



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



THE LEADER IN
HYDRAULICS THAILAND

ANNUAL REPORT 2016



Policy and overview of business running

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. |



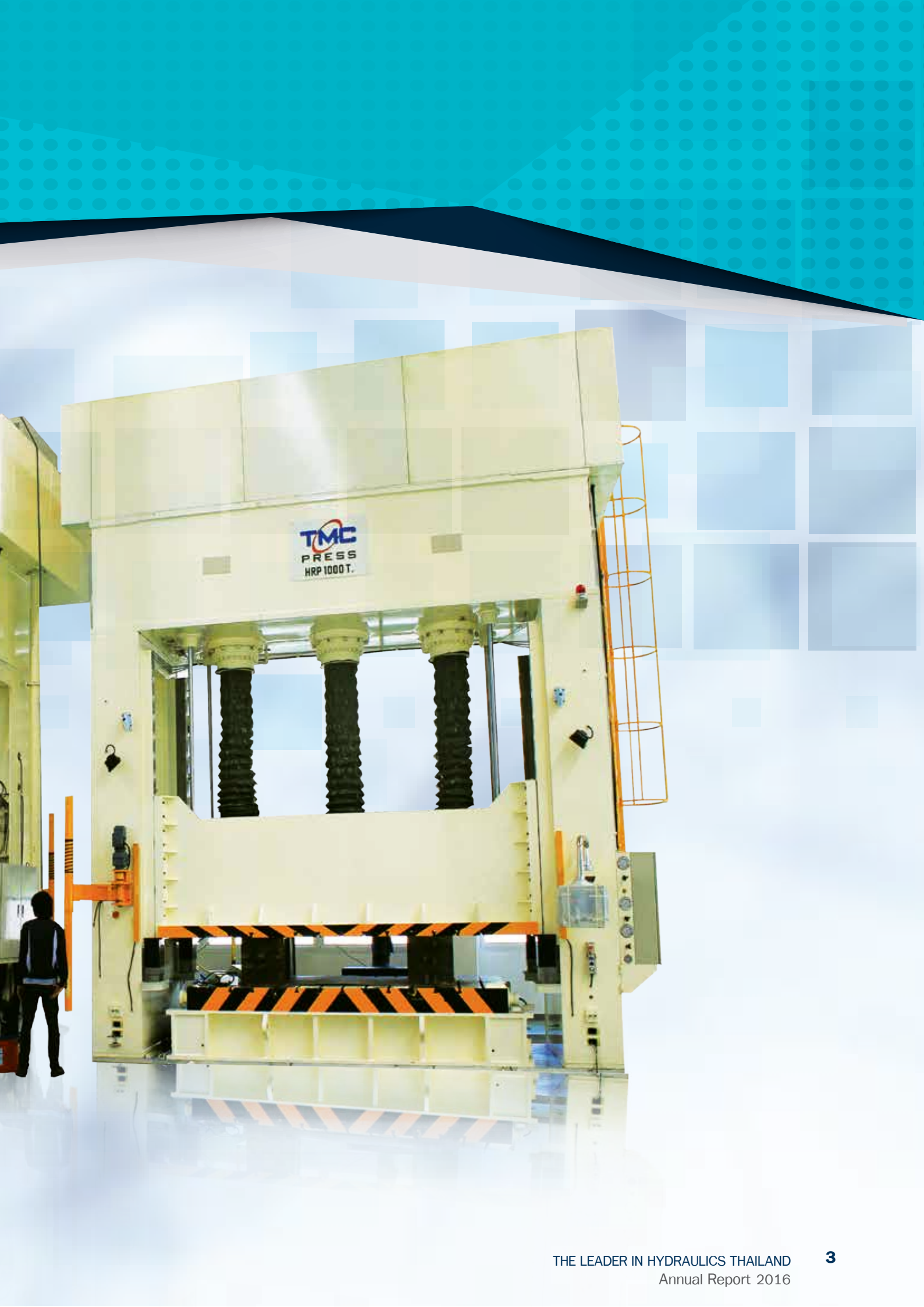
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The Investor can study for more the company's data from Yearly Data Report 56-1 at www.sec.or.th or www.tmc.co.th

