Foundation and General Infrastructures. And the Drilling Machine was known that the process to driving or pressing the pile in the city that near the villages must have the pilot drilling for reduce the vibrations on the surface of soil or incase when pressing or driving the pile but cannot do it, so that must be have the pilot drilling. Accordingly its can be a product which best the marketing for the company.



Hydraulic Static Pile Driver



Multi-Function Drilling Rig



**4. Hydraulic handling equipment.** Income ratio from sales of hydraulic handling equipment in 2012, 2013 and 2014 were 8.81%, 9.16% and 8.14% respectively. It is used to lift and move the objects. The Company produces various types of handling equipment to support various types of work which can be divided into 2 main types as follows:

4.1 Handling equipment for lifting and moving objects. It can lift up the objects with weight from 350 kilograms up to 20 tons.



4.2. Handling equipment used in the automobile service center. It is used in the automobile and motorcycle service center and it can lift up materials with weight from 50 kilograms up to 150 tons.

**5. Metal machining services and hydraulic machines** maintenance services. Apart from the availability machines and production technology, the Company also provides various services to respond to the customers' demand. The Company's income ratio from service rendered in 2012, 2013 and 2014 were 16.15%, 14.28% and 18.81% respectively. Services rendered by the Company are:

5.1 Metal machining services. Metal machining is to deform plate steel, cast iron or structural work into the desired form, such as drilling, lathing, milling, surfacing, etc.

5.2. Hydraulic machines maintenance service. The Company has the experienced and skilled maintenance teams in various areas, i.e. mechanic hydraulic, electricity, electronics and other fields relating the machineries to render services for the customers on timely and promptly manner.



## MARKETING AND COMPETITIVE CONDITIONS

With more than 30 year experiences in this business and the emphasis on constant building up good relationship, by paying importance and caring to the customers' need and determining to develop and manufacture the machinery to respond to more and comprehensive needs of the customers, therefore, the sales of the Company's products increase continually every year and they play a part in business lines of various industries, particularly automotive industry. The Company's management has assessed the competitive conditions in hydraulic machines business as follows:

### 1) Hydraulic Press

There are 2 types of press: mechanical press and hydraulic press. Mechanical press is driven by gear system. It works quickly but the speed of the press is not adjustable. It is used for pressing thick metal pieces that do not require much depth. Most are internal structure parts not visible by users such as car suspension parts, strengthening parts for car door panel, etc. For hydraulic press, hydraulic oil is used to drive the press, thus enabling adjustment of pressure and speed. Hydraulic press is used for thin pieces that require depth and fine surface. Hydraulic press operates slower than mechanical press and mostly used for the automobile parts which can easily be visible. Examples of works made by hydraulic press are car door, bonnet, roof carpet, etc.

The Company produces only hydraulic press. Currently, there are about 2-3 manufacturers of hydraulic press in Thailand so the competition is quite low. In addition, the production capacity of other manufacturers is not more than 300 tons pressure and 1.5 m. x 1.5 m. press width due to restrictions in terms of investment funds, technology and production line efficiency. In this regard, the Company is well equipped with modern technology and investment funds for state-of-the-art production line and large machinery. This enables manufacturing of hydraulic press with capacity from 1 ton up to 3,500 tons pressure and 2.5 m. x 6.0 m. press width for use in the production line of sizable products such as large molds and auto parts. Hence, the domestic entrepreneurs are not regarded as the Company's competitors.

For foreign competitors, Thailand imports hydraulic press from Japan of which the price is considerably higher than that of the Company. Press imported from Taiwan has similar price. Meanwhile, hydraulic press from China is cheap but the quality and precision is low. It is often used for works that do not require fineness so it cannot be used with the works of auto part manufacturers or automotive assembly plants. In addition, imported press has restriction in term of after sale service such as maintenance and part procurement, etc.

### 2) Hydraulic Crane

There are 2 types of hydraulic cranes – straight –arm crane and folding-arm crane. For straight-arm crane, sling is used for lifting which is always vertical. This crane is large in size and often used in construction work for vertical lifting and placing objects. Folding-arm crane is driven by hydraulic system. It is small in size and can be used in narrow space. The usage is more varied, e.g. to elevate person using crane with cabin attached for tree cutting or street lighting repair, to use scrap crane in steel factory, etc.

The Company produces only folding-arm hydraulic crane. Its management views that the Company has competitive edge being the sole manufacturer of folding-arm hydraulic crane in Thailand. The only competitor is crane manufacturers overseas. Major ones are Swedish and Austrian manufacturers. However, imported hydraulic crane is of high production cost and has restriction in term of after sale service such as maintenance and part procurement and additional features adjustment to meet demands of the customers, for instance, to add throttle back in hydraulic crane control system. Hence, the Company is confident that it can maintain the leading position in folding-arm crane.

### 3) Hydraulic Press and Drill Machine for Foundation Pile

- 3.1 Hydraulic Press Machine for Foundation Pile have 5 models that they are two in one for press and hold over and moving over by themselves by Foot Step in the Operate Driver Control Box that for the stable pile because to protect the operator. The moving for main support structure which is a hydraulic oil pump that composition of the hydraulic system are in order to vertical driving, the vertical driving of working desk, Main work of mechanical sliding for a sling set, horizontal moving and crane moving system, hoist for heavy wok (such as pile, the balancing weight) and support beams for a loaf weight and for balancing during work.

The advantages is a power transmission for stable pressing the pile and the driving technology for many compression and the technology working of “the siding pile”, “ the angle pile” also including to the clamping of H section steel and other tools . The management consider, the company is in the competition situation and according to the construction extension in the present as for AEC opening or express train and so on.

- 3.2 Hydraulic Drill Machine for Foundation Pile is a machine to support to pile pressing machine and pile driven machine, whether the hydraulic pressing, crane or fabricate if in case to pressing or driving near the building and city that should be use the Hydraulic Drill Machine for Foundation Pile so it is the one of product which support in the Construction Industry then its be a wider marketing.

### 4) Hydraulic handling equipment

Hydraulic handling equipment market is more competitive compared with hydraulic press and crane markets, as hydraulic handling equipment is not a complicated product and does not require high production technology. There are many local producers and importers of the product from China and Taiwan. However, most of the local producers manufacture only hydraulic handling equipment that only meet basic requirements and are unable to respond to the diversified demand of customers. The Company, with service advantage over foreign competitor, is thus confident in this business expansion with the strong support from its manufacturing capability and service rendering, as well as good reputation and relationship with the customers.

### 5) Hydraulic repair and maintenance service and metal machining

There are many competitors render repair and maintenance service and metal machining in the market but most of them are minor competitors and emphasize on fast safety and quality services. Being the Company with more than 30 years of experience, the Company has machine tool and high experience technician which are the Company competitive advantage over other minor competitors.

## Target Customers

### 1. Automotive Industry

Automotive industry is large industry which has been promoted from the public sector continually. Hence, the Company foresees the huge opportunity for growth and set this sector as a prime target for the Company. The product of the Company can use in this sector as follow

- Automotive production The hydraulic press is used in automotive production from the manufacturing of the mold for the spare part, the manufacturers from tier 1 to tier 3 and the automotive assembly factory.
- Car maintenance service The Company has various product for car maintenance service such as motorcycle lifter and car two poles lift.



## 2. Electric Appliance Industry

Since the electric appliance industry is expand continually, this sector is one of the Company target. This sector use hydraulic press machine for forming the metal part and for drilling plastic part.

## 3. Wood Industry

The hydraulic crane is used in industry for lifting wood. The Company emphasize this industry as the Company foresee the growth in agricultural industry which transform wood into paper or particle board.

## 4. Construction Industry (Road, Housing Building, Office Building)

Hydraulic Press and Drill Machine for Foundation Pile is used in the construction industry i.e. building structure construction, road construction and large size of dam construction etc.

## 5. Other Industry

This Industry compose of major customers as follow

- General Suppliers The suppliers purchase the Company product to resale to their customers. These suppliers are important since they distribute the Company's products to various market. The product sales in this category are hydraulic crane and hydraulic handling equipment.
- Suppliers which are contract parties of public agencies The Company has appointed trade partners that have won the tender bids from the government agencies as suppliers for distribution of its products to public agencies.

## Distribution and distribution Channel

The company's distribution channels are categorized by product type as follows:

### Hydraulic press

Distribution channels It is distributed through 2 channels: Direct distribution to end users and through suppliers of the customers:

1. Direct distribution to end users: The Company' has sales teams and each team shall be responsible for each sale area which is divided into 5 areas as follows: 1. Bangkok, 2. Ayudhaya and Pathumthani, 3. Prachinburi and Nakhon Ratchasima, 4. Samut Prakan and 5. Chonburi and Rayong. The Company Prepared a customer visiting schedule for the sales teams to strengthen relationship and follow up the customers' requirement closely. The customers can see details of the product on the Company's website, <http://www.tmc.co.th> and at 2 showrooms which are located in Muang District, Chonburi and Hatyai District, Songkhla.

2. Distribution through suppliers of the customers: The Company distributes its products via both local and overseas suppliers, which mostly are companies in Japan which have the policy of procurement via suppliers, not direct procurement. The Company distributes products to around 10 suppliers of the customers in Japan such as Maruka, Yonezawa, etc.

### Hydraulic crane

Distribution channels It is supplied through direct distribution to end users and through the suppliers:

1. Direct distribution to end users which are private customers. The Company has 2 showrooms which are located in Muang District, Chonburi and Hatyai District, Songkhla.

2. Distribution via suppliers which are contract parties of public agencies; The Company has appointed trade partners that have won the tender bids from the government agencies as suppliers for distribution of its products to public agencies. Such appointment is made on case by case for each bidding only.

3. Distribution via general distributors: The Company sells hydraulic crane to general machine and equipment shops and distributors. This helps expand its product to a broader range of customers

### Hydraulic Press and Drill Machine for Foundation Pile

Distribution Channels. It is plan for direct sell the Hydraulic Drill Machine for Foundation Pile and via the agency as follows:

1. Direct distribution to end users which are private customers and Government Customer especially the pile producer

2. Distribution via general distributors: The Company distribute Hydraulic Drill Machine for Foundation Pile for the company which is a heavy machine distributors that allows the company can distribute products to the customers more evenly.

### Hydraulic handling equipment

Distribution channels It is supplied through direct distribution to end users and through the suppliers:

1. Direct distribution to end users which are private customers: The Company has 2 showrooms which are located in Muang District, Chonburi and Hatyai District, Songkhla.

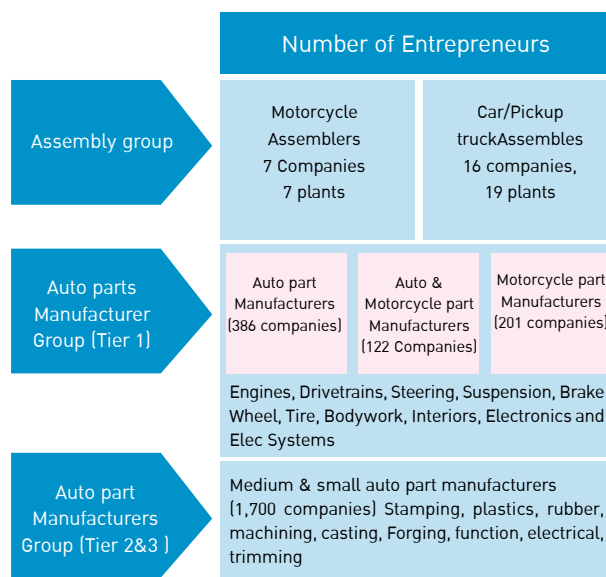
2. Distribution via general distributors: The Company sells hydraulic handling equipment to general machine and equipment shops and distributors. This helps expand its product to a broader range of customers.

### Industrial Conditions

Hydraulic machine of the Company is the key element for the production lines and preventive maintenance in various industries. Main customers of the Company are automotive industries, electric appliances industries and Building or Foundation Construction. Income from the customers in automotive industries were 50.39%, 48.41% and 42.53% of total income of the Company in 2012, 2013 and 2014 respectively. Income from the customers in electric appliances industries were 12.24%, 2.56% and 10.11% of total income of the Company in 2012, 2013 and 2014 respectively. Industrial conditions of the main customers of the Company are as follows:

### Automotive and auto part industries

Automotive and auto part industries are regarded as one of the main strategic industries of the government for development of industrial and import sectors of the country. Manufacturing structure consists of various manufacturers because one car consists of 20,000-30,000 parts. Therefore, work sharing and manufacturing employment structures are divided into various tiers as follows:



Source: Thai Auto-parts Manufacturers Association

1. Automotive assembly plants are car companies such as Suzuki, Nissan, BMW, Ford, Mazda, Mitsubishi, Honda, Chevrolet, Benz, Toyota, SAIC-Motor-CP (MG), etc. This entrepreneur group shall specify manufacturing and distribution plans for their car models, with regard to expansion of production capacity of the existing model, the launch of the new model and the distribution of the existing model with minor change. Upon the car distribution plan has been specified, the car companies shall inform their requirement on production expansion and product adjustment to various auto part manufacturers approximately 1-2 years in advance, so that the auto part manufacturers can prepare their production plan corresponding to the distribution plan of the car companies.

2. The first tier auto part manufacturers are the auto part manufacturers who directly supply the products to the car assembly plants, such as engines, inner parts, outer parts, brake, tire, electronic system and etc. This entrepreneur group must have the capability to produce auto part up to the standard specified by the automotive assemblers. Mostly, this entrepreneur group do not produce the auto part by itself but it shall divide the auto-part manufacturing works to the next tier.

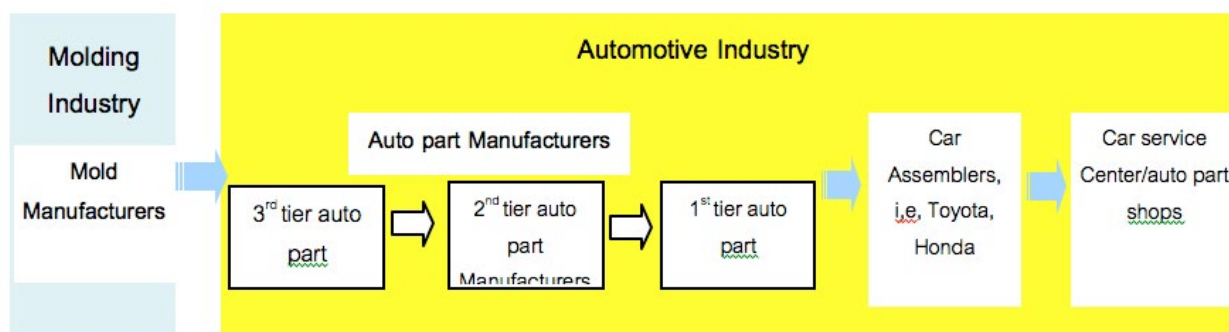
3. The second tier auto-part manufacturers are the sub auto-part manufacturers who supply to the first tier manufacturers, such as metal parts, plastic, rubber, electronics, glass, mirror and etc.

4. The third tier auto-part manufacturers are the auto-part manufacturers who supply the products to the first tier or the second tier auto-part manufacturers. They are also the manufacturers of spare parts of the car model that the car companies in Thailand stopped distribution for sales within the country as well as for export to overseas.

Apart from the above mentioned entrepreneurs, automotive and auto-part industries also depend on other supporting industries, such as molding industry. Molding industry shall manufacturer molds to the auto part manufacturers for usage in manufacturing auto part and car service center industries. Manufacturing Structure of the Automotive and Auto Part Industries



### Manufacturing Structure of the Automotive and Auto Part Industries



Since the automotive and auto part industries are large scale industries with numerous manufacturing processes, so the Company has the opportunity to develop various types of hydraulic machines and production automation system to respond to the need and to cover the usage requirements of the customers under these industries as much as possible. Many types of hydraulic press play important roles in automotive production lines, beginning from mold building to car assembly processes. Life time of hydraulic press is approximately 8-10 years. The manufacturers in various tiers shall purchase hydraulic machines from the Company in case of the expansion of the existing model of car, the launch of new model and the distribution of the existing model with minor change.

For expansion of the manufacturing capacity of the existing model car, the manufacturers in various tiers shall purchase additional machines used in the production line in case their existing machines do have adequate production capacity. At present, each car company distributes about 7-10 car models. The expansion of the production capacity of each car model shall be as per the marketing plan of the car companies and the requirements of the consumer in each period of time. Therefore, the manufacturers in subsequent tiers must prepare their production capacity to support such expansion production capacity plan. In case the car company launches a new model, the manufacturers in various tiers, including the assembly plants and the molding manufacturers usually invest in the new machines which have the capability to support the manufacturing of a new model. Based on the previous information, the car companies have launched a new model every 4-7 years and adjusted the minor change of the existing model every 2-5 years. When the minor change is planned, the manufacturers in various tiers shall adjust their machines to make them in line with such minor change or shall invest in the new machines, in case the existing machine cannot be adjusted. In general, the car company shall inform the increase of its production capacity plan or the launch of a new model to the manufacturers in various tiers approximately 1-2 years in advance, so they can have time to plan for machine usage or adjust their production lines. Hence, when the car company needs to increase its production capacity or has a plan to launch a new model, the auto part manufacturers including the car assembling plants and the mold manufactures shall gradually send their purchase orders for machines which are required to be additionally invested to the Company and the Company shall allocate its production capacity to produce and deliver the products to each customers.

Apart from usage of hydraulic press in automobile production lines, hydraulic cranes and hydraulic handling equipment are the machines which have significant parts in the automotive industry as well. Crane and hydraulic handling equipment are used in the car service center for maintenance work or for transportation and moving objects, i.e. mold, equipment, materials and etc.

## Trends of Automotive and Auto Part Industries

The overall picture of the growth of automotive industry and parts manufacturer is in line with the economic conditions of the country and the world's economy. According to the statistics of automotive production and distribution, it was discovered that, from January to September 2014, the volume of automotive production totaled 1,408,540, the decrease of 27% compared to the same period in 2013. It could be divided into 548,758 cars, 845,303 1-ton pick-up trucks and 14,479 commercial vehicles (not including 1-ton pick-up trucks). The production rate of commercial vehicles (not including 1-ton pick-up trucks) decreased the most by 67%. As for the sales volume of domestic vehicles, it totaled 648,410, a decrease of 37%. The 1-ton pick-up trucks had the highest sales volume at 47% and commercial vehicles (not including 1-ton pick-up trucks) totaled 5%. The sales volume of each type of vehicle changed as seen in the table below. The sales volume of cars totaled 303,741, a decrease of 47% compared to the same period in 2013. It could be seen that every type of car had lower sales volume. The sales volume of 2,501-3,000 cc cars decreased the most by 53% while the sales volume of 650-1,500 cc cars and of 2,001 – 2,500 cc cars dropped by 48% and 45% respectively. The type of car with the highest sales volume was the 1,500 cc cars of which sales totaled 64% of this market. The 1-ton pick-up trucks had the total sales volume of 309,585, a reduction of 31% compared to the same period in 2013. It could be seen that every type of 1-ton pick-up truck had lower sales volume. The sales volume of 1-ton, single cab pick-up trucks totaled 190,571, a decrease of 26% while the sales volume of 1-ton, double cab pick-up trucks and of pick-up passenger vehicles (PPVs) totaled 82,572 and 36,442, a decrease of 45% and 14% respectively.

Table 1 Total Number of Thailand Vehicle Production as of 2008-2014 by Type

Unit (\$)

Items	2008	2009	2010	2011	2012	2013	2013 Jan-Sep	2014 Jan-Sep	% Change
Passenger car	401,474	313,442	554,387	537,987	957,623	1,071,076	850,843	548,758	-35.50%
1 Ton pick-up truck	974,775	670,734	1,066,759	899,200	1,452,252	1,332,913	1,035,383	845,303	-18.36%
Com. Vehicle (excl. 1 Ton pick-up truck)	17,780	15,202	24,158	20,608	43,842	53,068	44,003	14,479	-67.10%
<b>Total</b>	<b>1,394,029</b>	<b>999,378</b>	<b>1,645,304</b>	<b>1,457,795</b>	<b>2,453,717</b>	<b>2,457,057</b>	<b>1,930,229</b>	<b>1,408,540</b>	<b>-27.03%</b>
Change (%)	8.29%	-28.31%	64.63%	-11.40%	68.32%	0.14%			

Source: Automotive Intelligence Unit

Table 2 Total Vehicle Number of Thailand Domestic Sales as of 2008-2014 by Type

However, BOI has given a green light to phase 2 eco-cars with the investment of 50,000 million Baht which can help to boost the production capacity of the automotive industry. Presently, BOI has given approval to 5 car companies to manufacture phase-2 eco-cars. The projects which have gained investment approval are: 1) Ford Motor Company Co., Ltd. with the production capacity of approximately 180,000 vehicles/year and 2,000 sets of production engines/ year; 2) Nissan Motor (Thailand) Co., Ltd. with the production capacity of approximately 123,000 vehicles/ year and 2,000,000 automotive parts. The investment totals 6,860 million Baht; 3) Mitsubishi Motor (Thailand) Co., Ltd. with the production capacity of approximately 233,000 vehicles/ year and the investment of 4,900 million Baht. They are encouraged to increase the production capacity of phase 1 and phase 2 eco-cars with the investment of approximately 7,700 million Baht. Also, the production capacity will increase from 180,000 vehicles to 220,000 vehicles to support the production of phase 1 and phase 2 eco-cars in response to higher demand of the domestic market. Toyota Motor (Thailand) Co., Ltd. is encouraged to increase the production capacity of phase 2 eco-cars. The company will invest more 1,900 million Baht and will increase the production capacity from 100,000 vehicles to 160,000 vehicles (phase 1 and phase 2 eco-cars) in response to the demand of the domestic and international markets. As for passenger cars and 1-ton pick-up trucks including SUV/MPV,

there is a tendency that the models will have both major and minor changes in mid-to-late 2015, which will help to boost the automotive industry in accordance with the government policy.

### Electric Appliances Industry

Thailand's electrical and electronics industry can be divided into 5 groups, which are 1) home appliances such as refrigerator, air condition, fan and television; 2) electronic parts such as circuit board, electronic wire and cable as well as electric motor; 3) computers and components such as printer, scanner, digital camera and modem; 4) telecommunication such as telephone, facsimile and other networking equipments and 5) software such as accounting system and operating system.

TMC Co., Ltd. provides products which can support every group of electrical and electronics industry as mentioned above. The working characteristics include the use of hydraulic deep drawing press to form metal parts such as refrigerator door and the use of hydraulic trimming and bending press to trim and perforate plastic parts such as plastic structure of refrigerator. Regarding the overall picture of the production in the electronic industry, it continues to swing in scope compared to the previous year. It covers industries which are related to appliances like parts for hard disk press products, compressor for automobiles and air conditioning parts.

As for the overall condition of electrical and electronics industry in 2014 (according to the data from The Office of Industrial Economics), the production increased by 1%-2%, which was the result of the expansion of products in the air conditioning group which will be exported more to major markets, especially to ASEAN market. As for the tendency in 2015, it is estimated that the production will increase by 2%-4% thanks to positive factors including the policies to stimulate economy which have been issued continuously and the expansion of digital TV market which will result in the recovery of purchasing power of domestic consumers in 2015. Furthermore, the export of appliances to ASEAN will increase in line with the growth of ASEAN economy as the consumers in ASEAN countries trust in the quality of Thai products which surpasses that of other countries.

### Hydraulic Crane Industry

Income ratio from sales of hydraulic crane of the Company in 2012, 2013 and 2014 were 16.23%, 17.13% and 21.63% respectively. Hydraulic cranes are used in various industries, such as wood processing industry, steel industry, construction industry, agricultural processing industry and alternative energy, etc. Crane hydraulic is used to move objects, so hydraulic crane of the Company is not used for any specific industry. If any industry has a high growth rate, the Company can sell it to other industries. The Company foresees the growing trend in wood processing industry and construction industry which requires hydraulic crane.

### Production Capacity and Production Amount

At present, the Company has 2 factories which are located in Chonburi and the production capacity of each factory is as follows:



**The 1<sup>st</sup> Factory: Production capacity of hydraulic press**

	2010	2011	2012	2013	2014
Maximum production capacity(ton/year) <sup>1/</sup>	1,908	2,003	2,003	2,003	2,003
Actual production capacity(ton/year) <sup>2/</sup>	1,332	2,003	2,003	1,900	1,053
Capacity utilization rate	69.81%	100.00% <sup>3/</sup>	100.00%	94.84%	52.55%

1/ Maximum production capacity per year is calculated from average weight of hydraulic press of approximately 40 tons/unit multiplied with average number of unit that the Company can produce per year under the assumption that the working hours of the Company is 10.5 hours/day (plus overtime of 2.5 hours).

