

# ANNUAL REPORT 2015

รายงานประจำปี 2558

THE LEADER  
IN HYDRAULIC  
SYSTEM



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)

### OUR VISION

T.M.C. Industrial Public Company Limited is leadership in innovation, creation, manufacturing and supply machinery which were added value and response to customer demand according to international standards.

### OUR MISSION

Continuous Improvement	:	Improve and develop every activities of the company.
Customer Satisfaction	:	Respond to customer demand and satisfaction guarantee.
Quality Product Innovation	:	Machinery is an innovation with international standard quality.
Sustainable Growth	:	Create sustainable growth under ethics of business and corporate social responsibilities.



**THE LEADER  
IN HYDRAULIC  
SYSTEM**



## FINANCIAL HIGHLIGHT

### Summary of financial statement for year to date ended December 31, 2015

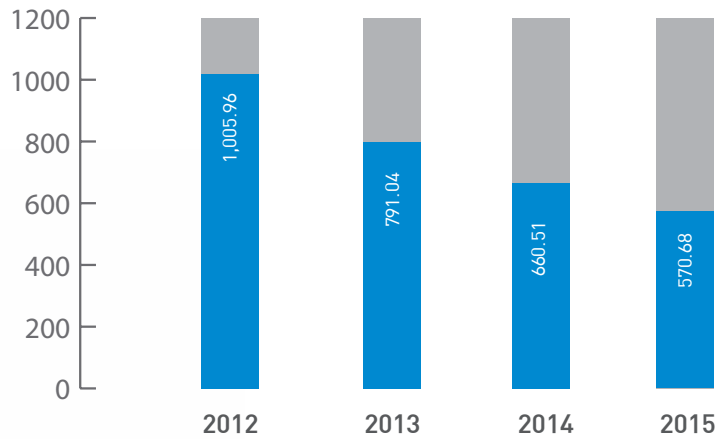
	2012	2013	2014	2015
<b>Comprehensive income</b>				
Total revenue	1,005.96	791.04	660.51	570.68
Gross profit	288.81	149.39	99.35	40.80
Net income (loss)	135.53	7.16	(49.81)	(65.59)
Total Assets	966.26	1,235.31	1,219.26	1,118.34
Total Liabilities	284.11	573.33	616.86	431.01
Total Shareholders' equity	682.15	661.07	602.11	687.33
Ordinary share and fully paid	290.00	290.00	290.00	362.50

### Financial ratio for year to date ended December 31, 2015

Gross Profit (%)	28.80	19.02	15.31	7.65
Net income (loss) %	13.47	0.91	(7.54)	(11.49)
Liquidity Ratio	2.43	1.46	0.97	0.87
Debt to Equity ratio	0.41	0.87	1.02	0.63
Return to Equity	29.63	1.07	(7.89)	(10.17)
Return to Assets (%)	22.16	1.29	(3.98)	(5.12)
Divident Yield (%)	N/A	5.38	1.16	N/A

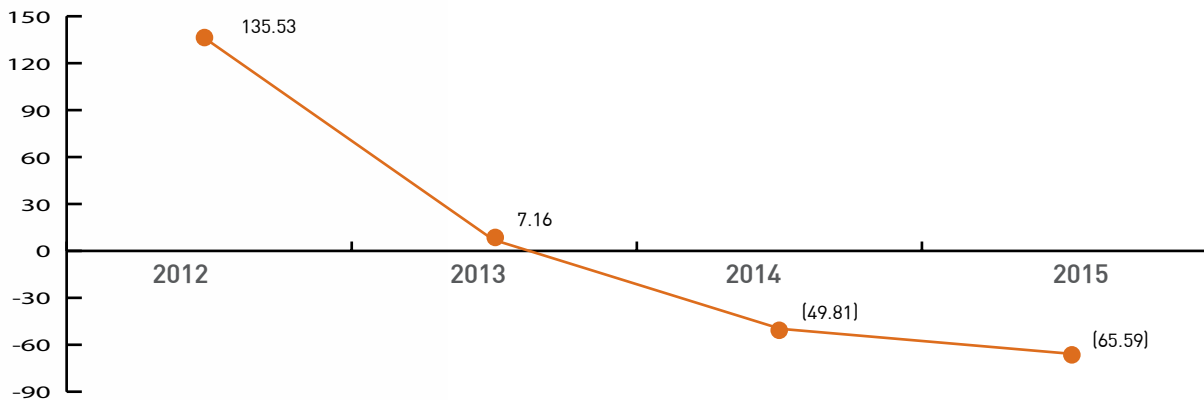
## Total revenue

(Unit : Million Baht)



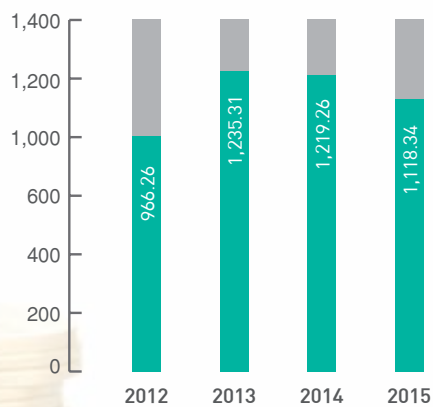
## Net income

(Unit : Million Baht)



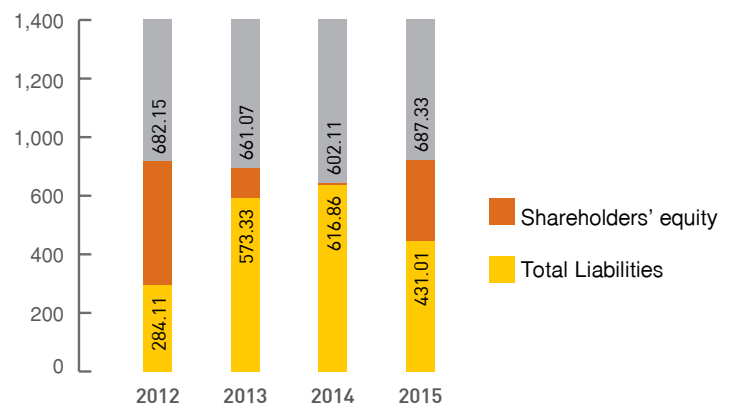
## Total Assets

(Unit : Million Baht)



## Statements of Financial Position

(Unit : Million Baht)



## COMPANY PRODUCT









## COMPANY PRODUCT





## MESSAGE FROM THE CHAIRMAN



Mr. Manu Leoparote  
Chairman of the Board of Directors

Mr. Thaweemit Kamolmongkolsuk  
Chairman of the Executive Committee

### Attention The Shareholders of T.M.C. Industrial Public Co. Ltd.

From last year operation, the total circulation of the company was 571 million baht which resulted from the continuity of Thailand's economy deceleration from the past year as well as the economic slowdown in the partner countries that affecting the investment recession of government and private sector. Furthermore, the world economy had been impacted from the continual decrease of oil price in the past year in which affected Thailand regarding money market, capital market, and exporting. With this reason, business administration required carefulness and, consequently affected the decreasing income of the

company. Nevertheless, the Board of Directors and Executives set a strategy to control the expense by decreasing the numeration to the Executives and the Board of Directors since Q2 2015, as well as reviewing the policy of purchasing and inventory for the highest benefits of the company. The company increased the capital from the existing shareholders for 145 million baht in order to spend as an operating capital. In addition, the company sold the Factory 2 Nong Ri and some unused machines, which was a cost-saving plan, and consequently earned income to repay the banks and financial institutions. As

a result, the company's interest burden decreased.

On behalf of the Board of Directors, we would like to thank you for the support of all shareholders, customers, financial institution, Executives, employees, and other relevant persons. We promise that we will make every effort to cooperate closely with the Executives to set the strategy to overcome the difficulties, competition, and to develop the business potential in order to achieve the company's objectives for the sustainable growth and the benefits of all relevant sections.

## BOARD OF DIRECTORS



1. Mr. Manu Leopaiprote  
Chairman of the Board  
of Directors /  
Independent Director

7. Mr. Arthit Wuthikaro  
Independent Director /  
Chairman of Audit Committee

3. Mr. Thaweemit Kamolmongkolsuk  
Director /  
Chairman of the Executive Committee



4. Mrs. Tubtim Kamolmongkolsuk  
Director /  
Vice Chairman of Executive Committee

5. Mr. Surachet Kamolmongkolsuk  
Director / Executive Director /  
Chief Executive Officer

6. Mrs. Pacharawalai Wu  
Director / Executive Director /  
Deputy Managing Director



7. Miss Pailin Kamolmongkolsuk  
Director Executive Director /  
Deputy Managing Director

8. Miss Chutipra Obhasanond  
Independent Director /  
Member of Audit Committee

9. Mr. Mitthong Chulitawong  
Independent Director /  
Member of Audit Committee





### To Shareholders of TMC Industrial Public Company Limited

The Audit Committee consists of three independent directors who adequately equipped with knowledge and experiences and in compliance with the regulations set by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission, Thailand (SEC).

In 2015, the Audit Committee held four meeting, of which the attendance of the Audit Committee members were administration department, accounting and financial department, internal auditors and accounting auditors in order to acknowledge financial statement and to report performance, good corporate governance, and internal audit result as well as suggestions to the company's board of directors for the operation of approved issues on every quarter. The attendance of each committee was as follow;

Audit committee name		Position	Attendance
1. Mr. Arthit	Wuthikaro	Chairman of the Audit Committee	4/4
2. Ms. Chutipa	Obhasanond	Member of the Audit Committee	4/4
3. Mr. Mitthong	Chulitawong	Member of the Audit Committee	3/4

Audit Committee carried out their duty according to the scope of works as stated in the Charter as well as assigned by the Company's Board of Directors in order to help the board of directors to control the company's operation be operated without conflicts concerning benefits, to have adequate internal control system in line with good practice for the audit committee of Stock Exchange of Thailand. Audit committee's duties can be summarized as follows:

### **1. Financial statement**

Reviewed the quarterly and annually financial report for the year 2015 of the company and its subsidiaries by attending meetings in order to discuss and listen to presentation from the auditor, assistant accounting and financial manager, and the administration regarding conformity and accuracy of the report with sufficient disclosure of information as well as acknowledge observation points and suggestions from the auditor of 2015. The audit committee reviewed and had an opinion that such financial report is accurate in compliance with general accepted accounting standards. In addition, there is a disclosure of important information sufficiently and in a timely manner for financial report users, relevant to related law and notifications as well as regulations set by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission, Thailand (SEC).

### **2. Review the connected transactions, or the transactions that may lead to the conflicts of interests.**

Reviewed and expressed an opinion on connected transactions, or the transactions that may lead to the conflicts of interests of the company and its subsidiaries as well as the disclosure of such information according the regulation set by the Stock Exchange of Thailand and the Securities and Exchange Commission, Thailand (SEC), the audit committee agreed that such transactions were accurately and appropriately disclosure as per the financial statements.

### **3. Internal control and risk management**

Reviewed the effectiveness of internal control to ensure that the company's operation is operated efficiently and effectively and reach the set target by considering from quarterly internal reports and assessment results of the sufficiency of internal control of Stock Exchange of Thailand (SET) and the Securities and Exchange Commission, Thailand (SEC) and to provide useful suggestions for even more effective internal control system.

However, weakness or mistake that is essential matter is not found. The audit committee agreed that the company has appropriate, sufficient, and effective internal control system which consisted of control environment, risk assessment, communication and information technology, and monitoring.

### **4. Law and regulation compliance**

Reviewed the company's operation to ensure that the works are in compliance with the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand and the Securities Exchange Committee and all other laws which are relevant to the Company's business as well as all obligations that may occur from contracts made with external people and to acknowledge changes regarding criteria affecting the company's business.

### **5. Corporate Governance**

Reviewed to ensure that the company manages its business using good corporate governance so that the business is transparent and fair, giving reliability and trust to its stakeholders.

### **6. Internal audit management**

Considered the independence of internal audit department, its scope of work, and annual audit plan as well as reviewed audit reports, followed up on problem solving according to the audit reports, and provided suggestions regarding the improvement for effective audit works.

### **7. Consideration of the selection and propose the appointment and the fees of the external auditors**

Considered the selection and propose the appointment and the fees of the external auditors for the year 2015 to the Company's Board of Directors for further approval at the General Meeting of the shareholders. The audit committee had reviewed the previous fiscal year and agreed that the auditors worked with their knowledge and profession as well as provided suggestions for internal control system and risks and they completed their work independently, the audit committee agreed to propose the appointment of EY Office Company Limited as the auditor of the company for 2015

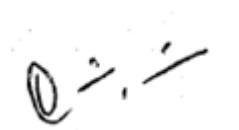


at the fee of 2 million Baht, the auditors are as follows:

- |                 |                 |   |
|-----------------|-----------------|---|
| 1) Ms. Thipawan | Nananuwat       | a certified public accountant number 3459, or |
| 2) Ms. Sumalee  | Reewarabundit   | a certified public accountant number 3970, or |
| 3) Mr. Kritsada | Lertwana        | a certified public accountant number 4958, or |
| 4) Ms. Manee    | Rattanabunnakit | a certified public accountant number 5313     |

For the accounting period, as of December 31, 2015, the auditor who certifies financial statements of the company and its subsidiaries is Ms. Thipawan Nananuwat.

In conclusion, the audit committee had completed the duties indecently using adequate knowledge, ability and carefulness without limitations of receiving information from the administrators, employees, and related persons and provided opinions and suggestions for the benefit of all stakeholders equally. In addition, the audit committee agreed that the company's board of directors, executive directors, and executives worked ethically and willfully in order to reach the company's goal effectively as a professional and focused on the operation under effective managing principles. The company's financial statements and business operation accurately according to general accepted accounting standards, the disclosure of transaction or the results that may pose conflict of interest was sufficient, the system of risk management and internal control were effective, as well as the system of good governance, and the improvement of work which continuously improved and appropriate to business environment.



Mr. Arthit Wuthikaro

Chairman of the Audit Committee

## COMPANY BACKGROUND AND DEVELOPMENT

### 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 2<sup>nd</sup> 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

- 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

- The Securities and Exchange Commission gave award for praise to the Company in the project of "IPO Pride of Provinces #1".
- Sign the New Factory Construction's Contract, phase 1 at Amphur Banbueng, Chonburi in the land 58 Rai for expand the factory operation.
- 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, and registered to close down at Department of Business Development, Ministry of Commerce.
- 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 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.

## 2015

- Disposed of all investment in the shares of another subsidiary, T.M.C. - LAO assembly and manufacturing Co., Ltd. 500,500 shares or portion of 70% to old joint venture, SV Construction and Adapt Dwelling Company Limited (only) at par and appoint T.M.C. - LAO assembly and manufacturing Co., Ltd. to be dealer products in Lao only so that T.M.C. - LAO assembly and manufacturing Co., Ltd. was terminated of subsidiaries with T.M.C. Industrial Public Company Limited.
- Metal Fabrication Co., Ltd. subsidiary company, has registered its dissolution with DBD Department of Business Development, so Metal Fabrication Co., Ltd. was terminated of subsidiaries with T.M.C. Industrial Public Company Limited.
- Increasing in share capital from Baht 290,000,000 to Baht 543,750,000 through the issuance of 253,750,000 shares additional ordinary shares with a par value of Baht 1 each, 72,500,000 ordinary shares to be offered to the existing shareholders pro rata to their shareholding (right offering) in a ratio of 1 new share for every 4 existing shares at a price of Baht 2 per share and 181,250,000 ordinary shares to reserve for the exercise of rights to convert TMC-W1 warrants to existing shareholders.
- Share capital registered and fully paid up Baht 323,606,747.