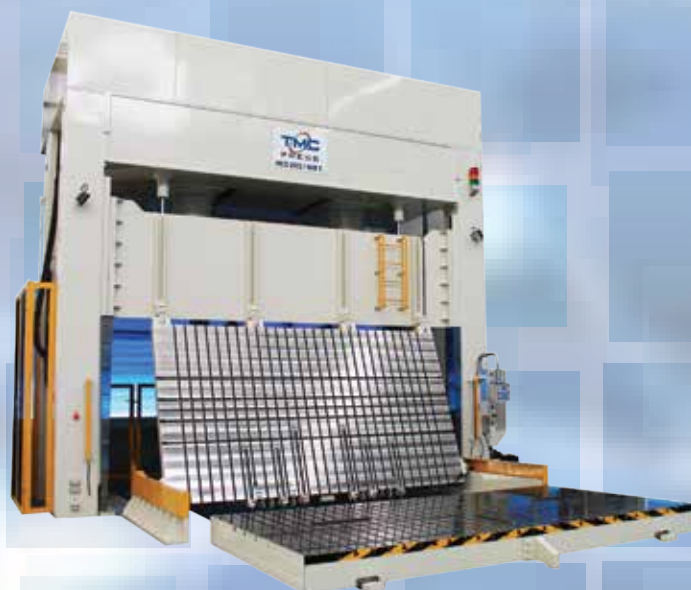
COMPANY PRODUCT





COMPANY PRODUCT





COMPANY PRODUCT



Financial Highlights

The results of operations of the Company for the year ended 31 December 2016

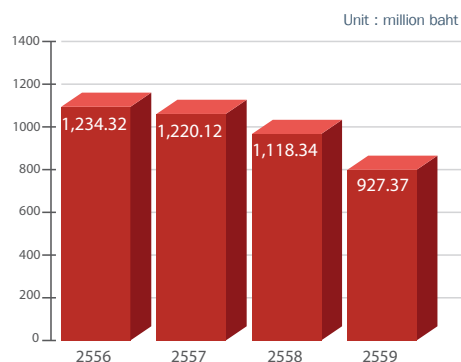
	2016	2015	2014	2013
Profit or Loss :				
Sales and Service income	395.22	531.24	647.48	787.88
Total revenue	396.34	565.71	658.45	793.48
Gross profit	1.68	40.09	96.19	150.01
Net profit (Loss)	-236.69	-67.72	-48.57	8.29
Total assets	927.57	1,118.34	1,220.12	1,234.32
Total liabilities	475.43	431.01	615.89	572.42
Total shareholders' equity	452.14	687.33	604.22	661.91
Share capital fully paid up	363.25	362.50	290.00	290.00

The financial ratio of the company for the year ended 31 December 2016

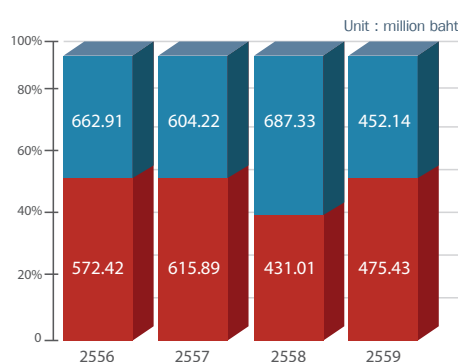
Financial Ratio

Gross profit margin (%)	0.42	7.55	14.86	19.04
Net profit (Loss) margin (%)	-59.72	-11.97	-7.38	1.04
Current ratio	0.51	0.87	0.96	1.45
Debt / Equity Ratio	1.05	0.63	1.02	0.86
ROE (%)	-52.35	-9.85	-8.04	1.25
ROA (%)	-25.52	-6.06	-3.98	0.67
Dividend Payout (%)	N/A	N/A	1.16	5.38