2/ Actual production capacity is calculated from weight of hydraulic press produced in each year.

3/ Full production capacity under the restriction of the current areas because the areas for placing the works from the welding process and assembly process of hydraulic press are full, therefore the Company cannot produce additional hydraulic press even though the manpower or welding machine have been increased.

**The 2<sup>nd</sup> factory: Production capacity of crane and hydraulic handing equipment**

	2010	2011	2012	2013	2014
Maximum production capacity(ton/year) <sup>1/</sup>	1,011	1,083	1,093	1,093	1,093
Actual production capacity(ton/year) <sup>2/</sup>	903	1,012	920	824	526
Capacity utilization rate	89.32%	93.44%	84.17%	75.42%	48.16%

1/ maximum production capacity per year is calculated from average weight of crane and hydraulic handing equipment multiplied with average number of unit that the Company can produce per year where the average weight of crane is 4.6 ton/unit and hydraulic handing equipment is 0.4 ton/unit under the assumption that the working hours of the Company is 10.5 hours/day (plus overtime of 2.5 hours).

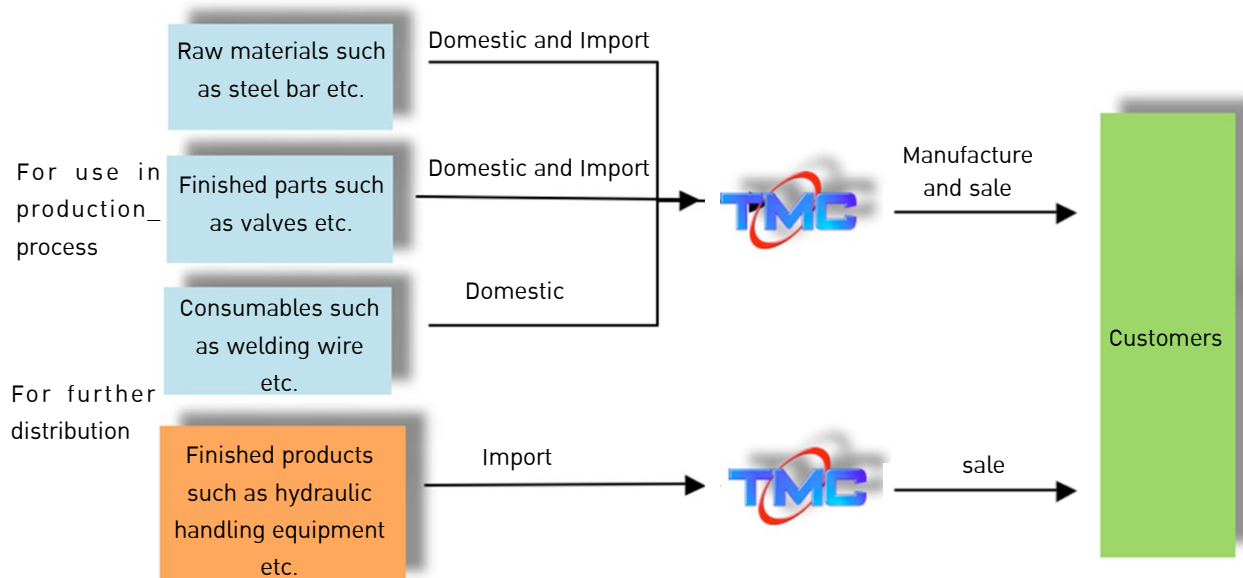
2/ Actual production capacity is calculated from weight of hydraulic crane and hydraulic handing equipment produced in each year.

At present, the production capacity become lower because of automotive industrial's condition was slow down and the company has import semi-goods which the customer's demand for distribution that cause the production capacity was decrease.

**Procurement of raw materials and products**

The Company procures raw materials, parts and goods from both locally and overseas. Details are as follows:

1. Raw materials and finished parts for use in production process – The Company's purchase of raw materials and finished parts as well as consumables for hydraulic machine production represents approximately 96% of total purchase values of raw materials and goods. Details are as follows:



1) 1) Raw materials: Raw materials used in the production are various types of steel, such as steel plate, angle bar, steel bar, etc. They are sent to machining process, i.e. cutting, welding and milling, etc. to have the shape and structure as required. Steel which is used as raw materials are divided into 2 major types as follows:

1.1) Standard steel is procured from general distributors in Thailand. The Company compares the prices of at least 2-3 distributors to ensure quality product and reasonable price.

1.2) Special steel which has special thickness or width is not available domestically. The Company has to order special steel directly from china and etc. Imported products are cheaper than those procured locally. Orders of special steel for manufacturing of hydraulic press are made upon receiving orders from the customers. For hydraulic crane and handing equipment, each order is made in advance with the volume adequate for production of product for sale in one month.

2) Finished parts: Finished parts for hydraulic machines are hydraulic cable, valves, motor, wire, etc. Most are supplied by local manufacturers or distributors. Price comparison is performed for every purchase.

3) Consumables: Consumables e.g. welding wire, drill bit, hydraulic oil, etc. are bought from local supplier. Price comparison is performed for every purchase.

2. Finished products for further distribution – The Company buys valves and some types of hydraulic handing equipment for further distribution. At present, the Company has been appointed as the distribution of Yuci-Yuken, a Chinese brand hydraulic valve, for distribution in Thailand.

## RISK FACTORS

The risk factors which will be mentioned here are not all the existing risks that may have an impact on the company's common stock. Therefore, other risk factors that the company is not aware of at the moment or the risk factors that the company considers unimportant at present may become the risk factors which affect the company's operation in the future.

### 1. The Risk from the Fluctuation of Raw Material Prices

The company uses steel plates, steel bars and hydraulic tubes as the main raw materials for the company's manufacture of engines for sale. The steel will be used as the products' structures and the components of equipments in the engines, which is considered approximately 45% of the material costs. Currently, the company orders the steel both from domestic and international distributors. Since steel is a commodity product, the rise and fall of the steel prices depends on global steel prices which vary according to the demand and supply at each period as well as import tariffs and surcharges, etc. Thus, the company has to face the risk if the steel prices rise, resulting in the company's higher production costs.

Nevertheless, products like hydraulic presses are made to order only. Therefore, the prices of these products can be adjusted in accordance with the material costs when quoting the prices for customers. Moreover, the company orders steel immediately after receiving the orders to minimize the effect from the fluctuation of steel prices. Besides, the company compares the steel prices of at least 2 distributors to create competition in the quoting of prices. As for other types of standard products, the company has the policy to store sufficient steel to support 1-month production capacity. As a result, if the steel prices change, the company's production costs might be slightly affected. As for the selling prices of the company's standard products, the price list will be created to be used as standard prices which will be adjusted once a year using the policy to determine the selling prices of products by considering the company's costs of sales together with the competitors' prices at that moment to reduce the impact from the fluctuation of raw material prices.

### 2. The Risk from the Fluctuation of Foreign Exchange Rates

The company's business is connected to foreign currency, i.e., the ordering of raw materials, parts and products from overseas and the selling of the company's products in other countries.

Such activities concern the payment and the receiving of foreign currencies. Thus, the company's profits can be affected in case of exchange rate fluctuation which may generate profit or trigger loss if the exchange rates on the trading date are different from the ones on the receiving/payment date.

However, since a part of the company's purchase and sale is mainly in US dollars, the company is able to prevent the risk from the fluctuation of US dollar exchange rates at certain level (Natural Hedge). The company's executives follow up with the change of exchange rates and use it as the data for the planning of raw material purchase and the product delivery which is paid in US dollars in order to lower the risk from exchange rates as mentioned earlier.

As for the risk from exchange rates which cannot be prevented by the planning of purchase and delivery (Natural Hedge) due to the purchase and sale of products, the company has opened a Foreign Currency Deposit Account (FCD) for the transactions which are involved with foreign currency. The opening of FCD account is another way to reduce the risk from the fluctuation of foreign exchange rates. Furthermore, the company has prepared itself and monitored the change of currency closely so that it can use other financial tools to prevent the risk from the fluctuation of exchange rates in the future.

### 3. The Risk from the Lack of Skilled Employees

Since the engines that the company produces are complicated and require specific knowledge, the company has to rely on the personnel who are equipped with specific knowledge and skills such as engine design, welding, engine control for milling and drilling as well as program writing for engine control, etc. For this reason, the company is at risk of lacking personnel if there are more works from customers or in case that the employees with certain skills resign and the company cannot find new people to replace them or develop the skills of the existing staff in time.

Nevertheless, the company has the policy to stress the importance of employees and to persuade them to stay by offering extra wages for specific skills. Additionally, trainings are organized to develop new, vital skills for employees in different positions so that they can replace each other if necessary. The search for additional personnel is also conducted constantly. Furthermore, the company works with educational institutions to design and develop human resources to reduce the risk from the lack of skilled employees in the future.

### 4. The Risk from the Dependence on Automotive Industry

In 2013 and 2014, the company relied on 48.41% and 42.53% of sale and service income from customers in the automotive group. If the desire to purchase in the automotive group decreases, the company's income will be affected. However, since the automotive industry in the past year had lower desire of engines to increase the production capacity, the company had less income from the automotive industry. Still, the company also earns income from other types of industries which have expanded such as construction industry, wood processing industry and alternative energy industry. Thus, the company's income does not depend upon the automotive industry alone.

For this reason, the company presents more hydraulic engine products which are used in other industries such as hydraulic static pile drivers, stiff boom cranes used in the construction industry and the automatic robot arm system for various industries in order to reduce the risk from the dependence on automotive industry.

### 5. The Risk from the Giving of Credit to Customers

According to the data regarding debtors on December 31, 2014, the company had the total trade receivables of 83.97 million Baht and had more debtors which were overdue for more than 1 year from the delay of product delivery due to the slowing of investment as well as the expansion towards new customers in other industries and the opening of more channels of distribution. As a result, the company may have to face the risk in the billing of account receivables and may have extra expense from the pursuit of debts.

Nevertheless, the company follows up with and stresses the importance of the consideration to give credit to customers based on their data such as financial status, business characteristics and payment history. In addition, the executives and the sales managers will work together to consider giving credit and limit orders to customers to lower the impact and the risk from the giving of credit to customers in the future.

### 6. The Risk from the Reliance on Domestic Market

Since 89.93% and 89.11% of the company's income in 2013 and 2014 were from the sale in domestic market, the company's income and turnover may be affected if the domestic economic and industrial situations decelerate.

However, the company increasingly expands to foreign markets by investing in other countries such as Laos and looking for business affiliates to increase the channels of distributions in the AEC member countries like Myanmar and Vietnam in order to boost sale and reduce the risk from the reliance on domestic market.



## 7. The Risk from the Fact that the Company's Major Shareholder Owns 50% or More Shares in Total

On December 31, 2014, the major shareholder called "Kamolmongkolsuk" group owned 57.55% of the total shares that the company had sold. Also, the representatives from "Kamolmongkolsuk" group are the executives and the authorized signatory directors of the company. As a result, the group which is the major shareholder has the power to administer and control votes in the consideration of almost all important issues, including the appointment of directors or the voting on other topics which requires the majority of votes in the shareholders' meetings except for the company's laws or regulations, such as the increase and decrease of budget, which must gain three fourth of the votes from the shareholders who attend the meetings and have the rights to vote. Thus, other shareholders who participate in the meetings and have the rights to vote may not be able to collect votes to inspect or balance the administration of the major shareholder.

Nevertheless, the company is aware of such risk. Therefore, the company has appointed 4 independent directors who are outsiders. 3 of them are the audit directors who must be equipped with knowledge and capabilities. Moreover, the company hires an outside source to examine the company's internal control system and directly report to the audit directors. As a result, it is possible to thoroughly monitor the company's operation with transparency and to balance the directors' works at certain level.

## SHAREHOLDING STRUCTURE

### The Company's Securities

As of December 31, 2014, the registered and paid-up capital of the Company was Baht 290,000,000, divided into 290,000,000 ordinary shares, at par value of Baht 1.00.

### Shareholders

Name of top 10 shareholders as per listed in the book of shareholders' registration as of May 9, 2014 was as follows:

Name		No. of Shares (shares)	Percentage of Shareholding Proportion
1. Kamolmongkolsuk Co., Ltd.*		156,750,000	54.05
2. Kamolmongkolsuk Family			
2.1 Mr. Thaweemit	Kamolmongkolsuk	2,450,000	0.84
2.2 Mrs. Tubtim	Kamolmongkolsuk	2,350,000	0.81
2.3 Mrs. Pacharawalai	Wu	1,337,500	0.46
2.4 Mr. Teerapap	Kamolmongkolsuk	1,337,500	0.46
2.5 Miss Pailin	Kamolmongkolsuk	1,337,500	0.46
2.6 Mr. Surachet	Kamolmongkolsuk	1,237,500	0.43
2.7 Mrs. Aroonroj	Kamolmongkolsuk	100,000	0.03
Total of Kamolmongkolsuk Family		10,150,000	3.50
<b>Total of Kamolmongkolsuk Group</b>		<b>166,900,000</b>	<b>57.55</b>
3. Mrs. Wilai	Kokerdkiat	5,000,000	1.72
4. Mrs. Darawan	Thipnate	4,863,500	1.68
5. Mrs. Piriyaorn	Sae-Hueng	4,393,700	1.52
6. Petro-Instruments Co., Ltd.		4,350,000	1.50
7. Mrs. Seam	Simsrisakul	3,910,000	1.35
8. Miss Thararat	Simsrisakul	3,387,000	1.17
9. Miss Prapim	Kongwattana	3,177,000	1.10
10. Mr. Sumitr	Chareonkitmongkol	2,330,000	0.80
11. Other shareholders		91,688,800	31.61
<b>Total shares</b>		<b>290,000,000</b>	<b>100.00</b>

Remark: \*Kamolmongkolsuk Co., Ltd. is a major shareholder of the Company which has paid-up capital of Baht 157.00 million, divided into 1,570,000 shares at par value of Baht 100.00. However, Kamolmongkolsuk does not

engage in any business and its major shareholder is Kamolmongkolsuk Family. Its list of shareholders as of December 31, 2014 was as follows:

Name		No. of Shares (shares)	Percentage of Shareholding Proportion
1. Mr. Thaweemit	Kamolmongkolsuk	314,000	20.00
2. Mrs. Tubtim	Kamolmongkolsuk	314,000	20.00
3. Mr. Surachet	Kamolmongkolsuk	235,500	15.00
4. Mr. Teerapap	Kamolmongkolsuk	235,500	15.00
5. Mrs. Pacharawalai	Wu	235,500	15.00
6. Miss Pailin	Kamolmongkolsuk	235,500	15.00
<b>Total Shares</b>		<b>1,570,000</b>	<b>100.00</b>

### Other Securities

- None

## DIVIDEND POLICY

The Company has the policy of paying dividend to shareholders at no less than 40% of net profit according to the separate financial statement after deduction of corporate income tax, legal reserve and other reserves. However, the Company may pay the dividend less than above rate, depending on the necessity of working capital use for business expansion and other factors relating to the business operation and management. In addition, the resolution of the Board of Directors on approval for dividend payment must be proposed and requested for approval from the shareholders' meeting, except for interim dividend payment which can be approved by the Board of Directors and reported at the next shareholders' meeting.

### Dividend Payment Data

Details	2012	2013	2014
Earning / Share (Thai Baht)	0.62	0.02	- 0.17
Dividend / Share (Thai Baht)	0.21	0.04	No distribution
Dividend Ratio (%)	33.87	200	0



## MANAGEMENT STRUCTURE

The Company consists of the Board of Directors, the Audit Committee and the Executive Committee as per the following details:

### Board of Directors

As of December 31, 2014, the Company's Board of Directors composed of 10 members and the attendance for meeting in 2014 are as follows:

Name		Position	Attendance (4 Times)
1. Mr. Manu	Leopairote	Chairman of the Board of Directors / Independent Director	4/4
2. Mr. Thaweemit	Kamolmongkolsuk	Director	4/4
3. Mrs. Tubtim	Kamolmongkolsuk	Director	4/4
4. Mr. Surachet	Kamolmongkolsuk	Director	4/4
5. Mr. Teerapap	Kamolmongkolsuk	Director	4/4
6. Mrs. Pacharawalai	Wu	Director	4/4
7. Miss Pailin	Kamolmongkolsuk	Director	4/4
8. Mr. Arthit	Wuthikaro	Independent Director / Chairman of Audit Committee	4/4
9. Miss Chutipap	Obhasanond	Independent Director / Member of Audit Committee	3/4 <sup>3</sup>
10. Mr. Mitthong	Chulitawong <sup>1</sup>	Independent Director / Member of Audit Committee	3/4
** Mr. Khan	Akaworawit <sup>2</sup>	Independent Director / Member of Audit Committee	1/4

Remark: 1. Mr. Mitthong Chulitawong : It has resolution from The Annual General Meeting of Shareholders 2014 that held on April 25, 2014, appointment him to Director/Independent Director/Member of Audit Committee replaced to Mr. Khan Akaworawit who resigned.

2. Mr. Khan Akaworawit had resigned from Director/Independent Director/Member of Audit Committee on March 15, 2014.

3. Miss Chutipap Obhasanond absent the meeting 1 time, because she goes to meeting in foreign country.

### Authorized Signatories

The authorized signatories are either Mr. Thaweemit Kamolmongkolsuk or Mrs. Tubtim Kamolmongkolsuk or Mr. Surachet Kamolmongkolsuk and Mrs. Pacharawalai Wu or Mr. Teerapap Kamolmongkolsuk or Miss Pailin Kamolmongkolsuk with the Company's seal affixed.

### The Audit Committee

As of December 31, 2014, the Audit Committee consisted of 3 persons and the attendance for meeting in 2014 are as follows:

Name	Position	Attendance (4 Times)
1. Mr. Arthit Wuthikaro	Chairman of the Audit Committee	3/4
2. Miss Chutipa Obhasanond	Member of the Audit Committee	3/4
3. Mr. Mitthong Chulitawong <sup>1</sup>	Member of the Audit Committee	1/4
** Mr. Khan Akaworawit <sup>2</sup>	Member of the Audit Committee	1/4

Mr. Paiboon Rattanasetchai is a Secretary of the Audit Committee

Remark: 1. Mr. Mitthong Chulitawong : It has resolution from The Annual General Meeting of Shareholders 2014 that held on April 25, 2014, appointment him to Director/Independent Director/Member of Audit Committee replaced to Mr. Khan Akaworawit who resigned. He has experience in review of financial statement.

2. Mr. Khan Akaworawit had resigned from Director/Independent Director/Member of Audit Committee on March 15, 2014.

3. Miss Chutipa Obhasanond absent the meeting 1 time, because she goes to meeting in foreign country.

### The Executive Committee

As of December 31, 2014, the Executive Committee consists of 6 members as follows:

Name	Position
1. Mr. Thaweemit Kamolmongkolsuk	Chairman of Executive Committee
2. Mrs. Tubtim Kamolmongkolsuk	Vice Chairman of Executive Committee
3. Mr. Surachet Kamolmongkolsuk	Executive Director
4. Mr. Teerapap Kamolmongkolsuk	Executive Director
5. Mrs. Pacharawalai Wu	Executive Director
6. Miss Pailin Kamolmongkolsuk	Executive Director

## The Management

As of December 31, 2014, The Company's Management was composed of 9 members as follows:

	Name	Position
1. Mr. Thaweemit	Kamolmongkolsuk <sup>1</sup>	Chairman of the Executive Committee
2. Mrs. Tubtim	Kamolmongkolsuk <sup>1</sup>	Vice Chairman of the Executive Committee
3. Mr. Surachet	Kamolmongkolsuk	Chief Executive Officer
4. Mr. Teerapap	Kamolmongkolsuk	Managing Director / Acting Deputy Managing Director-Information Technology
5. Mrs. Pacharawalai	Wu	Deputy Managing Director-Human resources
6. Miss Pailin	Kamolmongkolsuk	Deputy Managing Director-Procurement
7. Mr. Yossakorn	Bomlai <sup>2</sup>	Deputy Managing Director-Sales and Marketing
8. Mr. Premchai	Phoorattanapit	Deputy Managing Director- Factory
9. Mr. Kninpichy	Sukserm	Deputy Managing Director- Account/Finance

Remarks : 1. Even though, Mr. Thaweemit and Mrs. Tubtim are the Chairman of the Executive Committee and Vice Chairman of the Executive Committee respectively, both of them manage business in the Company every day like the management and have the monthly salary, therefore the financial advisor regarded them as the Company's management.

2. Mr. Yossakorn take a position of Deputy Managing Director – Sales and Marketing from July 1, 2014.

## Scope of Powers, Duties and Responsibilities of Chief Executive Officer

1. To be the authorized person of the Company to manage the Company's business to make them achieve the objectives, regulations, policies, rules, regulations, orders, resolutions of the shareholders' meeting and/or resolutions of the Board of Directors.

2. To supervise and manage day-to-day business operations of the Company.

3. To monitor and assess performance of the Company continually and report the operational results, progress of the work to the Executive Committee, the Audit Committee and the Board of Directors.

4. To prepare and present the business policy, business plan, targets, operation plan, business strategy, fund raising activities of the Company, annual budget to be used in the business operation, annual report and specify the management power to propose to the Executive Committee, the Audit Committee and the Board of Directors.

5. To consider profit and loss of the Company, payment of interim dividend or annual dividend to propose to the Board of Directors for approval.

6. To specify organization structure and management process which covering the procedures for selection, training, employment and dismissal of employees of the Company and to specify wage, salary, remuneration, bonus and welfares of the employees.

7. To consider the execution of the contract regarding the normal business operation of the Company, the investment in new business or the discontinuation of the business pursuant to the methods specified in the authority manual.

8. To have the power to approve the disbursement of money for the normal business operation of the Company in each transaction as per specified in the approval authority regulation and order already approved by the Board of Directors.

9. To be the authorized person to command, contact, order, as well as sign in the contract, order document and any notice as per specified in the authority manual.

10. To perform other tasks as per assigned by the Executive Committee and/or the Board of Directors.

However, the appointment of authority and responsibilities of the Chief Executive Officer shall not include the appointment of authority or substitute attorney-in-fact which entitled the Chief Executive Officer or the authorized person of the Chief Executive Officer to approve any transaction that the Chief Executive Officer or relevant person who might have conflict (according to definition defined by the relevant organization), interests or any other conflict of interest with the Company or its subsidiary, except the approval of transaction under the normal business operation with clear scope of work.

### Scope of Powers, Duties and Responsibilities of Managing Director

1. To be the authorized person of the Company to manage the Company's businesses to make them achieve the objectives, regulations, policies, rules, orders, resolutions of the shareholders' meeting and/or resolutions of the Board of Directors.

2. To supervise the business operation, plan strategic operations, and perform day-to-day business operations of the Company as well as supervise the overall operations for the maximum benefits.

3. To monitor and assess performance of the Company continually and report the operational results, progress of the work to the Executive Committee, the Audit Committee and the Board of Directors.

4. To be the authorized person to command, contact, order, as well as sign in the contract, order document and any notice as per specified in the authority manual.

5. To have the power to define scope of duty & responsibility, assign, appoint, transfer, cut or reduce wage, dismiss, terminate employment, consider benefits, impose disciplinary penalty, reward the employees from Department Manager and lower.

6. To consider the execution of the contract regarding the normal business operation of the Company, the investment in new business or discontinuation of the business pursuant to the method specified in the authority manual.



7. To have the power to approve the disbursement of money for the normal business operation of the Company in each transaction as per specified in the authority approval regulation and order already approved by the Board of Directors.

8. To have the power to appoint and manage the working groups for benefit and efficient of prudent and transparent management as well as to have the power to appoint a substitute attorney-in-fact and/or other person to perform some specific work on its behalf. The appointment of such substitute attorney-in-fact and/or such appointment shall be subject to the scope of delegation of authority pursuant to the power of attorney and/or the authority approval regulation and order already approved by the Board of Directors.

9. To have power to issue order, regulation, announcement and notice to ensure compliance with the policy and for benefits of the Company as well as to maintain code of conduct within the organization. However, such appointment of duty and responsibility of the Managing Director shall not include the appointment of authority or a substitute attorney-in-fact which entitled the Managing Director or the authorized person of the Managing Director to approve any transaction that the Managing Director or the relevant person who might have conflict (according to definition defined by the relevant organization), interests or any other conflict of interest with the Company or its subsidiary, except the approval of transaction under the normal business operation with clear scope of work.