## GENERAL INFORMATION

### 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.	:	8/42 Moo 6, Bansuan sub-district, Muang district, Chonburi
Branch Office No.2	:	6/10 Radyindee road, Hatyai sub-district, Hatyai district, Songkhla (remarks : branch office No.1 (old) 68/1 Moo 5, Nongree, Muang Chinburi, Chonburi, had registered for cancelation to DBD on November 20, 2015)
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	:	543,750,000 Baht
Ordinary shares	:	543,750,000 Shares
Par value	:	1.00 Baht per Par
Paid-up capital	:	362,500,000 Baht

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

#### Subsidiary No.1

Name of company	:	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%
Current status	:	The Board of Directors Meeting No.2/2015 held on May 15, 2015 to approve disposal of all investment (70%) to SV Construction and Adapt Dwelling Co., Ltd. joint venture company. The Company transferred its shares to that shareholder on June 12, 2015. <u>At present The Company did not relate to subsidiaries of T.M.C. Industrial Public Co., Ltd.</u>

## 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 registered completed of liquidation on July 3, 2015. <u>So now Metal Fabrication Co., Ltd. was terminated of subsidiary of T.M.C. Industrial Public Company Limited.</u>

## Registrar

Name	:	Thailand Securities Depository Co., Ltd
Address	:	93 Ratchadapisek Road, Dindaeng district, Bangkok 10400
Telephone	:	(66) 2009 9000
Facsimile	:	(66) 2009 9991

## Auditor

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



## 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. The Company disposed all of shares (70%) to SV Construction and Adapt Dwelling Company Limited joint venture company on June 12, 2015, and **did not related to subsidiaries of T.M.C. Industrial Public Company Limited**

- **Metal Fabrication Company Limited :**

engages in the welding and fabrication of structural steel. Register to close down on July 22, 2014 and registered completed of liquidation on July 3, 2015, and **did not related to subsidiaries of T.M.C. Industrial Public Company Limited**

## Income structure

Unit : Million Baht

Details	Consolidated financial statements									
	2011		2012		2013		2014		2015	
	Baht Million	%	Baht Million	%	Baht Million	%	Baht Million	%	Baht Million	%
<b>Income from sales</b>										
1. Hydraulic press	288.67	43.09	563.27	56.17	437.60	55.72	299.27	46.13	193.13	36.35
2. Hydraulic crane	185.89	27.75	162.77	16.23	134.50	17.13	140.35	21.63	142.50	26.82
3. Hydraulic handling equipment	68.06	10.16	88.40	8.81	71.92	9.16	52.81	8.14	45.64	8.59
4. Hydraulic Press and Drill Machine for Foundation Pile	-	-	-	-	-	-	-	-	32.52	7.71
5. Others	29.37	4.38	26.48	2.64	29.15	3.71	34.34	5.29	8.00	1.90
<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>	<b>421.79</b>	<b>79.40</b>
<b>Income from services</b>										
6. maintenance service	40.01	5.97	124.32	12.40	98.52	12.54	49.32	7.60	48.12	9.06
7. Metal machining	57.88	8.64	37.63	3.75	13.63	1.74	72.70	11.21	61.33	11.54
<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>109.45</b>	<b>20.60</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>	<b>531.24</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, 2014 and 2015 were 56.17% and 55.72%, 46.13% and 36.35% 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:



Hydraulic clapper die spotting press (HCD)



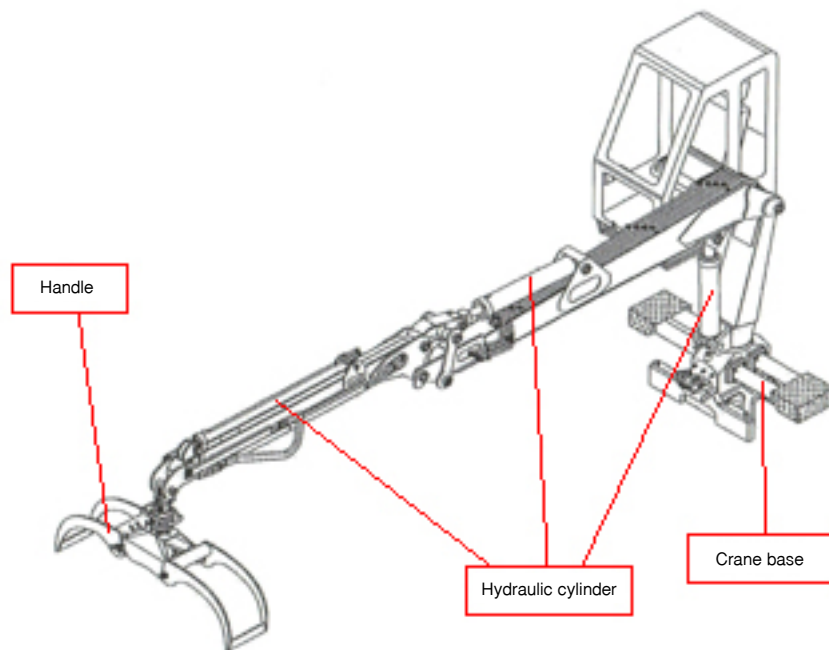
Hydraulic die spotting press (HDS)



Hydraulic trimming and bending press (HTP)

## 2. Hydraulic cranes

Income ratio from sales of hydraulic cranes in 2012, 2013, 2014 and 2015 were 16.23%, 17.13%, 21.63% and 26.82% 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

Income ratio from sales of hydraulic Press and Drill Machine for Foundation Pile in 2015 was 7.71%. The hydraulic Drilling Machine for Foundation Pile 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, 2014 and 2015 were 8.81%, 9.16%, 8.14% and 8.59% 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

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, 2014 and 2015 were 16.15%, 14.28%, 18.81% and 20.60% 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 COMPETITION

From the experience, the company focuses and gives a priority to the needs of customers and determined to develop machinery products to meet the various demand of customer inclusively, particularly for Automotive Industry, Construction Industry, Renewable Energy Industry, Transportation, Distribution, and Logistics Industry, and other industries.

From the recent economic situation, it caused the deceleration of automotive industry. The company foresee the growth of hydraulic press machine as same as those of the last year while continue developing the design and production potential as well as maintain the existing customers and aim to expand to the foreign group, particularly Indonesia, Malaysia, Myanmar, and India. In regard to hydraulic cranes and hydraulic press pile machine, the company set the higher forecasting according to the government policy and the change of construction and transportation, as well as the growth of real estate on the alignment of rapid transit rail. In regard to the renewable energy, the company recognizes that the government policy and private investment are growing constantly which has good impact on the company. It can be seen that the benefit will fall on the products. For the hydraulic labor-saving machine, this type of product has high competition in service center or garages. The company classifies the hydraulic labor-saving machine into two types:

- 1) Labor-saving device used in service center or garages of this type of product. The company maintains the existing customer base and increases distribution channel, particularly in CLMV (Cambodia, Laos, Myanmar, and Vietnam).
- 2) For the labor-saving device used in the factory, the company develops a complete production chain by creating automatic system for customers to support production line and inventory.

Although the recent economic situation slowed down and possibly reoccur in the next few years, the company plans to create the new product to support the market, especially water resource management by manufacturing the mud suction vessel, and waste management by creating waste sieving machine. These two products will be very beneficial since Thailand is facing the problem of water resource and waste.

To enhance the competitiveness of the company, the most outstanding point is the complete machine repair and maintenance service, both of machine repair and maintenance, which provides the service to the machines of the company and those of the competitors to build up the sales channel for repair service. The company expands the channel for maintain mechanical machine to the customers. It is one of the channels to increase the circulation of the company. The company prepares for many aspects, developing innovation, exploring new markets, as well as presenting new products that consistent with the government policy to expand the market which expecting for the benefits of the company.



## Competitive Strategy

### 1) Quality of Products

The company gives an importance to the quality and efficiency of design and production steps; the design that satisfies the customers' need created by the proficient engineering team and, the use of new technology, as well as the quality control in every production steps to ensure that the products meet international standard and the requirement of customers.

Number of awards the company has acquired guarantees the quality of the products and the operation steps so the company earns the trust from the customers.

### 2) Ability to manufacture complete service

The company manufactures the complete service to fully support the customers; starts with product design, production, and installation in which the company is able to design the machine and parts, try out the modern program to test the product in order to ensure the ability of bearing strength while using the machine and the production ability. The company has adequacy of human resources who are proficient and skillful in production and assembly in which the company can respond to the need of customers promptly.

### 3) After Sales Service

The company highlights the after sales service to the customers who purchase the company's machine and the customers who use the machine of the competitors. Moreover, the company staff are knowledgeable and very well understand the product so they can analyze the damage and quickly repair the machine accurately.

### 4) Appropriate Pricing

The products of company are variety to support the requirement of customers from all industries. Each type of product manufacturing based on the universal standard that is the same standard with other competitors. Therefore, the company sets the price based on the appropriateness of each product according to the competition and sales channel.

### 5) Customers' Trustworthiness

From the long experience in hydraulic machine manufacturing and repair and service, the company earns the trustworthiness from the customers in customer service, both fair price and high class service, as well as the design that satisfies the customers.

### 6) Technology Development

The company constantly studies and conducts the researches on new technology relate to engineering design, implementing automatic production system to the design to respond to the customers' requirement. At present, all development has been tested and manufactured and resulted in the satisfactory results both in domestic and international countries.

## Customer Groups and Target Groups

**Customer Groups :** The company classifies the customers into two groups.

1. **Domestic Customers** The company distributes the product in the country to the customers in both government and private sector. The customers in private sector are the entrepreneurs in the industries who use the machine directly such as the entrepreneurs of the automotive industry, electric appliances industry, construction industry, renewable energy industry and other industries e.g. sawmill plant, sugar factory, and the customers in repair and service center. In regard to government/state enterprise, the company explores the new distribution channel via brokers and operates directly to set up the chance for more distribution.

2. **Customers in Foreign Countries** The company distributes the products to foreign countries by exporting by the company and via the customers' supplier, as well as via the brokers that the company explores more market in the foreign countries. This is the policy that creates the new business alliances so that the company can distribute and explore the markets in the foreign countries to increase competitive opportunity.

## Target Groups: :

For the overall image of industry, the company sets the selling goal to support the production. It is noticeable that the automotive industry has slowed down constantly and the large size company owning the product relocated the production base to foreign countries. Therefore, the company expands the customer base to construction/renewable energy industry to be consistent with government policy. In regard to automotive industry and electric appliances industry, the company sets the plan to maintain the existing customer base in the country and build the new business alliances, particularly with the product owners to expand the business together.

## Distribution and Distribution Channel

In regard to the distribution management, the company sets the distribution pattern to cover all industries which consists of direct sale to provide service for the customers who need special qualification product or made-to-order product, distribution through the suppliers for the low price products and frequently use that distribute to the government/real estate sector, and shop selling which the company operates two shops: in Hat Yai, Songkla Province and Ban Bueng, Chonburi Province. These two shops are not only the shop but also the accessible repair and service center to facilitate the customers. In the past year, the company increased the distribution channel through Modern Trading, by cooperating with other leading companies, as the product distribution center for industrial products, construction system work and other materials. All channels will facilitate the customers to access products and services of the company.

## Industrial State

Hydraulic machine of the company is the major component of production line in manufacture industry and maintenance service. The major customer groups of the company are automotive industry, electric appliances industry, building construction and basement industry, and other industries. Automobile parts and accessories is one of the mechanisms drives the national economy. Government sector attempts to push on and support this industry to be a

chain for development. However, it is slow down because of the domestic consumption and the relocation of the production base to foreign countries. In regard to electric appliances industry, it is steady and follows the direction of the automotive industry, except for the air conditioner which is more required. For the building construction and basement industry and renewable energy industry move in a positive direction which is consistent with the past economic situation. Entering ASEAN community at the end of 2015 provides is an opportunity for the company because of the increasing requirement of CLMV (Cambodia, Laos, Myanmar, and Vietnam). For Indonesia, Malaysia, Philippines, and India, the companies of the products' owners relocate the production line of some automobile series which is the good chance of the company to expand the business and cooperate with the businessmen in the countries.

## Materials and Products Supplies

### Capacity and Production Volume

Currently, the company has two factories which are located in Chonburi Province. The capacity of each factory is as follows.

#### Factory 1 Capacity of Hydraulic Press Machine

	2012	2013	2014	2015
Maximum Capacity (Ton/Year) <sup>1/</sup>	2,003	2,003	2,003	2,003
Actual Production (Ton/Year) <sup>2/</sup>	2,003	1,900	1,053	950
Capacity Ratio	100.00%	94.84%	52.55%	47%

- 1/ The maximum capacity per year estimated from the average weight of hydraulic press machine, which is 40 tons/machine multiply by the average number of machine that the company can manufacture per year. The hypothesis is that the company's working hour is 10.5 hrs/day (including overtime 2.5 hrs.)
- 2/ Actual production volume estimated from the weight of hydraulic press machine manufactured each year.
- 3/ Capacity ratio of the company under the current space limitation. Currently, the space for placing the work piece for welding process and assembly process for hydraulic press machine is fully occupied. The company, thus, cannot manufacture more hydraulic press machine although the manpower or welding machine increase.

#### Factory 2 Capacity of Hydraulic Cranes and Hydraulic Material Handling

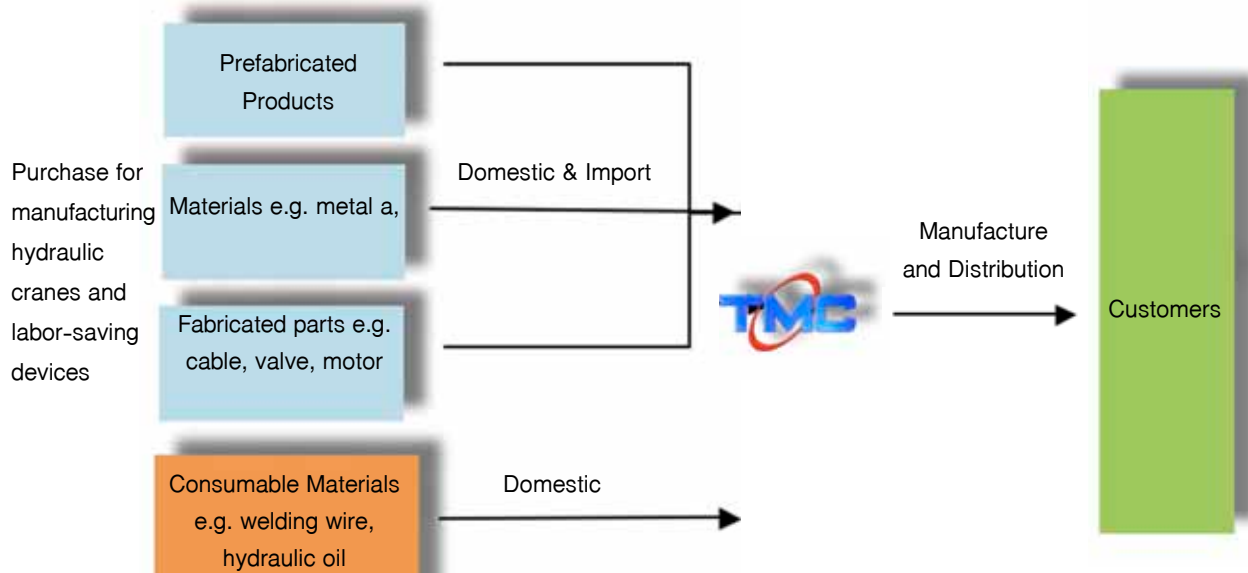
	2012	2013	2014	2015
Maximum Capacity (Ton/Year) <sup>1/</sup>	1,093	1,093	1,093	1,093
Actual Production (Ton/Year) <sup>2/</sup>	920	824	526	450
Capacity Ratio	84.17%	75.42%	48.16%	41%

The main reason for the decrease of capacity of Factory 2 is the relocation of the production line to Factory 1 at the end of 2015.



## Materials and Products Supplies

The company supplies materials, parts, and products from domestic sources and foreign countries as following details.



1. Materials and fabricated parts used in manufacturing process The company purchases hydraulic materials and parts, as well as consumable for using in hydraulic machine manufacturing for 96% of the total cost of material and product purchase as the following details.

1) Material: Main materials used in production process such as types of steels e.g. steel sheet, angle steel, steel bar. The company processes the steels such as cutting, welding, and milling to set the pattern and structure as desired. The steel used in the company can be divided into two main classes.

1.1) Standard steel that can purchase from general supplier in Thailand. To purchase the steels, the company will place an order with the domestic suppliers by comparing the price from few suppliers to acquire the quality steel in a reasonable price.

1.2) Special steel i.e. the steel with extra thickness or width which does not manufactured in Thailand. The company will purchase the special steel from foreign countries directly such as China in which the cost is cheaper than purchasing from the supplier. In order to purchase the steel for hydraulic press machine manufacture, the company will process the purchasing when receiving the order from customer. To order the steel used for hydraulic cranes and labor-saving devices, the company will place an order in advance to be enough for manufacture one month.

2) Fabricated parts: fabricated parts used in hydraulic machine are hydraulic cable, hydraulic valve, motor, and cable. The company normally orders the fabricated parts from the domestic supplier after having price comparison.

3) Consumables: Welding wire, drill bit, and hydraulic oil. The company will purchase consumable materials from the domestic suppliers after having price comparison.

### 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, which is considered approximately 45% of the material costs. 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 are made to order, the company calculate costing based on price of material at that date. 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 for production right amount. 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 and adjust price when cost is increasing by which will be adjusted by 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.

### 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. The payment and the receiving of foreign currencies which was effective in case rate of exchange fluctuation.

However, 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. 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 and Over Employ for Skillable Labour

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 including over employ labour when customers are lower needed, Skillable labour for specific labours cost is too high that reflect cost of goods sold to high in cost lower capacities.

Nevertheless, the company has the policy to stress the importance of employees and to persuade them to stay by decrease capacities some port of manufacturing and develop expertise of business partner instead of and provide specific training to business partner for run business to company and avoid skillable labour over or under company's needed in the future.

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

In 2014 and 2015, the company relied on 42.53% and 38.20% 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.

So the company develop and present more hydraulic machinery such as construction industry, woods transformation, alternative energy industry example goods such as hydraulic static pile drivers, stiff boom cranes used in the construction industry, timer/scrap crane for alternative energy industry, waste machinery and the automatic robot arm system for various industries in order to reduce the risk from the dependence on automotive industry.

### 5. The Risk of Liquidity ratio

Due to the company has to invest in new factory for support high capacities but the deflation situation effected income and profit were not on target and lower utilized capacities that reflect high cost of goods sold take losses and lower liquidity ratio.

However, the company manage financial to solve matter of liquidity by issue increase in share capital and sold to existing shareholders and reserved for the exercise of right to convert to warrants to relieve liquidity in the future.