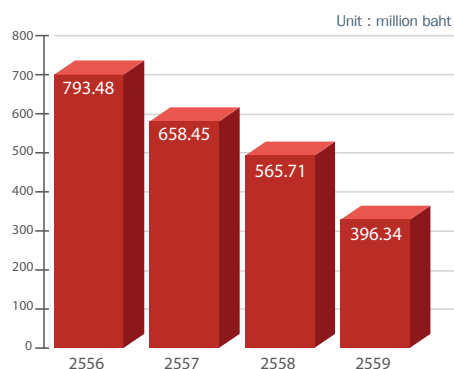
Total assets



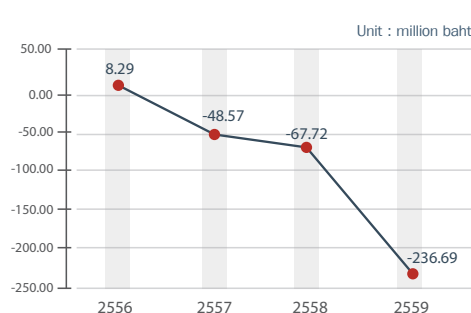
Total liabilities



Total revenue



Net profit (Loss)



Message From the Chairman



To shareholders of T.M.C. Industrial Public Company Limited

2016 was the year when T.M.C. Industrial Public Company Limited must have encountered with domestic and international constant economic stagnancy, increasing competition, Baht depreciation, and unrecovered automotive industry. In addition, drought crisis in the early 2016, rice price slump, flood at the end of the year had affected the delay of the customer purchase orders valued over 200 million Baht. Consequently, the company could close the total sales at 395 million Baht. The company committee and the executives are still holding onto the cost containment policy by minimizing the compensation for the executives and the committee, controlling the necessary expenditure, controlling production cost, as well as reducing the in-process wastes, purchasing policy, and appropriate inventory management.

In this 2017, the company aims to increase the hydraulic crane production in order to replace the deficient number of automotive products. The company has also developed waste glider to be offered to the government sectors in order to reduce waste and environmental issues.

In this occasion, I'd like to express my thanks and appreciations to the company shareholders, customers, financial institutes, executives, employees, and all concerned for the continue and constant supports. I promise to closely work with the executives in determining the strategy that the company could carry out in making through those struggles, competitions, and business potential development for the results of extreme sustainability and benefits to all concerned.

(Mr. Manu Leopairote)

Chairman of the Board of Director

(Mr. Thaweemit Kamolmongkolsuk)

Chairman of the Executive Committee

Board of Directors



1



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10

1. Mr. Manu Leoparote
Chairman of the Board of Directors
Independent Director

2. Mr. Thaweemit Kamolmongkolsuk
Director

3. Mrs. Tubtim Kamolmongkolsuk
Director

4. Mr. Surachet Kamolmongkolsuk
Director

5. Mrs. Pacharawalai Wu
Director

6. Miss Pailin Kamolmongkolsuk
Director

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

8. Miss Chutipaa Obhasanond
Independent Director
Member of Audit Committee

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

10. Mr. Naphatra Chatvichian
CFO / Company Secretary

Report of the 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 to review the reliability of financial statement by the audit committee did not took a management level, staffs or company consulting.

In 2016, the Audit Committee held four meeting, of which the attendance of the Audit Committee members were the management, accounting and financial department, internal auditors and accounting auditors total 4 times in order to acknowledge financial statement and to report performance, good corporate governance, and internal audit result. 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	4/4

Audit Committee carried out their duty according to the scope of works and responsibilities as assigned by the Company's Board of Directors and Charter from the Audit Committee in order to help the board of directors to control the company's good corporate governance without conflicts concerning benefits, to have adequate internal control system in line with good practice for the audit committee of Stock Exchange of Thailand. The Audit Committee meeting to consider and point of view with management level, auditors, internal auditors in related agenda and report performance and other suggestion to Board of Directors by quarterly. The Board of Directors have an opinion summary as following :

1. Financial statement

Reviewed the quarterly and annually financial report for the year 2016 of the company by attending meetings in order to discuss and listen to presentation from the management, auditor and internal auditor regarding conformity and accuracy of the report with sufficient disclosure of information as well as acknowledge observation points and suggestions from the auditor of 2016. 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 internal control of company is 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 and reviewed 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 and consider to independent that internal auditor is able to contact to the Audit Committee under scope of internal audit working.