10. To perform other tasks as per assigned by the Executive Committee and/or the Board of Directors.

#### Define the credit approval power

The Company specified the credit approval power for the operation of the Company which can be summarized as follows:

Type of Transaction	Approval Power		
	Chief Executive Officer/ Managing Director	Executive Committee	Board of Director
<b>1. Transaction for normal business operation (per occurrence)</b>			
1.1 Procurement of raw materials	Less than Bht. 10 mil.	Less than Bht. 15 mil.	Less than Bht. 15 mil.
1.2 Procurement of tools and equipment	Less than Bht. 3 mil.	Less than Bht. 20 mil.	Less than Bht. 20 mil.
1.3 Procurement of machinery	Less than Bht. 5 mil.	Less than Bht. 40 mil.	Less than Bht. 40 mil.
1.4 Provision of credit to customers*	Less than Bht. 30 mil.	Less than Bht. 50 mil.	Less than Bht. 50 mil.
1.5 Procurement of professional services	Less than Bht. 3 mil.	Less than Bht. 10 mil.	Less than Bht. 10 mil.
1.6 Borrow money from financial institute	Less than Bht. 10 mil.	Less than Bht. 50 mil.	Less than Bht. 50 mil.
1.7 Lease or lease out asset per year	Less than Bht. 1 mil.	Less than Bht. 5 mil.	Less than Bht. 5 mil.
1.8 Sale of assets which are the product	Less than Bht. 30 mil.	Less than Bht. 50 mil.	Less than Bht. 50 mil.
<b>2. Other transaction</b>			
2.1 Investment in other business	N/A	N/A	Consider for approval
2.2 Disposal of assets	Less than Bht. 5 mil.	Less than Bht. 20 mil.	Less than Bht. 20 mil.

Type of Transaction	Approval Power		
	Chief Executive Officer/ Managing Director	Executive Committee	Board of Director
2.3 Building construction	Less than Bht. 2 mil.	Less than Bht. 20 mil.	Less than Bht. 20 mil.
2.4 Investment in the land	N/A	Less than Bht. 20 mil.	Less than Bht. 20 mil.

## The Company Secretary

The Company's Board of Directors had an appoint resolution to Mr. Kninpichy Sukserm to take a position of Company Secretary from February 28, 2014. The Company Secretary's responsibilities are advised law and regulation of The Stock Exchange of Thailand to the Board of Directors and to coordinate for resolution from directors.

## Remuneration of the Director and Management

### Remuneration of the Director

The Company has the policy to pay remuneration to the director as the monthly salary and meeting allowance as follows:

Position	Monthly Remuneration	Meeting Allowance/Time
Chairman of the Board of Directors	Baht 50,000	Baht 5,000
Director	Baht 30,000	Baht 5,000
Chairman of the Audit Committee	Baht 40,000	Baht 5,000
Member of the Audit Committee	Baht 30,000	Baht 5,000

Remark: 1. The Director remuneration in 2013 was specified to be not exceeding Baht 3,000,000 (Three million Baht only).

2. The directors who are the Management and the Executive Director are not entitled to the director remuneration.

In 2012, 2013 and 2014 total remuneration as monthly salary and meeting allowance have been paid to the directors amounting to Baht 2,025,000, Baht 1,875,000 and Baht 1,845,000 respectively as follows:

**Remuneration of the Director**

Name	Position	Monthly Remuneration			Meeting Allowance		
		2012	2013	2014	2012	2013	2014
1. Mr. Manu Leopairote	Chairman of the Board of Directors / Independent Director	600,000	600,000	600,000	25,000	20,000	20,000
2. Mr. Thaweemit Kamolmongkolsuk	Director	-	-	-	-	-	-
3. Mrs. Tubtim Kamolmongkolsuk	Director	-	-	-	-	-	-
4. Mr. Surachet Kamolmongkolsuk	Director / Chief Executive Officer	-	-	-	-	-	-
5. Mr. Teerapap Kamolmongkolsuk	Director / Managing Director	120,000	-	-	5,000	-	-
6. Mrs. Pacharawalai Wu	Director / Deputy Managing Director	-	-	-	-	-	-
7. Miss Pailin Kamolmongkolsuk	Director / Deputy Managing Director	-	-	-	-	-	-
8. Mr. Arthit Wuthikaro	Chairman of the Audit committee / Independent Director	480,000	480,000	480,000	25,000	20,000	20,000
9. Miss Chutipha Obhasanond	Member of the Audit Committee / Independent Director	360,000	360,000	360,000	25,000	20,000	15,000
10. Mr. Khan Akaworawit	Member of the Audit Committee / Independent Director	360,000	360,000	90,000	25,000	15,000	5,000
11. Mr. Mitthong Chulitawong	Member of the Audit Committee / Independent Director	-	-	240,000	-	-	15,000
<b>Total</b>		<b>1,920,000</b>	<b>1,800,000</b>	<b>1,770,000</b>	<b>105,000</b>	<b>75,000</b>	<b>75,000</b>

Remark: 1. The director remuneration in 2014 was specified to be not exceeding Baht 3,000,000 (Three million Baht only).

2. The directors who are the management and the Executive Director are not entitled to the director remuneration

### Remuneration of the Management

In 2012, 2013 and 2014 the Company has 10, 9 and 9 executives respectively and the remuneration paid was as follows:

Remuneration	2012		2013		2014	
	Number	Remuneration (Baht)	Number	Remuneration (Baht)	Number	Remuneration (Baht)
Total salary	10	17,893,600	9	22,610,144	9 <sup>1</sup>	24,860,976
Total bonus and other remunerations		7,946,965		9,002,708		19,387,976
<b>Total</b>		25,840,565		31,612,852		44,248,952

Remark: 1) In the year 2014 the Company had no appointed a new executive.

### Personnel

As of December 31, 2014, the number of employees was 559 persons (excluding 9 executives). Monetary remuneration which has been paid to the non-executive employees comprised salary, bonus, wage, overtime, cost of living and contribution to the social security fund totaling Baht 207.24 million and subsidiary company total Baht 0.71 million.

### Personnel

Table showing number of employees of the Company and its subsidiaries classified by Departments:

Business Line	Number of Employees (Person)		
	As of December 31, 2012	As of December 31, 2013	As of December 31, 2014
Planning and Production Control	56	19	15
Engineering – Factory 1	54	48	34
Engineering – Factory 2	17	24	18
Production – factory 1	211	216	237
Production – Factory 2	123	116	101
Administration – Factory 1	11	16	10
Administration – Factory 2	10	6	6
Sales & Marketing	26	34	26
Procurement	9	14	11
Personnel	43	35	33
Quality Control	-	19	16
Information Technology	-	25	6
Quality Management System	-	3	4



Business Line	Number of Employees (Person)		
	As of December 31, 2012	As of December 31, 2013	As of December 31, 2014
Business Development&Marketing	-	11	14
Internal Audit	-	1	2
ERP Control System	-	-	11
<b>Total</b>	<b>579</b>	<b>601</b>	<b>559</b>

#### Labor dispute during the past 3 years

- none

#### The Personnel Development Policy

1. Given to the special importance of personnel development by prepare the Internal Personnel Development Plan obviously and encourage for all level of the employees, from staff level till management level to be trained to improve their aptitude for both of Theoretical and Practical, however for the purpose of their working efficiency skill and including to the employment by justice condition that for appropriate to market conditions and compliance with the Labor Laws.

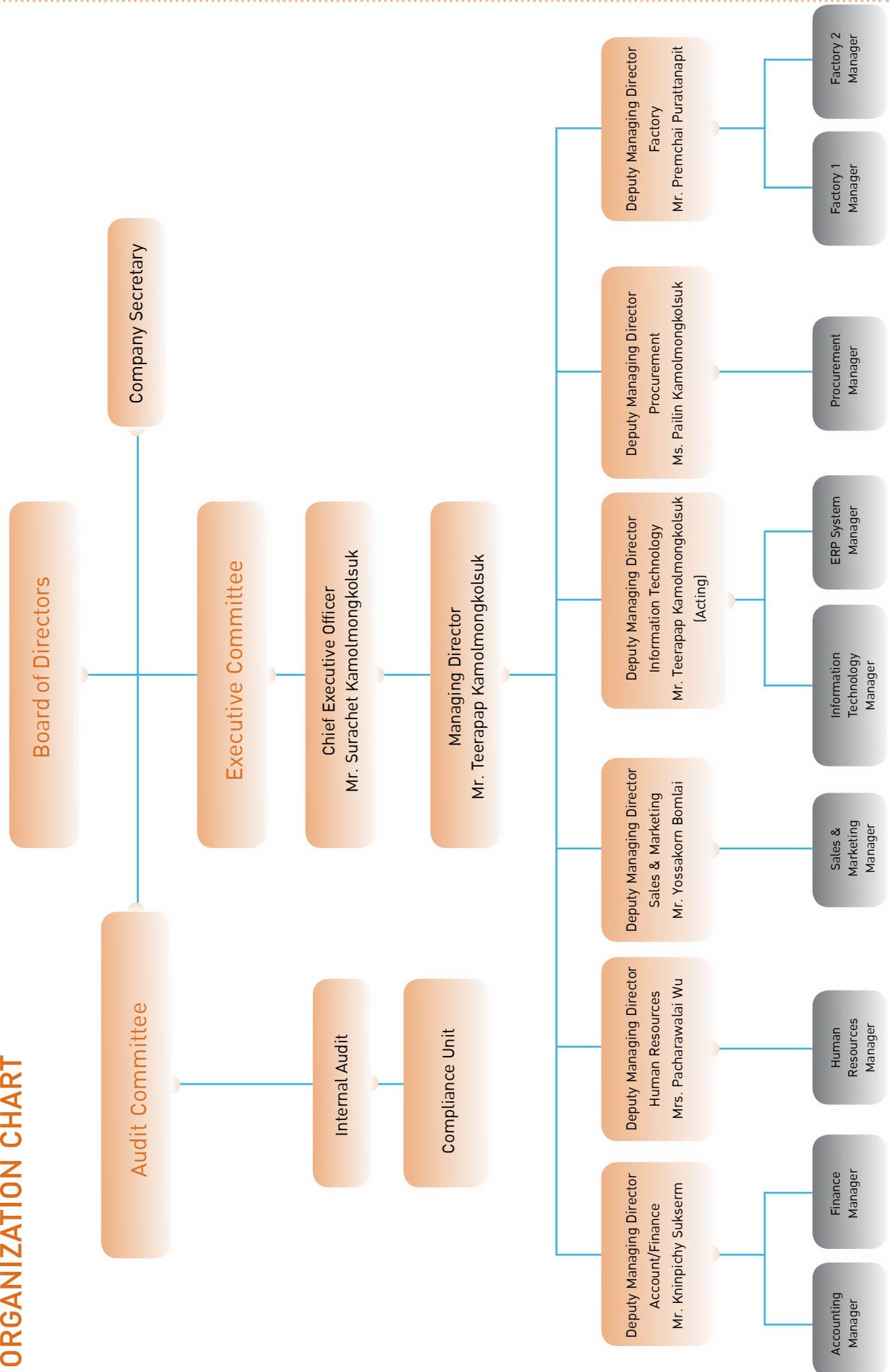
2. Realization to the importance of employees and to achieve in the target, Recruitment and Hiring of personnel with the knowledge and experience to come to work. And related with the needs and company's growth. Arrangement the Employee Competency Development Policy continually. For the employees have the higher efficiency.

3. To practice with the employees fairly and equality. By given to the reasonable and equitable compensation and welfare such as establish the Provident Fund, Medical Insurance, Life Insurance and Accident Insurance.

4. Given to the reasonable and equitable compensation to the employees under their work potential by efficiency evaluation working competency development and also including with KIP: Key Performance Indicator for consideration to reward the employee and to motivation for the Personnel Development.

5. Create to happy workplace by team participate and open for the employees can leave a comment concern about their works thoroughly.

## ORGANIZATION CHART



## CORPORATE GOVERNANCE

The company abides by the good governance principles for listed companies of the Stock Exchange of Thailand. The company has applied such principles as the guidelines for the company's operation, which has been agreed on by the Board of Directors since 2012. The details have been constantly improved to comply with the changeable business environment. Most recently, the policy of corporate governance and business ethics, 1st revision 2014 was amended and approved by the Board of Directors during the 4th meeting of 2014 on November 10, 2014 so that the directors, the executives and all employees could apply the principles as the guidelines for the operation since the date of approval. Besides, the "good corporate governance and business ethics" manual has been prepared and distributed to the directors, the executives and all employees. It has also been published on the company's website [www.tmc.co.th](http://www.tmc.co.th).

### Corporate Governance Policies

The company has set up the corporate governance policies as the guidelines for the operation of the directors, the executives and all employees. The details are as follows:

1. The company aims to reach the goals according to the vision and mission of the company in the environmentally and socially friendly manner together with the application of corporate governance for sustainable development.
2. The directors, the executives and all employees are committed to applying the good corporate governance principles and business ethics as the guidelines for the company's works and operations.
3. The directors, the executives and all employees will work with determination, responsibility, honesty, trustworthiness, transparency and respect to human rights and stakeholders' rights by following the laws, the company's rules and related announcements.
4. The directors, the executives and all employees will fight against corruption and intellectual property infringement. After such problems are discovered and the investigations are finalized, the company will have clear and strict penalties.

According to the above policies, the company has operated or practiced in accordance with the corporate governance in 5 sections as follows:

### Section 1: Rights of Shareholders

The company realizes and respects the rights of ownership of its shareholders and has the policy to support and encourage all groups of shareholders to exercise their rights, including the basic rights of shareholders, the right to access information sufficiently and in time as well as the right to attend shareholders' meetings to determine the direction of operation and to decide on the matters which significantly affect the company as follows:

1. To specify that the information on date, time, venue and agenda including all information related to the matters required to make decision during the shareholders' meeting must be sent to the shareholders in advance and on timely manner. The Company shall send an invitation letter to the meeting together with adequate supporting information to the shareholders at least 7 days or 14 days in advance of the meeting date, as the case may be. Notice of the meeting invitation shall be advertised in the newspaper at least 3 days prior to the meeting date and such information shall be posted on the Company's website to provide adequate time for the shareholders to study all agenda in advance and including the organization of conference room which is easy to access by the shareholders.

2. To attach power of attorney with the invitation letter to encourage the exercise of voting rights of the shareholders, in case any shareholder is unable to attend the meeting by himself/herself.

3. The shareholders are given the opportunity to express their opinions and ask questions prior to the meeting. The criteria for the submission of questions in advance are clearly defined and informed to the shareholders via the invitation letter. Besides, they are posted on the company's website.

4. To specify that at least one half of the total members of the Board of Directors must present in the shareholders' meeting to answer any questions, and at least one member of the Audit Committee must also attend that meeting.

5. Before the meeting, the chairman must inform the participants about the criteria and the procedure of voting, the method of showing the results, the right to vote (in this case, the shareholders who have an interest will not have the right to vote for the subject under consideration) and also the shareholders' right to object to the voting on each item on the agenda. Also, the chairman will allow the shareholders to express their opinions, fix issues and raise questions during the shareholders' meeting.

6. The minute of the meeting must be prepared with complete, accurate and comprehensible data, including the questions and answers, the result of the voting on each item on the agenda which shows the number of shareholders who vote, vote against and abstain from voting as well as the list of directors who attend the meeting and the ones who are absent.

7. The voting must be done for each item in case that the agenda consists of many items; for example, the agenda to appoint directors in the shareholders' annual general meeting or extraordinary general meeting.

8. Technologies should be encouraged and applied in the shareholders' meeting for the registration of shareholders, the counting of votes and the result display so that the meeting can be carried out promptly, correctly and precisely.

9. An independent person must be assigned to count or examine the votes during the shareholders' annual general meeting or extraordinary general meeting. The data must be revealed during the meeting and recorded in the minute.

10. The minute which reports the result of the voting on each item of the agenda during the shareholders' annual general meeting or extraordinary general meeting must be distributed on the next working day via the electronic media of the stock market and the company's website so that the shareholders can examine it without having to wait for the submission of such minute for approval in the next meeting.

#### **The Practices in Compliance with the Corporate Governance Principles regarding the Rights of Shareholders**

In 2014, the company organized the annual general meeting on Friday, April 25, 2014 between 14.00–17.00 hrs at Ballroom B of Maple Hotel at Number 9, Srinakarin Road, Bangna, Bangkok 10250.

- The company informed the shareholders about the decision of the Board of Directors to organize the shareholders' annual general meeting 2014 approximately 2 months before the meeting date which was March 3, 2014 via the company's website [www.tmc.co.th](http://www.tmc.co.th) and via the Stock Exchange of Thailand's system so that the shareholders could arrange time to attend the meeting.
- The company published the invitation together with the proceedings on the company's website [www.tmc.co.th](http://www.tmc.co.th) on March 26, 2014 (30 days prior to the meeting). The invitation was distributed through the Stock Exchange of Thailand's system and was advertised on daily newspapers 3 days in a row, which were April

1-3, 2014 (22 days prior to the meeting). Besides, the company assigned Thailand Securities Depository (TSD) which was the company's registrar to send out the documents to the shareholders on April 1, 2014 (24 days prior to the meeting) so that the shareholders had time to study the details of the meeting in advance. Moreover, the shareholders could submit the questions that they wanted the company to clarify in the agenda or ask for other important information from the company before the meeting by contacting the Chief Executive Officer at [surachet@tmc.co.th](mailto:surachet@tmc.co.th) or the company's website [www.tmc.co.th](http://www.tmc.co.th).

- The information in the invitation letter consisted of various data which would be useful for the shareholders' consideration of matters during the meeting such as the date, the time and the location of the meeting as well as the map, the meeting agenda with the opinions of the company's Board of Directors as well as the agenda attachments which provided enough information for the shareholders to make decisions.
- The company supported the voting rights of the shareholders in case that they could not attend the meeting by sending out 3 types of proxies: A, B and C to be used according to the will of the grantors. The proxies which were in the forms formulated by the Ministry of Commerce were attached to the invitation letter. They could also be downloaded from the company's website.
- The Board of Directors highly emphasizes the importance of the shareholders' meeting since it is their opportunity to answer the shareholders' questions. It is the Board's duty to attend every meeting. During the shareholders' annual general meeting on April 25, 2014, the entire group of 10 directors and audit directors attended the meeting (The former board consisted of 9 directors since an independent director, Mr. Khan Akaworawit had resigned. Later, Mr. Mitthong Chulitawong was nominated as a new independent director.). Also, the company's executives, i.e., Vice President of Finance and Accounting, Vice President of Manufacturing, Vice President of Sales and Marketing and Accounting Manager participated in the meeting to explain and answer the shareholders' questions which were related to the meeting's agenda or which required clarification. The company's auditor Miss Thanyathorn Passararujinan from DIA International Auditing Co., Ltd. also attended the meeting.
- Before the meeting started, the master of ceremony was assigned by the chairman to inform the participants about the criteria and the procedure of voting, the method to display the result of voting, the right to vote which was not given to the shareholders who had an interest in the matters under consideration and the shareholders' right to object to the voting on each item on the agenda. Also, the shareholders were allowed to express their opinions and ask questions during the meeting. Then, Miss Praphai Yoddee, one of the shareholders, was randomized to become the witness of the counting of votes. Such information was informed to the participants and was recorded in the minute.
- The voting to appoint directors was done individually on the agenda to reappoint 4 directors who had retired by rotation. The basic information of the persons who were nominated for the reappointment was sent to the shareholders in advance together with the invitation letter and was also displayed on the screen in the conference room. Since this matter was associated with the directors, related directors were asked to leave the conference room during the consideration.
- During the 2014 annual general meeting, one shareholder from the Thai Investors Association Mr. Atichart Wongwuthiwat attended and observed the meeting without asking any question.
- The company used the barcode system to facilitate the registration and the counting of votes on each item on the agenda for greater convenience, promptness, accuracy and precision for the shareholders. Additionally, the company installed the screen which displayed the result of the voting on each item on the agenda so



that the shareholders were informed about the result at the same time right after the consideration of each item on the agenda.

- The company distributed the meeting's resolutions and reported the result of the voting on each item on the agenda of the annual general meeting on the following working day (April 28, 2014) via the stock market's system and the company's website so that the shareholders can examine the information without having to wait for the submission of a minute for approval in the next meeting.
- The company prepared the minute of the 2014 annual general meeting. The information was completely, accurately and evidently compiled by the company's secretary. The record showed the names of all 10 directors who attended the meeting, the questions and answers and the result of the voting on each agenda including the number of shareholders who voted, voted against and abstained from voting. The minute was signed by the company's president who was also the chairman of the meeting.
- The minute of the annual general meeting was submitted to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission within 14 days. The minute and the photos of the annual general meeting were also published on the company's website.

## Section 2: The Equitable Treatment of Shareholders

The Company has an equitable treatment policy for all shareholders, which include the shareholders who are the executive or non-executive as well as the minority shareholders and the foreign shareholders as follows:

1. To disseminate information on the shareholders' meeting to all shareholders. The agenda as well as the explanations, the reasons, the rules of the meeting, the procedure of voting and the rights to vote according to the types of shares are specified in the invitation letter, both Thai and English versions, which is distributed at the same time at least 28 days in advance. The items on the agenda which have not been informed in advance will not be added if not necessary.

2. The shareholders who own minority interests are allowed to add more items to the agenda. In this case, the criteria for the consideration to allow the shareholders who own minority interests to add more items to the agenda before the meeting date are clearly fixed and notified in advance for fairness and transparency in the consideration whether to add more items to the agenda as proposed by these shareholders or not.

3. To allow the shareholders who are unable to attend the meeting proxy other person to attend the meeting on their behalf and they can specify the voting direction of the proxy.

4. To allow the shareholders to exercise their right to elect the director individually.

5. To specify that the shareholders who are the directors or the executives must disclose the interest information of their own including their relevant persons and those who have the transaction with interest shall not have the right to vote.

6. To notify to the directors and the executives about their obligations to report the change of their securities holding to the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand pursuant to Section 59 of the Securities and Exchange Act B.E. 2535.

7. To specify that the directors, the executives or the persons who can access to inside information are not

allowed to disclose such information to the third parties or the non-related person and they are prohibited to purchase or sell the Company's shares within 1 month before disclosure of financial statement to the public.

#### **The Practices in Compliance with the Corporate Governance Principles regarding Equal Practices for Shareholders**

- The company sent out the invitation letter to invite the shareholders to attend the annual general meeting and distributed the information concerning the annual general meeting, the agenda and the opinions of the Board of Directors towards the items on the agenda for consideration as well as the meeting's rules to all shareholders equally through the documents, the website and the stock market's system.
- The company organized the meeting according to the agenda which had been notified in the invitation letter. Also, the company added another item to the agenda, i.e., the consideration to approve the termination of Metal Fabrication Co., Ltd. which is the company's subsidiary. The reason why this item could not be notified in the invitation letter was because the Board of Directors considered this matter after the invitation letter had already been sent out to the shareholders. In this case, the Chief Executive Officer fully explained the reason for the asking for approval for the shareholders' consideration as recorded in the minute.
- The company facilitated the shareholders who could not attend the meeting by allowing them to authorize independent directors or other people to represent them in the meeting. The company sent out 3 types of proxies: A, B and C to the shareholders together with the invitation letter. They could also be downloaded from the company's website. The B type of proxy, in particular, allows the shareholders to direct the voting of their proxies. Besides, the company provided revenue stamps for the shareholders to put on their proxies.
- For the consideration on the agenda to reappoint directors who had retired by rotation, the company gave the shareholders the right to vote for the directors individually.
- The Board of Directors prohibited the directors, the executives and the employees who were aware of internal information to wrongfully reveal or use such data for their own or other people's benefits. Additionally, the company prohibited the trading of securities 1 month before the financial statement was revealed to the public. Such information was stated in the "good corporate governance and business ethics" manual which was given to the directors, the executives and all employees and was published in the company's website as the guidelines for practices. In 2014, the company's members strictly followed the guidelines that had been set forth.

Furthermore, the company has been operating and developing continuously to apply the good corporate governance principles with the organization of the shareholders' annual general meeting. The company has joined the annual general meeting quality assessment project which adopts the AGM Checklist set up by the Office of the Securities and Exchange Commission (SEC) and the Thai Investors Association since the shareholders' meeting in 2013. The results of the assessment have continually improved, i.e., the assessment were score 77.00 in 2013 and at score 80.38 in 2014. The company still has the policy to raise the standard of the company's corporate governance regarding the organization of the annual general meeting in the future.