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

Since 89.11% and 84.61% of the company's income in 2014 and 2015 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.

## SHAREHOLDING STRUCTURE

### The Company's Securities

As of December 31, 2015, the capital registered of the Company was Baht 543,750,000, divided into 543,750,000 ordinary shares and capital paid-up was Baht 362,500,000, at par value of Baht 1.00.

### Shareholders

Name of top 10 shareholders as per listed in the book of shareholders' registration as of December 14, 2015 were as follows:

Name	No. of Share (Share)	Percentage of Shareholding Proportion
1. Kamolmongkolsuk Co., Ltd.*	145,750,000	40.21
Kamolmongkolsuk Family		
1.1 Mr. Thaweemit Kamolmongkolsuk	3,062,500	0.84
1.2 Mrs. Tubtim Kamolmongkolsuk	2,937,500	0.81
1.3 Mrs. Pacharawalai Wu	1,671,875	0.46
1.4 Miss Pailin Kamolmongkolsuk	1,671,875	0.46
1.5 Mr. Surachet Kamolmongkolsuk	1,546,875	0.43
1.6 Mrs. Aroonroj Kamolmongkolsuk	125,000	0.03
<b>Total of Kamolmongkolsuk Family</b>	<b>11,015,625</b>	<b>3.03</b>
<b>Total of Kamolmongkolsuk Group</b>	<b>156,765,625</b>	<b>43.24</b>
2. Mr. Chaivit Aroonnatethong	28,893,253	7.97
3. Mr. Chokchai Rungchareonchai	11,110,000	3.06
4. Mr. Wiwat Charunvas	8,400,000	2.32
5. Mrs. Wilai Kokerdkiat	6,250,000	1.72
6. Mrs. Darawan Thipnate	6,079,375	1.68
7. Petro-Instruments Co., Ltd.	5,450,000	1.50
8. Mr. Chaiyos Rungchareonchai	3,300,000	0.91
9. Mr. Wuthichai Anantakul	3,168,750	0.87
10. Mr. Somboon Srinorasakslip	3,087,500	0.85
11. Other shareholders	130,105,497	35.88
<b>Total shares</b>	<b>362,500,000</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, 2015 was as follows:



Name		No. of Share (Share)	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. Mrs. Pacharawalai	Wu	235,500	15.00
5. Miss Woraphan	Pumpakdeephan	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

- Warrants representing the rights to purchase new ordinary shares of T.M.C. Industrial Public Company Limited No.1 (TMC-W1) :

Category of Securities	:	Warrants representing the rights to purchase new ordinary shares of T.M.C. Industrial Public Company Limited No.1 (TMC-W1).
Type	:	In named certificates and transferable.
Term of Warrants	:	2 Years from issuance and offering date of warrants, which on 18 December 2015. (last exercise date 15 December, 2017)
First Exercise Date	:	31 March 2016
Last Exercise Date	:	15 December 2017
Number	:	Not exceed 181,250,000 units.
Number of ordinary shares	:	Not exceed 181,250,000 shares at the par value allocated to 1.00 accommodate the Baht per share or 50% of total paid up capital of 362,500,000 Exercise of rights shares on 11 December 2015.
Allocation Method	:	Offering to the existing shareholders of the Company in the ratio of 2 existing shares per 1 units of warrant. Any fraction will be eliminated. Therefore, the Chairman of the Executive Committee has determined the record date which the shareholders have the right to receive TMC-W1 shall be on 11 December 2015 and the Company's share register book closing date for collection shareholder's names present to Section 225 of the Securities and Exchange Act (including its Amendments) shall be on 14 December 2015.
Offering Price	:	00.00 Baht per units.
Exercise Ratio	:	1 unit of warrant has the rights to purchase 1 new ordinary share, unless the exercise ratio is adjusted under the conditions of the rights adjustment.
Exercise Price	:	1.50 Baht per share, unless the exercise ratio is adjusted under the conditions of the rights adjustment.

Exercise Period	:	The Warrant Holders shall be entitled to exercise their rights under the Warrants on every last business day of March, June, September and December of each year throughout the term of the Warrants. In the event that the exercise date is on the Company's holiday, the exercise date shall be re-schedule to the last business day preceeding the exercise date in each time.
Submission Period	:	The Warrant Holders, who wish to exercise their rights to purchase new ordinary shares of the Company can submit the intention form during 8.30 to 15:30 hours of business days within 5 days before each of the exercise date, except for the last exercise date where Warrant holders can submit the intention form within 15 days before the last exercise date.
Secondary Market	:	The Company will list the warrants as listed securities on the MAI. for the Warrants
Secondary Market for	:	The Company will list the new ordinary shares issued the Ordinary shares resulting from the exercise of rights as listed securities on the MAI. from the exercise of rights
Summary of the impact	:	<p>Revealed in 2 Scenarios :</p> <p>to shareholders from</p> <p>1. In the case that the existing shareholders fully exercise the the issue and offer of warrants warrant. The price of the Company's shares (Price Dilution) will (Dilution Effect) be diluted by 16.27% but there would not affect profit or voting rights of the existing shareholders (Control Dilution).</p> <p>2. In the case that the existing shareholders would not exercise the warrants and its all warrants have been exercised by other persons. The Price Dilution will be diluted by 16.27% and the Control Dilution will be diluted by 33.33%.</p>
Other Conditions	:	The Board of Directors and/or the Executive Committee and/or Executive Chairman and/or Managing Director and/or the person(s) who is authorized by the Board of Directors and/or the Executive Committee and/or Executive Chairman and/or Managing Director shall be authorized to determine or change terms, conditions and other details including but not only limited to exercise price, exercise ratio, allotment and issue date, including the authority to determine the reasons of the issuance of new ordinary share to accommodate and adjustment or changes in the Exercise Price and/or the Exercise Ratio related to the Warrant, and shall also be empowered to take any actions necessary as appropriate regarding the issuance and offering of the Warrant and listing the Warrant in the MAI as well as to proceed for necessary approval from relevant authorities.

- Bills of Exchange (B/E)

The company issues Bill of Exchange to specific investors for liquidity of financial operation as details below ;

Category	:	Bills of Exchange (B/E)
Financial amount	:	Not exceed Baht 200,000,000 (two hundred million baht)
Interest rate	:	Depend on market condition and offering B/E each times
Term of B/E	:	Up to 270 days from issue date
Objective	:	For working capital of the Company
Offerings	:	Offering to specific investor and placement, and issuance be up to 10 issue.
Condition	:	If the company redeem short term loans - Bill of Exchange until the balance of principle was decreased, the company can issue additional up to credit limit that get approval from the Board of Directors, however, short terms loans - Bill of Exchange not over to issues a while one.

As of December 31, 2015, the Company has short - term loans - Bill of Exchange of Baht 40 million

## 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	2015
Earning / Share (Thai Baht)	0.62	0.02	- 0.17	- 0.22
Dividend / Share (Thai Baht)	0.21	0.04	No distribution	No distribution
Dividend Ratio (%)	33.87	200	0	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, 2015, the Company's Board of Directors composed of 9 members and the attendance for meeting in 2015 are as follows :

Name	Position	Attendance (4 Times)
1. Mr. Manu Leoparote	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. Mrs. Pacharawalai Wu	Director	4/4
6. Miss Pailin Kamolmongkolsuk	Director	3/4 <sup>2</sup>
7. Mr. Arthit Wuthikaro	Independent Director / Chairman of Audit Committee	4/4
8. Miss Chutipa Obhasanond	Independent Director / Member of Audit Committee	4/4
9. Mr. Mitthong Chulitawong	Independent Director / Member of Audit Committee	3/4 <sup>3</sup>
- Mr. Teerapap Kamolmongkolsuk <sup>1</sup>	Director	3/4

- Remark :
1. Mr. Teerapap Kamolmongkolsuk was passed away on November 3, 2015.
  2. Miss Pailin Kamolmongkolsuk absent the meeting 1 time, because she went to overseas.
  3. Mr. Mitthong Chulitawong absent the meeting 1 time, because he went to provincial

### Authorized Signatories

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

## The Audit Committee

As of December 31, 2015, the Audit Committee consisted of 3 persons and the attendance for meeting in 2015 are as follows:

No.	Name	Position	Attendance (4 Times)
1.	Mr. Arthit Wuthikaro	Chairman of the Audit Committee	4/4
2.	Miss Chutipha Obhasanond	Member of the Audit Committee	4/4
3.	Mr. Mitthong Chulitawong	Member of the Audit Committee	3/4 <sup>1</sup>

Mr. Paiboon Rattanasetchai is a Secretary of the Audit Committee

Remark : 1. Mr .Mitthong Chulitawong absent the meeting 1 time, because he went to provincial.

## The Executive Committee

As of December 31, 2015, the Executive Committee consists of 5 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. Mrs. Pacharawalai	Wu	Executive Director
5. Miss Pailin	Kamolmongkolsuk	Executive Director
* Mr. Teerapap	Kamolmongkolsuk	Executive Director

Remarks : \* Mr. Teerapap Kamolmongkolsuk was passed away on November 3, 2015.

## The Management

As of December 31, 2015, The Company's Management was composed of 7 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 .Mrs. Pacharawalai	Wu	Deputy Managing Director-Human resources
5. Miss Pailin	Kamolmongkolsuk	Deputy Managing Director-Procurement
6. Mr. Yossakorn	Bomlai <sup>2</sup>	Deputy Managing Director-Sales and Marketing Acting Deputy Managing Director- Factory
7. Mr. Naphatra	Chatvichian <sup>3</sup>	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 Acting Deputy Managing Director - Factory from March 13, 2015.
  3. Mr. Naphatra Chatvichian take a position of Deputy Managing Director - Account and Finance from October 3, 2015.

## 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.
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.

Remarks : details from the Credit Approval Power rev.07, approved by the Board of Directors Meeting No.4/2015 held on November 13, 2015

## 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 2015 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, 2014 and 2015 total remuneration as monthly salary and meeting allowance have been paid to the directors amounting to Baht 2,025,000, Baht 1,875,000, Baht 1,845,000 and Baht 1,350,000 respectively as follows:

## Monthly Remuneration

(Unit : Baht)

Name	Position	Monthly Remuneration			
		2012	2013	2014	2015
1. Mr. Manu Leopairote	Chairman of the Board of Directors / Independent Director	600,000	600,000	600,000	425,000
2. Mr. Thaweemit Kamolmongkolsuk	Director	-	-	-	-
3. Mrs. Tubtim Kamolmongkolsuk	Director	-	-	-	-
4. Mr. Surachet Kamolmongkolsuk	Director / Chief Executive Officer	-	-	-	-
5. Mrs. Pacharawalai Wu	Director / Deputy Managing Director	-	-	-	-
6. Miss Pailin Kamolmongkolsuk	Director / Deputy Managing Director	-	-	-	-
7. Mr. Arthit Wuthikaro	Chairman of the Audit committee / Independent Director	480,000	480,000	480,000	340,000
8. Miss Chutipha Obhasanond	Member of the Audit Committee / Independent Director	360,000	360,000	360,000	255,000
9. Mr. Mitthong Chulitawong	Member of the Audit Committee / Independent Director	-	-	240,000	255,000
* Mr. Khan Akaworawit	Member of the Audit Committee / Independent Director	360,000	360,000	90,000	-
** Mr. Teerapap Kamolmongkolsuk	Director / Managing Director	120,000	-	-	-
<b>Total</b>		<b>1,920,000</b>	<b>1,800,000</b>	<b>1,770,000</b>	<b>1,275,000</b>

## Meeting Allowance

(Unit : Baht)

Name	Position	Meeting Allowance			
		2012	2013	2014	2015
1. Mr. Manu Leopairote	Chairman of the Board of Directors / Independent Director	25,000	20,000	20,000	20,000
2. Mr. Thaweemit Kamolmongkolsuk	Director	-	-	-	-
3. Mrs. Tubtim Kamolmongkolsuk	Director	-	-	-	-
4. Mr. Surachet Kamolmongkolsuk	Director / Chief Executive Officer	-	-	-	-
5. Mrs. Pacharawalai Wu	Director / Deputy Managing Director	-	-	-	-
6. Miss Pailin Kamolmongkolsuk	Director / Deputy Managing Director	-	-	-	-
7. Mr. Arthit Wuthikaro	Chairman of the Audit committee / Independent Director	25,000	20,000	20,000	20,000

(Unit : Baht)

Name	Position	Meeting Allowance			
		2012	2013	2014	2015
8. Miss Chutipap Obhasanond	Member of the Audit Committee / Independent Director	25,000	20,000	15,000	20,000
9. Mr. Mitthong Chulitawong	Member of the Audit Committee / Independent Director	-	-	15,000	15,000
* Mr. Khan Akaworawit	Member of the Audit Committee / Independent Director	25,000	15,000	5,000	-
** Mr. Teerapap Kamolmongkolsuk	Director / Managing Director	5,000	-	-	-
<b>Total</b>		<b>105,000</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>

\* Mr.Khan Akaworwit resigned on 15 March 2014

\*\* Mr. Teerapap Kamolmongkolsuk passed away on 3 November 2015

- 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
  3. In 2015, The Company has a temporary measure policy to relieve the effective of economic deflation No.1/2015, No.2/2015 by reduce remuneration of Directors down 50%, effective dated June 1, 2015 - January 1, 2016 and No.3/2015 effective dated January 16, 2016 onwards, until this is announcement changing.

## Remuneration of the Management

In 2012, 2013, 2014 and 2015 the Company has 10, 9, 9 and 10 executives respectively and the remuneration paid was as follows:

	2012		2013		2014		2015	
	Number	Remuneration (Baht)	Number	Remuneration (Baht)	Number	Remuneration (Baht)	Number	Remuneration (Baht)
Total salary	10	17,893,600	9	22,610,144	9	24,878,976	10	18,367,281
Total bonus and other remunerations		7,946,965		9,002,708		5,020,053		1,797,680
<b>Total</b>		<b>25,840,565</b>		<b>31,612,852</b>		<b>29,899,029</b>		<b>20,164,961</b>



Remark : 1. In 2015, reported director's benefit of 10 persons due to during the year there was some director resigned, Mr.Premchai Poorattanapich, DMD-Factory, on March 7, 2015 (Mr. Yodsakorn Bomlai acting), Mr. Naphatra Chatvichian, Chief Financial Officer replaced Mr.Kninpichy Sukserm on October 3, 2015.

2. . In 2015, The Company has a temporary measure policy to relieve the effective of economic deflation No.1/2015, No.2/2015 by reduce remuneration down 50% of Executive Directors, 10% for deputy managing director, effective dated June 1, 2015 - January 1, 2016 and No.3/2015 effective dated January 16, 2016 onwards, until this is announcement changing.

## Personnel

As of December 31, 2015, the number of employees was 475 persons (excluding 10 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 180,231,521.

## 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	AS of December 31, 2015
Planning and Production Control	56	19	15	45
Engineering - Factory 1	54	48	34	38
Engineering - Factory 2	17	24	18	0
Production - factory 1	211	216	237	264
Production - Factory 2	123	116	101	0
Administration - Factory 1	11	16	10	10
Administration - Factory 2	10	6	6	0
Sales & Marketing	26	34	26	27
Procurement	9	14	11	9
Account & Finance	19	14	15	20
Personnel	43	35	33	31
Quality Control	-	19	16	16
Information Technology	-	25	6	8
Quality Management System	-	3	4	1
Business Development&Marketing	-	11	14	5

Business Line	Number of Employees (Person)			
	As of December 31, 2012	AS of December 31, 2013	AS of December 31, 2014	AS of December 31, 2015
Internal Audit	-	1	2	1
ERP Control System	-	-	11	0
<b>Total</b>	<b>579</b>	<b>601</b>	<b>559</b>	<b>475</b>

Note: The number of employees shown above excludes the executive employees. ㄾ

## Labor dispute during the past 3 years

-none-

## The Personnel Development Policy – year 2015

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.