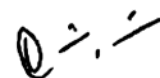
7. Consideration of the selection and propose the appointment and the fees of the external auditors

Considered the selection and propose the appointment and the fees of the external auditors for the year 2016 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 2016 at the fee of Baht 1,685,000 (one million six hundred eighty five thousand Baht only), the auditors are as follows:

- 1) Ms. Thipawan Nanauwat 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, 2016, the auditor who certifies financial statements of the company and its subsidiaries is Ms. Thipawan Nanauwat.

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 2nd factory under T.M.C. Manufacturing Co., Ltd. was established with the registered capital of Baht 5 million in order to expand the production and move the hydraulic cranes and hydraulic handling equipment production lines from T.M.C. Industrial Co., Ltd. to the new factory.
- 2006 • The company was awarded the “Production Machinery” from Thailand Institute of Scientific and Technological Research.
- T.M.C. Industrial Co., Ltd. Increased the registered capital from Baht 10 million to Baht 50 million for factory expansion
- T.M.C. Manufacturing Co., Ltd. increased the registered capital from Baht 5 million to Baht 20 million for purchasing additional machines and for using as revolving fund.

- 2007**
 - The Company received a certificate from TOYOTA for the substantial contribution made to benefit Ban Pho Plant Start Operation Ceremony.
- 2008**
 - The Company received an environmental management system certificate- ISO14001:2004.
- 2010**
 - T.M.C. Industrial Co., Ltd. increased its registered capital from Baht 50 million to Baht 90 million to purchase additional machineries for expansion of its production capacity.
 - T.M.C. Manufacturing Co., Ltd. increased its registered capital from Baht 20 million to Baht 30 million to purchase the land for establishment of the new factory and to support the expansion of production capacity
 - T.M.C. Industrial Co., Ltd. And T.M.C. Manufacturing Co., Ltd. were merged and registered for discontinuation of businesses. A new company was established under the existing name of T.M.C. Industrial Co., Ltd. with the registered capital of Baht 120 million.
 - The Company received the ISO9001:2008 Standard Certificate for assembly and installation of hydraulic crane.
- 2011**
 - The Company invested in Metal Fabrication Co., Ltd. which had the registered capital of Baht 20 million and owned a stake of 99.99% of Metal Fabrication's paid- up capital to engage in structural steel fabrication and to request for tax privilege from the Board of Investment (BOI).
 - The Company increased the registered capital to Baht 200 million.
 - The Company increased the registered capital to Baht 290 million and privatized the business in order to register in the Market for Alternative Investment (MAI) by offering 90,000,000 shares to the public (Initial Public Offering — IPO) for the first time.
- 2012**
 - On October 17-19, 2012, the Company offered 85,000,000 shares (IPO) to the public and 5,000,000 shares to the staff, which is accounting for the ratio of 23.08% of total 390,000,000 ordinary shares, at par value of Baht 1 per share, by offering to the public at par value of Baht 3.90 and to the staff at par value of Baht 3.12.
 - October 26, 2012 was the first trading date in the Stock Exchange of Thailand.
- 2013**
 - 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 a manufactures and sells of modern and high quality machinery to use in a construction and civil works which is a one of the leading brands in China that are accepted continuously.
- 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.
- 2016**
- Warrants of T.M.C. Industrial Public Company Limited No. 1 (TMC-W1) is a securities in Marketing for Alternative Investment (“mai”) on 19 January 2016, Number of warrants 181,249,573 units, Number of ordinary shares 181,249,573 shares at the par value allocated to 1.00, Term of Warrants 2 Years from issuance and offering date of warrants, which on 18 December 2015 and the last exercise date is 15 December 2017.
 - The Board of Directors passed resolutions to approved investment in Celflow Company Limited established Sahaphat Amorn Company Limited which has a registered share capital of Baht 101 million. The company has 19.80% of share capital registered and invested about Baht 20 million (the company did not manage in Sahaphat Amorn Company Limited) Sahaphat Amorn Company Limited to engage in the development of machinery related to water resources development and related business and distributor of machinery which produce by T.M.C. Industrial Public Company Limited only.
 - Share capital registered and fully paid up Baht 364,078,675.