### **Section 3: Roles of the Stakeholders**

The Company has a policy to encourage the cooperation between the Company and all stakeholders, who are the shareholders or the financial supporters, customers, business partners, employees at all levels and the communities

the Company is located in and etc. in order to strengthen performance of the Company and sustainable stability of the business. Besides from recognition of the rights of the stakeholders as per stipulated by the laws, the Company also has the policy to oversee the stakeholders to ensure that they shall be equally treated as follows:

- Shareholders** The company respects the rights of shareholders, both major ones and minor ones, by treating all of them equally. Besides, the company has the administration and the mechanism which ensure the shareholders that they will receive accurate information and appropriate returns according to the company's dividend policy. The transactions are controlled, the measures are set up to prevent conflicts of interest and the use of internal information and confidential news is prevented. Also, the directors and the executives who are aware of internal information are not allowed to make use of such information for their own benefits and for the trading of the company's securities especially 1 month before the financial statement is revealed to the public.
- Customers** The company takes care of and is responsible for all customers equally. The quality and the standard of merchandises are constantly maintained while the business operates to respond to the customers' needs in the most complete and comprehensive way possible. In addition, the company offers customer service and after-sale warranty. All these policies aim to create maximum customer satisfaction in the long term.
- Partners** The company treats its partners with fairness and in accordance with the commercial terms which have been agreed on. Also, the company has the policy to create and develop the relationship with its partners continuously, to avoid the situations which may cause conflicts of interest by negotiating to solve problems on the basis of business relationship as well as to refuse to ask for or receive assets or other benefits which are beyond the agreements.
- Competitors** The company operates within the framework of fair competition and develops the market for mutual benefits in the industry.
- Creditors** The company abides by the conditions under commercial contracts and provides the data as required by creditors with honesty.
- Employees** The company treats all employees equally, offers them appropriate remunerations and creates quality working environment.
- Community/society** The company creates a good relationship with the community in which the company is located and makes sure that the company's operation does not affect the environment in the community and society. The company also follows related laws and regulations.

Moreover, the Board of Directors provides the channel and sets up the procedure for all groups of stakeholders to report or complain about the matters which are unfair or may cause damages to the company by contacting the company's Chief Executive Officer Mr. Surachet Kamolmongkolsuk or the Company Secretary Mr Kninpichy Sukserm Tel: 038-271933-4, Fax: 038-271931, Email: [surachet@tmc.co.th](mailto:surachet@tmc.co.th) / [kninpichy@tmc.co.th](mailto:kninpichy@tmc.co.th) or contact the Head of Internal Audit Mr.Paiboon Rattanasetthachai Tel: 038-271933-4, Email: [i\\_audit@tmc.co.th](mailto:i_audit@tmc.co.th) who directly reports to the Audit Committee. The result of the investigation will be reported to the Board of Directors. Also, the information of the reporters will be kept secret.

### **The Practices in Compliance with the Corporate Governance Principles regarding Stakeholders' Roles**

In 2014, the company set up the policy regarding practices towards stakeholders under the topic of "Code of Conducts" which was included in the "Good Corporate Governance and Code of Conducts" manual which was distributed to the directors, the executives and all employees as the guidelines for their ethical practices so that the directors, the executives and all employees were aware of such practices and adopted them in their work as follows:

#### **1. Ethics towards Shareholders**

The directors, the executives and all employees are committed to performing their duties with responsibility, honesty, fairness and transparency. Also, they have to fully dedicate themselves to create maximum satisfaction among shareholders by offering them appropriate, continuous and equal returns without seeking ways for themselves and for other people to benefit from the company's information. Also, they must not take any action that may cause conflicts of interest to the company.

#### **2. Ethics towards Customers and Product Quality**

The directors, the executives and all employees are committed to improving and developing continuously in order to manufacture and sell quality products as well as to offer excellent services under the prices and terms which are fair and reasonable to create maximum customer satisfaction. Also, to maintain good, durable relationships with the customers, the details of products are accurately and completely revealed without any distort. The customers' confidential information is kept secret and is not being used for personal benefits. Besides, the company offers warranties for products and services within reasonable periods of time and responds to problems quickly in case that there are issues with the products and the services.

#### **3. Ethics towards Partners, Competitors and Creditors**

##### **3.1 Ethics towards Partners**

The directors, the executives and all employees will strictly comply with the conditions which have been agreed on with the partners. In case that it is impossible to comply with any condition, they will inform the partners and both parties will consider the way to solve the problem together on the basis of reasonability. Also, they will not request, receive or offer any dishonest benefit to the partners.

##### **3.2 Ethic towards Competitors**

The directors, the executives and all employees will follow the rules of good commercial competition and will not try to discredit or search for the competitors' confidential information using improper or dishonest methods.

##### **3.3 Ethics towards Creditors**

The directors, the executives and all employees will strictly comply with the conditions which have been agreed on with the creditors; for example, the operations according to the objectives of the agreements which have been made on loans, payments, maintenance of collateral and other conditions. In case that it is impossible to comply with any obligation in the contract, they will notify the creditors in advance and both parties will consider the way to solve the problem together. Also, they will report the company's financial status to the creditors with honesty.

#### 4. Ethics towards Employees

The company will treat all employees with politeness and respect human rights equally without discrimination. Also, the company will offer fair remunerations to the employees and prioritize their development of knowledge and skills as well as their progress in employment continuously and fairly. Moreover, the company will maintain the working environment for the safety of the employees' lives and properties, strictly follow the laws and regulations which are related to the employees as well as listen to the comments and suggestions from the employees at all levels equally.

#### 5. Ethics towards Society and Environment

The company will continuously and enthusiastically raise awareness of responsibility for the society and the environment among the employees at all levels so that they have consciousness and responsibility for their duties as well as disciplines. It is the company's commitment to take care of and control the employees to ensure that they strictly comply with the laws, rules and regulations. The company also stresses the importance of the anti-corruption operations for the performance of duties with transparency and will consider the options which have a minimum impact on the environment, the society and the surrounding communities. Furthermore, the company supports public welfare activities for the society and underprivileged communities with an aim to develop the society and communities; for example, the organization of activities for the youth and the disabled, etc.

### Section 4: Disclosure and Transparency

1. The company distributes important data which are related to the company as well as financial data and non-financial data accurately, completely and accessibly on time. Apart from the revelation of information according to the standards of the stock market and the Office of the Securities and Exchange Commission through the given channels, the company has the policy to distribute the important data which may influence the shareholders' decision to vote or the data which may affect the company's prices of securities through different channels of the stock market and the company's website [www.tmc.co.th](http://www.tmc.co.th), the annual registration statement (Form 56-1) and the annual report as well as the public media which are accessible to the shareholders and the public.

2. The company reports the conclusion of results of the operations according to various policies which have been approved such as the corporate governance policy and business ethics through various channels such as the annual report and the company's website, etc.

3. The company prepares the Management Discussion and Analysis (MD&A) for the financial statement of every quarter so that the investors are aware of and understand the change of financial status and the result of the company's operation in each quarter better.

4. The company reveals the audit fee and other fees for the services have been provided by the auditor in the annual report.

5. The company reveals the roles and duties of the directors and the sub-directors, the number of meetings and the number of times that each director attended the meetings in the past year, the opinions based on the performance of duties as well as the trainings and the continual development of vocational knowledge of the directors in the annual report.



**The Practices in Compliance with the Corporate Governance Principles regarding Data Revelation and Transparency**

- The company reveals important information which is related to the company, including the financial information, i.e., the quarterly financial statements and the annual financial statement which have been prepared in accordance with the accounting standards and approved by the company's auditor Miss Thippawan Nananuwat, a certified public accountant no. 3459 from EY Office Limited. The information is presented to the Audit Committee and is approved by the company's Board of Directors. As for the non-financial information, it includes the annual registration statement (Form 56-1) and the company's annual report. All of these documents have been prepared accurately, completely and on time according to the standards of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. The shareholders and people in general can easily access such information via the company's website [www.tmc.co.th](http://www.tmc.co.th) and the Stock Exchange of Thailand's system. Also, the documents are submitted to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission so that the shareholders can make use of such information to decide on the investment.
- The company sums up the result of operation according to the good corporate governance and business ethics policies in the annual registration statement (Form 56-1), the company's annual report as well as in the company's website.
- The company prepares the management's explanation and analysis of the result of operation which changes more than 20% of the financial budget of every quarter so that the investors are informed about the result of operation and understand the company's changes better.
- The company reveals the audit fee and other fees for the services have been provided by the auditor in the annual registration statement (Form 56-1) under the topic of remuneration for auditor and in the company's annual report.
- The company reveals the roles and duties of the directors and the sub-directors, the number of meetings and the number of times that each director attended the meetings in the past year as well as the trainings and the continual development of vocational knowledge of the directors in the annual report.
- In terms of investor relations, the company assigns the persons who will act as the center for the disclosure of important information to the investors and related parties in order to facilitate the stakeholders' access to information through various channels. The contact persons are:

1) Mr. Surachet Kamolmongkolsuk

Chief Executive Officer

Telephone : 038-271933

Fax : 038-271931

Email : [surachet@tmc.co.th](mailto:surachet@tmc.co.th)

2) Mr. Kninpichy Sukserm

Company Secretary

Telephone : 038-271933

Fax : 038-271931

Email : [kninpichy@tmc.co.th](mailto:kninpichy@tmc.co.th)

Moreover, the company also sends out information through the news alert system to the investors and people who are interested via the e-mail. Also, it is possible to leave questions in the system by subscribing and logging in to the IR Services under the topic "Info Request" in the company's website [www.tmc.co.th](http://www.tmc.co.th).

## Section 5: Board Responsibilities

### Structure of the Board of Directors

- 1 The Board of Directors consists of 10 members, six of them are non-independent Directors and four of them are Independent Directors. All of them are knowledgeable and have experiences in the field of the Company's business. In addition, all three Audit Committee are Independent Directors who has duties to balance the casting vote while considering various matters and to review the performance of the management for maximum benefits of the Company.
- 2 The Company has a policy that the Chairman of the Board and the Managing Director must not be the same person to prevent unlimited exercise of power. The Board of Directors shall define the powers, duties and select the persons to hold both positions.
- 3 The Company has appointed the Company Secretary who shall have duties and responsibilities to provide legal recommendations and criteria that the Board of Directors should be well aware of and to oversee the activities of the Board of Directors, as well as to coordinate to ensure the compliance with the resolution of the Board of Directors.

### The Roles, Duties and Responsibilities of the Board

- 1 The Board of Directors consists of the personnel who are equipped with the knowledge and skills in business operation as well as the experts from various fields who can conduct an independent review of the company's operation. It is the Board's duty to determine the vision, the mission, the strategies, the financial goals, the risks, the plans and budgets as well as to supervise, control and manage departments to make sure that the operations are in accordance with the policies and the plans that have been set up with efficiency and effectiveness.
- 2 The Board of Directors determines the written corporate governance and business ethics policy. The Board also has to constantly review the policy and follow up with the operations to ensure that they comply with the policy.
- 3 The Board of Directors sets up the system to control and monitor the operations within the company and to assure that the practices are in compliance with the rules, regulations and policies which may have an impact on the company's operation. In doing so, the Board has established the internal audit agency and the compliance unit to make sure that the company operates according to the guidelines that have been set up efficiently. There is also the agency which follows up with and evaluates the operation constantly. These independent agencies report directly to the Audit Committee who has determined the penalties in case of non-compliance. In addition, the company hires the outsource which will work together with the company's internal audit agency to examine and take care of the internal control system and to check important items regularly to ascertain that the company has effective systems which will enhance the financial statement's reliability. Besides, the Audit Committee will also double-check the efficiency of the internal control system which includes the operation, the compliance control and the risk management. Attention is also paid to anomalies.

- 4 The Board and the Audit Committee organize a hearing on the sufficiency of internal control system and risk management of the company at least once a year. The details are revealed in the annual report.

**The Practices in Compliance with the Corporate Governance Principles regarding the Board's Responsibilities**

- The 2014 Board of Directors consisted of 10 directors, which were 6 executive directors and independent directors which were no less than one third of the whole Board, i.e., 4 independent directors. 3 out of 4 independent directors were appointed audit directors to counterbalance the voting on different matters and to review the management's administration for the company's maximum benefit. The 3 audit directors were the Chairman of the Audit Committee Mr. Arthit Wuthikaro and 2 Audit Directors Miss Chutipha Obhasanond and Mr. Mitthong Chulitawong. Mr Mitthong Chulitawong was equipped with enough accounting knowledge and experience to conduct a review of the reliability of the company's financial statements.
- The Board of Directors during the 1st meeting in 2014 on February 27, 2014 resolved to appoint Mr. Kninpichy Sukserm the Company Secretary whose duty was to provide legal advice and other suggestions concerning related regulations according to the Securities and Exchange Act that the directors needed to be aware of. The secretary also had to oversee the Board's activities and coordinate to implement the Board's decisions. The new secretary replaced Miss Pailin Kamolmongkolsuk who resigned from the position on February 27, 2014. The appointment of the new Company Secretary became effective since February 28, 2014.
- In 2014, the company improved the policy of Corporate Governance and Code of Conduct, 1st revision year 2014 which was approved by the Board of Directors during the 4th meeting in 2014 on November 10, 2014 so that the directors, the executives and all employees could apply it as the guidelines for the operation. Besides, the "Good Corporate Governance and Code of Conduct" manual was prepared and distributed to the directors, the executives and all employees. It was also published on the company's website [www.tmc.co.th](http://www.tmc.co.th).
- In 2014, the Board of Directors approved the appointment of the compliance unit. Also, the company was in the process of preparing the compliance policy manual by compiling the regulations of all agencies in order to distribute the manual to the directors, the executives and all employees to ensure that the company complies with related regulations, disciplines and laws, both internal and external ones, accurately and efficiently. The regular monitoring and assessment was also arranged. The compliance unit was independent and would directly report the result of operation to the Audit Committee. The penalties for non-compliance were clearly and strictly determined.
- In 2014, the company hired the outsource called Professional Internal Audit Service Co., Ltd., an experienced and proficient internal audit company, to work with the company's internal audit agency to examine and take care of the internal control system and to check important items regularly to make sure that the company had an efficient internal audit system which would enhance the reliability of the financial statements. Afterwards, the Audit Committee would double-check the efficiency of the internal audit system as well.
- The Board of Directors and the Audit Committee organized a hearing on the sufficiency of the company's internal audit system and risk management at least once a year (See detail in : internal control and risk management). The details were described in the annual report.

- The Audit Committee had meeting together with the company's auditor without the executive on February 27, 2015 for enquire of audit process, company cooperation and coordinate, trouble during audit, important issue in the 2014 financial statement.

#### **The Board of Directors' Meetings**

The company organizes the Board of Directors' meetings regularly at least once every 3 months. The agenda together with other documents will be sent to every director at least 7 days in advance so that the directors have sufficient time to consider and study the information. The Chairman of the Board encourages every director to attend every meeting or no less than 75% of all meetings of the Board of Directors in a year. Moreover, the report of operation is sent to the directors on the months without meeting so that the directors can control and supervise the management's operation continually and in time. The company's secretary is in charge of supervising the activities during each meeting of the Board of Directors and preparing the minute which must be kept properly and exclusively for easy examination.

- The company organizes the meetings of the Board of Directors and the Audit Committee regularly at least once every 3 months. In 2014, there were 4 meetings of the Board of Directors and 4 meetings of the Audit Committee. The meeting schedules of the whole year are fixed in advance so that the directors can properly allocate time to join the meetings. The company's secretary will deliver the agenda together with other documents will be sent to every director at least 7 days in advance so that the directors have sufficient time to consider and study the information beforehand. Also, the company's secretary will be the one who is in charge of supervising the activities during each meeting and preparing the minute which will be presented to the directors for approval in the next meeting. Afterwards, the minute will be kept in the form of folder and electronic document in the secretary department for convenient search and reference.

#### **The Self-evaluation of Directors**

The company organizes the self-assessment of the directors and the sub-directors at least once a year to allow the Board to consider the works and the problems together for future improvement. The criteria for the comparison of operational results are set up, and the results of the assessment will be revealed in the annual report.

- In 2014, the company started the self-assessment of the directors and the assessment of the CEO's result of operation by the directors once a year around December using the form of the Corporate Governance Center, the Stock Exchange of Thailand. Additionally, the results of the assessment were revealed in the annual report which demonstrated that the result of the director assessment in 2014 was at 3.68 (out of 4) and the result of the CEO assessment in 2014 was at 3.68 (out of 4).

#### **Remunerations for Directors and Executives**

The remunerations for the independent directors include the monthly payment and the meeting allowance per time which must be in accordance with the average standard of the same industry. The remunerations must match the directors' duties and responsibilities. As for the executive directors, they do not receive the monthly payment and the meeting allowance per time. Instead, they gain the salary and the annual bonus which is largely based on the company's result of operation. The sum of the annual remunerations of the directors and the executives must not be unusually high compared to the average remunerations of registered companies in the Stock Exchange of Thailand. The main consideration

will be on the shareholders' maximum benefit. Besides, the directors' remunerations must be approved during the annual general meeting.

- The company has determined the remunerations of the independent directors, which include the monthly payment and the meeting allowance per time which are in accordance with the average standard of the same industry and are appropriate to each director's duties and responsibilities. The remunerations of the independent directors in 2014 were approved during the 2014 annual general meeting, and they remained the same as in 2013 without any raise. As for the executive directors, they do not receive the monthly payment and the meeting allowance per time. Instead, they gain the salary and the annual bonus which is largely based on the company's result of operation.

#### **The Development of Directors and Executives**

The company has the policy to support the trainings for those who are related to the company's corporate governance system for continual improvement of operation. Moreover, the documents and the plans are systematically prepared to enable the new directors to continue the work smoothly in case there is replacement in the Board.

- In 2014, the company encouraged the directors, the executives and the secretary section to attend the trainings and the seminars organized by the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, the Thai Institute of Directors Association (IOD) and other agencies as follows:
  - Directors Certification Program (DCP) 194/2014 (Independent Director/ Audit Director Mr Mitthong Chulitawong)
  - Smart Disclosure Program (SDP) by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand
  - Strengthening Anti-Corruption Practice in Your Boardroom Program during the IOD Company Secretary Forum 2014 by the Thai Institute of Directors Association (IOD)
  - Company Secretary Program (CSP 60/2014) by the Thai Institute of Directors Association (IOD)
  - Workplace Safety Committee Program by Pinthong Group Management and Consultants Co., Ltd.
  - Workplace Safety Officials at Management Level Program by Pinthong Group Management and Consultants Co., Ltd.
  - Psychology of Team Understanding and Management Program by Panyatara Potential Analysis Center (P-PAC)
  - Happy Workplace Forum by the Federation of Thai Industries Chonburi Chapter
- In 2014, the company organized an orientation for the new director Mr. Mitthong Chulitawong who had been appointed an independent director/ audit director during the 2014 annual general meeting on April 25, 2014 to inform Mr. Mitthong Chulitawong about the company's important information such as the business characteristics, the policies, the goals, the results of operations, the rules and regulations which were related to directors of registered companies, etc. The company's secretary presented the company's document set, annual reports and videos to Mr. Mitthong Chulitawong and arranged his visit to the company's locations which would be beneficial for the new director's performance of duties.

## Subcommittee

The structure of the Board of Director for management the company has 3 subcommittee, and details are as follows:

### 1) The Board of Director

In 2014, The Board of Directors consists of 10 members, six of them are non-independent Directors and four of them are Independent Directors.

#### Scope of power, duties and responsibilities of the Board of Directors

The Board of Directors has the powers, duties and responsibilities to manage the Company pursuant to the applicable laws, the Company's objectives and Articles of Association as well as the resolutions of the shareholders' meeting, with honesty and prudence in the best interests of the Company. A summary of the substantial duties and responsibilities of the Board of Directors is set out below:

1. To perform duties pursuant to the applicable laws, the Company's objectives and Article of Association as well as the resolutions of the shareholders' meeting with honesty and prudence in the best interests of the Company.
2. To establish vision, policy and operational directions of the Company including to supervise to ensure that the management team effectively and efficiently conducts operations in accordance with the specified policy and work plan to maximize economic values to the business and for maximum stability for its shareholders.
3. To monitor the performance to ensure that they follow the policy and business operation, provided that, the indices to be used as the practical guidelines must be clearly specified, by taking into consideration the possibility and reasonableness, and such policy including its compliance must be reviewed continually.
4. To carefully consider the conflict of interest and the transaction which may cause a conflict of interest by specifying the clear guidelines and they must be for the benefits of the Company and the overall shareholders. The interested person shall not take part in making decision for such transactions. To supervise the transaction which may have a conflict of interest to ensure that it is correctly, completely and transparently compliance with operating procedures and its information is disclosed.
5. To authorize and specify the approval level on the conduct of any transaction and activity related to the Company's business to the group of persons or a person as appropriated and pursuant to the relevant laws, by preparing as the authority manual and such manual must be reviewed at least once a year.
6. To arrange for the credible accounting system, financial reporting and audit operations as well as to supervise the evaluation procedure of the internal control. There should be the independent person or unit responsible for auditing such control system and the systems must be reviewed constantly.
7. To specify comprehensive risk management policy throughout the organization. The management must comply with the policies and report to the Board of Directors on continued basis, to review the system or assess the efficiency of the risk management constantly and every time when it is found that risk level has been changed within the defined direction, as well as pay attention to the advance alarm and abnormal activities.



8. To appoint the subcommittee or any person to oversee, monitor and control the essential management work of the Company under the supervision of the Board of Directors and to assess the performance and fix the remuneration of such subcommittee or person, or to assign authority to such subcommittee or person as the Board deems appropriated and within the specified time as the Board of Directors may think fit and the Board of Directors may revoke, cancel, change or modify such authority.

For this purpose, the delegation of authority to the subcommittee or person as mentioned above shall not include the delegation of authority which entitled such subcommittee or person to consider and approve the transaction that such person or the person who may have a conflict, interest or may have a conflict of interest in any other manner with the Company or the subsidiaries. In addition, the approval from the shareholders' meeting is required for conducting any connected transaction or acquisition or disposal of the material assets of the Company so as to be compliance with the regulations of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand. In the event when any director or the potential interest person (pursuant to the notification of the Office of Securities and Exchange Commission and/or the Stock Exchange of Thailand) has interest or conflict of interest, such director or the potential interest person is not entitled to vote or authorize to approve such transaction. Moreover, the Board of Directors may authorize such subcommittee or person as mentioned above to undertake the transaction concerning the operation and the investment under normal course of business of the Company, provided that, the scope of work and amount of money in each level must be clearly defined. No authorization is granted without limiting any monetary amount.

## **2) The Audit Committee**

The Audit Committee consists of 3 independent non-executive directors who remain in their positions for 3 years each term and up to 9 consecutive years since the first day of appointment according to the regulation set up by the Board of Directors.

### Scope of duties and responsibilities of the Audit Committee

The Audit Committee has duties and responsibilities as follows:

1. To verify that the Company has accurate financial reports and adequate disclosure of information by coordinating with the external auditor and the executives in charge of preparation of the quarterly and annual financial reports before proposal to the Board of Directors.
2. To verify that the Company has proper and effective internal control and internal audit system, to verify the independences of internal audit department, and to approve the appointment, removal and dismissal of the head of the internal audit department or any other department in charge of internal audit.
3. To verify that the Company conforms with laws regarding securities and securities exchange, regulations of the Stock Exchange of Thailand, as well as other laws, rules, regulations and requirements relevant to the business of the Company.
4. To consider, select, propose the appointment of an independent person to perform as the auditor of the Company, to propose remuneration for the auditor to the Board of Directors for further appointment by the general shareholders' meeting, to coordinate with the auditor for the audit purpose, scope, guideline, work

plan, problems found during the audit and other important issues, and to attend meeting with the auditor without management attendance at least once a year.

5. To ensure complete and correct disclosure of information concerning the connected transaction or the transactions that may involve conflict of interest in accordance with the laws and regulations of the Stock Exchange of Thailand, as well as to disclose complete and correct information of such transactions to ensure that they are reasonable and are in the best interest of the Company.
6. To verify that the Company's risk management system is appropriate and efficient.
7. To prepare the Audit Committee's report for disclosure in the annual report, and such report shall be signed by the Chairman of the Audit Committee and it must at least contain the followings:
  - Opinion on correctness, completeness and reliability of the financial reports of the Company;
  - Opinion on adequacy of the internal control system;
  - Opinion on compliance with the laws regarding securities and securities exchange, regulations of the SET, or the laws relevant to the business of the Company;
  - Opinion on appropriateness and remuneration of the auditor;
  - Opinion on transactions that might have conflict of interest;
  - Number of the Audit Committee meetings and attendance of each member;
  - Opinions or observations in overall from the Audit Committee's performance of duty in compliance with the Charter; and
  - Other issues that should be made known to and acknowledged by the shareholders and investors within the scope of duties and responsibilities assigned by the Board of Directors.
8. To perform other duties within the scope of its responsibilities as assigned by the Board of Directors and to report directly to the Board of Directors. In the performance of such duties, the Audit Committee must have direct accountability to the Board of Directors and the Board of Directors must have accountability regarding the Company's business operation to external parties.
9. If the Audit Committee finds or suspects that any transaction or action may have material impact on the financial position or operation of the Company, e.g. transaction that causes conflict of interest, fraud or unusual transaction or material deficiency in the Company's internal control system, violation or infringement of laws regarding securities and securities exchange, etc. the Audit Committee shall report to the Board of Directors for rectification and improvement in a timely manner as considered appropriate by the Audit Committee. In case the Board of Directors or the Management fails to rectify or improve such issue or incident in a timely manner as considered appropriate by the Audit Committee, any member of the Audit Committee may report such issue or incident to the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand.