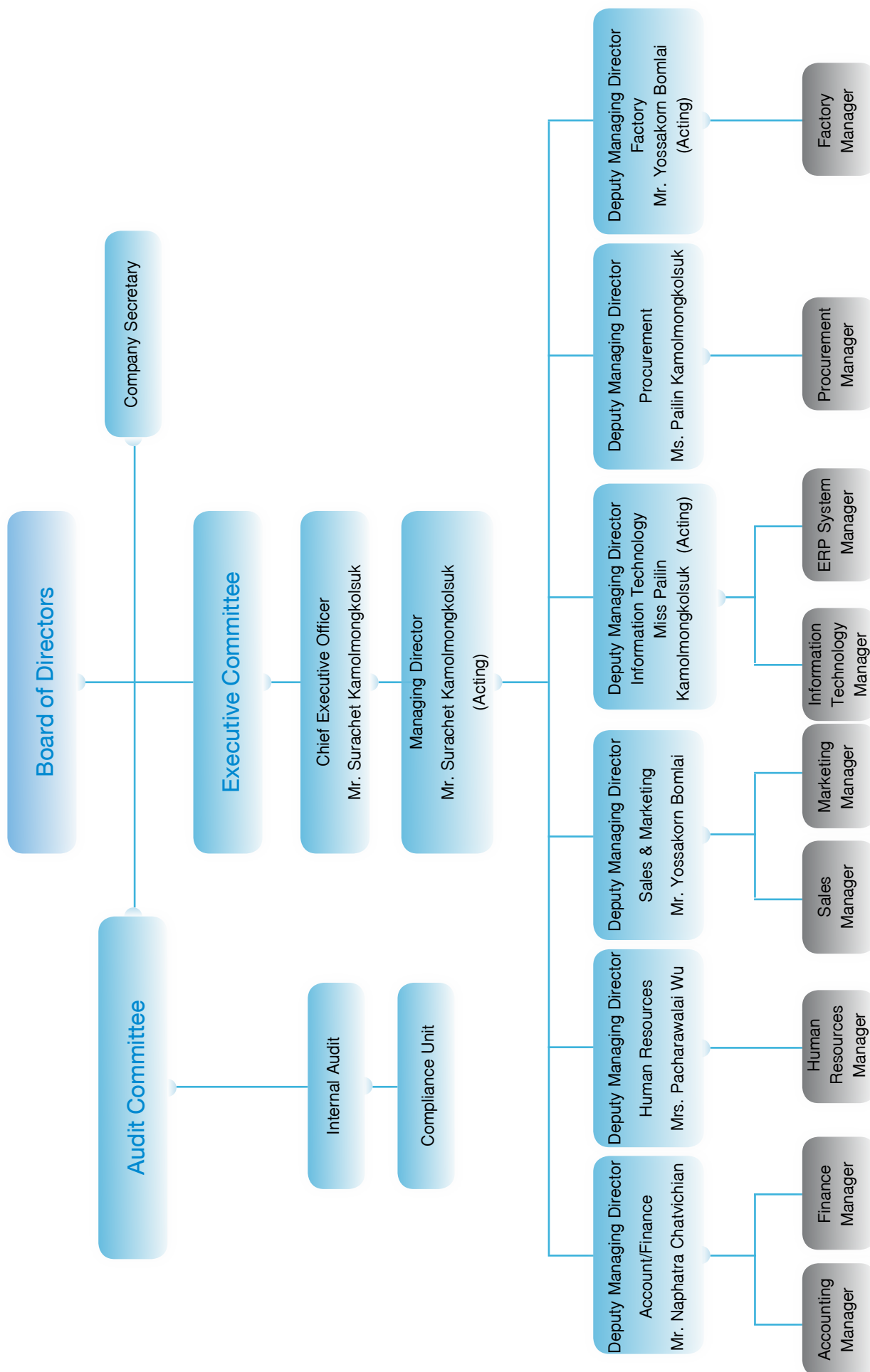
3. To practice with the employees fairly and equality. By given to the reasonable and equitable compensation and welfare such as establish the Provident Fund, Medical Insurance, Life Insurance and Accident Insurance.

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.

6. The company give precedence to set a policy, Risk Management, focus on risk management in defensive and remedial promote and develop to management and employee every level understood, acknowledge, participate in process management, enterprise risk.

# 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 2015, the company organized the shareholders meeting for 2 times. There are 2015 Annual General Meeting on Friday, April 24, 2015 at 14.00 hrs. at Rachaphruek 1 Ballroom, Bangna Convention Center, 2nd Floor Bangna Tower Building A, No.2/3 Moo 14, Bangna-Trad Road Km.6.5, Bangkaew, Bangplee, Samuthprakarn 10540 and Extraordinary General Meeting No.1/2015 on Saturday, October 3, 2015 at 14.00 hrs. at Mongkolsuk Meeting Room, head office of T.M.C. Industrial Public Company Limited, No.125/10 Moo 5, Tambol Bansuan, Amphur Muang Chonburi, Chonburi.

- The company informed the shareholders about the decision of the Board of Directors to organize the shareholders' Annual General Meeting 2015 advance 53 days before the meeting date which was March 2, 2015 and the Extraordinary General Meeting No.1/2015 advanced 46 days before the meeting date which was August 17, 2015 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 31, 2015 (24 days prior to the meeting) and September 10, 2015 (22 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, 2015 and September 11 and 14-15, 2015. Besides, the company assigned Thailand Securities Depository (TSD) which was the company's registrar to send out the documents to the shareholders on April 2, 2015 (22 days prior to the meeting) and September 18, 2015 (14 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 24, 2015 and the extraordinary general meeting on October 3, 2015, the entire group all of 10 directors and audit directors attended the meeting. 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 Thippawan Nananuwat from EY Office Limited and lawyers from Dej-Udom Law Firm 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, Mr. Supat Aunjai, one of the shareholders, was randomized to become the witness of the counting of votes in 2015 AGM and Mr. Kittipon Sunthornpanit was in EGM 1/2015. 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 3 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 2015 annual general meeting, one shareholder from the Thai Investors Association Miss Wipa Suwanit attended and observed the meeting. She asked for any question and its was recorded in the minute.
- 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 and extraordinary general meeting on the following working day 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 minutes of the 2015 annual general meeting and extraordinary general meeting by company secretary. 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 and extraordinary general meeting No.1/2015 were 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 both 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 in both Thai and English.
- The company had announced to invite the shareholders for agenda and name of the director nominee proposal from shareholders in advance from December 19, 2014 to January 31, 2015. on company website

- 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, and keep back all of the vote card from shareholders after finished the meeting.
- The Board of Directors and management acknowledge to report any changed of share holding with Securities and Exchange Commission, Thailand, Article 59 an Act of legislation Securities and Exchange Commission, Thailand B.E. 2558 including disclosure in annual report 2015.
- 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 2015, 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, at score 80.38 in 2014 and score 97.25 in 2015. 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 Rattanasethachai 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

The company set up the policy regarding practices towards stakeholders under the topic of "Code of Conduct" which was included in the "Good Corporate Governance and Code of Conduct" 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 2015 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 Ext. 813  
 Fax : 038-271931  
 Email : surachet@tmc.co.th

2) Mr. Naphatra Chatvivhian  
 Chief Financial Officer  
 Telephone : 038-271933 Ext. 411  
 Fax : 038-271931  
 Email : naphatra@tmc.co.th

3) Mr. Kninpichy Sukserm  
 Company Secretary  
 Telephone : 038-271933 Ext. 421  
 Fax : 038-271931  
 Email : 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 Board of Directors as of December 31, 2015 consisted of 9 directors (1 of director passed away on November 3, 2015, Mr. Teerapap Kamolmongkolsuk), which were 5 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 Chutipap 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 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).
- 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.
- 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. The details were described in the annual report.
- The Audit Committee had meeting together with the company's auditor without the executive on February 29, 2016 for enquire of audit process, company cooperation and coordinate, trouble during audit, important issue in the 2015 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 2015, 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 around December by using the form of the Corporate Governance Center, the Stock Exchange of Thailand by group and individual evaluation. To allow the Board to consider the works and the problems together for future improvement including the assessment of the CEO's result of operation by the directors (see details of procedure and regulation of evaluation in 56-1 report or company website). 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 2015, the company evaluated the self-assessment of the directors, the directors of subcommittee and the assessment of the CEO's result of operation by the directors. The results of the assessment in 2015 are as follows:
  - 1) the self-assessment of the directors : by group = 3.86 (good), by individual = between 3.55 - 4.00 (good - excellent)
  - 2) the self-assessment of the audit committee : by group = 3.65 (good), by individual = between 3.55 - 3.82 (good)
  - 3) the assessment of the CEO's result : 3.79 (good)

### 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 2015 were approved during the 2015 annual general meeting, and they remained the same as in 2014 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 2015, 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 :
  - Project of evaluation for quality of The Annual General Meeting of listed companies "Tutoring at 100" for F/S 2015 No. 1 held on January 13, 2015, by Thai Investor Association.
  - Seminar mai with strategy of sustains branding, held on March 26, 2015 by SET- mai and SET

- Seminar “sound seal 400 companies for system corruption, Held on March 27, 2015
- In house training and seminar under subject “risk Management in company” Held on April 8, 2015 by Professional Internal Audit Service Co., Ltd.
- “CS Sharing 3/2558 How to improve your CG Practices” held on August 20, 2015t by SET
- Delve into criteria of evaluation CG report, held on September 22, 2015by SET and IOD
- Seminar for network machinery development, held on September 22, 2015 by The Federation of Thai Industrial
- Seminar the Special Economic Zones - Tak “Door to western”, held on September 24, 2015 by Maesod councils.
- Seminar “improve on Criteria for allow listed companies offering ordinary shares to private placement and warrants to exercise of right to buy newly ordinary shares and private placement, held on October 9,
- Seminar “Various issues for audit committee” held on November 24, 2015 by EY

#### **Orientation for the new director**

The company conducted orientation for the new director who take new position under The Board of Directors for acknowledge all information such as The nature of business, policy, target, performance other rules that relate to his position of listed companies etc. Secretary of Company have to provide document set, The Annual report and watch Webcast of the Company, including visit the actual work of the company for highly benefit to new comer. The Company did not promote new executive director in F/S 2015 so did not orientation for the new director.

## **Subcommittee**

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

#### **1) The Board of Director**

In 2015, The Board of Directors consists of 9 members, five 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 5 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 8. 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

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:

## 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.

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 2015 was Baht 1,535,000 and subsidiary was Baht 465,000, so total Audit fee of the company and its in 2015 was Baht 2,000,000. 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 2015, the Company paid for auditor allowance and transportation expense were Baht 0.19 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 RESPONSIBILITY (CSR) REPORT

T.M.C. Industrial Public Company Limited aims to run business for sustainable growth by creating design innovations under the combination of intellectual capital and technology. We bring demanded value to our customers with international standards. The company, therefore, enhances personnel's quality of life as well as efficiency as intellectual capital, along with corporate governance for communities, society, and the environment following the highlighted vision to carry on within the frame of business ethics in the aspect of social and environmental responsibilities.

## Running Business with Fairness

The company has run business with fairness, transparency, and accountability based on the principles of good corporate governance as the guidelines in accordance with matters of law and the stock exchange's regulations. By doing this, we believe that we can embed trust to all parties of our shareholders and stakeholders for sustainable growth of the business. We encourage our employees to join both internal and external activities; to pay respect to the nation, religion, and monarchy; and to invest with holding on justice without intellectual property infringement.

## Anti-Corruption

The company never overlooks, disregards, and involves in all kinds of actions considered as corruption, either directly or indirectly. Even regarding our co-operations with government or private sectors, or our contributions and donations to promote the company's good images, they are all legally proceeded with transparency and can be verified.

Thus, the company has persistently stuck to working with honesty, justice, transparency, accountability, and in line with the principles of good corporate governance. We also reinforce organizational ethics to employees, society, and the environment. They can be indicated by inspections and evaluations from internal and external organizations. If any frauds are found, employees can notify or complain to supervisors or officers in charge.

## Respecting Human Rights and Treating the Workforce with Equality

The company treats all employees equally and strictly follows the principles of human rights under labour legislation, relevant rules/disciplines, work regulations, and announcements as well as orders.

Human Rights: The company respects employees' rights and prohibits physical, verbal, and psychological harassments, including all kinds of intimidations.

Equal Treatment: No matter what aspects, i.e., employment, dismissal, training, remuneration, and promotion, the company treats the workforce equally without discrimination on gender, race, skin color, age, marital status, pregnancy, political view, or even disabled persons.



Child Labour:	The company shall not employ underage children in agreement with the law determined, and does not allow children or persons under 18 years of age to work at night or in dangerous areas.
Working hours:	The company strictly manages regular working hours, overtime, and working on holiday conforming with working condition legislations.
Remunerations: and Interests	The company pays wages and compensations, and provides interests that the workforce deserve under proper impartial conditions according to labour legislation.

## Generating Employees' Well-Being

The company do realizes that human resources are necessary and are the crucial factors leading the organization to success. We were, therefore, determined to generate the well-being of our organization for its strong and sustainable growth through the activities called "Happy Body (Happy Healthy)" as per below:



Cooperated with BMC Health Care Center in Chonburi Station for health consouning with occupational health physicians

Cooperated with Bansuan for diphtheria and tetanus vaccinations



Drug-Free Organization Project, cooperated with Bansuan Municipality



Annual Physical Checkup Project at Head Office

## Community or Social Development

The company does not only give precedence to quality of life enhancement and personnel's efficiency development as intellectual capital inside and outside the organization, and not only build good relationships with communities nearby, but also sees the importance of building networks, taking care of surrounding communities' environment, and strengthening good relations with government sectors.

### 1. TMC Contribution "Take Paintbrushes for Color Change"

We supported school renovations following the roadmaps of Bureau of Academic Affairs and Educational Standards, and Office of The Basic Education Commissions, Ministry of Education. To clarify, we collaborated with Ban Nong Chak School located at Moo 3, Nong Chak Subdistrict, Ban Bueng District, Chonburi Province, close to our new plant in Ban Bueng. As executives and employees of TMC highly gave priority to education of children, the future of the nation, so we took our roles as volunteers to repaint their desks and chairs, and install new fans in their classrooms.





## 2. Activities on National Children's Day 2015,

collaborated with government sectors :

- 2.1) Bansuan Municipality
- 2.2) Nong Chak Municipal District
- 2.3) Nongree Subdistrict Administrative Organization
- 2.4) Ban Hua Krok School and Industrial Promotion Center Region 9
- 2.5) Child Development Center of Bansuan Municipality





### 3. Transferring Religious Rite, Tradition, and Culture

The representatives of the company joined inhabitants, community' leaders, and village headmen in the area near the new plant of TMC, Nong Chak Subdistrict, Ban Bueng District, Chonburi Province, in order to transfer the tradition of performing meritorious deeds in the light of the community' religious rite called "Tam Boon Klang Ban"



#### 4. Learning Promotion Project to Create Occupations and Income to the Community

Besides giving opportunities to those with physical competence limitations (Disabled persons) by recruiting them in agreement with Promotion and Development of Quality of Life for Disabled Persons Act, B.E. 2550, the company also assisted disabled employees to accumulate their knowledge, and to enhance and improve their better lives permanently. To illustrate, the representatives of the company took waste materials from the raw ones which had been transported for production in supply chain such as wood pallets, and then brought them to a learning center for disabled persons in the community in Takhian Tia Subdistrict, Bang Lamung District, Chonburi province. We received benevolence from Takhian Tia Occupational Center to instruct and train those persons to be skilled craftsmen for woodwork.





## 5. Donation of Rice, Clothes, and Unused Stuff

Because the company was aware of treating people based on ethics and fundamental rights in the point that every human should equally get opportunities and love, our employees were willing to donate rice, clothes, and their unused stuff to “The Pearl S. Buck Foundation, Chonburi,” a charity organization for public interests with the purpose to help children with AIDS. Its main goal is to bring morale to patients and their families.



## 6. TMC's Project “Fill Love with Hearts, Fill Kindness with Blood

The company participated in blood donation with the Thai Red Cross Society, Chonburi, like we always do every year so as to motivate employees to join “Happy Workplace (Happy 8 : Happy Heart).” The purpose is to instill mercy and generosity into their minds. It is also a good practical way to support blood storage to the Thai Red Cross Society.





## Environmental, Occupational Health, and Safety Policies

### Environmental Management

The company is engrossed in business operation together with taking sustainable responsibility to the environment. With our systematic management as well as administration, no negative impacts occur to communities, society, and the environment. We move on under the policy stated as “We will improve and develop continuously in terms of quality product manufacture, excellent services, and pollution prevention. Environmental management system will be monitored and controlled correctly and strictly in accordance with law and restrictions in order to bring about the highest satisfaction of our customers both in the country and overseas.”

Hence, the company is always awake to originate good conscious to employees in regard to utilizing resources with appreciation under restrictions for the highest benefits throughout the production process, i.e., using raw material, avoiding applying materials that cause pollutions, reducing wastes, releasing wastewater correctly, leaving trashes or garbage in their receptacles provided, setting campaigns for worthy energy consumption, and managing work environments which support nice well-being towards employees. Enough light, fine ventilation, sanitary lavatories, work ambiances, and physical checkup before starting work with the company, for example.

These implementations are worth our pride, that is, we were certified with ISO14001: 2004 and the certificate from the project concerning the support of efficient energy consumption in medium industrial factories of Eastern Thailand, Ministry of Energy.



## Occupational Health and Safety Management

The company insists on obeying law and regulations which are congruent with work safety. We care and pay attention to work environments. To make clear, they are all set up resting on principles of occupational health as well as safety. Employees are acknowledged of possible hazards brought by work. Risks are evaluated and controlled by manipulating safety tools/equipment with engineering standards. Furthermore, employees are also instructed and induced to work with safety.

**Safety Week :** It was created for the participation of employees, and to make them realize safety at work as well as fundamental legislations. The activity was held with the cooperation from the private sectors (Chonburi Provincial Labour Protection and Welfare Office and Chonburi Province Police) to allow employees to share their opinions/ comments on work environments and to join playing games at available booths. Moreover, the company held a small market fair that week for knowledge exchange activity between employees and entrepreneurs relating safety; between employees and executives; and among employees themselves.