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, Hydraulic repair and maintenance services and metal machining.

Office Location

Head Office	:	125/10 Moo 5, Bansuan sub-district, Muang district, Chonburi
Branch Office No.1	:	8/42 Moo 6, Bansuan sub-district, Muang district, Chonburi
Branch Office No.2	:	6/10 Radyindee road, Hatyai sub-district, Hatyai district, Songkhla
Registration No.	:	0107554000089
Home page	:	http://www.tmc.co.th
Telephone	:	(6638) 271-933 – 4
Facsimile	:	(6638) 271-931
Registered capital	:	543,750,000.00 Baht
Ordinary shares	:	543,750,000 Shares
Par value	:	1.00 Baht per Par
Paid-up capital	:	364,078,675 .00 Baht

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	:	33 rd 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.
6. Trommel Screen Machine capacity 30/50/100 ton/day

Income structure

Unit : Million Baht

Details	Consolidated financial statements									
	2012		2013		2014		2015		2016	
	Baht Million	%	Baht Million	%	Baht Million	%	Baht Million	%	Baht Million	%
Income from sales										
1. Hydraulic press	563.27	56.17	437.60	55.72	299.27	46.13	193.13	36.35	115.32	29.18
2. Hydraulic crane	162.77	16.23	134.50	17.13	140.35	21.63	142.50	26.82	140.74	35.61
3. Hydraulic handling equipment	88.40	8.81	71.92	9.16	52.81	8.14	45.64	8.59	44.04	11.14
4. Hydraulic Press and Drill Machine for Foundation Pile	-	-	-	-	-	-	32.52	7.71	0	0
5. Others	26.48	2.64	29.15	3.71	34.34	5.29	8.00	1.90	18.34	4.64
Total income from sales	840.92	83.85	673.17	85.72	526.77	81.19	421.79	79.40	318.44	80.57
Income from services										
6. maintenance service	124.32	12.40	98.52	12.54	49.32	7.60	48.12	9.06	48.58	12.29
7. Metal machining	37.63	3.75	13.63	1.74	72.70	11.21	61.33	11.54	28.20	7.14
Total income from services	161.95	16.15	112.15	14.28	122.02	18.81	109.45	20.60	76.78	19.43
Total income from sales and service	1,002.87	100.00	785.32	100.00	648.79	100.00	531.24	100.00	395.22	100.00

Products and Services

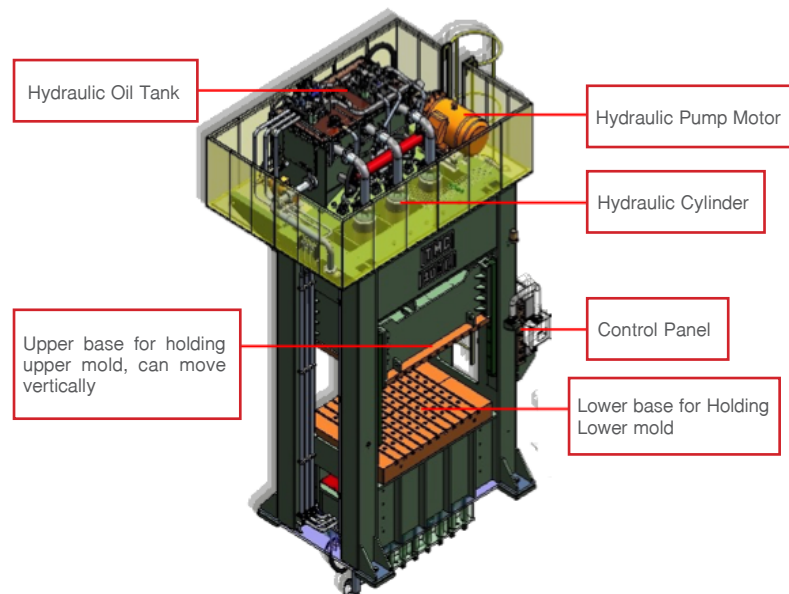
T.M.C. Industrial Public Company Limited engages in operation and distribution hydraulic system machine for all of industrial i.e. Automotive Industrial, Electrical Appliance Industrial, Building Construction and other Constructions, Agro product processing industrial, Mold Industrial and Renewable energy industrial etc. The hydraulic machines are categorized to 6 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.
6. Trommel Screen Machine (Capacity 30/50/100 Tons /Day)