The Audit Committee must possess the qualifications pursuant to the notifications of the Capital Market Supervisory Board No. Tor Jor. 28/2551 RE: Request for permission and approval for offering newly issued share with details as follows:

Qualifications of the Audit Committee and the Independent Director:

1. Holding shares not exceeding 1 percent of the total number of voting shares of the Company, its parent company, its subsidiary, its associated company or a controlling person of the Company, provided that, the shares held by the related person of such Independent Director shall also be counted for this purpose.
2. Not being or having been a director involved in the management, an employee, a consultant with a monthly wage or a controlling person of the Company, its parent company, its subsidiary, its associated company, a subsidiary in the same level, a major shareholder or a controlling person of the Company, except he/she has resigned from such position at least 2 years prior to the date submitting the approval request to the Office of the Securities and Exchange Commission (SEC), provided such prohibition shall not include the case where the independent Director was once a government official or the advisor of the government agency which is the major shareholder or the controlling person of the Company.
3. Not being related by blood or legal registration as a father, mother, spouse, sibling and child, including as a spouse of the child of an executive officer, a major shareholder, a controlling person or a person who will be nominated to become an executive officer or a controlling person of the Company or its subsidiary.
4. Not having or had a business relationship with the Company, its parent company, its subsidiary, its associated company, a major shareholder or a controlling person of the Company in the manner which may interfere the exercise of independent judgment, including not being or having been a major shareholder, or a controlling person of a person having a business relationship with the Company, its parent company, its subsidiary, its associated company, a major shareholder or a controlling person of the Company, except where such restriction had passed for not less than 2 years prior to the date submitting the approval request to the SEC.
5. Not being or having been an auditor of the Company, its parent company, its subsidiary, its associated company, a major shareholder or a controlling person of the Company, and not being a major shareholder, a controlling person or a partner of an audit office for which the auditor of the Company, its parent company, its subsidiary, its associated company, a major shareholder or a controlling person of the Company work, except where such restriction had passed for not less than 2 years prior to the date submitting the approval request to the SEC.
6. Not being or having been a professional service provider, including a legal consultant or financial advisor who receives service fees exceeding Baht 2 million from the Company, its parent company, its subsidiary, its associated company, a major shareholder or a controlling person of the Company, and must not be a significant shareholder, a controlling person or a partner of such professional service provider, except where such restriction had passed for not less than 2 years prior to the date submitting the approval request to the SEC.
7. Not being a director appointed to represent the Company's Board of Directors, a major shareholder or a shareholder who is related to the Company's major shareholder.
8. Not being in a business of the same nature as, and of significant competition to that of the Company or its subsidiary or not being a significant partner of a partnership or not being a director who is involved with management tasks, a staff member, an employee, a consultant with a monthly wage or holds shares more than 1.0 percent of total shares with voting rights of another company which is engaged in a business of the same nature as and of significant competition to that of the Company or its subsidiary.

9. Not possessing any characteristics which prevent the giving of an independent opinion on operations of the Company.

### **3) The Executive Committee**

The Executive Committee consists of 6 members.

#### Scope of power, duties and responsibilities of the Executive Committee

1. To supervise the management of the Company to ensure the compliance with the policies specified by the Board of Directors and to report the operational results to the Board of Directors.
2. To specify strategy and business plan, budget, as well as management structure, so as to comply with the policies and targets set by the Board of Directors, and to present them to the Board for consideration.
3. To authorize and specify approval level of each person as appropriated and to segregate the duties which might be favorable for corruption and present to the Board of Directors for approval as well as to supervise the adherence of the approved principles and requirements.
4. To consider the organizational structure, to authorize management power, salary structure of the Company as well as to have power to define scope of duty, assign, appoint, transfer, cut or reduce wage, dismiss, terminate employment, consider benefits, impose disciplinary penalty, reward to Deputy Managing Director and lower. These powers may be assigned to the Managing Director or the authorized person assigned by the Managing Director, to act on the Company's behalf for signing in the employment contract.
5. To consider and approve the financial transaction with the bank/financial institutes for supporting the normal business operation, such as opening bank account, providing loan, borrowing money, procurement of credit, pledge, mortgage, guarantee and etc., including purchase and sale and register for any land ownership for normal business operation pursuant to the approval power and order approved by the Board of Directors.
6. To consider and approve the investment and define the investment budget pursuant to the power specified in the manual.
7. To consider the new business operation or business discontinuation to propose to the Board of Director for further approval.
8. To consider other matters assigned by the Board of Directors. However, the delegation of authority as mentioned above shall not be in the manner of delegation of authority or sub-authority which entitled the Executive Committee or the authorized person of the Executive Committee to approve the transaction that the Executive Committee Director or the person who might have conflict of interest, interest or any other benefits as per specified by the SEC with the Company or its subsidiary, except it is the approval of transaction under the criteria approved by the Board of Directors.

However, the approval of such transaction with conflict of interest must be performed pursuant to the notification of the SET, the Capital Market Supervisory Board and/or the Office of the SEC Re: Criteria, method and disclosure of the connected transactions of the listed companies. In addition, the Executive Committee may be appointed or removed by the Board of Directors' meeting or the shareholder's meeting.

### **Nomination of the Directors**

With regard to the nomination of the members of the Board of Directors, even though the Company does not have the Nomination and Remuneration Committee in place, but the nomination of the director shall be made by the Board of Directors by taking into account the qualifications on knowledge, competency, experiences, vision and credibility and such candidate must not possess the qualifications prohibited by the laws. After that this matter shall be proposed to the shareholders' meeting for further consideration and appointment. Essence of criteria and methods specified by the Company can be summarized as follows:

1. The Company's Board of Directors must consist of at least 5 directors and not less than one half of total directors must reside in the Kingdom of Thailand.
2. The election of the directors shall be made at the shareholders' meeting pursuant to the following criteria and method:
  - (a) Each shareholder shall have a number of votes equal to the number of shares held.
  - (b) Each shareholder may exercise all the votes he/she has under (a) to elect one or several persons as director or directors, but the shareholder may not allot his/her votes to any person in any number.
  - (c) The election of the directors shall be based on the majority votes. In case of a tied vote, the Chairman is entitled to a casting vote.
3. During every annual general meeting, at least one-third of directors shall retire. If the number of directors is not a multiple of three, then the number of director closet to one-third shall retire. The directors who shall retire in the first and the second year after the registration of the Company shall be selected by drawing lot, and for subsequently years, the longest serving directors shall be retired. A retired director may be re-appointed.
4. In case of vacancy of director's position due to reasons other than by retirement in due course, the Board of Directors may appoint a person who is qualified and does not possess any prohibited qualifications specified by the laws to be the director in the next Board of Directors' meeting. Except in a case where the remaining term of a director is less than 2 months, then the term of the newly appointed director shall expire at the same time as the director he/she substitutes. Resolution on election of the director to replace the vacant position must consist of not less than three-fourth of the total number of the remaining directors.
5. The shareholders' meeting may pass the resolution to dismiss any director from the position before retirement on due course with the majority votes of at least three-fourth of total number of shareholders presented and have the voting rights and the accumulated shares must not less than half of total shares held by the shareholders presented and have the voting rights.

### **Selection of the Audit Committee/Independent Committee**

With regards to the selection of the Audit Committee/Independent Director, the shareholders' meeting shall appoint the Audit Committee/Independent Director which consists of 3 Independent Directors and the term of the Audit Committee/Independent Director shall be 3 years each and at least 1 member of the Audit Committee must have sufficiently skills and experiences to assume duties of auditing accountability of the financial statement.

## Policy on Supervision on the Usage of the Company's Inside Information of the Management

The Company has established the policy and the supervision method on usage of the Company's inside information which has not yet been disclosed to the public to be observed by the directors and the executives to prevent any abusive use of such information for their personal gain as well as the purchase and sale of the securities are as follows:

- To provide information to the directors as well as the executives in various departments on their obligations to report about their securities holdings including the securities holding of their spouse and children under legal age to the Office of the SEC and the Stock Exchange of Thailand pursuant to Section 59 and the penalty clause under Section 275 of the Securities and Exchange Act B.E.2535.
- To specify that the executives are required to file a report on a change of their securities holdings to the Office of the SEC and the Stock Exchange of Thailand pursuant to the Section 59 of the Securities and Exchange Act B.E.2535 and are required to send this report to the Company on the same day they submit to the Office of the SEC and the Stock Exchange of Thailand.
- To inform that the executive who can obtain the material inside information which may impact to the change of the securities prices shall not purchase and sell the Company's securities within 1 month before the financial or such inside information is disclosed to the public and such material information is prohibited to disclose to other third parties.

The Company imposed the disciplinary penalty against people who exploit usage of or disclose inside information which, if released prematurely, would cause damage to the Company. Various penalties have been imposed, such as verbal warning, written warning, probation including termination of employment, by firing or discharging, as the case may be.

In 2014, the company included such matters in the "Good Corporate Governance and Code of Conduct" manual. Also, the company has imposed disciplinary actions towards those who try to benefit from using or exposing the company's internal information which might cause damages to the company. The degrees of penalties depend on the cases, including verbal warning, text warning, probation and termination of employment by dismissal, discharge or furlough, etc.

## Audit fee

### Audit fee

The company paid the Audit fee in 2014 was Baht 1.50 million and subsidiary was Baht 0.45 million, so total Audit fee of the company and its in 2014 was Baht 1.95 million. This fee included audit fee and total accounting review

### Other fee

In 2012, the Company paid fee for reviewing audit working paper with SEC was Baht 0.10 million.

In 2013, the Company did not pay other fee.

In 2014, the Company paid for auditor allowance and transportation expense were Baht 0.15 million.

In addition, the person or the business related to the audit and the auditing firm is not the person Or business related to the Company and its subsidiary.



## CORPORATE SOCIAL RESPONSIBILITIES : CSR

Throughout the operation, TMC Industrial Public Co., Ltd. realizes and prioritizes the creation of values between the organization and the stakeholders at all levels with regard to the business vision under the framework of business ethics and responsibilities towards the society and the environment.

### Operation with Fairness and Transparency Fair Treatment for Employees

TMC Industrial Public Co., Ltd. operates with verifiable fairness and transparency in the way that complies to the laws and regulations of the stock market. The company encourages all employees to participate in various activities both inside and outside the company, to abide by the law, to work under the system, to have respect for the nation, the religion and the King as well as to avoid the infringement of intellectual property.

TMC Industrial Public Co., Ltd. treats all employees equally by offering them fair and appropriate remunerations based on their working potential. Their knowledge and abilities are measured by the operation assessment system, which is the basis of potential development, as well as the Key Performance Indicator (KPI) for the consideration of the employees' virtue in order to create motivation for the employees. The employment is also made under the fair conditions which are in accordance with the labor law.

### Anti-corruption

TMC Industrial Public Co., Ltd. has always adhered to the business operation which is honest, fair, transparent and verifiable in accordance with the good corporate governance principles. The company promotes organizational ethics towards the employees, the society and the environment, which can be measured from both internal and external examinations and assessments.

### Annual Health Check-up Project

The annual health check-up is conducted not only to meet the criteria required by law, but also to search for the risk of chronic diseases in order to find the ways to prevent them. This project also demonstrates the company's care for the employees' health. In 2014, the company organized the annual health check-up on Monday, November 17, 2014 at the Headquarter of Factory 1 and on Thursday, November 20, 2014 at Factory 2, Branch 1.



## Environmental Care

Currently, the global warming awareness remains the common problem which must be prioritized. Even the business section must be prepared to change the materials or the manufacturing process to become part of the green industry. Therefore, the company has launched the policy to create the employees' consciousness and realization of the importance of resource conservation and environmental protection. The working environment and the methods of working are adjusted as well. The company has organized the following activities to take care of the environment:

### Reforestation in Honor of the King and the Queen

- On Wednesday, July 2, 2014, the company participated in Baan Suan Municipality's Reforestation Project to Honor Their Majesties the King and the Queen by planting trees around the empty areas of By-pass road in Chonburi Province.
- On Tuesday, December 2, 2014, the company participated in Baan Suan Municipality's Reforestation Project to Honor Their Majesties the King and the Queen by planting trees around the housing areas of Baan Suan Municipality's employees on By-pass road in Chonburi Province.



### Off-season Offering of Recyclable Items to the Monks

In cooperation with Baan Suan Sub-district Municipality and the abbot of Wat Suan Kaew Phra Ratchathammanithet (Phra Phayom Kanlayano), the company's employees donated unused items on Wednesday, August 21, 2014.



### Environmental Activities

The company encourages the use of resources with appreciation and the environmental care by launching the waste sorting campaign. In this campaign, the garbage is to be put into the dustbins of different colors according to their types at different locations in the factory. Then, the trash will be transferred to the waste shed and destroyed according to the environmental process by the waste disposal company.



### Energy Conservation Activities

Energy is valuable and necessary for everybody's daily life. The need of energy increases every year despite limited amount of energy. Thus, the methods to save energy in the workplace are the practices which can be concretely adopted. The company has set up the energy saving measure to make the employees realize the value of limited energy and become a part to help save the country's energy, which includes the project to save electrical energy and water supply, etc.



## Social or Community Development

TMC Industrial Public Co., Ltd. aims to enhance the quality of life and to develop the potential of the personnel who are considered the intellectual capital both inside and outside the organization by cooperating with all government sectors to organize the following activities:

### National Children's Day 2014

The company cooperated with local government sectors, including Baan Suan Municipality, Nong Chak Sub-district Municipality, Nong Ree Sub-district Administrative Organization, Baan Hua Kroak School and the Industrial Promotion Center Region 9 to organize activities on the National Children's Day on Saturday, January 11, 2014.



### Learning Encouragement Project to Create Occupations and Incomes in Community

Under the framework to enhance and improve the employees' quality of life, the learning has been extended to the community level. The company gave unused materials such as wood pallets from the transportation of raw materials in the supply chain to the learning center for disabled people in Takiantia Sub-district, Banglamung District, Chonburi Province to create employment and to generate extra incomes for the company's disabled staff members. During this project, the vocational training center in Takientia community helped to offer a training to develop woodworking skills.



### Sharing Project (Giving out Relief Packages to Neighbors)

TMC Industrial Public Co., Ltd. launched the sharing project to help neighbors. In this project, the Vice President of Human Resource, the Manager of Human Resource and the team went on a trip to visit the elderly and the disabled in trouble in the construction area of the new TMC Baan Bung factory in Moo 2, Nong Chak Sub-district, Baan Bung District, Chonburi Province to acknowledge the problems together. The headman of Moo 2 of Nong Chak Sub-district was the representative who distributed TMC relief packages to the villagers on Tuesday, September 23, 2014 to give them encouragement in living.



### Local Product Support Project

TMC Industrial Public Co., Ltd. supports the “hand-made dish soap made from fermented microorganisms” every month. The dish soap is the model product of the sufficiency economy project following the royal initiative which is conducted by the teachers and the students of Baan Hua Kroak School, Nongree Sub-district, Muang District, Chonburi Province. It is the group activity in the subject of sufficiency economy, primary level (1 hour per week). The main customers are TMC Industrial Public Co., Ltd. and the teams of visitors from various government agencies. The incomes go to the school’s account to support the students’ education.



### Donation of Old, Unused Calendars

Every year, the company’s employees donate old, unused calendars to the friendship treatment center at Chonburi Hospital so that the center can use them to prepare books in Braille language for people with visual impairment.





### TMC's "Fill Love with Hearts, Fill Kindness with Blood" Project

To encourage kindness in the employees' hearts and become part of the blood donation to help save humans' lives as well as to increase the blood reserve of the Thai Red Cross Society, the company coordinated with the Thai Red Cross Society in Chonburi Province on their blood donation road trip by organizing a blood donation event at Mongkolsuk Conference Room on Monday, September 22, 2014.

### Respect to Human Rights

TMC Industrial Public Co., Ltd. complies with the morals and the fundamental rights by hiring employees without religious discrimination. The company also allows people with physical impairment and those of the third gender to have the following rights:

- 1) In terms of religion, the company provides a prayer room for Muslim employees.
- 2) For the disabled persons, the company complies with the Disabled Persons Act B.E. 2550 which indicates the employment of at least 1 disabled person per 100 employees.
- 3) For people from the third gender, the company gives them to right to become the company's employees.



### Rice Donation to Pearl S. Buck Foundation (Thailand), Chonburi Branch

According to the saying which states that "human rights are the rights that every human being deserves to live happily as parts of the society," TMC Industrial Public Co., Ltd. realizes the value of human beings who are like parts of the same family. For this reason, the company has been donating rice to Pearl S. Buck Foundation (Thailand), Chonburi Branch every month for more than 3 years. The foundation is a public charity organization which helps children who are affected by AIDs with an aim to encourage the patients as well as their families.



## INTERNAL AUDIT AND RISK MANAGEMENT

On the meeting of the Board of Directors No. 1/2015, dated on 27 February 2015, with 3 Audit Committees participated, the board reviewed internal audit sufficiency in T.M.C. Industrial Public Co., Ltd. by inquiring managing team and concluded that the Internal Audit of the company consists of 5 following elements:

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information System and Communication
5. Monitoring Activities

The Board regards that internal audit system of the company is sufficient, appropriate and conformable to internal audit assessment of The Securities and Exchange Committee. The company has prepared suitable numbers of personnel to efficiently perform the system, and arranged monitoring and control activities system to prevent the use of the company's asset from wrongful or unauthorized act by its management members, any transaction with personally related party who may lead to conflict and other issues. Thus, the Board approved that the arrangement of 5 elements of audit control system of the company is adequate and effectively able to accomplish our objective.

Regarding to Internal Audit, the company's policy indicates to employ an outsource auditor to audit and evaluate internal control, and submit the result to Audit Committee and the Board of Directors. The company has employed Professional Internal Audit Service Co., Ltd. from 2014 to 2015, the auditor of the said company recommended about the improvement of internal audit for our higher efficiency. TMC has continuously followed the suggestions. In addition, TMC appointed internal audit department to coordinate and collaborate with the independent outsources along with monitoring practice in accordance with the recommendation of auditor, after that, propose to Audit Committee.

In 2014, Audit Committee approved the audit plan of Professional Internal Audit Service Co., Ltd., on the meeting of the Board of Director No. 1/2014, dated on 27 February 2014. The internal audit of 2014 had been performed in compliance with the mentioned audit plan, which Audit Committee had approved for 10 projects and the result presented to Audit Committee. The investigation and evaluation of internal control are for example, accounting control, asset control, repair system during warranty, record of product cost data control, waste disposal system, checking recipient order and contract enforcement, logistics control, wastewater treatment, scrap metal distribution and inventory management. The evaluation result in the eyes of auditor is in good level, due to the fact that the company has mostly prepared sufficient and appropriate control systems, the improvement specifically directs to provide system to comply with the existing control system for its higher efficiency. Directors give priority and appoint the responsible to follow all recommendations of auditor.

## RELATED TRANSACTIONS (END OF DECEMBER 31, 2014)

A summary of the related transactions between the Company and its subsidiaries and the parties having conflict of interest in 2014

Transaction between the Company and its subsidiaries and the persons that may have conflict of interest were summarized as follows:

Person that may have conflict of interest	Relation
1. Kan Yong Electric Public Co., Ltd. (KYE)	KYE has common Director with the Company, namely Mr. Manu Leopaiprote
2. SVOA Public Co Ltd (SVOA)	SVOA has common Director with the Company, namely Mr. Manu Leopaiprote
3. Mrs. Tubtim Kamolmongkolsuk	Mrs. Tubtim Kamolmongkolsuk is a TMC shareholder, The numbers of shares as of February 27, 2015, is held Direct in company is 0.81% and Indirect by Kamolmongkolsuk Company Limited is 20%. Mrs. Tubtim Kamolmongkolsuk is a Director and Vice Chairman of Executive Committee.

## Nature of Related transactions

Summary of Related transactions in 2014

Party having Conflict of Interest	Description of Transaction	Value of Related Transaction (Baht)	Necessity and Reasonableness of the Related Transaction
1.1 KYE	<u>Income from press repair service</u> : The Company earned income from hydraulic press repair service to KYE. Press repair service is normal business practice and the price charged to KYE was at the same price charged to general customers.	59,000.00	The Audit Committee is of the opinion that such transaction is normal transaction with fair pricing policy and under normal business conditions. Therefore, the transaction is considered appropriate and reasonable.
	<u>Outstanding balance</u>		
	Account receivable	55,640.00	

Party having Conflict of Interest	Description of Transaction	Value of Related Transaction (Baht)	Necessity and Reasonableness of the Related Transaction
1.2 SVOA	<p><u>Expenses from usage of service</u> : The Company incurred expenses from usage of SVOA services on maintenance of computer as well as procurement of equipment or replacement parts. Prices paid to SVOA were cheaper after compared with other service providers.</p> <p><u>Outstanding balance</u></p> <p>Account payable</p>	152,900.00	The Audit Committee is of the opinion that such transaction is the usage of service for maintenance of the computer and the prices have been compared with other service providers which is under normal business conditions. Therefore, the transaction is considered appropriate and reasonable.
		0.00	
3. Mrs. Tubtim Kamolmongkolsuk	<p><u>Expenses from Land rental for showroom</u> : As the company policy had to add a new distribution channel for the product. The company rent a land from Mrs. Tubtim Kamolmongkolsuk for a product showroom, because the place is appropriate for customer from Amata Nakorn Industrial Group. The land has 1 rai, 1 ngan, 14 sq.wah., land register no. 53624, land no.138 at T.Napa, A.Muang, Chonburi, term of rent 3 years from Jan.1, 2014 to December 31, 2016 (rental 7,000 baht/month and payment once per year).</p> <p><u>Outstanding balance</u></p> <p>Account payable</p>	84,000.00	The Audit Committee is of the opinion that such transaction is land rental for showroom and the prices have lower than other land. Therefore, the transaction is considered appropriate and reasonable.
		0.00	

## MANAGEMENT DISCUSSION AND ANALYSIS : MD&A

### Analysis of Operating Results

In 2014, the company gained THB 660.51 million of total revenues, a decrease amount comparing to THB 791.04 million of preceding year. The total revenues consist of revenue from sales and services, from other sales and details are as follows:

#### Revenues from sales and services

The company received revenues from sales and services in 2013 and 2014 amounting to THB 785.32 million and THB 648.79 million, with ratio of 81-86 % from sales and 14-19% from services.

#### Revenue Structure of the Company Categorized from Types of Products in 2013-2014

Lists	Consolidated Financial Statement			
	2013		2014	
	Million Baht	%	Million Baht	%
<b>Revenues From Sales</b>				
1. Hydraulics Presses	437.60	55.72%	299.27	46.13%
2. Hydraulics Cranes	134.50	17.13%	140.35	21.63%
3. Hydraulics Handling Equipments	71.92	9.16%	52.81	8.14%
4. Others	29.15	3.71%	34.34	5.29%
<b>Total Revenues From Sales</b>	<b>673.17</b>	<b>85.72%</b>	<b>526.77</b>	<b>81.19%</b>
<b>Revenues From Service</b>				
5. Machines Repair and Maintenance Services	98.52	12.55%	49.32	7.60%
6. Steel Fabrication	13.63	1.73%	72.70	11.21%
<b>Total Revenues From Service</b>	<b>112.15</b>	<b>14.28%</b>	<b>122.02</b>	<b>18.81%</b>
<b>Total</b>	<b>785.32</b>	<b>100.00%</b>	<b>648.79</b>	<b>100.00%</b>

#### Revenues from Sales

The revenues from sales came from sales of Hydraulic Presses or 46-56 % of total revenues from sales and services, sales of Hydraulics Cranes or 17-22%, sales of Hydraulics Handling Equipments or 8-9% and other sales or 3-5%.

#### Revenues from Hydraulics Presses Sales

In 2014, the company gained revenues from Hydraulics Presses sales for THB 299.27 million or 31.61%, a decreased amount comparing to 2013, resulting from the unrecovered business of car manufacturers and other industries from economic slowdown.

**Revenues from Hydraulics Cranes**

In 2014, the company gained revenues from Hydraulics Cranes for THB 140.35 million or a slightly increased number of 4.35% in comparison to year 2013. Due to in 2014, the company owns more models and became the distributor, resulting in higher cranes distributions in response to every industry such as paper factory, sugar factory, steel manufacturing factory and other general industries particularly construction industry to which the company started to offer its products.