## Work Analysis with KYT Pattern for Safety

Conducting activity called \*KYT or called “Point with Finger, Emphasize with Mouth” every morning after \*\*HoRenSo Activity (Morning Talk) is to make a promise or to pledge to themselves and to co-workers that accidents must be zero. This is to implant consciousness of harm prevention during work. To elucidate, possible dangers that might happen must be searched for, along with preventions. Then, select the most jeopardous incident to consider for solutions. The process is done through “point with Finger, Emphasize Mouth” with the utterance “KYT Activity... READY, Safety Helmet ... OK, Work Safely ... OK, Zero Accidents ... OK” before work so as to make sure that everything is ready and safe. Employees can begin their work afterwards.



### Remarks

*KYT	K	from	Kiken (kei-ken)	means	“dangers”
	Y	from	Yoshi (yo-shi)	means	“to analyze or to predict”
	T	from	Training		

So, when looking into the meaning as a whole, analysis with KTY for safety is the method of analysis for safety by analyzing or predicting any possible dangers hidden in work before finding preventions of those dangers.

**HoRenSo	Ho	from	Hokoku (ho-ko-ku)	means	“reporting what were done”
	Ren	from	Renraku (reng-ra-ku)	means	“coordination”
	So	from	Sodan (so-dang)	means	“consulation about work”

All in all, to obtain advocacy from all parties and to build pleasant interpersonal relations to one another, HoRenSo Activity was initiated with the major steps as follows:

- Reporting what were done - Know how to report/present information or situations resulted from work to supervisors, either succeeded or failed, so as to find improvement and solutions.
- Coordination - Meet and talk about information and movements in term of work that might be beneficial.
- Consultation - Let everyone reveal their attitudes towards situations, with descriptions and idea exchange so as to explore problems as well as solutions.



## INTERNAL AUDIT AND RISK MANAGEMENT

On the meeting of the Board of Directors No. 1/2016, dated on 29 February 2016, 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 2015, Audit Committee approved the audit plan of Professional Internal Audit Service Co., Ltd., on the meeting of the Board of Director No. 1/2015, dated on 27 February 2015. The internal audit of 2015 had been performed in compliance with the mentioned audit plan, which Audit Committee had approved for 8 projects and the result presented to Audit Committee. The investigation and evaluation of internal control are for example, inventory management for "Dead Stock", liquidity management, secure on MIS, products research and development, project management, control and practice of GP policy, control of procurement and risk management. The result of overall evaluation by internal auditor said that is favorably because of mainly of control and system for every subjects were adequate and appropriated. The Company have to improve and practice follow our controlling for high effectiveness. Management level also give precedence to this issue and follow up with responsible person action as internal auditor advice, completeness and April 2015 Professional Internal Service Co., Ltd. conducted seminar for Risk Management to management level and every department prepared risk profile.

**RELATED TRANSACTIONS (END OF DECEMBER 31, 2015)**

## A summary of the related transactions between the Company and its subsidiaries and the parties having conflict of interest in 2015

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. Mrs. Tubtim Kamolmongkolsuk	Mrs. Tubtim Kamolmongkolsuk is a TMC shareholder, The numbers of shares as of November 31, 2015, is held Direct in company is 0.81% and Indirect by Kamolmongkolsuk Company Limited is 20%.
Kamolmongkolsuk	Mrs. Tubtim Kamolmongkolsuk is a Director and Vice Chairman of Executive Committee.

## Nature of Related transactions

## Summary of Related transactions in 2015

Party having Conflict of Interest	Description of Transaction	Value of Related Transaction (Baht)	Necessity and Reasonableness of the Related Transaction
1.Mrs. Tubtim Kamolmongkolsuk	<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).	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.
	<u>Outstanding balance</u> Account payable	0.00	

## MANAGEMENT DISCUSSION AND ANALYSIS

T.M.C. Industrial Public Co., Ltd. is a leading manufacturer of design innovation and hydraulic machine and labor-saving machine that create value added from an integration of intellectual capital and advanced technology accordingly to improve the performance under “TMC” name to distribute to the manufacturers of other industries for their production line such as Automotive Industry, Electric Vehicle Industry, Building Construction and Other Constructions, Processing Industry, Tool and Die Industry, and Industries relevant to Renewable Energy. Products and service are classified into five major categories as follows.

1. Hydraulic Press
2. Hydraulic Cranes
3. Hydraulic Press and Bored Pile Machine
4. Hydraulic Handling Equipment
5. Hydraulic System Repair and Maintenance
6. Metal Processing and Welding with Machine Service

In 2015, there was an economic slowdown and an awaiting period for world economy recovery. The economic slowdown of the partner countries, the automotive industry' slowdown, the unclear investment of government sector, as well as a high competition affected the investors' confidence and, finally, resulted in the deceleration of purchasing order. From this situation, the company increased the measure of expense control by decreasing the remuneration to the Executives and Directors since Q2 2015, reducing factories and office expense since Q3, and increasing the capital from the existing shareholders for the amount of 145 million baht to the the circulating capital. The performance of 2015 showed as follows.

### Income from Sales and Services

#### Structure of Company Income

unit : million baht

Items	Total Financial Statement									
	2011		2012		2013		2014		2015	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
<b>Income from Sales</b>										
1. Hydraulic Press	288.67	43.09	563.27	56.17	437.60	55.72	299.27	46.13	193.13	36.35
2. Hydraulic Cranes	185.89	27.75	162.77	16.23	134.50	17.13	140.35	21.63	142.50	26.82
3. Hydraulic handling equipment	68.06	10.16	88.40	8.81	71.92	9.16	52.81	8.14	45.64	8.59
4. Hydraulic Press and Drill Machine for Foundation Pile	-	-	-	-	-	-	-	-	32.52	7.71



unit : million baht

Items	Total Financial Statement									
	2011		2012		2013		2014		2015	
	Million	%	Million	%	Million	%	Million	%	Million	%
	Baht		Baht		Baht		Baht		Baht	
5. Others	29.37	4.38	26.48	2.64	29.15	3.71	34.34	5.29	8.00	1.90
<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>	<b>421.79</b>	<b>79.40</b>
<b>Income from Services</b>										
6. Maintenance service	40.01	5.97	124.32	12.40	98.52	12.54	49.32	7.60	48.12	9.06
7. Metal machine	57.88	8.64	37.63	3.75	13.63	1.74	72.70	11.21	61.33	11.54
<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>109.45</b>	<b>20.60</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>	<b>531.24</b>	<b>100.00</b>

In 2015, TMC had total income 533 million baht (T.M.C Industrial Public Co., Ltd. 531 million baht and T.M.C Lao 2 million baht) which decreased 17.83% comparing to the same period of the previous year in because of the decrease of selling hydraulic press and machining which resulted from the slowdown of automotive industry. However, the company purchases new machine press pile machine this year to increase the circulation for the amount of 33 million baht, accounted for 6.12% compare to sales and services income. Hydraulic cranes and other products maintain the quality and circulation close to last year.

#### Other Incomes

In 2015, the company reduced the process of management and operation implementing cost-saving method. As a result, the company relocated the machine to Factory 1 (Ban Suan), sold Factory 2 (Nong Ri) and some unused machines which resulted in the increasing income for 29 million baht, accounted for 5.01% of total income. Furthermore, the company sold the capital in TMC-Lao and earned 3 million baht profit.

#### Cost of Operation

In 2015, cost of operation increased from the economic slowdown and the awaiting period of the world economic recovery. The customers delayed the purchasing in which affected the increase of forecasting inventory value of unmoving or slow moving products from 5 million baht in 2014 to 26 million baht in 2015. As a result, the cost of sales and services increased 4.87% to income from sales and services.

In 2015, the company adjusted a product insurance plan from three years to one year that caused the decrease of provisions from product insurance to 9 million baht.

Economic slowdown caused the increasing of factory cost resulted from the decrease of made-to-order product and the deceleration of purchasing order that was inconsistent with the number of labors and resulted in the loss of business profits. Therefore, the company reduced the labor from 112 persons in 2013 to 4 persons in 2015. Consequently, the cost of daily wage decreased 18 million baht. Moreover, the cancellation of bonus helped to decrease the expense for 11 million baht.

### Administrative Expenses

The company controlled the expenses by decreasing the numeration to the Executives and Directors since Q2 2015 and controlled the expenses of the factory and office to decrease 10% from the total expense of the previous year since Q3. As a result, the administrative expenses decreased 17.95% comparing to the same period of last year.

### Finance Cost

In the beginning of 2015, the company spent the money on Factory 3 construction (Ban Bueng) and equipment for 130 million baht. Further, from the labor cost that was inconsistent with the decreasing work, the company needs to be prepared for the work in the future, as well as prepared the products for sell in which caused the increase of finance cost from 10 million baht in 2014 to 19 million baht, accounted for 110.58% of the same period of last year.

### Significant Financial Data

	2015	+/-%	2014	+/-%	2013	+/-%	2012
<b>Comprehensive Income</b>							
Total Incomes	570.68	-13.60%	660.51	-16.50%	791.04	-21.36%	1,005.96
Profit before financial expenses and Income Tax	(59.80)	22.47%	(48.83)	-442.67%	14.25	-93.53%	220.14
Depreciation and Amortization	44.47	-5.00%	46.81	7.61%	43.50	16.84%	37.23
Profits before Income Tax	(79.26)	32.88%	(59.65)	-655.92%	10.73	-93.88%	175.23
Net Profit	(65.59)	31.68%	(49.81)	-795.67%	7.16	-94.72%	135.53
Earnings per share (baht)	(0.22)	29.41%	(0.17)	-950.00%	0.02	-96.77%	0.62

### EBITDA and Net Profit

EBITDA and net loss was 59.80 million baht and 65.59 million baht which increased 22.47% and 31.68% respectively from the same period of last year. This was because the forecasting of allowance for inventory increased 26 million baht, accounted for 4.88% of the income from sales and services which resulted from the slow moving of products, the deceleration of customer's order, and the unclear direction of economic administration of the government.

The company has started the measure to control the expenses of the factory and office to decrease 10% from the total expenses of the previous year since Q3 and decreased the numeration to the Executives and Directors since Q2 2015.

Mergers and Acquisitions of Factory 1 Ban Suan and Factory 2 Nong Ri and the sale of Factory 2 and unused machine made profit 29 million baht, accounted for 5.01% of total incomes.

From all measures mentioned, the company's loss decreased from 86 million baht at the end of Q3 2015 to 65 million baht at the end of Q4 2015, which accounted for 24.40%.

Statement of Financial (Million Baht)	2014	2015	Statements of Cashflow (Million Baht)	2014	2015
Cash and Cash equivalents	127	37	Cash from Opeartion	(8)	(31)
Total Current Asset	459	277	Interest and Tax Payment	8	18
Total Non-current assets	760	841	Net Csh from Operation	(0)	(13)
Total Assets	1,219	1,118	Net Cash for Investment	(168)	(83)
Total Current Liability	475	317	Net Cash Receive (Repay)-Loans	20	6
Total Non-Current Liability	142	114	Dividend	(12)	0
Total Liabilities	617	431	Net Cash from Fund Rasing	8	6
Total Liabilities and Shareholders'Equity	1,219	1,118	Net Cash and Cash equivalents increased (decreased)	(161)	(90)
			Beginning Cash and Cash equivalents	288	127
			Ending Cash and Cash equivalents	127	37

#### Cash and Cash Equivalent decreased because

Incomes from capital increase from selling the shares to the existing shareholders and persons for 145 million baht and from selling the Factory 2 (Nong Ri) and the unused machines, the company earned 72 million baht. The company repaid the short-term loan, and long-term loan with interest to the financial institutions and repaid the hire-purchase for 139 million baht. Moreover, the company paid for the assets during the construction (Factory 3) and equipment for 130 million baht during Q1 and Q2 2015.

Because of selling Factory 2 (Nong Ri) and unused machines, the company had insufficient collateral. Consequently, the company had to reserve the deposit for 25 million baht and the Executives had to guarantee overdraft, promissory note, and bank guarantee for the amount of 225 million baht in total of the commercial bank to guarantee liability.

## Current Assets

### Account Receivables and Other Receivables

Items	Total Financial Statement			
	2014		2015	
	Million Baht	%	Million Baht	%
Suspended Account Receivables	63	74.6%	27	45.7%
Overdue Account Receivables, less than 3 months	18	21.5%	22	38.3%
3-12 months	7	7.9%	10	17.0%
More than 12 months	3	3.4%	6	9.8%
<b>Total</b>	<b>90</b>		<b>64</b>	
Deduct: Allowance for Doubtful Accounts	(6)	-7.4%	(6)	-10.8%
<b>Total Account Receivable - Net</b>	<b>84</b>	<b>100.00%</b>	<b>58</b>	<b>100.00%</b>
Other Receivables	5		2	
<b>Total Account Receivable and Other Receivable - Net</b>	<b>89</b>		<b>60</b>	

Account receivable - Net at the end of 2015 was 58 million baht and 84 million baht at the end of 2014 which decreased from the past year for 26 million baht, accounted for 30.95%. This was because the company was able to collect the liability due to the credit term in Q4 2015 and the economic slowdown that caused the decreasing circulation in Q4.

### Inventories

Items	Total Financial Statement			
	2014		2015	
	Million Baht	%	Million Baht	%
Prefabricated Products	62	24.4%	31	14.1%
Products in Progress	153	60.4%	162	74.1%
Raw Materials	36	14.4%	14	6.4%
Consumable	2	0.8%	1	0.7%
Products in Transit		0.0%	10	4.8%
<b>Total</b>	<b>253</b>	<b>100.0%</b>	<b>219</b>	<b>100.0%</b>
Deduct: Allowance for Write Down	(14)		(40)	
<b>Total Net Inventories</b>	<b>239</b>		<b>179</b>	

As of 2015, the inventories-Net decreased 60 million baht from 239 million baht in 2015 to 179 million baht in 2014, accounted for 25.10%. The major reason was the world economic slowdown that affected the delay of investment and order. The company controlled more purchasing and would order only when there was the purchasing order, decreased the stored inventory, however, some products had no movement or slowly moved. Therefore, the company set 26 million baht more for the allowance for write down which accounted for 4.56% of total incomes.

#### Current Liabilities

Items	Total Financial Statement			
	2014		2015	
	Million Baht	%	Million Baht	%
Guaranteed Deposit	-	0.0%	25	27.3%
Account Payables	84	56.6%	46	50.7%
Other Payables;				
Accrued Expense	5	3.5%	4	4.5%
Deferred Income	53	35.8%	29	32.1%
Fixed Assets purchased Payables	0	0.0%	2	1.9%
Other Payables	6	4.0%	10	10.8%
<b>Total Other Payables</b>	<b>64</b>	<b>43.4%</b>	<b>91</b>	<b>100.0%</b>
<b>Total Other Current Liabilities</b>	<b>147</b>	<b>100.0%</b>	<b>91</b>	<b>100.0%</b>

On 31 December 2015, the current liabilities decrease 56 million baht from the same period of last year because the company had measure of cost-saving and inventory control. The company managed the inventory for the best benefits, ordered the new products only when having the orders without over stocking. Consequently, the account payables and inventories decreased 38 million baht, accounted for 45.24% comparing to the same period of last year.

From the change of administrative structure, the company sold the Factory 2 (Nong Ri) and unused machines, the company had insufficient collateral. Consequently, the company had to reserve the deposit for 25 million baht and the Executives had to guarantee overdraft, promissory note, and bank guarantee for the amount of 225 million baht in total of the commercial bank to guarantee liability.

Financial Statements	2015	+/- %	2014	+/- %	2013	+/- %	2013
Total Assets	1,118.34	-8.28%	1,219.26	-1.30%	1,235.31	27.84%	966.26
Total Liabilities	431.01	-30.13%	616.86	7.59%	573.33	101.81%	284.10
Shareholders' Equity	687.33	14.10%	602.40	-8.88%	661.07	-3.09%	682.15

Financial Statements	2015	+/- %	2014	+/- %	2013	+/- %	2013
<b>Financial Ratio</b>							
Gross Profit Margin (%)	7.65		15.31		19.02		28.80
Profit margin on sales (%)	(11.49)		(7.54)		0.91		13.47
Current Ratio (times)	0.87		0.97		1.46		2.43
Debt/Equity Ratio (times)	0.63		1.02		0.87		0.41
Return On Equity: ROE (%)	(10.17)		(7.89)		1.07		29.63
Return on Total Assets (%)	(5.12)		(3.98)		1.29		22.16
Divident Yield (%)	N/A		1.16		5.38		N/A

At the end of 2015, the company had total assets at 1,118 million baht which decreased 8.28% from the same period of the last year. This was the effect of selling the Factory 2 (Nong Ri) and unused machines in which was on the cost-saving plan of the company.

Net liabilities increased 30.13% from the same period of the last year since the company repaid the loan and managed the financial capital from the capital increase.

Shareholders increased 14.10% from the same period of last year because:

- Capital increase activities from the existing shareholders (Right Offering: RO) for 145 million baht
- Profit from selling assets of the two Factories and unused machines for 29 million baht
- Cost-saving measure of Administration and Factory decreased 10% from last year
- The company has plan for covering deficit from reserved fund in which helped the financial statements of the company got the better ranking as having no deficit in financial statements.

In 2016, the possibility of competition in the same industry is high and waiting for the world economic recovery, as well as the economic stimulation from the government sector. The company sets the goal to earn income from the existing customer base and explore more markets to the new foreign customer groups to welcome AEC, as well as to continue cost-saving measure.