**Revenues from Hydraulics Handling Equipments**

In 2014, the company gained revenues from Hydraulics Handling Equipments for THB 52.81 million or a decreased number of 26.57% in comparing to year 2013, due to economic slowdown.

**Revenues from Service**

The revenues from sales came from Machines Repair and Maintenance Service or 7-13 % of total revenues from sales and services, and from steel fabrication or 1-11%. Details are as follows:

**Revenues from Machines Repair and Maintenance Service**

The revenues from Machines Repair and Maintenance Service decrease from THB 98.52 million in year 2013 to THB 49.32 million this year or decreased 49.94%. The decreased amount results from incomplete or inefficient manufacture of car brands and car auto parts entrepreneurs affecting a reduction of attending this service.

**Revenues from steel fabrication**

The revenues from steel fabrication came from the fabrication of metal plates, cast iron or structural works using methods such as drilling, turning, milling and cutting, for shaping. Since the company has run full operation all the time, being able to provide this service. The company gained THB 13.63 million and THB 72.70 million in year 2013-2014, an increased amount in year 2014 due to the use of machines to support decreased orders from the main business.

**Revenues from Other Sales**

The revenue from other sales came from sales of spares, valves and steels to customers. The company gained THB 29.15 million and THB 34.34 million in year 2013-2014. An increased amount in year 2014, because, in terms of revenues from valves, the company has been appointed to be the distributor of Hydraulics Valves from Yuci Yuken and started to put on sales since 2011.

**Other Revenues**

Other sales which are capital gains, interest, profit (loss) from exchange rates and others are THB 5.72 million and 11.73 million in year 2013-2014. The ratio of other revenues increased in year 2013 from interest, while, in 2014, from interest and revenues from splinters.



## Costs of the sale of goods and services

Lists	Consolidated Financial Statement			
	2013		2014	
	Million Baht	%	Million Baht	%
Costs of the sale of goods and services	594.61	75.72%	504.96	77.83%
Depreciation Expenses	41.31	5.26%	44.48	6.86%
Total of Costs of the sale of goods and services	635.92	80.98%	549.44	84.69%

Costs of the sale of goods and services contain materials for 50-60%, which metal plates and metal cubes are main materials of the company, working wages or 10-15% and overhead for 15-30. In year 2013 to year 2014, the company had Costs of the sale of goods and services for 635.92 million and THB 549.44 million, a decreased number in every year. However, if reviewing the ration of costs of sales and service found that, in 2014, the ratio increased 80.98% and in 2013, 84.69% due to high competition per unit. The company's ratio of costs of sales and service also augmented.

### Expenses from Sales and Administration (Excluded Directors' Remuneration)

The expenses of sales and administration of the company are THB 140.86 million and THB 159.90 million or 17.94% and 24.64% of revenues from sales and services in 2013-2014. The expenses can be divided as follows:

THB 41.35 million and THB 40.46 million of sale expenses or 5.27% and 6.27% in 2013-2014, for the expansion expenses consisting of employees' remuneration, travel and transportation expenses, depreciation expenses, certification expenses and cost of sales promotion.

THB 99.51 million and THB 119.44 million of cost of administration or 12.67% and 18.14%, the main reason for office equipment expense, utility payment, audit cost, advisor cost, allowance of doubtful, support for devaluation of assets and support for employees' benefit, due to revenues from sales and services reduced while sales and administration expenses remain stable.

## Net Profit

Net loss of the company in 2014 is THB (47.99) million or 752.93%, a decreased amount comparing to net profit THB 7.35 million of 2013, due to 1) a decrease of revenues from sales and services amounting THB 785.32 million in 2013 and THB 648.79 million in 2014, 2) a decrease of basic profit rate from sales and services and 3) an increase of expenses of corporate administration.

## Analysis of Financial Status

### Total Asset

The company's assets tend to grow all along, except in year 2014, the operating result declared loss, resulting in a decreased of assets amounting THB 1,235.31 million to THB 1,219.26 million as at 31 December 2013 and 2014. Details of the alternation of total assets are as follows:

**Current Asset**

Commercial debtors (Excluded other debtors)

Balance of commercial debtors can be separated from overdue debt as follows:

Lists	Consolidated Financial Statement			
	31/12/2013		31/12/2014	
	THB Million	%	THB Million	%
Not-overdue Debtor	39.66	53.23	62.64	74.60
Overdue Debtor				
Not over 90 days	27.33	36.69	18.04	21.48
Over 90 days but not over 1 year	7.78	10.44	6.62	7.88
Over 1 year	0.43	0.58	2.89	3.44
<b>Total</b>	<b>75.20</b>		<b>90.19</b>	
Bill of Exchange	8.24	11.06	-	-
Deduct allowance for doubtful	(-0.70)	(-0.94)	(-6.22)	(-7.41)
<b>Net commercial debtors</b>	<b>74.50</b>	<b>100.00</b>	<b>83.97</b>	<b>100.00</b>
<b>Other debtors</b>	<b>6.41</b>	<b>-</b>	<b>4.77</b>	<b>-</b>
<b>Net commercial debtors and others</b>	<b>80.91</b>		<b>88.75</b>	

The company's commercial debts amounts THB 80.91 million and THB 88.75 million as at 31 December 2014. Net commercial debtors amounts THB 88.75 million, an increased number comparing to THB 80.91 million as at 31 December 2013. The debtors as of 31 December 2014 are usual commercial debtors and some are company's customers who delay goods delivery due to the recession of investment section causing to over 1 year debtor as of 31 December 2014 augmented.

Most company's debtors whose debts are not overdue yet are between 53-75% and overdue debtors but not over 90 days are between 21-36%. The company has overdue debtor, over 90 days but not over 1 year, for 7-8% and over 1 year not over than 3.50%.

Most overdue debtors, overdue over 90 days, came from the delivery of company's products after charging so the company had to rebill in the next installment, resulting to the different duration of credit and the payment overdue. For those who became over-90-days overdue debtors, there are a few numbers or 11.32% of total liability of year 2014. The company would fix allowance for doubtful for 50% of behind in payment and if they become debt over 1 year, the company will fix allowance for doubtful for 50% of behind payment, estimated from this damage and considered from debtor's profile about their financial status and past experience.

**Merchandise Inventory**

Net merchandise Inventory is THB 239.83 million and THB 239.44 million as at 31 December 2013 and 2014. In average, most products are under manufacturing for 60-65%, materials for 14-18%, finished goods for 15-25 % and consumables and goods in transit for 0.8-1.1% of merchandise inventory before deducting devaluation.

Lists	Consolidated Financial Statement			
	31/12/2013		31/12/2014	
	THB Million	%	THB Million	%
Finished Goods	38.53	15.53	61.63	24.35
Under manufacturing	162.48	65.50	152.78	60.38
Materials	44.49	17.94	36.49	14.42
Consumables	2.55	1.03	2.15	0.85
Goods in transit	-	-	-	-
<b>Total</b>	<b>248.05</b>	<b>100.00</b>	<b>253.05</b>	<b>100.00</b>
Deduct devaluation cost	(-8.22)	(-3.31)	(-13.61)	(-5.38)
<b>Net Goods Balance</b>	<b>239.83</b>	<b>96.69</b>	<b>239.44</b>	<b>94.62</b>

Most products under manufacturing are the manufacture of Hydraulics presses as ordered by customers, high value and long duration or approximately 4-6 months, resulting in most merchandise inventory remaining under manufacturing. From the tables above, we can see that products under manufacturing gains high ratio or 65.50% or 60.38% in 2013 and 2014, while the ratio of finished goods was increased from 15.53% in 2013 to 24.35% in 2014, due to distributing orders unable to reach the target which is why finished goods remain in store.

#### Land, Building and Equipment

Net of Land, building and equipment amounts THB 588.53 million and THB 707.24 million as at 31 December 2013 and 2014. Land, building and equipment increased to THB 118.71 comparing to as at 31 December 2014, due to the acquisition of 58-rai land for construction of company's office and new factory at Banbung District in Choburi.

#### Total Liabilities

The total liabilities mostly came from overdraft and short-term loan from financial institutes and commercial creditors amounting to THB 275.38 million and THB 343.52 million as at 31 December 2013 and 2014. Short-term loan for working capital and commercial creditors took most part in total liabilities.

#### Commercial Creditors and others

Commercial creditors and other creditors amounts to THB 136.77 million and THB 147.46 million as at 31 December 2013 and 2014.

Lists	Consolidated Financial Statement			
	31/12/2013		31/12/2014	
	THB Million	%	THB Million	%
<b>Commercial creditors</b>	<b>60.38</b>	<b>46.05</b>	<b>83.52</b>	<b>56.64</b>
Others:				
Accrued Expenses	10.06	7.67	5.23	3.55
Advance Income	57.91	44.17	52.86	35.85
Creditors for permanent acquisition	0.23	0.18	0.02	0.01
Others Creditors	2.53	1.93	5.83	3.95
<b>Total other creditors</b>	<b>70.73</b>	<b>53.95</b>	<b>63.94</b>	<b>43.36</b>
<b>Total Creditors</b>	<b>131.11</b>	<b>100.00</b>	<b>147.46</b>	<b>100.00</b>

The amount number of commercial creditors is THB 60.38 million and THB 83.52 as of 31 December 2013 and 2014. Most are creditors from raw materials such as steel and electronics equipments. The credit term lasts for 30-90 days. Additionally, the increase (decrease) of commercial creditors depends on total sales of the company.

Other creditor of the company consist of salary, advance income, debt from permanent assets and other debtors, a decreased number from THB 70.73 million to THB 63.94 million as at 31 December 2013 and 2014. The main reasons are:

- The company requires deposit for 30% of order from customers who order for Hydraulics Presses, 10-30% for Hydraulics Cranes and 30-40% of repairs and maintenance service. Customers must pay for deposit within 30 days starting from the purchasing order date. The realization of deposit in advance decreased from THB 57.91 million to THB 52.86 million as at 31 December 2013 and 2014, a decrease from economics slowdown.
- Accrued expenses of the company composes of accrued salary, accrued bonus, utility payment and other accrued expenses amounting to THB 10.06 million and THB 5.23 million as at 31 December 2013 and 2014 or 48.01% depending on the reduction of sales and services.

**Loan from Financial Institutes and Debt from Financial Lease Agreement**

Lists	Consolidated Financial Statement			
	31/12/2013		31/12/2014	
	THB Million	%	THB Million	%
Overdraft and Short-term loan	215.00	56.47	260.00	63.17
Long-term loan	154.65	40.62	144.55	35.12
Total loan from financial institutes	369.65		404.55	98.29
Debt from financial lease agreement	11.11	2.92	7.05	1.71
<b>Total</b>	<b>380.76</b>	<b>100.00</b>	<b>411.60</b>	<b>100.00</b>

As at 31 December 2014, the company owns THB 260 million of short-term loans and the loan is in promissory notes to use as working capital.

The company owns THB 238 million of long-term loan with financial institutes for 2 credit limit, the interest rate approximately MLR-2 a year. From the tables above, long-term loan of the company decreases from THB 154.65 to THB 144.55 as at 31 December 2013 and 2014, due to repayment some long-term loan for THB 10.10 million. The company has been respect to repay loan according to the agreement.

Debt from financial lease agreement amounts THB 11.11 million and THB 7.05 million as at 31 December 2013 and 2014. Most relates to vehicles and equipments for company's operation, with duration of leasing for 24-48 installments. Recently, the company is able to repay constantly as in terms and conditions of financial lease agreement.

**Shareholders' Equity**

Shareholders' Equity of the company and its subsidiaries reduces to THB 602.11 million as at 31 December 2014, a decrease of THB 58.96 million comparing to as at 31 December 2013, resulting from a decrease of retained earnings after allotment of dividend of year 2013 in 2014 with an amount of THB 11.60 million and from loss.

**Liquidity**

รายการ	Consolidated Financial Statement	
	31/12/2013	31/12/2014
	THB Million	THB Million
Profit before changes in operating assets and liabilities	89.41	9.44
Net cash from operating activity	[-58.53]	[-1.78]
Net cash from investment activity	[-147.74]	[-167.06]
Net cash from financing activity	310.04	7.90
<b>Cash and Cash equivalents as at the end of accounting period</b>	<b>288.08</b>	<b>127.16</b>

Net cash from operating activity in 2014 amounts to THB 1.78 million, resulting from revenues from sales and services, expenses as working capital of the company.

Net cash flow from investment activity in 2014 amounts to THB 167.06 million, expenses as investment in factory and new company's office construction.

In 2014, the company gained net cash from financing activity amounting to THB 7.90 million, owing to short-term loan for repayment in accordance with financial lease agreement both interest and principle.

In term of overview of the company, cash flow decreases THB 160.92 million, resulting to the company and its subsidiaries have cash and cash equivalents as at the end of accounting period amounting to THB 127.16 million.



## REPORT OF BOARD OF DIRECTORS RESPONSIBILITIES

The Board of Directors recognize the significance of duties and responsibilities in financial report of T.M.C. Industrial Public Company Limited, and its subsidiaries to arrange financial statement reports in compliance with the standard certification, to reveal appropriate information in notes of financial statement in order to reflect financial status and operating result with transparency and to care for the best benefits of our shareholders and investors by providing reasonable assurance that the financial statements recorded accuracy, adequate and present fairly financial position of the Company.

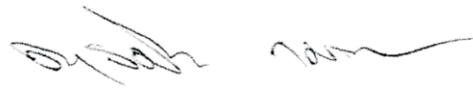
The Board has appoint the Audit Committee, comprising of non-executive directors and independent directors, to audit financial reports, to investigate internal control and to reveal connecting transactions or those may lead to conflict to the benefit with accuracy and completion, while recommendations of the Audit Committee have already been shown in the annual report.

The Board has opined that the overview of internal control system is appropriate, adequate and able to make reliability to Financial Statement 2014 of the company and subsidiaries. The Audit Committee and Managing Team has audited with auditors of the company (from EY Office Company Limited) and presented accurate financial status and operating result in accordance with general standard certification.



Mr. Manu Leopaiprote

Chairman of the Board of Directors



Mr. Thaweemit Kamolmongkolsuk

Chairman of the Executive Committee

## DETAILS OF THE DIRECTORS, THE EXECUTIVES AND THE CONTROLLED PERSON OF THE COMPANY

Name / Surname	Age	Education / Training	% of Shareholding	Family Relationship among the Executive		Working Experience	
				Executive	Period	position	Company
1. Mr. Manu Leopaiprote	72	- Honorary Doctorate Degree in Business Administration, Thammasat University - M.Sc. in Economics, University of Kentucky, USA. - B. Sc. in Economics (Hons.) Thammasat University - Certificate of Industrial Development, Nagoya Training Center, Japan - Degree of National Defence College of Thailand - 3/2001 - Director Certification Program (DCP) 30/2003 - Director Accreditation Program (DAP) 2003 - The Role of Chairman Program 3/2001	None	None	2011 - Present 2010 - Present 2010 - Present 2008 - Present 2004 - Present 2004 - Present 2004 - Present 2004 - Present	Chairman of the Board Chairman of the Board Chairman of the Board Chairman of Audit Committee Chairman of the Board Chairman of the Board Chairman of the Board	T.M.C. Industrial Public Co., Ltd. ARIP Public Co., Ltd. Jubilee Enterprise Public Co., Ltd. Siam Steel International Public Co., Ltd. Bangkok Union Insurance Co., Ltd. Polplex (Thailand) Public Co., Ltd. Khon Kaen Sugar Industry Public Co., Ltd.
2. Mr. Thaweemit Kamolmongkolsuk	65	- Honorary Degree in Engineering, Rajamangala University of Technology Thanyaburi - Director Accreditation Program (DAP) 85/2010	0.84 %	- Mrs. Tublim Kamolmongkolsuk's husband - Mr. Surachet Kamolmongkolsuk's father - Mr. Teerapap Kamolmongkolsuk's father - Mrs. Pacharawalai Wu's father - Miss Pailain Kamolmongkolsuk's father	2011 - Present 1982 - 2011 1972 - 1982	Director/Chairman of Executive Committee Chairman of Executive Committee Business Owner	T.M.C. Industrial Public Co., Ltd. T.M.C. Industrial Co., Ltd. Thaweemit Karnchang Machine Shop

Name / Surname	Age	Education / Training	% of Shareholding	Family Relationship among the Executive		Working Experience		
						Period	position	Company
3. Mrs. Tubtim Kamolmongkolsuk	68	- Honorary Degree in Industrial, Rajamangala University of Technology Thanyaburi - Director Accreditation Program (DAP) 85/2010	0.81%	- Mr. Thaweemit Kamolmongkolsuk's wife		2011 - Present	Director/ Vice Chairman of	T.M.C. Industrial Public Co., Ltd.
				- Mr. Surachet Kamolmongkolsuk's mother			Executive Committee	
				- Mr. Teerapap Kamolmongkolsuk's mother		2005 - 2010	Vice Chairman of	T.M.C. Manufacturing Co., Ltd.
				- Mrs. Pacharawalai Wu's mother			Executive Committee	
				- Miss Pailin Kamolmongkolsuk's mother		1982 - 2010	Vice Chairman of	T.M.C. Industrial Co., Ltd.
4. Mr. Surachet Kamolmongkolsuk	44	- Master Degree in Business Administration, Murray State University, USA. - Bachelor Degree in Industrial Engineering, King Mongkut's University of Technology Thonburi - Director Accreditation Program (DAP) 85/2010 - Director Certification Program (DCP) 146/2011	0.43%			1972 - 1982	Executive Committee	
							Business Owner	Thaweemit Karnchang Machine Shop
				- Mr. Thaweemit Kamolmongkolsuk's son		Nov 2012 - Present	Director/	T.M.C. Industrial Public Co., Ltd.
				- Mrs. Tubtim Kamolmongkolsuk's son			Chief Executive Officer	
				- Mr. Teerapap Kamolmongkolsuk's brother		2011 - Nov.2012	Director/Executive Director/	T.M.C. Industrial Public Co., Ltd.
				- Mrs. Pacharawalai Wu's brother			Managing Director	
				- Miss Pailin Kamolmongkolsuk's brother		2005 - 2010	Managing Director	T.M.C. Manufacturing Co., Ltd.
						1997 - 2005	Managing Director	T.M.C. Industrial Co., Ltd.
						1994 - 1997	Sales & Marketing Manager	T.M.C. Industrial Co., Ltd.

Name / Surname	Age	Education / Training	% of Shareholding	Family Relationship among the Executive		Working Experience	
					Period	position	Company
5. Mr. Teerapap Kamolmongkolsuk	41	- MS/IS, Dominican University, USA. - Bachelor Degree in Production Engineering, King Mongkut's University of Technology North Bangkok - Director Accreditation Program (DAP) 85/2010	0.46%	- Mr. Thaweemit Kamolmongkolsuk's son - Mrs. Tubtim Kamolmongkolsuk's son - Mr. Surachet Kamolmongkolsuk's brother - Mrs. Pacharawalai Wu's brother - Miss Pailin Kamolmongkolsuk's brother	2012 – Present    2013 – 2014	Director/Managing Director/ Acting Deputy Managing Director-Information Technology Acting Deputy Managing Director -Sales&Marketing	T.M.C. Industrial Public Co., Ltd.    T.M.C. Industrial Public Co., Ltd.
6. Mrs. Pacharawalai Wu	37	- Master Degree in Business Administration, Commerce, Burapha University - B.A in Home Economics, Suan Dusit Rajabhat University - Director Accreditation Program (DAP) 85/2010	0.46 %	- Mr.Thaweemit Kamolmongkolsuk's daughter - Mrs.Tubtim Kamolmongkolsuk's daughter - Mr.Surachet Kamolmongkolsuk's sister - Mr.Teerapap Kamolmongkolsuk's sister - Miss Pailin Kamolmongkolsuk's sister	2011 – Present   2009 – 2011 2008 – 2009 2001 – 2006	Director/Executive Director/ Deputy Managing Director-Human Resources Deputy Managing Director Assistant Finance Manager Procurement Manager	T.M.C. Industrial Public Co., Ltd.   T.M.C. Manufacturing Co., Ltd. T.M.C. Industrial Co., Ltd. T.M.C. Industrial Co., Ltd.
7. Miss Pailin Kamolmongkolsuk	33	- Master Degree in Business Administration, Texas A&M University-Commerce - Business Administration, Assumption University - Director Accreditation Program (DAP) 85/2010 - Company Secretary Program (CSP) 46	0.46%	- Mr.Thaweemit Kamolmongkolsuk's daughter - Mrs.Tubtim Kamolmongkolsuk's daughter - Mr. Surachet Kamolmongkolsuk's sister - Mr. Teerapap Kamolmongkolsuk's sister - Mrs. Pacharawalai Wu's sister	2011 – Present   2009 – 2010	Director/Executive Director/ Deputy Managing Director-Procurement Procurement Manager	T.M.C. Industrial Public Co., Ltd.  T.M.C. Industrial Co., Ltd.

Name / Surname	Age	Education / Training	% of Shareholding	Family Relationship among the Executive	Working Experience		
					Period	position	Company
8. Mr. Arthit Wuthikaro	58	- Master Degree in Economics Development, National Institute of Development Administration - Bachelor Degree in Economics (Hons.), Ramkhamhaeng University - The National Defense Course for the Joint State-Private Sector, Class 18 College - Director Certification Program (DCP) - Director Accreditation Program (DAP)	None	None	2011 – Present	Chairman of Audit Committee	T.M.C. Industrial public Co., Ltd.
					2014 - Present	Director General, Department of Industrial Promotion	Department of Industrial Promotion
					2012 – 2014	Deputy Permanent Secretary, Ministry of Industry	Office of the Permanent Secretary, Ministry of Industry
					2011 – 2012	Director General, Industrial Works Department	Industrial Works Department
					2009 – 2011	Director General, Department of Industrial Promotion	Department of Industrial Promotion
					2008 – 2009	Director, The Office of Industrial Economics	The Office of Industrial Economics
					2005 - 2008	Inspector	Office of the Permanent Secretary, Ministry of Industry
					2011 – Present	Audit Committee	T.M.C. Industrial Public Co., Ltd.
					2007 – Present	Foundation Chairman	Foundation for Thai Entrepreneurship Development
					1998 – 2007	Association Chairman	Association for Promotion of Thai Small and Medium Entrepreneurs
9. Miss Chulipa Obhasanond	76	- Master Degree in Economics, The Florida State University, USA. - Bachelor Degree in Economics, Thammasat University - Director Accreditation Program (DAP)	None	None	1997 – 1998	Deputy Director General	Department of Industrial Promotion
					1988 - 1996	Department Director	Department of Industrial Promotion

Name / Surname			Age	Education / Training		% of Shareholding	Family Relationship among the Executive		Working Experience	
10. Mr. Mitthong Chulitawong			48	- Master Degree in Finance, Siam University  - Bachelor Degree in Business Administration, Ramkhumhaeng University  - Bachelor Degree in Accounting, Sukhothai Thammathirat University  - Director Certification Program (DCP) 194/2014		None	None	Apr 2014 - Present	Audit Committee	T.M.C. Industrial Public Co., Ltd.
								2000 - Present	Managing Director	MSG Consultant Co., Ltd.
								2000 - Present	Executive Director	Tax Accounting House Co., Ltd.
								2000 - Present	Executive Director	FPM Consultant Co., Ltd.
								1993 - 2001	Assistant to Stock Exchange	KGI Securities (Thailand) Public Co., Ltd.,
									Manager	Pinklao branch
11. Mr. Yossakorn Bomlai			44	- Master Degree in Education Administration, Ramkhumhaeng University  - Bachelor Degree in Industrial Engineering, Rajamangala University of Technology Thanyaburi		None	None	Jul 2014 - Present	Deputy Managing Director-Sales&Marketing	T.M.C. Industrial Public Co., Ltd.
								Oct. 2013 - 2014	Deputy Managing Director - Business and Marketing Development	T.M.C. Industrial Public Co., Ltd.
								2012 – Sep.2013	Deputy Managing Director-Factory	T.M.C. Industrial Public Co., Ltd.
								2009 – 2011	Assistant General Manager	Thai Summit PKK Co., Ltd.
								2004 – 2009	General Manager	T.M.C. Industrial Co., Ltd.
								1999 – 2004	Assistant Plant manager	Summit Advanced Material Co., Ltd.
12. Mr. Premchai Purattanapit			36	- Bachelor Degree in Engineering, Siam University  - Director Certification Program (DCP) 146/2011		None	None	Sep.2013 – Present	Deputy Managing Director – Factory	T.M.C. Industrial Public Co., Ltd.
								2011-2013	Production Manager	Somboon Groups Co., Ltd.
								2011-2011	Production Manager	T.M.C. Industrial Co., Ltd.
								2010-2011	Project Planning Manager	MRP Engineering Co., Ltd.
								2006-2010	Assistance Engineer Manager	GKN Driveline JTEKT Co., Ltd.



Name / Surname	Age	Education / Training	% of Shareholding	Family Relationship among the Executive	Working Experience		
					Period	position	Company
13. Mr. Kriwpichy Sukserm	44	- Master Degree in Business Administration - Marketing, Ramkhamhaeng University - Bachelor Degree in Finance & Banking, Faculty of Commerce & Accountancy, Thammasat University	None	None	Aug. 2013 – Present	Deputy Managing	T.M.C. Industrial Public Co., Ltd.
						Director – Accounting and Finance	
					Feb. 2014 – Present	Company Secretary	T.M.C. Industrial Public Co., Ltd.
					2011-2013	Chief Financial Officer	Fortune Parts Industry Co., Ltd.
					2010-2011	Sales & Marketing Manager	T.M.C. Industrial Co., Ltd.
					Jan. 2010–Jun. 2010	Sales Manager	LPN Plate Mill Co., Ltd.
					2008–2009	Investor Relations/Assistant Strategic Planning Manager	G Steel Public Co., Ltd.
					2003–2009	Marketing and Sales Manager / Administration Manager	Nara International Co., Ltd.

## TITLE OF DIRECTOR AND MANAGEMENT OF THE SUBSIDIARY

Name of director and management		T.M.C. Industrial Plc.	Subsidiary Company		Related Company
Mr. Manu	Leopairote	X, /			
Mr. Thaweemit	Kamolmongkolsuk	I,II,III	/		/
Mrs. Tubtim	Kamolmongkolsuk	I,II,III	/		/
Mr. Surachet	Kamolmongkolsuk	I,II,III	/		/
Mr. Teerapap	Kamolmongkolsuk	I,II,III	/		/
Mrs. Pacharawalai Wu		I,II,III			/
Miss Pailin	Kamolmongkolsuk	I,II,III			/
Mr. Arthit	Wuthikaro	XX, /			
Miss Chutipa	Obhasanond	XX, /			
Mr. Mitthong	Chulitawong	XX, /			
Mr. Yotsakorn	Bomlai	III		III	
Mr. Premchai	Purattanapit	III			
Mr. Kninpichy	Sukserm	III,V			
Remark :	X = Chairman	XX = Audit Committee	/ = Director		

// = Executive Committee    /// = Management    V = Deputy Managing Director Accounting And Finance Department



**EY Office Limited**  
 33rd Floor, Lake Rajada Office Complex  
 193/136-137 Rajadapisek Road  
 Klongtoey, Bangkok 10110  
 G.P.O.Box 1047, Bangkok 10501, Thailand  
 Tel: +66 2264 9090  
 Fax: +66 2264 0789-90  
 ey.com

บริษัท สำนักงาน อีวาย จำกัด  
 ชั้น 33 อาคารเลควิทยา  
 193/136-137 ถนนรัชดาภิเษก  
 คลองเตย กรุงเทพมหานคร 10110  
 ตู้ ป.ณ. 1047 กรุงเทพมหานคร 10501  
 โทรศัพท์: +66 2264 9090  
 โทรสาร: +66 2264 0789-90  
 ey.com

### Independent Auditor's Report

To the Shareholders of T.M.C. Industrial Public Company Limited

I have audited the accompanying consolidated financial statements of T.M.C. Industrial Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2014, and the related consolidated statements of 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 T.M.C. Industrial 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 T.M.C. Industrial Public Company Limited and its subsidiaries and of T.M.C. Industrial Public Company Limited as at 31 December 2014, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

#### **Other matter**

The consolidated financial statements of T.M.C. Industrial Public Company Limited and its subsidiaries and the separate financial statements of T.M.C. Industrial Public Company Limited for the year ended 31 December 2013 were audited by another auditor who, under her report dated 27 February 2014, expressed an unqualified opinion on those financial statements.

A handwritten signature in black ink, appearing to read 'Thipawan Nananuwat', is written above the printed name.

Thipawan Nananuwat

Certified Public Accountant (Thailand) No. 3459

EY Office Limited

Bangkok: 27 February 2015

## STATEMENTS OF FINANCIAL POSITION

T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED AND SUBSIDIARY  
As at 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		As at 31 December 2014	As at 31 December 2013	As at 1 January 2013	As at 31 December 2014	As at 31 December 2013	As at 1 January 2013
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	7	127,164,780	288,079,502	184,446,265	118,283,101	283,051,592	179,631,934
Current investments		-	-	150,000,000	-	-	150,000,000
Trade and other receivables	8	88,747,457	76,810,672	83,437,553	98,930,494	80,155,336	83,434,810
Inventories	9	239,443,972	239,829,471	199,610,742	233,861,885	236,796,327	199,610,742
Other current assets		3,531,092	4,100,087	6,322,101	3,191,241	2,495,919	6,322,101
<b>Total current assets</b>		<b>458,887,301</b>	<b>608,819,732</b>	<b>623,816,661</b>	<b>454,266,721</b>	<b>602,499,174</b>	<b>618,999,587</b>
<b>Non-current assets</b>							
Restricted bank deposits	10	-	5,000,000	-	-	5,000,000	-
Investment in subsidiaries	11	-	-	-	7,614,274	7,795,000	4,999,950
Investment property	12	10,523,075	-	-	10,523,075	-	-
Property, plant and equipment	13	707,239,096	588,526,966	325,738,459	705,150,607	586,107,160	325,738,459
Intangible assets	14	13,300,830	15,395,652	15,340,046	13,250,511	15,395,652	15,340,046
Deferred tax assets	23	21,468,973	12,842,314	6,074,135	21,468,973	12,802,949	6,027,806
Other non-current assets		7,841,176	4,724,949	1,361,981	7,841,176	4,722,401	1,360,700
<b>Total non-current assets</b>		<b>760,373,150</b>	<b>626,489,881</b>	<b>348,514,621</b>	<b>765,848,616</b>	<b>631,823,162</b>	<b>353,466,961</b>
<b>Total assets</b>		<b>1,219,260,451</b>	<b>1,235,309,613</b>	<b>972,331,282</b>	<b>1,220,115,337</b>	<b>1,234,322,336</b>	<b>972,466,548</b>

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

## STATEMENTS OF FINANCIAL POSITION (CONTINUED)

T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED AND SUBSIDIARY  
As at 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		As at 31 December 2014	As at 31 December 2013	As at 1 January 2013	As at 31 December 2014	As at 31 December 2013	As at 1 January 2013
<b>Liabilities and shareholders' equity</b>							
<b>Current liabilities</b>							
Short-term loans from financial institutions	15	260,000,000	215,000,000	-	260,000,000	215,000,000	-
Trade and other payables	16	147,466,023	131,110,225	202,273,157	147,121,383	130,201,191	202,223,157
Current portion of liabilities under finance lease agreements	17	3,470,168	4,319,219	3,532,782	3,470,168	4,319,219	3,532,782
Current portion of long-term loans	18	30,553,928	28,092,647	13,053,503	30,553,928	28,092,647	13,053,503
Income tax expenses		-	-	25,608,216	-	-	25,608,216
Provision	19	29,140,692	32,266,361	6,559,921	29,140,692	32,266,361	6,559,921
Other current liabilities		3,984,762	5,664,485	5,501,473	3,359,356	5,664,485	5,501,473
<b>Total current liabilities</b>		<b>474,615,573</b>	<b>416,452,937</b>	<b>256,529,052</b>	<b>473,645,527</b>	<b>415,543,903</b>	<b>256,479,052</b>
<b>Non-current liabilities</b>							
Liabilities under finance lease agreements, net of current portion	17	3,575,955	6,792,257	4,237,021	3,575,955	6,792,257	4,237,021
Long-term loans, net of current portion	18	114,000,000	126,555,046	4,670,797	114,000,000	126,555,046	4,670,797
Provision for long-term employee benefits	20	24,670,616	23,525,178	18,667,822	24,670,616	23,525,178	18,667,822
<b>Total non-current liabilities</b>		<b>142,246,571</b>	<b>156,872,481</b>	<b>27,575,640</b>	<b>142,246,571</b>	<b>156,872,481</b>	<b>27,575,640</b>
<b>Total liabilities</b>		<b>616,862,144</b>	<b>573,325,418</b>	<b>284,104,692</b>	<b>615,892,098</b>	<b>572,416,384</b>	<b>284,054,692</b>
<b>Shareholders' equity</b>							
Share capital							
Registered							
290,000,000 ordinary shares of Baht 1 each		290,000,000	290,000,000	290,000,000	290,000,000	290,000,000	290,000,000
Issued and fully paid up							
290,000,000 ordinary shares of Baht 1 each		290,000,000	290,000,000	290,000,000	290,000,000	290,000,000	290,000,000
Share premium		250,091,603	250,091,603	250,091,603	250,091,603	250,091,603	250,091,603
Deficit on business combination							
under common control		(117,564)	(117,564)	(117,564)	-	-	-
Retained earnings							
Appropriated-statutory reserve	21	11,961,051	11,961,051	11,546,406	11,961,051	11,961,051	11,546,406
Unappropriated		49,736,549	108,656,824	136,706,097	52,170,585	109,853,298	136,773,847
Other component of shareholders' equity		439,324	482,816	-	-	-	-
Equity attributable to owners of the Company		602,110,963	661,074,730	688,226,542	604,223,239	661,905,952	688,411,856
Non-controlling interests of the subsidiaries		287,344	909,465	48	-	-	-
<b>Total shareholders' equity</b>		<b>602,398,307</b>	<b>661,984,195</b>	<b>688,226,590</b>	<b>604,223,239</b>	<b>661,905,952</b>	<b>688,411,856</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,219,260,451</b>	<b>1,235,309,613</b>	<b>972,331,282</b>	<b>1,220,115,337</b>	<b>1,234,322,336</b>	<b>972,466,548</b>
		-	-	-	-	-	-

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

Directors



## STATEMENTS OF COMAPREHENSIVE INCOME

T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED AND SUBSIDIARY  
For the year ended 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales and service income		648,787,745	785,316,628	647,483,991	787,882,951
Other income		11,725,358	5,720,043	10,969,932	5,593,124
<b>Total revenues</b>		<b>660,513,103</b>	<b>791,036,671</b>	<b>658,453,923</b>	<b>793,476,075</b>
<b>Expenses</b>					
Cost of sales and service		549,439,355	635,923,027	551,290,977	637,877,644
Selling expenses		40,462,964	41,354,635	40,184,410	41,354,635
Administrative expenses		119,438,851	99,506,690	114,016,064	98,374,337
<b>Total expenses</b>		<b>709,341,170</b>	<b>776,784,352</b>	<b>705,491,451</b>	<b>777,606,616</b>
<b>Profit (loss) before finance cost and income tax income (expenses)</b>					
Financial cost		(10,824,426)	(3,522,261)	(10,824,426)	(3,522,261)
<b>Profit (loss) before income tax income (expenses)</b>		<b>(59,652,493)</b>	<b>10,730,058</b>	<b>(57,861,954)</b>	<b>12,347,198</b>
Income tax income (expenses)	23	9,238,157	(4,061,265)	9,288,662	(4,054,302)
<b>Profit (loss) for the year</b>		<b>(50,414,336)</b>	<b>6,668,793</b>	<b>(48,573,292)</b>	<b>8,292,896</b>
<b>Other comprehensive income:</b>					
Actuarial gains - net income tax	20	2,490,551	-	2,490,551	-
Exchange differences on translation of financial statements in foreign currency		(62,131)	689,737	-	-
<b>Total comprehensive income for the year</b>		<b>(47,985,916)</b>	<b>7,358,530</b>	<b>(46,082,741)</b>	<b>8,292,896</b>
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		(49,810,854)	7,164,172	(48,573,292)	8,292,896
Non-controlling interests of subsidiaries		(603,482)	(495,379)		
		<b>(50,414,336)</b>	<b>6,668,793</b>		
<b>Total comprehensive income attributable to</b>					
Equity holders of the Company		(47,363,795)	7,646,988	(46,082,741)	8,292,896
Non-controlling interests of subsidiaries		(622,121)	(288,458)		
		<b>(47,985,916)</b>	<b>7,358,530</b>		
<b>Earnings per share</b>	24				
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company (Baht)		(0.17)	0.02	(0.17)	0.03

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

## CASH FLOWS STATEMENT

T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED AND SUBSIDIARY  
As at 31 December 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	(59,652,493)	10,730,058	(57,861,954)	12,347,198
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	46,805,157	43,499,141	46,221,194	43,327,751
Doubtful debt (reversal)	5,521,125	(454,993)	4,317,602	(454,993)
Reduction of inventory to net realisable value	5,381,842	3,311,919	5,381,842	3,311,919
Allowance for diminution in value of investments	-	-	180,726	-
Gain on sales of equipment	(302,360)	(703,956)	(100,589)	(703,956)
Increase (decrease) in provision for product warranty	(3,125,669)	25,706,440	(3,125,669)	25,706,440
Long-term employee benefit expenses	5,509,621	7,298,661	5,509,621	7,298,661
Unrealised gain on exchange	(210,944)	(5,517)	(301,294)	(5,517)
Interest income	(1,307,896)	(3,493,252)	(1,249,285)	(3,366,597)
Interest expenses	10,824,426	3,522,261	10,824,426	3,522,261
Profit (loss) from operating activities before changes in operating assets and liabilities	9,442,809	89,410,762	9,796,620	90,983,167
<b>Operating assets decrease (increase)</b>				
Trade and other receivables	(17,335,996)	6,894,576	(22,959,566)	9,955,791
Inventories	(4,996,343)	(43,860,133)	(2,447,400)	(40,826,989)
Other current assets	568,995	2,222,014	(695,322)	(3,361,701)
Other non-current assets	185,594	(180,836)	183,046	(180,836)
<b>Operating liabilities increase (decrease)</b>				
Trade and other payables	16,602,277	324,884	17,166,671	163,013
Other current liabilities	(1,679,723)	(71,283,089)	(2,305,129)	(72,563,485)
Cash flows from (used in) operating activities	2,787,613	(16,471,822)	(1,261,080)	(15,831,040)
Cash paid for long-term employee benefits	(1,250,994)	(2,441,305)	(1,250,994)	(2,441,305)
Cash paid for income tax	(3,312,961)	(39,619,792)	(3,301,821)	(39,618,525)
<b>Net cash flows used in operating activities</b>	<b>(1,776,342)</b>	<b>(58,532,919)</b>	<b>(5,813,895)</b>	<b>(57,890,870)</b>

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

## CASH FLOWS STATEMENT (CONTINUED)

T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED AND SUBSIDIARY  
For the year ended 31 December 2014

	(Unit: Baht)	
	Consolidated financial statements	Separate financial statements
	2014	2013
	2014	2013
<b>Cash flows from investing activities</b>		
Investment in subsidiary	-	(2,795,050)
Cash received from other investments	-	150,000,000
Decrease (increase) in restricted bank deposits	5,000,000	(5,000,000)
Acquisition of property, plant and equipment	(178,296,845)	(302,223,450)
Acquisition of intangible assets	(233,259)	(2,242,014)
Proceeds from sales of equipment	5,158,638	7,129,224
Interest income	1,307,896	4,469,884
<b>Net cash flows used in investing activities</b>	<b>(167,063,570)</b>	<b>(147,739,701)</b>
<b>Cash flow from financing activities</b>		
Increase in short-term loans from financial institutions	45,000,000	215,000,000
Cash receipt from long-term loans	-	150,000,000
Repayment of long-term loans	(10,093,765)	(13,076,607)
Cash paid for interest expenses	(10,861,975)	(2,951,607)
Repayment to liabilities under finance lease agreements	(4,545,997)	(4,631,900)
Cash receipt from minority interest	-	-
Dividend paid	(11,599,972)	(34,827,936)
<b>Net cash flows from financing activities</b>	<b>7,898,291</b>	<b>309,511,950</b>
Translation adjustments	(62,131)	-
Effects of exchange rate on cash and cash equivalents	89,030	(131,213)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(160,914,722)</b>	<b>103,419,658</b>
Cash and cash equivalents at beginning of year	288,079,502	179,631,934
<b>Cash and cash equivalents at end of year</b>	<b>127,164,780</b>	<b>283,051,592</b>
<b>Supplemental cash flows information:</b>		
Non-cash items		
Acquisition of equipment under finance lease agreement	480,644	-
Undue installments for asset purchases	24,123	-
Transfer of property, plant and equipment to investment property	10,523,075	-

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

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED AND SUBSIDIARY

For the year ended 31 December 2014

	Consolidated financial statements								(Unit: Baht)	
	Equity attributable to owners of the Company					Other component of equity				
	Issued and paid-up share capital	Share premium	Retained earnings		Deficit on business combination under common control	Exchange differences on translation of financial statements in foreign currency	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries		Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated						
<b>Balance as at 1 January 2013</b>	290,000,000	250,091,603	11,546,406	136,706,097	(117,564)	-	688,226,542	48	688,226,590	
Profit for the year	-	-	-	7,164,172	-	-	7,164,172	(495,379)	6,668,793	
Other comprehensive income for the year	-	-	-	-	-	482,816	482,816	206,921	689,737	
Total comprehensive income for the year	-	-	-	7,164,172	-	482,816	7,646,988	(288,458)	7,358,530	
Increase in subsidiary's share capital from non-controlling interests	-	-	-	-	-	-	-	1,197,875	1,197,875	
Dividend paid (Note 25)	-	-	-	(34,798,800)	-	-	(34,798,800)	-	(34,798,800)	
Unappropriated retained earnings transferred to statutory reserve	-	-	414,645	(414,645)	-	-	-	-	-	
<b>Balance as at 31 December 2013</b>	290,000,000	250,091,603	11,961,051	108,656,824	(117,564)	482,816	661,074,730	909,465	661,984,195	
<b>Balance as at 1 January 2014</b>	290,000,000	250,091,603	11,961,051	108,656,824	(117,564)	482,816	661,074,730	909,465	661,984,195	
Profit for the year	-	-	-	(49,810,854)	-	-	(49,810,854)	(603,482)	(50,414,336)	
Other comprehensive income for the year	-	-	-	2,490,551	-	(43,492)	2,447,059	(18,639)	2,428,420	
Total comprehensive income for the year	-	-	-	(47,320,303)	-	(43,492)	(47,363,795)	(622,121)	(47,985,916)	
Dividend paid (Note 25)	-	-	-	(11,599,972)	-	-	(11,599,972)	-	(11,599,972)	
<b>Balance as at 31 December 2014</b>	290,000,000	250,091,603	11,961,051	49,736,549	(117,564)	439,324	602,110,963	287,344	602,398,307	
	-	-	-	-	-	-	-	-	-	

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

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED AND SUBSIDIARY  
For the year ended 31 December 2014

	Separate financial statements					(Unit: Baht)
	Issued and paid-up share capital	Share premium	Retained earnings		Total shareholders' equity	
			Appropriated - statutory reserve	Unappropriated		
<b>Balance as at 1 January 2013</b>	290,000,000	250,091,603	11,546,406	136,773,847	688,411,856	
Profit for the year	-	-	-	8,292,896	8,292,896	
Other comprehensive income for the year	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	8,292,896	8,292,896	
Dividend paid (Note 25)	-	-	-	(34,798,800)	(34,798,800)	
Unappropriated retained earnings transferred to statutory reserve	-	-	414,645	(414,645)	-	
<b>Balance as at 31 December 2013</b>	290,000,000	250,091,603	11,961,051	109,853,298	661,905,952	
<b>Balance as at 1 January 2014</b>	290,000,000	250,091,603	11,961,051	109,853,298	661,905,952	
Profit for the year	-	-	-	(48,573,292)	(48,573,292)	
Other comprehensive income for the year	-	-	-	2,490,551	2,490,551	
Total comprehensive income for the year	-	-	-	(46,082,741)	(46,082,741)	
Dividend paid (Note 25)	-	-	-	(11,599,972)	(11,599,972)	
<b>Balance as at 31 December 2014</b>	290,000,000	250,091,603	11,961,051	52,170,585	604,223,239	
	-	-	-	-	-	
	-	-	-	-	-	

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED AND SUBSIDIARY

As at 31 December 2014

### 1. General information

T.M.C. Industrial Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Kamolmongkolsuk Company Limited, which was incorporated in Thailand. The Company is principally engaged in the manufacture and distribution of hydraulic machinery and handling equipment and the provision of machine repair and maintenance and metal machining services. The registered office of the Company is at 125/10 Moo 5, Ban Saun, Mueang Chonburi, Chonburi. The Company has 3 branches in Chonburi and Songkhla.

### 2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession 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.

### 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of T.M.C. Industrial Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2014 Percent	2013 Percent
Metal Fabrication Co., Ltd.	Manufacture and distribution of hydraulic machinery and handling equipment and the provision of machine repair and maintenance and metal machining services.	Thai	99.99	99.99



Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2014</u> Percent	<u>2013</u> Percent
T.M.C.- Lao Assembly and Manufacturing Co., Ltd.	Manufacture and distribution of hydraulic machinery and handling equipment and the provision of machine repair and maintenance services.	Lao	70	70

- b) 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.
  - c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
  - d) The assets and liabilities in the financial statements of overseas subsidiary company are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using annual average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
  - e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
  - f) 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.
- 2.3 The separate financial statements, which present investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

### 3. 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 accounting year

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)      Presentation of Financial Statements

TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets
Financial Reporting Standards:	
TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments
Accounting Standard Interpretations:	
TSIC 15	Operating Leases – Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets – Web Site Costs
Financial Reporting Standard Interpretations:	
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers
Accounting Treatment Guidance for Stock Dividend	

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

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

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that 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 accounting standards. The management of the Company believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed below:

**TAS 19 (revised 2014) Employee Benefits**

This revised standard requires that the entity recognize actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in 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 recognised 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 part dealing with consolidated financial statements as included in TAS 27 *Consolidated and Separate 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 the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company and its subsidiaries believes that this standard will not have any significant 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 to 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 measurements. 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 effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company's and its subsidiaries' financial statements.

### **4. Significant accounting policies**

#### **4.1 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.

#### **4.2 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.

#### **4.3 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.

#### **4.4 Inventories**

Finished goods, semi-finished goods, and work in process are valued at the lower of cost (under the average method) and net realisable value. The cost of inventories includes all production costs and attributable factory overheads.

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

#### **4.5 Investments**

Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

#### **4.6 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

No depreciation is provided on land.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

#### **4.7 Property, plant and equipment and depreciation**

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

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

Buildings and building improvement	-	20 years
Machinery and equipment	-	5 - 15 years
Furniture and office equipment	-	5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

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

#### 4.8 Intangible assets

Intangible assets are initially recognised at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and 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.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	10 years

#### 4.9 Related party transactions

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

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



#### **4.10 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 assets acquired under finance leases is depreciated over the useful life of the assets.

Leases of property, plant or 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.

#### **4.11 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.

#### **4.12 Impairment of assets**

At the end of each reporting period, the Company and its subsidiaries performs 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.

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

###### *Defined benefit plans*

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats 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.

#### 4.14 Provisions

Provisions are recognised when the Company has 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.

#### 4.15 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. 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.

### Property plant and equipment and depreciation

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

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record 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.

### Provision for product warranty

In determining provision for product warranty, the management needs to exercise judgement to estimate anticipated losses, with reference to past experience.

## 6. Related party transactions

The relationship between the Company and its subsidiaries and related parties are summarised below.

<u>Name</u>	<u>Relationship</u>
T.M.C. - Lao Assembly and Manufacturing Co., Ltd.	Subsidiary
Permsin Steel Works Public Company Limited*	Common director
New Kwang Soon Lee Sugar Factory Company Limited	Common director
SVOA Public Company Limited	Common director
Kang Yong Electric Public Company Limited	Common director
Mrs. Tubtim Kamolmongkolsuk	The Company's director and shareholder

\* Did not be related party since March 2014

During the years, the Company 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: Thousand Baht)

	For the year ended 31 December				
	Consolidated		Separate		Transfer pricing Policies
	financial statements		financial statements		
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
<b><u>Transactions with subsidiary company:</u></b>					
(eliminated upon the consolidated financial statements)					
Sale and Service income	-	-	6,501	4,253	Cost plus margin at average around 0.1% (2013: Cost plus margin 5%)
Sales of fixed assets	-	-	-	305	Cost plus margin 5%
<b><u>Transactions with related companies:</u></b>					
Sale and Service income	59	34	59	34	Market prices
Service expense	153	-	153	-	Market prices
<b><u>Transactions with director:</u></b>					
Land rental expense	84	-	84	-	Rate stipulated in agreement

The balances of the accounts between the Company and those related parties are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b><u>Trade receivable - related party (Note 8)</u></b>				
Subsidiary	-	-	11,185	4,721

### **Directors and management's benefits**

During the years, the Company and its subsidiaries had employee benefit expenses of their directors and management as follows:

	(Unit: Thousand Baht)	
	Consolidated/Separate	
	financial statements	
	For the year ended 31 December	
	<u>2014</u>	<u>2013</u>
Short-term employee benefits	32,796	29,522
Post-employment benefits	1,012	2,960
Total	33,808	32,482

**7. Cash and cash equivalents**

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	2014	2013
Cash	399	422
Bank deposits	126,766	287,658
Total	127,165	288,080

As at 31 December 2014, bank deposits in saving accounts carried interest between 0.125% and 3.50% per annum (2013: between 0.125% and 3.50% per annum).