The company also has the investment plan with the new business alliances that will employ T.M.C Industrial Public Co., Ltd to manufacture the machine for water resource development.

## REPORT OF BOARD OF DIRECTORS RESPONSIBILITIES

The Board of Directors 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 and sufficient in notes of financial statement, and has audited by auditors of the company (EY Office Company Limited) which unqualified opinion.

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 2015 of the company and subsidiaries. The Audit Committee and Managing Team has audited with auditors of the company, and presented accurate financial status and operating result in accordance with general standard certification.



Mr. Manu Leoparote  
Chairman of the Board of Directors



Mr. Thaweemit Kamolmongkolsuk  
Chairman of the Executive Committee



Name / Surname	Age	Education / Training	% of Shareholding	Family Relationship among the		Working Experience		
				Executive	Period	position	Company	
1. Mr. Manu Leopaiprote	73	- Honorary Doctorate Degree in Business Administration, Thammasat University	None	None	2011 - Present	Chairman of the Board	T.M.C. Industrial Public Co., Ltd.	
		- M.Sc.in Economics, University of Kentucky, USA.			2010 - Present	Chairman of the Board	ARIP Public Co., Ltd.	
		- B. Sc.In Economics (Hons.) ThammasatUniversity			2010 - Present	Chairman of the Board	Jubilee Enterprise Public Co., Ltd.	
		- Certificate of Industrial Development, Nagoya Training Center, Japan			2006 - Present	Chairman of Audit Committee	Siam Steel International Public Co., Ltd.	
		- Degree of National Defence College of Thailand			2004 - Present	Chairman of the Board	Bangkok Union Insurance Co., Ltd.	
		- 34						
		- The Role of Chairman Program 3/2001			2004 - Present	Chairman of the Board	Polyplex (Thailand) Public Co., Ltd.	
		- Director Certification Program (DCP) 30/2003			2004 - Present	Chairman of the Board	Khon Kaen Sugar Industry Public Co., Ltd.	
		- Director Accreditation Program (DAP) 2003			2004 - Present	Director	Thai Beverage Public Co., Ltd.	
					1999 - 2004	Permanent Secretary	Ministry of Industry	
2. Mr. Thaweemit Kamolmongkolsuk	66	- Honorary Degree in Engineering, Rajamangala University of Technology Thanyaburi	0.84 %	- Mrs.Tubtim Kamolmongkolsuk's husband	2011 - Present	Director/Chairman of Executive Committee	T.M.C. Industrial Public Co., Ltd.	
		- Mr.Surachet Kamolmongkolsuk's father		1982 - 2011	Chairman of Executive Committee	T.M.C. Industrial Co., Ltd.		
		- Mrs. Pacharawalai Wu's father		1972 - 1982	Business Owner	Thaweemit Kamchang Machine Shop		
		-Miss Pailain Kamolmongkolsuk's father						

Name / Surname	Age	Education / Training	% of Shareholding	Family Relationship among the Executive	Working Experience		
					Period	position	Company
3. Mrs. Tubtim Kamolmongkolsuk	69	- Honorary Degree in Industrial, Rajamangala University of Technology Thanyaburi - Director Accreditation Program (DAP) 85/2010	0.81%	- Mr. Thaweemit Kamolmongkolsuk's wife - Mr. Surachet Kamolmongkolsuk's mother - Mrs. Pacharawalai Wu's mother - Miss Pailin Kamolmongkolsuk's mother	2011 - Present	Director/ Vice Chairman of Executive Committee	T.M.C. Industrial Public Co., Ltd.
					2005 - 2010	Vice Chairman of Executive Committee	T.M.C. Manufacturing Co., Ltd.
					1982 - 2010	Vice Chairman of Executive Committee	T.M.C. Industrial Co., Ltd.
					1972 - 1982	Business Owner	Thaweemit Kamchang Machine Shop
4. Mr. Surachet Kamolmongkolsuk	45	- 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%	- Mr. Thaweemit Kamolmongkolsuk's son - Mrs. Tubtim Kamolmongkolsuk's son - Mrs. Pacharawalai Wu's brother - Miss Pailin Kamolmongkolsuk's brother	2012 - Present	Director/Chief Executive Officer	T.M.C. Industrial Public Co., Ltd.
					Nov.2015 - Present	Acting - Managing Director	T.M.C. Industrial Public Co., Ltd.
					2011 - Nov.2012	Director/Executive Director/ Managing Director	T.M.C. Industrial Public Co., Ltd.
					2005 - 2010	Managing Director	T.M.C. Manufacturing Co., Ltd.
5. Mrs. Pacharawalai Wu	38	- 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 - Miss Pailin Kamolmongkolsuk's sister	1997 - 2005 1994 - 1997	Managing Director Sales & Marketing Manager	T.M.C. Industrial Co., Ltd. T.M.C. Industrial Co., Ltd.
					2011 - Present	Director/Executive Director/ Deputy Managing Director-Human Resources	T.M.C. Industrial Public Co., Ltd.
					2009 - 2011	Deputy Managing Director	T.M.C. Manufacturing Co., Ltd.
					2008 - 2009	Assistant Finance Manager	T.M.C. Industrial Co., Ltd.
					2001 - 2006	Procurement Manager	T.M.C. Industrial Co., Ltd.

Name / Surname	Age	Education / Training	% of Shareholding	Family Relationship among the Executive	Working Experience		
					Period	position	Company
6. Miss Pailin Kamolmongkolsuk	34	- Master Degree in Business Administration, Texas A&M University-Commerce	0.46%	- Mr.Thaweemit Kamolmongkolsuk's daughter	2011 - Present	Director/Executive Director/ Deputy Managing Director-Procurement	T.M.C. Industrial Public Co., Ltd.
		- Business Administration, Assumption University		- Mrs.Tubtim Kamolmongkolsuk's daughter	Nov.2015- Present	Deputy Managing Director-MIS (Acting)	T.M.C. Industrial Public Co., Ltd.
		- Director Accreditation Program (DAP) 85/2010		- Mr. Surachet Kamolmongkolsuk's sister			
		- Company Secretary Program (GSP) 46		- Mrs. Pacharawalai Wu's sister	2009 - 2010	Procurement Manager	T.M.C. Industrial Co., Ltd.
7. Mr. Arthit Wuthikaro	59	- Master Degree in Economics Development, National Institute of Development Administration	None	None	2011 - Present	Chairman of Audit Committee	T.M.C. Industrial public Co., Ltd.
		- Bachelor Degree in Economics (Hons.), Ramkhumhaeng University			2015 - Present	Permanent Secretary	Ministry of Industry
		- The National Defense Course for the Joint State-Private Sector, Class 18 College			2014 - 2015	Director General, Department of Industrial Promotion	Department of Industrial Promotion
		- Director Certification Program (DCP)			2012 - 2014	Deputy Permanent Secretary, Ministry of Industry	Office of the Permanent Secretary, Ministry of Industry
		- Director Accreditation Program (DAP)			2011 - 2012	Director General, Industrial Works Department	Industrial Works Department
						Department	
					2009 - 2011	Director General, Department of Industrial Promotion	Department of Industrial Promotion
						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

Name / Surname	Age	Education / Training	% of Shareholding	Family Relationship among the Executive	Period	position	Company
8. Miss Chutipap Obhasanond	77	- Master Degree in Economics, The Florida State University, USA. - Bachelor Degree in Economics, Thammasat University - Director Accreditation Program (DAP)	None	None	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
					1997 - 1998	Deputy Director General	Department of Industrial Promotion
9. Mr. Mitthong Chulitawong	49	- Master Degree in Finance, Siam University - Bachelor Degree in Business Administration, Ramkhamhaeng University - Bachelor Degree in Accounting, Sukhothai Thammathirat University - Director Certification Program (DCP) 194/2014	None	None	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 Manager	KGI Securities (Thailand) Public Co., Ltd., Pinklao branch
10. Mr. Yossakorn Bomlai	45	- Master Degree in Education Administration, Ramkhamhaeng University - Bachelor Degree in Industrial Engineering, Rajamangala University of Technology Thanyaburi	None	None	2014 - Present	Deputy Managing Director-Sales & Marketing	T.M.C. Industrial Public Co., Ltd.
					2015 - Present	Deputy Managing Director - Factory (Acting)	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.

Name / Surname	Age	Education / Training	% of Shareholding	Family Relationship among the Executive	Working Experience		
					Period	Position	Company
11. Mr. Naphatra Chatvichian	46	- Bachelor Degree in Accounting at Ramkhamhaeng University	None	None	Oct.2015-Present	Deputy Managing Director - Account & Finance	T.M.C. Industrial Public Co., Ltd.
					2013-2015	Consultant to BSC, KL	Glaxo Smith Kline (Thailand) Co.,Ltd.
					2001-2013	Assistant Account&Finance Manager	Glaxo Smith Kline (Thailand) Co.,Ltd.
					1997-2001	Assistant Account Manager	Smith Kline Beecham (Thailand) Co.Ltd.
					1992-1997	Auditor	SGV Na Thalang Co.,Ltd.
12. Mr. Kninpichy Sukserm	45	- Master Degree in Business Administration - Marketing, Ramkhamhaeng University - Bachelor Degree in Finance&Banking, Faculty of Commerce & Accountancy, - Thammasat University	None	None	2014 - Present	Company Secretary	T.M.C. Industrial Public Co., Ltd.
					2013 - 2015	Deputy Managing Director -	T.M.C. Industrial Public Co., Ltd.
						Accounting and Finance	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	G Steel Public Co., Ltd.
						Planning Manager	
					2003-2009	Marketing and Sales Manager /	Nara International Co., Ltd.
						Administration Manager	

## INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the year ended 31 December 2015, and a summary of significant accounting policies and other explanatory information of T.M.C. Industrial Public Company Limited and its subsidiaries. I have also audited the statement of financial position as at 31 December 2015, and the related 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 of T.M.C. Industrial Public Company Limited.

### **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.

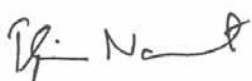
An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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 performance and cash flows for the year ended 31 December 2015 of T.M.C. Industrial Public Company Limited and its subsidiaries and the financial position of T.M.C. Industrial Public Company Limited as at 31 December 2015, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Thipawan Nananuwat  
Certified Public Accountant (Thailand) No. 3459

EY Office Limited  
Bangkok: 29 February 2016

# STATEMENTS OF FINANCIAL POSITION

T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
As at 31 December 2015

(Unit: Baht)

		<b>Separate financial statements</b>	
		As at	As at
	<u>Note</u>	<u>31 December 2015</u>	<u>31 December 2014</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	37,036,363	118,283,101
Trade and other receivables	8	59,655,279	98,930,494
Inventories	9	178,906,963	233,861,885
Other current assets		1,830,397	3,191,241
<b>Total current assets</b>		<b>277,429,002</b>	<b>454,266,721</b>
<b>Non-current assets</b>			
Restricted bank deposits	10	25,000,000	-
Investment in subsidiaries	11	-	7,614,274
Investment properties	12	10,523,075	10,523,075
Property, plant and equipment	13	751,371,012	705,150,607
Intangible assets	14	10,984,979	13,250,511
Deferred tax assets	24	33,820,406	21,468,973
Other non-current assets		9,208,366	7,841,176
<b>Total non-current assets</b>		<b>840,907,838</b>	<b>765,848,616</b>
<b>Total assets</b>		<b>1,118,336,840</b>	<b>1,220,115,337</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 SUBSIDIARIES  
As at 31 December 2015

(Unit: Baht)

		Separate financial statements	
		As at	As at
	Note	31 December 2015	31 December 2014
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Short-term loans from financial institutions	15	169,359,130	260,000,000
Trade and other payables	16	91,462,281	147,121,383
Current portion of liabilities under finance lease and hire-purchase agreements	17	2,866,788	3,470,168
Current portion of long-term loans	18	30,000,000	30,553,928
Provision	19	20,676,833	29,140,692
Other current liabilities		2,850,508	3,359,356
<b>Total current liabilities</b>		<b>317,215,540</b>	<b>473,645,527</b>
<b>Non-current liabilities</b>			
Liabilities under finance lease and hire-purchase agreements, net of current portion	17	1,390,948	3,575,955
Long-term loans, net of current portion	18	90,000,000	114,000,000
Provision for long-term employee benefits	20	22,404,137	24,670,616
<b>Total non-current liabilities</b>		<b>113,795,085</b>	<b>142,246,571</b>
<b>Total liabilities</b>		<b>431,010,625</b>	<b>615,892,098</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 SUBSIDIARIES  
As at 31 December 2015

(Unit: Baht)

		<b>Separate financial statements</b>	
		As at	As at
	<u>Note</u>	<u>31 December 2015</u>	<u>31 December 2014</u>
<b>Shareholders' equity</b>			
Share capital			
Registered			
543,750,000 ordinary shares of Baht 1 each			
(2014: 290,000,000 ordinary shares of Baht 1 each)	21	543,750,000	290,000,000
Issued and fully paid up			
362,500,000 ordinary shares of Baht 1 each			
(2014: 290,000,000 ordinary shares of Baht 1 each)	21	362,500,000	290,000,000
Share premium	21	322,591,603	250,091,603
Retained earnings (Deficit)			
Appropriated-statutory reserve	22	11,961,051	11,961,051
Unappropriated (Deficit)		(9,726,439)	52,170,585
<b>Total shareholders' equity</b>		<b>687,326,215</b>	<b>604,223,239</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,118,336,840</b>	<b>1,220,115,337</b>
		-	-

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

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Director



# STATEMENTS OF COMPREHENSIVE INCOME

T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
Note	2015	2014	2015	2014
<b>Profit or loss:</b>				
<b>Revenues</b>				
Sales and service income	533,117,772	648,787,745	531,242,935	647,483,991
Other income	37,563,959	11,725,358	34,471,727	10,969,932
<b>Total revenues</b>	<b>570,681,731</b>	<b>660,513,103</b>	<b>565,714,662</b>	<b>658,453,923</b>
<b>Expenses</b>				
Cost of sales and service	492,321,443	549,439,355	491,158,019	551,290,977
Selling expenses	40,165,518	40,462,964	40,017,490	40,184,410
Administrative expenses	97,998,529	119,438,851	96,607,168	114,016,064
<b>Total expenses</b>	<b>630,485,490</b>	<b>709,341,170</b>	<b>627,782,677</b>	<b>705,491,451</b>
<b>Loss before finance cost and income tax income</b>	<b>(59,803,759)</b>	<b>(48,828,067)</b>	<b>(62,068,015)</b>	<b>(47,037,528)</b>
Financial cost	(19,453,498)	(10,824,426)	(19,453,498)	(10,824,426)
<b>Loss before income tax income</b>	<b>(79,257,257)</b>	<b>(59,652,493)</b>	<b>(81,521,513)</b>	<b>(57,861,954)</b>
Income tax income	24 13,806,044	9,238,157	13,806,044	9,288,662
<b>Loss for the year</b>	<b>(65,451,213)</b>	<b>(50,414,336)</b>	<b>(67,715,469)</b>	<b>(48,573,292)</b>
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements in foreign currency	-	(62,131)	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of financial statements in foreign currency	(439,324)	-	-	-
Actuarial gains - net income tax	20, 24 5,818,445	2,490,551	5,818,445	2,490,551
Other comprehensive income for the year	5,379,121	2,428,420	5,818,445	2,490,551
<b>Total comprehensive income for the year</b>	<b>(60,072,092)</b>	<b>(47,985,916)</b>	<b>(61,897,024)</b>	<b>(46,082,741)</b>
<b>Loss attributable to:</b>				
Equity holders of the Company	(65,593,859)	(49,810,854)	(67,715,469)	(48,573,292)
Non-controlling interests of subsidiaries	142,646	(603,482)		
	<b>(65,451,213)</b>	<b>(50,414,336)</b>		
<b>Total comprehensive income attributable to</b>				
Equity holders of the Company	(60,214,738)	(47,363,795)	(61,897,024)	(46,082,741)
Non-controlling interests of subsidiaries	142,646	(622,121)		
	<b>(60,072,092)</b>	<b>(47,985,916)</b>		
<b>Earnings per share</b>	25			
Basic earnings per share				
Loss attributable to equity holders of the Company (Baht)	(0.22)	(0.17)	(0.23)	(0.17)
Diluted earnings per share				
Loss attributable to equity holders of the Company (Baht)	(0.22)	(0.17)	(0.23)	(0.17)