**8. Trade and other receivables**

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	2014	2013
<b><u>Trade receivables – related parties</u></b>		
Aged on the basis of due dates		
Not yet due	-	-
Past due		
Up to 3 months	-	-
3 – 12 months	-	-
Over 12 months	-	-
Total trade receivables – related parties	-	-
<b><u>Trade receivables – unrelated parties</u></b>		
Aged on the basis of due dates		
Not yet due	62,642	39,655
Past due		
Up to 3 month	18,040	27,329
3 – 12 months	6,619	7,779
Over 12 months	2,891	434
Total	90,192	75,197
Less: Allowance for doubtful accounts	(6,219)	(698)
Total trade receivables – unrelated parties		
– net	83,973	74,499
Total trade receivables – net	83,973	74,499



	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
<b><u>Other receivables</u></b>				
Other receivables	1,396	1,504	1,339	724
Advance payment for inventories	2,683	732	2,683	732
Prepaid expenses	444	76	76	76
Accrued income	251	-	251	-
Total other receivables	4,774	2,312	4,349	1,532
Total trade and other receivables – net	88,747	76,811	98,930	80,155

## 9. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2014	2013	2014	2013	2014	2013
Finished goods	61,629	38,531	(3,262)	(5,885)	58,367	32,646
Semi - finished goods	49,175	51,675	(2,355)	-	46,820	51,675
Work in process	103,602	110,810	(1,357)	(2,338)	102,245	108,472
Raw materials	36,486	44,491	(6,219)	-	30,267	44,491
Supplies	2,157	2,545	(412)	-	1,745	2,545
Total	253,049	248,052	(13,605)	(8,223)	239,444	239,829

	(Unit: Thousand Baht)					
	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2014	2013	2014	2013	2014	2013
Finished goods	56,219	35,498	(3,262)	(5,885)	52,957	29,613
Semi - finished goods	49,009	51,675	(2,355)	-	46,654	51,675
Work in process	103,602	110,810	(1,357)	(2,338)	102,245	108,472
Raw materials	36,480	44,491	(6,219)	-	30,261	44,491
Supplies	2,157	2,545	(412)	-	1,745	2,545
Total	247,467	245,019	(13,605)	(8,223)	233,862	236,796

During the current year, the Company reduced cost of inventories by Baht 5 million (2013: Baht 3 million), to reflect the net realisable value. This was included in cost of sales and service.

**10. Restricted bank deposits**

The balance as at 31 December 2013 represent fixed deposits pledged with the banks to secure credit facilities. The Company redeemed all restricted bank deposits in September 2014.

**11. Investments in subsidiaries**

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	2014	2013	2014	2013	2014	2013
			(%)	(%)		
Metal Fabrication Co., Ltd.	5,000	5,000	99.99	99.99	5,000	5,000
T.M.C.- Lao Assembly and Manufacturing Co., Ltd.	2,795	2,795	70	70	2,795	2,795
Total investments in subsidiaries					7,795	7,795
Less: allowance for diminution in value of investments					(181)	-
Total investments in subsidiaries - net					7,614	7,795

**12. Investment property**

The net book value of investment property of the Company, representing land is presented below.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	2014	2013
Cost	10,523	-
Net book value	10,523	-

Movements of investment property account for the year ended 31 December 2014 are summarised below.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements
Net book value as at 1 January 2014	-
Transfer in during the year	10,523
Net book value as at 31 December 2014	10,523

The Company has mortgaged investment property as collateral against credit facilities received from financial institutions.

The fair value of the investment property stated below:

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	2014	2013
Land awaiting sales	34,770	-

The fair values of the above investment property have been determined based on valuations performed by an accredited independent valuer. The fair value of the land awaiting sale has been determined based on market prices.

### 13. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements					
	Land	Buildings and improvement	Machinery and equipment	Furniture and office equipment	Motor vehicles	Assets under construction and installation Total
<b>Cost:</b>						
As at 1 January 2013	92,968	108,774	293,162	30,930	73,475	611,178
Additions	193,096	2,691	6,535	10,952	10,829	310,197
Disposals	-	-	(15,024)	(1,986)	(2,054)	(19,064)
Transfers	26,698	23,329	26,386	-	-	329
As at 31 December 2013	312,762	134,794	311,059	39,896	82,250	902,640
Additions	-	-	7,022	1,370	1,270	178,568
Disposals/write-off	-	-	(2,590)	(369)	(6,420)	(9,379)
Transfers	(10,523)	6,041	13,011	(2,453)	(687)	(10,523)
As at 31 December 2014	302,239	140,835	328,502	38,444	76,413	1,061,306
<b>Accumulated depreciation:</b>						
As at 1 January 2013	-	(43,853)	(187,829)	(19,450)	(34,308)	(285,440)
Depreciation for the year	-	(5,612)	(19,884)	(4,127)	(11,689)	(41,312)
Depreciation on disposals	-	-	8,632	1,953	2,054	12,639
As at 31 December 2013	-	(49,465)	(199,081)	(21,624)	(43,943)	(314,113)
Depreciation for the year	-	(6,503)	(23,336)	(4,613)	(10,025)	(44,477)
Depreciation on disposals/write-off	-	-	2,074	286	2,163	4,523
As at 31 December 2014	-	(55,968)	(220,343)	(25,951)	(51,805)	(354,067)
<b>Net book value:</b>						
As at 31 December 2013	312,762	85,329	111,978	18,272	38,307	588,527
As at 31 December 2014	302,239	84,867	108,159	12,493	24,608	707,239
<b>Depreciation for the year:</b>						
2013 (Baht 29 million included in cost of sales and service, and the balance in selling and administrative expenses)						41,312
2014 (Baht 30 million included in cost of sales and service, and the balance in selling and administrative expenses)						44,477

(Unit: Thousand Baht)

## Separate financial statements

	Land	Buildings and building improvement	Machinery and equipment	Furniture and office equipment	Motor vehicles	Assets under construction and installation	Total
<b>Cost:</b>							
As at 1 January 2013	92,968	108,774	293,162	30,930	73,475	11,869	611,178
Additions	193,096	2,691	6,535	8,361	10,829	86,094	307,606
Disposals	-	-	(15,024)	(1,986)	(2,054)	-	(19,064)
Transfers	26,698	23,329	26,386	-	-	(76,084)	329
As at 31 December 2013	312,762	134,794	311,059	37,305	82,250	21,879	900,049
Additions	-	-	7,013	1,340	1,223	168,547	178,123
Disposals/write-off	-	-	(2,329)	(365)	(6,420)	-	(9,114)
Transfers	(10,523)	6,041	10,665	(107)	(687)	(15,912)	(10,523)
As at 31 December 2014	302,239	140,835	326,408	38,173	76,366	174,514	1,058,535
<b>Accumulated depreciation:</b>							
As at 1 January 2013	-	(43,853)	(187,829)	(19,450)	(34,308)	-	(285,440)
Depreciation for the year	-	(5,612)	(19,713)	(4,127)	(11,689)	-	(41,141)
Depreciation on disposals	-	-	8,632	1,953	2,054	-	12,639
As at 31 December 2013	-	(49,465)	(198,910)	(21,624)	(43,943)	-	(313,942)
Depreciation for the year	-	(6,503)	(22,792)	(4,578)	(10,023)	-	(43,896)
Depreciation on disposals/write-off	-	-	2,005	286	2,163	-	4,454
As at 31 December 2014	-	(55,968)	(219,697)	(25,916)	(51,803)	-	(353,384)
<b>Net book value:</b>							
As at 31 December 2013	312,762	85,329	112,149	15,681	38,307	21,879	586,107
As at 31 December 2014	302,239	84,867	106,711	12,257	24,563	174,514	705,151
<b>Depreciation for the year:</b>							
2013 (Baht 29 million included in cost of sales and service, and the balance in selling and administrative expenses)							41,141
2014 (Baht 30 million included in cost of sales and service, and the balance in selling and administrative expenses)							43,896

As at 31 December 2014, the Company had machinery, vehicles and equipment with net book value of Baht 12 million (2013: Baht 17 million) which were acquired under finance lease agreements.

As at 31 December 2014, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 137 million (2013: Baht 133 million).

The Company has mortgaged land with premises thereon and certain machinery with a total net book value as at 31 December 2014 of Baht 385 million (31 December 2013: Baht 379 million) as collateral against credit facilities granted by financial institutions.

**14. Intangible assets**

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statement	financial statement
	Computer software	Computer software
<b>Cost:</b>		
1 January 2013	22,437	22,437
Acquisition	2,242	2,242
31 December 2013	24,679	24,679
Acquisition	233	180
31 December 2014	24,913	24,859
<b>Accumulated amortisation:</b>		
1 January 2013	7,097	7,097
Amortisation	2,186	2,186
31 December 2013	9,283	9,283
Amortisation	2,328	2,325
31 December 2014	11,612	11,608
<b>Net book value:</b>		
31 December 2013	15,396	15,396
31 December 2014	13,301	13,251

**15. Short-term loans from financial institutions**

(Unit: Thousand Baht)			
		Consolidated/Separate	
	Interest rate	financial statements	
	(% per annum)	2014	2013
Short-term loans - promissory notes	MLR-2.00,4.00-4.75	260,000	215,000

Short-term loans from financial institutions are secured by the mortgage of investment property, certain plots of land with premises thereon and certain machinery, as mentioned in Note 12 and Note 13 to the financial statements.

**16. Trade and other payables**

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Trade payables	83,517	60,381	83,517	60,381
Other payables	5,834	2,527	5,834	1,703
Other payables for purchase of fixed assets	24	233	24	233
Accrued expenses	5,232	10,059	5,067	9,977
Unearned revenue	52,859	57,910	52,679	57,907
Total trade and other payables	<u>147,466</u>	<u>131,110</u>	<u>147,121</u>	<u>130,201</u>

**17. Liabilities under finance lease agreements**

	(Unit: Thousand Baht)	
	Consolidate/Separate financial statements	
	<u>2014</u>	<u>2013</u>
Liabilities under finance lease agreements	7,400	11,881
Less : Deferred interest expenses	(354)	(770)
Total	7,046	11,111
Less : Portion due within one year	(3,470)	(4,319)
Liabilities under finance lease agreements - net of current portion	<u>3,576</u>	<u>6,792</u>

The Company has entered into the finance lease agreements with leasing companies for rental of motor vehicles and equipment for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 2 and 4 years.

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

	(Unit: Thousand Baht)		
	As at 31 December 2014		
	Less than 1 year	1-4 years	Total
Future minimum lease payments	3,716	3,684	7,400
Deferred interest expenses	(246)	(108)	(354)
Present value of future minimum lease payments	<u>3,470</u>	<u>3,576</u>	<u>7,046</u>



(Unit: Thousand Baht)			
As at 31 December 2013			
	Less than		
	1 year	1-4 years	Total
Future minimum lease payments	4,699	7,182	11,881
Deferred interest expenses	(380)	(390)	(770)
Present value of future minimum lease payments	4,319	6,792	11,111

## 18. Long-term loans

(Unit: Thousand Baht)				
Consolidated/Separate				
financial statements				
Loan	Interest rate (% per annum)	Repayment schedule	2014	2013
1	Year 1 MLR-1.00	Monthly installment principal	-	2,438
	Year 2 MLR-0.50	amounting to Baht 0.96 million and		
	Year 3 MLR-0.25	interest paid at the end of month, with		
	Year 4-6 MLR	full repayment in 2014		
2	Year 1-6 MLR-1	Monthly installment principal and	554	2,210
		interest amounting to Baht 0.145		
		million, with full repayment to be made		
		within 2015		
3	Higher interest rate between	Quarterly installment principal	144,000	150,000
	interest rate of fixed 3 months	amounting to Baht 6 million and		
	deposit and	monthly interest payment with full		
	Year 1-2 BIBOR+1.5	repayment to be made within 2020		
	Year 3-5 BIBOR+1.75			
	Year 6-7 BIBOR+2.00			
Total			144,554	154,648
Less: Current portion			(30,554)	(28,093)
Long-term loans, net of current portion			114,000	126,555

As at 31 December 2014, the long-term credit facilities of the Company which have not yet been drawn down amounted to Baht 60 million (2013: none).

Some loan agreements contain covenants of which the Company has to maintain. However, as at 31 December 2014, the Company was unable to maintain certain covenant stipulated in an agreement. However the Company received a letter from the lender, grading a waiver for such non-compliance subject. The company has therefore classified the loan as per original repayment schedule as at 31 December 2014.

The long-term loans are secured by the mortgages certain plots of land with premises thereon and certain machinery, as mentioned in Note 13 to the financial statements.

## 19. Provision

	(Unit: Thousand Baht)
	Consolidated/ Separate financial statement
	Provision for product warranty
1 January 2013	6,560
Increase during the year	50,402
Utilised	(24,696)
1 January 2014	32,266
Increase during the year	5,094
Utilised	(8,219)
31 December 2014	29,141

## 20. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	2014	2013
<b>Defined benefit obligation at beginning of year</b>	23,525	18,668
Current service cost	4,644	6,610
Interest cost	866	688
Benefits paid during the year	(1,251)	(2,441)
Actuarial gain	(3,113)	-
<b>Provisions for long-term employee benefits at end of year</b>	<b>24,671</b>	<b>23,525</b>

Long-term employee benefit expenses included in the profit or loss consist of the following:

(Unit: Thousand Baht)		
	Consolidated/Separate financial statements	
	<u>2014</u>	<u>2013</u>
Current service cost	4,644	6,610
Interest cost	866	688
<b>Total expenses recognised in profit or loss</b>	<b>5,510</b>	<b>7,298</b>
Line items under which such expenses are included in profit or loss		
Cost of sales and service	3,409	4,393
Selling and administrative expenses	2,101	2,905

As at 31 December 2014, cumulative actuarial gains, which were recognised in other comprehensive income of the Company, amounted to Baht 3 million (2013: none).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated/Separate financial statements	
	<u>2014</u>	<u>2013</u>
	(% per annum)	(% per annum)
Discount rate	3.01	3.68
Future salary increase rate	6	7
Staff turnover rate (depending on age)	0 - 50	0 - 50

Amounts of defined benefit obligation and experience adjustments for the current and past three years are as follows:

	(Unit: Thousand Baht)	
	Defined benefit obligations	Experience adjustments on the obligations
	Consolidated/ Separate financial statements	Consolidated/ Separate financial statements
Year 2014	24,671	(2,344)
Year 2013	23,525	-
Year 2012	18,668	-
Year 2011	16,935	-

## 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 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent 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 statement		Separate financial statement	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Salaries, wages and other employee benefits	240,065	262,429	239,798	262,124
Depreciation	44,477	41,312	43,896	41,141
Product warranty expenses (reversal)	(3,126)	25,706	(3,126)	25,706
Raw materials and consumables used	306,661	393,767	302,336	392,569
Changes in inventories of finished goods, semi-finished goods and work in process	(13,390)	(33,632)	(10,847)	(30,984)

## 23. Income tax

Income tax expenses for the years ended 31 December 2014 and 2013 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Current income tax:</b>				
Current income tax charge	12	10,829	-	10,829
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(1,264)	(6,768)	(1,303)	(6,775)
Relating to origination of tax losses carried forward	(7,986)	-	(7,986)	-
<b>Income tax expenses (income) reported in the statements of comprehensive income</b>	<u>(9,238)</u>	<u>4,061</u>	<u>(9,289)</u>	<u>4,054</u>

The amounts of income tax relating to each component of other comprehensive income are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Deferred tax relating to actuarial gain	623	-	623	-
	623	-	623	-

Reconciliation between accounting profit and income tax expenses is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Accounting profit before tax	(59,652)	10,730	(57,862)	12,347
Applicable tax rate	20%, 24%	20%, 24%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	(12,002)	2,146	(11,572)	2,469
Effects of non-deductible expenses	2,764	1,915	2,283	1,585
Income tax (income) expenses reported in the statement of comprehensive income	(9,238)	4,061	(9,289)	4,054

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)			
	Statements of financial position as at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Deferred tax assets</b>				
Allowance for diminution in value of inventory	2,721	1,645	2,721	1,645
Provision for long-term employee benefits	4,934	4,705	4,934	4,705
Provision for product warranty	5,828	6,453	5,828	6,453
Unused tax loss	7,986	39	7,986	-
Total	21,469	12,842	21,469	12,803

**24. Earnings per share**

Basic earnings per share is calculated by dividing profit (loss) for the years (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

The following table sets forth the computation of basic earnings per share.

	For the year ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Profit (loss) attributable to equity holders of the parent (Thousand Baht)	(49,811)	7,164	(48,573)	8,293
Weighted average number of ordinary shares (Thousand shares)	290,000	290,000	290,000	290,000
Profit (loss) per share (Baht/share)	(0.17)	0.02	(0.17)	0.03

**25. Dividend paid**

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>
		(Thousand Baht)	(Baht per share)
Final dividends for 2012	Annual General Meeting of the shareholders on 19 April 2013	<u>34,799</u>	<u>0.12</u>
Final dividends for 2013	Annual General Meeting of the shareholders on 25 April 2014	<u>11,600</u>	<u>0.04</u>

**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 business units based on their products and services, and have two reportable segments, as follows:

- Manufacture and distribution of machinery segment, which engages in the manufacture and distribution of hydraulic machines such as press machines, cranes, and handling equipment.

- Services segment, which is engaged in the provision of machine repair and maintenance and metal machining services.

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 on a basis consistent with that used to measure operating profit or loss in the financial statements.

The following tables present revenue and profit (loss) information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2014 and 2013, respectively.

(Unit: Thousand Baht)

	For the years ended 31 December					
	Manufacture and distribution of machineries		Services		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Sales and services income to external customers	526,930	673,169	121,858	112,148	648,788	785,317
Segment profit	75,597	132,216	23,751	17,178	99,348	149,394
Other income					11,725	5,720
Selling expenses					(40,463)	(41,355)
Administrative expenses					(119,438)	(99,507)
Finance cost					(10,824)	(3,522)
Profit (loss) before income tax income (expenses)					(59,692)	10,730
Income tax income (expenses)					9,238	(4,061)
Profit (loss) for the year					(50,414)	6,669

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

(Unit: Thousand Baht)

	2014	2013
Revenue from external customers		
Thailand	606,112	781,374
Others	42,676	3,943
Total	648,788	785,317



**Major customer**

For the year 2014, the Company and its subsidiaries have revenue from one major customer in amount of Baht 93 million, arising from sales by the manufacture and distribution of machineries segment (2013: Baht 78 million derived from one major customer, arising from sales by the manufacture and distribution of machineries segment).

**27. Provident fund**

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3% of basic salary. The fund, which is managed by BBL Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During the year 2014, the Company contributed Baht 3 million (2013: Baht 3 million) to the fund.

**28. Commitments and contingent liabilities****28.1 Capital Commitments**

As at 31 December 2014, the Company had capital commitments of Baht 111 million (31 December 2013: none), relating to the construction of factory and office buildings and acquisition of equipments.

**28.2 Operating lease and service agreement commitments**

The Company and its subsidiaries have operating lease agreements relating to the lease of land, office equipment and service contract. The terms of the contracts are generally between 1 and 5 years.

Future minimum payments required under these contracts were as follows:

	(Units: Million Baht)	
	As at	As at
Payable:	31 December 2014	31 December 2013
In up to 1 year	5	6
In over 1 and up to 5 years	2	1

**28.3 Guarantees**

As at 31 December 2014, there were outstanding bank guarantees of Baht 3 million (31 December 2013: Baht 2 million and USD 0.1 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business.

## 29. Financial instruments

### 29.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, short-term loans, restricted bank deposits, trade and other payables, liabilities under finance agreements, 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 is exposed to credit risk primarily with respect to trade accounts receivable and other receivable. The Company and its subsidiaries manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables and other receivables as stated in the statement of financial position.

#### ***Interest rate risk***

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, liabilities under finance lease agreements short-term borrowings and long-term borrowings. Most of the Company's financial assets and liabilities 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 2014					
	Fixed					
	interest rates		Floating	Non- interest		Effective
	within 1 year	Within 1 - 4 years	interest rate	bearing	Total	interest rate
						(% per annum.)
Financial Assets						
Cash and cash equivalent	-	-	127	-	127	0.125 - 3.50
Trade and other ceivables	-	-	-	85	85	-
	-	-	127	85	212	

(Unit: Million Baht)

	As at 31 December 2014					
	Fixed					
	interest rates		Floating	Non- interest		Effective
	within 1 year	Within 1 - 4 years	interest rate	bearing	Total	interest rate
						(% per annum.)
<b>Financial liabilities</b>						
Short-term loans from						
financial institutions	170	-	90	-	260	4.00 - 4.75
Trade and other payables	-	-	-	89	89	-
Liabilities under finance						
lease agreements	3	3	-	1	7	1.92 - 7.21
Long-term loans	-	-	145	-	145	3.68 - 5.875
	173	3	235	90	501	

(Unit: Million Baht)

As at 31 December 2013						
	Fixed		Floating interest rate	Non- interest bearing	Total	Effective interest rate  (% per annum.)
	interest rates					
	within 1 year	Within 1 - 4 years				
<b>Financial Assets</b>						
Cash and cash equivalent	-	-	282	6	288	0.125 - 3.50
Trade and other receivables	-	-	-	76	76	-
Deposits at bank with restrictions	5	-	-	-	5	1.25
	5	-	282	82	369	
<b>Financial liabilities</b>						
Short-term loans from financial institutions	150	-	65	-	215	3.85 - 5.00
Trade and other payables	-	-	-	63	63	-
Liabilities under finance lease agreements	3	7	-	1	11	1.92 - 7.21
Long-term loans	-	-	155	-	155	3.90 - 5.875
	153	7	220	64	444	

**Foreign currency risk**

The Company and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies.

The balances of financial assets and liabilities denominated in foreign currencies which do not entering into contracts to hedge its risks associated with foreign currency are summarised below.

As at 31 December						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	523	18	911	-	32.96	32.68
Euro	1	-	248	-	40.05	-

**29.2 Fair values of financial instruments**

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

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instrument.

**30. 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 2014, the Group's debt-to-equity ratio was 1.02 (2013: 0.87:1) and the Company's was 1.02 (2013: 0.86:1).

### 31. Reclassification

Certain amounts in the statements of financial position as at 31 December 2013 and 1 January 2013 have been reclassified to conform to the current year reclassification as follows.

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 31 December 2013		As at 1 January 2013	
	As previously			
	As reclassified	reported	As reclassified	As recorded
Trade and other receivables	76,811	80,911	83,438	89,760
Other current assets	4,100	-	6,322	-
Trade and other payables	131,110	136,775	202,273	207,775
Other current liabilities	5,665	-	5,502	-

(Unit: Thousand Baht)

	Separate financial statements			
	As at 31 December 2013		As at 1 January 2013	
	As previously			
	As reclassified	reported	As reclassified	As recorded
Trade and other receivables	80,155	82,651	83,435	89,757
Other current assets	2,496	-	6,322	-
Trade and other payables	130,201	135,865	202,223	207,725
Other current liabilities	5,664	-	5,502	-

The reclassifications had no effect to previously reported net profit or shareholders' equity.

### 32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2015.





บริษัท ที.เอ็ม.ซี. อุตสาหกรรม จำกัด (มหาชน)  
ที่อยู่ : 125/10 หมู่ 5 ต.บ้านสวน อ.เมือง จ.ชลบุรี 20000  
โทรศัพท์ : 0-3827-1933 โทรสาร : 0-3827-1931  
[www.tmc.co.th](http://www.tmc.co.th)  
อีเมล: [i\\_sale@tmc.co.th](mailto:i_sale@tmc.co.th)

T.M.C. Industrial Public Company Limited  
125/10 Moo 5 Bansuan Muang Chonburi 20000  
Tel : 66-3827-1933 Fax : 66-3827-1931  
[www.tmc.co.th](http://www.tmc.co.th)  
E-mail: [i\\_sale@tmc.co.th](mailto:i_sale@tmc.co.th)