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

# CASH FLOWS STATEMENTS

T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>Cash flows from operating activities</b>				
Loss before tax	(79,257,257)	(59,652,493)	(81,521,513)	(57,861,954)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	44,465,025	46,805,157	44,388,496	46,221,194
Doubtful accounts	1,267,525	5,521,125	1,277,948	4,317,602
Reduction of inventory to net realisable value	26,445,601	5,381,842	26,445,601	5,381,842
Allowance for diminution in value of investments	-	-	-	180,726
Gain on sales of equipment	(28,610,609)	(302,360)	(29,766,242)	(100,589)
Gain on the dissolution of subsidiary	-	-	(31,229)	-
Gain on sales of investment in subsidiary (Note 2.2)	(2,562,345)	-	-	-
Decrease in provision for product warranty	(8,463,859)	(3,125,669)	(8,463,859)	(3,125,669)
Long-term employee benefit expenses	6,391,328	5,509,621	6,391,328	5,509,621
Unrealised loss (gain) on exchange	298,450	(210,944)	298,450	(301,294)
Interest expenses	19,453,498	10,824,426	19,453,498	10,824,426
Profit (loss) from operating activities before changes in operating assets and liabilities	(20,572,643)	10,750,705	(21,527,522)	11,045,905
<b>Operating assets decrease (increase)</b>				
Trade and other receivables	27,605,888	(17,335,996)	38,052,863	(22,959,566)
Inventories	28,827,079	(4,996,343)	28,509,321	(2,447,400)
Other current assets	1,381,453	568,995	1,360,844	(695,322)
Other non-current assets	18,000	185,594	18,000	183,046
<b>Operating liabilities increase (decrease)</b>				
Trade and other payables	(46,101,206)	16,602,277	(57,485,088)	17,166,671
Other current liabilities	(1,030,504)	(1,679,723)	(508,848)	(2,305,129)
Cash flows from (used in) operating activities	(9,871,933)	4,095,509	(11,580,430)	(11,795)
Cash paid for long-term employee benefits	(1,384,751)	(1,250,994)	(1,384,751)	(1,250,994)
Cash paid for income tax	(1,385,190)	(3,312,961)	(1,385,190)	(3,301,821)
<b>Net cash flows used in operating activities</b>	<b>(12,641,874)</b>	<b>(468,446)</b>	<b>(14,350,371)</b>	<b>(4,564,610)</b>

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



# CASH FLOWS STATEMENTS (CONTINUED)

T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>Cash flows from investing activities</b>				
Cash paid for investment in subsidiary	-	-	(770,604)	-
Cash received from investment in subsidiaries	-	-	8,416,107	-
Net decrease in cash due to sale of investment in subsidiary (Note 2.2)	(721,050)	-	-	-
Decrease (increase) in restricted bank deposits	(25,000,000)	5,000,000	(25,000,000)	5,000,000
Acquisition of property and equipment	(129,532,547)	(178,296,845)	(127,748,248)	(177,851,786)
Acquisition of intangible assets	(51,390)	(233,259)	(51,390)	(179,720)
Proceeds from sales of property, plant and equipment	72,260,578	5,158,638	72,260,578	4,761,234
<b>Net cash flows used in investing activities</b>	<b>(83,044,409)</b>	<b>(168,371,466)</b>	<b>(72,893,557)</b>	<b>(168,270,272)</b>
<b>Cash flow from financing activities</b>				
Increase (decrease) in short-term loans from financial institutions	(90,640,870)	45,000,000	(90,640,870)	45,000,000
Repayment of long-term loans	(24,553,928)	(10,093,765)	(24,553,928)	(10,093,765)
Cash paid for interest expenses	(19,196,207)	(10,861,975)	(19,196,207)	(10,861,975)
Repayment to liabilities under finance lease and hire-purchase agreements	(4,544,401)	(4,545,997)	(4,544,401)	(4,545,997)
Cash received from increase in share capital	145,000,000	-	145,000,000	-
Dividend paid	-	(11,599,972)	-	(11,599,972)
<b>Net cash flows from financing activities</b>	<b>6,064,594</b>	<b>7,898,291</b>	<b>6,064,594</b>	<b>7,898,291</b>
Translation adjustments	(439,324)	(62,131)	-	-
Effects of exchange rate on cash and cash equivalents	(67,404)	89,030	(67,404)	168,100
<b>Net decrease in cash and cash equivalents</b>	<b>(90,128,417)</b>	<b>(160,914,722)</b>	<b>(81,246,738)</b>	<b>(164,768,491)</b>
Cash and cash equivalents at beginning of year	127,164,780	288,079,502	118,283,101	283,051,592
<b>Cash and cash equivalents at end of year</b>	<b>37,036,363</b>	<b>127,164,780</b>	<b>37,036,363</b>	<b>118,283,101</b>
	-	-	-	-
<b>Supplemental cash flows information:</b>				
Non-cash items				
Acquisition of equipment under finance lease agreement	1,323,800	480,644	1,323,800	480,644
Undue installments for asset purchases	1,738,390	24,123	1,738,390	24,123
Transfer of property, plant and equipment to investment property	-	10,523,075	-	10,523,075

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

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

T.T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
For the year ended 31 December 2015

Consolidated financial statements										(Unit: Baht)
Equity attributable to owners of the Company										
Issued and paid-up share capital	Retained earnings (Deficit)			Deficit on business combination under common control	Other component of equity		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
	Share premium	Unappropriated (Deficit)			Exchange differences on translation of financial statements in foreign currency					
		Appropriated - statutory reserve								
290,000,000	250,091,603	11,961,051	108,656,824	(117,564)	482,816	661,074,730	909,465	661,984,195		
-	-	-	(49,810,854)	-	-	(49,810,854)	(603,482)	(50,414,336)		
-	-	-	2,490,551	-	(43,492)	2,447,059	(18,639)	2,428,420		
-	-	-	(47,320,303)	-	(43,492)	(47,363,795)	(622,121)	(47,985,916)		
-	-	-	(11,599,972)	-	-	(11,599,972)	-	(11,599,972)		
290,000,000	250,091,603	11,961,051	49,736,549	(117,564)	439,324	602,110,963	287,344	602,398,307		
<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		
-	-	-	(65,593,859)	-	-	(65,593,859)	142,646	(65,451,213)		
-	-	-	5,818,445	-	(439,324)	5,379,121	-	5,379,121		
-	-	-	(59,775,414)	-	(439,324)	(60,214,738)	142,646	(60,072,092)		
72,500,000	72,500,000	-	-	-	-	145,000,000	-	145,000,000		
-	-	-	429,990	-	-	429,990	(429,990)	-		
Deficit on business combination under common control transferred to retained earnings										
-	-	-	(117,564)	117,564	-	-	-	-		
362,500,000	322,591,603	11,961,051	(9,726,439)	-	-	687,326,215	-	687,326,215		
-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-		

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 SUBSIDIARIES  
For the year ended 31 December 2015

	Separate financial statements					(Unit: Baht)
	Issued and paid-up share capital	Share premium	Retained earnings (Deficit)		Total shareholders' equity	
			Appropriated - statutory reserve	Unappropriated (Deficit)		
<b>Balance as at 1 January 2014</b>	290,000,000	250,091,603	11,961,051	109,853,298	661,905,952	
Loss 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 26)	-	-	-	(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	
<b>Balance as at 1 January 2015</b>	290,000,000	250,091,603	11,961,051	52,170,585	604,223,239	
Loss for the year	-	-	-	(67,715,469)	(67,715,469)	
Other comprehensive income for the year	-	-	-	5,818,445	5,818,445	
Total comprehensive income for the year	-	-	-	(61,897,024)	(61,897,024)	
Increase share capital (Note 21)	72,500,000	72,500,000	-	-	145,000,000	
<b>Balance as at 31 December 2015</b>	362,500,000	322,591,603	11,961,051	(9,726,439)	687,326,215	
	-	-	-	-	-	
	-	-	-	-	-	

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
For the year ended 31 December 2015

## 1. General information

### 1.1 The Company's 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.

### 1.2 The information related to the subsidiaries

#### **Metal Fabrication Co., Ltd.**

During the current year, the Company received the return of all capital invested in Metal Fabrication Co., Ltd., which has registered its dissolution.

#### **T.M.C. - Lao Assembly and Manufacturing Co., Ltd.**

During the current year, the Company disposed of all of its investment in the shares of T.M.C. - Lao Assembly and Manufacturing Co., Ltd. to another existing shareholder at the par value of the shares. The Company transferred its shares to that shareholder on 12 June 2015 and received the proceeds from the sale of this investment.

## 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	
			<u>2015</u> Percent	<u>2014</u> 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
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

During the current year, the Company received the return of all capital invested in a subsidiary as a result of the subsidiary's dissolution, and disposed of all of its investment in the shares of another subsidiary, as discussed in Note 1.2 to the financial statements. As a result, there are no investments in subsidiaries as at 31 December 2015 and the Company did not prepare a consolidated statement of financial position as at 31 December 2015. However, the Company prepared consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the year ended 31 December 2015, in order to present operating results and cash flows of the Group that include the operating results and cash flows of T.M.C. - Lao Assembly and Manufacturing Co., Ltd. from 1 January 2015 until the date when control of that subsidiary ceased. In addition, Metal Fabrication Co., Ltd. did not have any operations during the current year and therefore had no impact on the consolidated financial statements of the Company and its subsidiaries.

Net assets value of T.M.C. - Lao Assembly and Manufacturing Co., Ltd. as at 12 June 2015 are as below.

(Unit: Thousand Baht)

Assets	
Cash and cash equivalents	4,287
Trade and other receivables	274
Inventories	5,264
Other current assets	320
Property, plant and equipment	1,359
Intangible assets	48
Total assets	<u>11,552</u>
Liabilities	
Trade and other payables	10,014
Other current liabilities	104
Total liabilities	<u>10,118</u>
Total net assets value	1,434
Less: Net asset value of non-controlling interests of subsidiary	<u>(430)</u>
Net asset value attributable to the Company	<u>1,004</u>
Sales price	3,566
Net assets when control of that subsidiary ceased	<u>(1,004)</u>
Gain on sale of investment in subsidiary	<u>2,562</u>
Cash received from investment in subsidiary	3,566
Less: Cash and cash equivalents of subsidiary as at selling date	<u>(4,287)</u>
Decrease in cash from sale of investment in subsidiary	<u>(721)</u>

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The 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 monthly 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.

- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

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

### **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 standard that became effective in the current period**

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

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

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

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



## **TFRS 10 Consolidated Financial Statements**

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of TAS 27 *Consolidated and Separate Financial Statements* dealing with consolidated financial statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over investees and determining which entities have to be included in preparation of the consolidated financial statements.

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

## **TFRS 11 Joint Arrangements**

TFRS 11 supersedes TAS 31 *Interests in Joint Ventures*. This standard requires an entity investing in any other entity to determine whether the entity and other investors have joint control in the investment. When joint control exists, there is deemed to be a joint arrangement and the entity then needs to apply judgement to assess whether the joint arrangement is a joint operation or a joint venture and to account for the interest in the investment in a manner appropriate to the type of joint arrangement. If it is a joint operation, the entity is to recognise its shares of assets, liabilities, revenue and expenses of the joint operation, in proportion to its interest, in its separate financial statements. If it is a joint venture, the entity is to account for its investment in the joint venture using the equity method in the financial statements in which the equity method is applied or the consolidated financial statements (if any), and at cost in the separate financial statements.

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

## **TFRS 12 Disclosure of Interests in Other Entities**

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

## **TFRS 13 Fair Value Measurement**

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

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

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

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

## **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 weighted 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 weighted 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	-	4 - 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 any accumulated impairment losses (if any).

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

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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

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.

#### **4.16 Fair value measurement**

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

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

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

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



## **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 expenses, 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 June 2015

\*\* 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		
	financial statements		financial statements		Transfer pricing Policy
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	
<b><u>Transactions with subsidiary company:</u></b>					
(eliminated upon the consolidated financial statements)					
Sale and Service income	-	-	1,487	6,501	Cost plus margin at average around 2% (2014: Cost plus margin 0.1%)
<b><u>Transactions with related companies:</u></b>					
Sale and Service income	-	59	-	59	Market prices
Service expense	-	153	-	153	Market prices
<b><u>Transactions with director:</u></b>					
Land rental expense	84	84	84	84	Rate stipulated in agreement

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

	(Unit: Thousand Baht) Separate financial statements	
	<u>2015</u>	<u>2014</u>
<b><u>Trade receivable - related party (Note 8)</u></b>		
Subsidiary	-	11,185
<b><u>Directors and management's benefits</u></b>		

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

	(Unit: Thousand Baht) Consolidated/Separate financial statements For the year ended 31 December	
	<u>2015</u>	<u>2014</u>
Short-term employee benefits	20,094	34,641
Post-employment benefits	1,421	1,012
Total	<u>21,515</u>	<u>35,653</u>

#### **Guarantees provided by directors**

The Company's directors have guaranteed the Company's credit facilities from banks as mentioned in Note 15 to the financial statements. No fees are charged for these guarantees.

## **7. Cash and cash equivalents**

	(Unit: Thousand Baht) Separate financial statements	
	<u>2015</u>	<u>2014</u>
Cash	325	363
Bank deposits	36,711	117,920
Total	<u>37,036</u>	<u>118,283</u>

As at 31 December 2015, bank deposits in saving accounts carried interest between 0.125% and 1.10% per annum (2014: between 0.125% and 3.50% per annum).

## 8. Trade and other receivables

(Unit: Thousand Baht)

Separate

financial statements

	<u>2015</u>	<u>2014</u>
<b><u>Trade receivables - related parties</u></b>		
Aged on the basis of due dates		
Not yet due	-	1,589
Past due		
Up to 3 months	-	1,344
3 - 12 months	-	4,643
Over 12 months	-	3,609
Total trade receivables - related parties	-	11,185
<b><u>Trade receivables - unrelated parties</u></b>		
Aged on the basis of due dates		
Not yet due	26,576	61,434
Past due		
Up to 3 month	22,254	17,745
3 - 12 months	9,852	6,396
Over 12 months	5,710	2,837
Total	64,392	88,412
Less: Allowance for doubtful accounts	(6,294)	(5,016)
Total trade receivables - unrelated parties - net	58,098	83,396
Total trade receivables - net	58,098	94,581
<b><u>Other receivables</u></b>		
Other receivables	290	1,339
Advance payment for inventories	1,107	2,683
Prepaid expenses	92	76
Accrued income	68	251
Total	1,557	4,349
Total trade and other receivables - net	59,655	98,930

## 9. Inventories

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	2015	2014	2015	2014	2015	2014
Finished goods	30,830	56,219	(13,056)	(3,262)	17,774	52,957
Semi - finished goods	88,922	49,009	(9,437)	(2,355)	79,485	46,654
Work in process	73,328	103,602	(11,244)	(1,357)	62,084	102,245
Raw materials	13,920	36,480	(5,642)	(6,219)	8,278	30,261
Supplies	1,469	2,157	(672)	(412)	797	1,745
Goods in transit	10,489	-	-	-	10,489	-
<b>Total</b>	<b>218,958</b>	<b>247,467</b>	<b>(40,051)</b>	<b>(13,605)</b>	<b>178,907</b>	<b>233,862</b>

During the current year, the Company reduced cost of inventories by Baht 26 million (2014: Baht 5 million), to reflect the net realisable value. This was included in cost of sales and service.

## 10. Restricted bank deposits

These represent saving account pledged with the bank to secure credit facilities.

## 11. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	2015	2014	2015 (%)	2014 (%)	2015	2014
Metal Fabrication Co., Ltd.	-	5,000	-	99.99	-	5,000
T.M.C. - Lao Assembly and Manufacturing Co., Ltd.	-	2,795	-	70	-	2,795
Total investments in subsidiaries	-	-	-	-	-	7,795
Less: allowance for diminution in value of investments	-	-	-	-	-	(181)
Total investments in subsidiaries - net	-	-	-	-	-	7,614

During the current year, the Company received the return of all capital invested in Metal Fabrication Co., Ltd., which has registered its dissolution.

During the current year, the Company disposed of all of its investment in the shares of T.M.C. - Lao Assembly and Manufacturing Co., Ltd. to another existing shareholder at the par value of the shares. The Company transferred its shares to that shareholder on 12 June 2015 and received the proceeds from the sale of this investment.

## 12. Investment properties

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

	(Unit: Thousand Baht)	
	Separate financial statements	
	<u>2015</u>	<u>2014</u>
Cost	10,523	10,523
Net book value	10,523	10,523

A reconciliation of the net book value of investment properties is presented below.

	(Unit: Thousand Baht)	
	Separate financial statements	
	<u>2015</u>	<u>2014</u>
Net book value at beginning of year	10,523	10,523
Net book value at end of year	10,523	10,523

The fair value of the investment properties stated below:

	(Unit: Thousand Baht)	
	Separate financial statements	
	<u>2015</u>	<u>2014</u>
Land awaiting sales	34,770	34,770

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

The Company has mortgaged investment properties amounting to approximately Baht 11 million (2014: Baht 11 million) as collateral against credit facilities received from financial institutions.

### 13. Property, plant and equipment

(Unit: Thousand Baht)

	Separate financial statements						
		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 2014	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)
Transfer in/(transfer out)	(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
Additions	-	-	2,119	3,092	2,671	122,904	130,786
Disposals/write-off	(10,205)	(47,688)	(16,562)	(559)	(13,270)	(3,229)	(91,513)
Transfer in/(transfer out)	-	-	10,047	-	-	(10,047)	-
As at 31 December 2015	292,034	93,147	322,012	40,706	65,767	284,142	1,097,808
<b>Accumulated depreciation:</b>							
As at 1 January 2014	-	(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)
Depreciation for the year	-	(6,075)	(21,702)	(5,359)	(8,936)	-	(42,072)
Depreciation on disposals/write-off	-	23,265	15,752	518	9,484	-	49,019
As at 31 December 2015	-	(38,778)	(225,647)	(30,757)	(51,255)	-	(346,437)
<b>Net book value:</b>							
As at 31 December 2014	302,239	84,867	106,711	12,257	24,563	174,514	705,151
As at 31 December 2015	292,034	54,369	96,365	9,949	14,512	284,142	751,371
<b>Depreciation for the year:</b>							
2014 (Baht 30 million included in cost of sales and service, and the balance in selling and administrative expenses)							43,896
2015 (Baht 30 million included in cost of sales and service, and the balance in selling and administrative expenses)							42,072

As at 31 December 2015, the Company had vehicles and equipment with net book value of Baht 8 million (2014: Baht 12 million) which were acquired under finance lease and hire-purchase agreements.

As at 31 December 2015, 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 150 million (2014: Baht 137 million).

The Company has mortgaged land with premises thereon and certain machinery with amounting to approximately Baht 317 million (31 December 2014: Baht 374 million) as collateral against credit facilities received from financial institutions.



#### 14. Intangible assets

(Unit: Thousand Baht)

	Separate financial statement Computer software
<b>Cost:</b>	
1 January 2014	24,679
Acquisition	180
31 December 2014	24,859
Acquisition	52
31 December 2015	24,911
<b>Accumulated amortisation:</b>	
1 January 2014	(9,283)
Amortisation	(2,325)
31 December 2014	(11,608)
Amortisation	(2,318)
31 December 2015	(13,926)
<b>Net book value:</b>	
31 December 2014	13,251
31 December 2015	10,985

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

(Unit: Thousand Baht)

	Interest rate	Separate financial statements	
	(% per annum)	2015	2014
Short-term loans - promissory notes	MLR-2.00,4.00-4.75	130,000	260,000
Short-term loans - bill of exchange	7	39,359	-
Total		169,359	260,000

Short-term loans from financial institutions are secured by guarantees provided by the Company's directors and 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)		
Separate financial statements		
	<u>2015</u>	<u>2014</u>
Trade payables	46,368	83,517
Other payables	9,880	5,834
Other payables for purchase of fixed assets	1,738	24
Accrued expenses	4,083	5,067
Unearned revenue	29,393	52,679
Total trade and other payables	<u>91,462</u>	<u>147,121</u>

## 17. Liabilities under finance lease and hire-purchase agreements

(Unit: Thousand Baht)		
Separate financial statements		
	<u>2015</u>	<u>2014</u>
Liabilities under finance lease and hire-purchase agreements	4,445	7,400
Less : Deferred interest expenses	(187)	(354)
Total	<u>4,258</u>	<u>7,046</u>
Less : Portion due within one year	<u>(2,867)</u>	<u>(3,470)</u>
Liabilities under finance lease and hire-purchase agreements - net of current portion	<u>1,391</u>	<u>3,576</u>

The Company has entered into the finance lease and hire-purchase agreements with leasing companies for rental of motor vehicles and equipment for use in its operation, whereby it is committed to pay rental and installment on a monthly basis. The terms of the agreements are generally between 4 and 5 years.

Future minimum payments required under the finance lease and hire-purchase agreements were as follows:

(Unit: Thousand Baht)			
As at 31 December 2015			
	Less than 1 year	1-4 years	Total
Future minimum payments under the finance lease and hire-purchase agreements	3,014	1,431	4,445
Deferred interest expenses	(147)	(40)	(187)
Present value of future minimum payments under the finance lease and hire-purchase agreements	<u>2,867</u>	<u>1,391</u>	<u>4,258</u>

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

## 18. Long-term loans

(Unit: Thousand Baht)				
Consolidated/Separate financial statements				
Loan	Interest rate (% per annum)	Repayment schedule	2015	2014
1	Year 1 - 6 MLR - 1	Monthly installment principal and interest amounting to Baht 0.145 million, with full repayment made 2015	-	554
2	Higher interest rate between interest rate of fixed 3 months deposit and Year 1 - 2 BIBOR + 1.5 Year 3 - 5 BIBOR + 1.75 Year 6 - 7 BIBOR + 2.00	Quarterly installment principal amounting to Baht 6 million and monthly interest payment with full repayment to be made within 2020	120,000	144,000
Total			120,000	144,554
Less: Current portion			(30,000)	(30,554)
Long-term loans - net of current portion			<u>90,000</u>	<u>114,000</u>

Some loan agreements contain covenants of which the Company has to maintain. However, as at 31 December 2015, 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 2015.

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)

	Separate financial statements
	Provision for product warranty
1 January 2014	32,266
Increase during the year	5,094
Utilised	(8,219)
1 January 2014	29,141
Increase during the year	6,922
Utilised	(15,386)
31 December 2015	20,677

## 20. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	Separate financial statements	
	2015	2014
<b>Provisions for long-term employee benefits at beginning of year</b>	24,671	23,525
Included in profit or loss:		
Current service cost	5,649	4,644
Interest cost	742	866
Included in other comprehensive income:		
Actuarial (gain) loss		
Demographic assumption changes	2,236	(2,344)
Financial assumption changes	(5,377)	(769)
Experience adjustments	(4,132)	-
Benefits paid during the year	(1,385)	(1,251)
<b>Provisions for long-term employee benefits at end of year</b>	<b>22,404</b>	<b>24,671</b>

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

	(Unit: Thousand Baht)	
	Separate	
	financial statements	
	<u>2015</u>	<u>2014</u>
Cost of sales and service	3,395	3,409
Selling and administrative expenses	2,996	2,101
Total expenses recognised in profit or loss	6,391	5,510

The Company expects to pay Baht 0.3 million of long-term employee benefits during the next year (2014: Baht 0.8 million).

As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit is 10.22 years (2014: 5.25 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	Separate	
	financial statements	
	<u>2015</u>	<u>2014</u>
Discount rate	2.60	3.01
Salary increase rate	3.21	6.00
Turnover rate	0 - 46	0 - 50

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

	(Unit: Thousand Baht)	
	Separate financial statements	
	Increase 1%	Decrease 1%
Discount rate	(1,974)	2,289
Salary increase rate	2,251	(1,981)
Turnover rate	(2,119)	710

## 21. Share capital

During the current year, the Company increased the registered share capital, from Baht 290 million to Baht 543.75 million, through the issuance of 253.75 million additional ordinary shares with a par value of Baht 1 each. The Company registered the increase of its registered share capital to be Baht 543.75 million with the Ministry of Commerce on 15 October 2015. The Company allocated 253.75 million additional ordinary shares with a par value of Baht 1 each as below.

1. 72.50 million ordinary shares to be offered to the existing shareholders pro rata to their shareholding (rights offering) in a ratio of 1 new share for every 4 existing shares, at a price of Baht 2 per share. In this respect, the shareholders exercised rights to purchase 33.61 million shares additional ordinary shares totaling Baht 67.22 million and the Company registered the resulting increase of its share capital with the Ministry of Commerce on 20 November 2015. The Company filed an application with the Stock Exchange of Thailand (SET) to register these shares as listed securities. The SET approved the trading of the additional ordinary shares through the SET, effective from 1 December 2015. Following the subscription to additional ordinary shares by the existing shareholders, 38.89 million shares remained and the Company allocated these remaining ordinary shares to specific persons (private placements) at a price of Baht 2 per share, or for a total of Baht 77.78 million. The Company registered the resulting increase of its share capital with the Ministry of Commerce on 9 December 2015 and filed an application with the Stock Exchange of Thailand (SET) to register these shares as listed securities. The SET approved the trading of these additional ordinary shares through the SET, effective from 18 December 2015.
2. 181.25 million ordinary shares to be reserved for the exercise of rights to convert TMC-W1 warrants.

As a result of the issuance of additional ordinary shares to the existing shareholders (rights offering) and the issuance of additional ordinary shares to specific persons (private placements) the issued and paid-up share capital and share premium increased as follows:

	Number of issued and paid-up shares capital (Thousand shares)	Issued and paid-up share capital (Thousand Baht)	Share premium (Thousand Baht)
Balance as at 1 January 2015	290,000	290,000	250,092
Increase in capital from Right Offering	33,607	33,607	33,607
Increase in capital from Private Placement	38,893	38,893	38,893
Balance as at 31 December 2015	362,500	362,500	322,592

On 18 December 2015, the Company issued warrants to purchase ordinary shares of the Company No. 1 to the existing shareholders (Warrants TMC-W1) as detailed below.

Allocation method	:	Allocated to the existing shareholders of the Company in a ratio of 1 warrant for every 2 existing ordinary shares
Number of warrants	:	181.25 million units
Offering price	:	Baht 0 (no cost)
Term	:	2 years from the issue date.
Exercise ratio	:	1 warrant per 1 ordinary share
Exercise price	:	Baht 1.50 (Subject to change as specified in the Terms and Conditions)

The first exercise date of the warrants is 31 March 2016 and the last exercise date is 15 December 2017. The Company filed an application with the Stock Exchange of Thailand (SET) to register these shares as listed securities. The SET approved the trading of the warrants through the SET, effective from 19 January 2016.

An increase the Company's registered share capital, the issuance and allocation of additional ordinary shares and the issuance of Warrants TMC-W1 of the Company were approved by the resolutions of an Extraordinary General Meeting of the Company's shareholders on 3 October 2015.



## 22. 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.

## 23. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Salaries, wages and other employee benefits	201,296	240,065	200,970	239,798
Depreciation and amortisation	44,465	46,805	44,388	46,221
Allowance for diminution of inventories	26,446	5,382	26,446	5,382
Raw materials and consumables used	253,094	306,661	253,093	302,336
Changes in inventories of finished goods, semi-finished goods and work in process	16,114	(13,390)	15,750	(10,847)

## 24. Income tax

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Current income tax:</b>				
Current income tax charge	-	12	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(4,598)	(1,264)	(4,598)	(1,303)
Relating to origination of tax losses carried forward	(9,208)	(7,986)	(9,208)	(7,986)
<b>Income tax income reported in the statements of comprehensive income</b>	<b>(13,806)</b>	<b>(9,238)</b>	<b>(13,806)</b>	<b>(9,289)</b>

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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Deferred tax relating to actuarial gain	1,455	623	1,455	623
	<u>1,455</u>	<u>623</u>	<u>1,455</u>	<u>623</u>

The reconciliation between accounting loss and income tax income is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Accounting loss before tax	(79,257)	(59,652)	(81,522)	(57,862)
Applicable tax rate	20%, 24%	20%, 24%	20%	20%
Accounting loss before tax multiplied by applicable tax rate	(16,201)	(12,002)	(16,304)	(11,572)
Effects of non-deductible expenses	2,395	2,764	2,498	2,283
Income tax income reported in the statement of comprehensive income	<u>(13,806)</u>	<u>(9,238)</u>	<u>(13,806)</u>	<u>(9,289)</u>

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)	
	Statements of financial position	
	Separate financial statements	
	<u>2015</u>	<u>2014</u>
<b>Deferred tax assets</b>		
Allowance for diminution in value of inventory	8,010	2,721
Provision for long-term employee benefits	4,481	4,934
Provision for product warranty	4,135	5,828
Unused tax loss	17,194	7,986
Total	<u>33,820</u>	<u>21,469</u>

The unused tax losses amounting to Baht 86 million will expire by 2020.

## 25. Earnings per share

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

Diluted earnings per share is calculated by dividing loss for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place on the date the potential ordinary shares were issued.

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

Consolidated financial statements							
Loss for the year		Weighted average number of ordinary shares		Loss per share			
		2015	2014	2015	2014		
2015	2014	2015	2014	2015	2014		
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)		
<b>Basic earnings per share</b>							
Loss attributable to equity holders of the Company		(65,594)	(49,811)	296,318	290,000	(0.22)	(0.17)
<b>Effect of dilutive potential ordinary shares</b>							
Warrants		-	-	1,155	-		
<b>Diluted earnings per share</b>							
Loss attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares		(65,594)	(49,811)	297,473	290,000	(0.22)	(0.17)

Separate financial statements							
		Weighted average number of ordinary shares		Loss per share			
Loss for the year							
<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>		
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)		
<b>Basic earnings per share</b>							
Loss attributable to equity holders of the Company		(67,715)	(48,573)	296,318	290,000	(0.23)	(0.17)
<b>Effect of dilutive potential ordinary shares</b>							
Warrants		-	-	1,155	-		
<b>Diluted earnings per share</b>							
Loss attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares		(67,715)	(48,573)	297,473	290,000	(0.23)	(0.17)

## 26. Dividend paid

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht per share)
Final dividends for 2013	Annual General Meeting of the shareholders on 25 April 2014	11,600	0.04

## 27. 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.

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

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

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

The following tables present revenue and loss information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2015 and 2014, respectively.

(Unit: Thousand Baht)

For the years ended 31 December						
	Manufacture and distribution of machineries		Services		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Sales and services income to external customers	423,675	526,930	109,443	121,858	533,118	648,788
Segment profit	39,649	75,597	1,147	23,751	40,796	99,348
Other income					37,564	11,725
Selling expenses					(40,165)	(40,463)
Administrative expenses					(97,999)	(119,438)
Finance cost					(19,453)	(10,824)
Loss before income tax income					(79,257)	(59,692)
Income tax income					13,806	9,238
Loss for the year					(65,451)	(50,414)

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

(Unit: Thousand Baht)

	<u>2015</u>	<u>2014</u>
Revenue from external customers		
Thailand	468,882	606,112
Others	64,236	42,676
Total	533,118	648,788

## Major customer

For the year 2015, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of the equity's revenues (2014: the Company has revenue from one major customer in amount of Baht 93 million, arising from sales by the manufacture and distribution of machineries segment).

## 28. 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 2015, the Company contributed Baht 3 million (2014: Baht 3 million) to the fund.

## 29. Commitments and contingent liabilities

### 29.1 Capital Commitments

As at 31 December 2015, the Company had capital commitments of Baht 6 million and USD 0.06 million (31 December 2014: Baht 111 million), relating to the construction of factory and office buildings and acquisition of equipment.

### 29.2 Operating lease and service agreement commitments

The Company has 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 31 December		
	<u>2015</u>	<u>2014</u>
Payable:		
In up to 1 year	3	5
In over 1 and up to 5 years	-	2

### 29.3 Guarantees

As at 31 December 2015, there were outstanding bank guarantees of approximately Baht 4 million (31 December 2014: Baht 3 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business.

### 30. Fair value hierarchy

As at 31 December 2015, the Company had the assets that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Separate financial statements			
	Level 1	Level 2	Level 3	Total
<b>Assets for which fair value are disclosed</b>				
Investmetn properties	-	35	-	35

### 31. Financial instruments

#### 31.1 Financial risk management

The Company's 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 lease and hire-purchase 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 is exposed to credit risk primarily with respect to trade accounts receivable and other receivable. The Company 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 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's exposure to interest rate risk relates primarily to its cash at banks, liabilities under finance lease and hire-purchase 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.

As at 31 December 2015, 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)

Separate financial statements						
As at 31 December 2015						
	Fixed					
	interest rates		Floating	Non- interest		Effective
	within 1 year	1 - 4 years	interest rate	bearing	Total	interest rate
						(% per annum.)
<b>Financial Assets</b>						
Cash and cash equivalent	-	-	32	5	37	0.13 - 1.10
Trade and other receivables	-	-	-	60	60	-
Restricted bank deposit	-	-	25	-	25	0.13
	-	-	57	65	122	
<b>Financial liabilities</b>						
Short-term loans from						
financial institutions	39	-	130	-	169	4.50 - 7.00
Trade and other payables	-	-	-	91	91	-
Liabilities under finance						
lease and hire-purchase						
agreements	2	1	-	1	4	1.92 - 7.21
Long-term loans	-	-	120	-	120	3.38
	41	1	250	92	384	

(Unit: Million Baht)

Separated financial statements						
As at 31 December 2014						
	Fixed					
	interest rates		Floating	Non- interest		Effective
	within 1 year	1 - 4 years	interest rate	bearing	Total	interest rate
						(% per annum.)
<b>Financial Assets</b>						
Cash and cash equivalent	-	-	110	8	118	0.13 - 1.90
Trade and other receivables	-	-	-	99	99	
	-	-	110	107	217	
<b>Financial liabilities</b>						
Short-term loans from						
financial institutions	170	-	90	-	260	4.00 - 4.75
Trade and other payables	-	-	-	147	147	-
Liabilities under finance						
lease and hire-purchase						
agreements	3	3	-	1	7	1.92 - 7.21
Long-term loans	-	-	145	-	145	3.68 - 5.88
	173	3	235	148	559	

### **Foreign currency risk**

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

As at 31 December 2015, 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.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	367	523	211	911	36.09	32.96
Euro	-	1	149	248	39.80	40.05

### **31.2 Fair values of financial instruments**

Since the majority of the Company 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.

### **32. Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2015, the Company debt-to-equity ratio was 0.63:1(2014: 1.02:1).

### **33. Events after the reporting period**

On 29 February 2016, a meeting of the Company's Board of Directors passed the following resolutions:

1. To approve the elimination of the Company's deficit amounting to Baht 9,726,439 using the statutory reserve and share premium, and to propose this matter to a shareholders' meeting for approval.
2. To approve investment amounting to Baht 20 million in "Sahapat Amorn Company Limited", a newly incorporate company of which the registered capital is Baht 70 million. This company will engage in machinery development, a water resources development and related business.

### **34. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 29 February 2016.



**TMC**



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