1. Hydraulic press

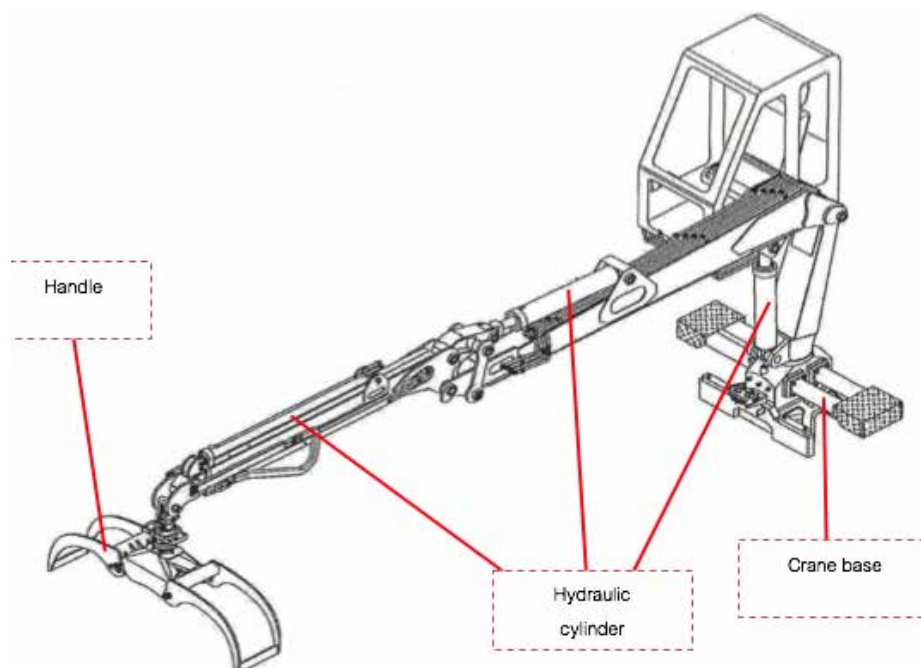
Hydraulic press is the main income generated product of the Group of Companies. Income proportion from sales of hydraulic press in 2012, 2013, 2014, 2015 and 2016 were 56.17% and 55.72%, 46.13%, 36.35% and 29.18% respectively. Hydraulic press is the machine that uses fluid (hydraulic oil) to transfer force to drive hydraulic cylinder to generate pressure force on the piece of work for molding products or for other purposes as per design of the machine. Main customers of hydraulic press are automotive industries, electric appliances industries as well as mold and die industries.

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



2. Hydraulic cranes

Hydraulic cranes Income ratio from sales of hydraulic cranes in 2012, 2013, 2014, 2015 and 2016 were 16.23%, 17.13%, 21.63%, 26.82% and 35.61% 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

Hydraulic Press and Drill Machine for Foundation Pile Income ratio from sales of hydraulic Press and Drill Machine for Foundation Pile in 2015 and 2016 were 7.71% and 0.00%. The hydraulic Drilling Machine for Foundation Pile that is a product of machine in the Construction Industry, especially the Foundation of the Public Works which is an offset in the driving pile and change from pile hammer to pile pressing. Due to in the currently, The Government Policy and Community have issue the Legislation to force the building in the city and near the community cannot have a noise and vibration from the driving pile. Therefore deserving that the hydraulic Drilling Machine for Foundation Pile is suitable for the Marketing and support the expansion in the Construction Industry, Foundation and General Infrastructures. And the Drilling Machine was known that the process to driving or pressing the pile in the city that near the villages must have the pilot drilling for reduce the vibrations on the surface of soil or incase when pressing or driving the pile but cannot do it, so that must be have the pilot drilling. Accordingly its can be a product which best the marketing for the company.



4. Hydraulic handling equipment.

Hydraulic handling equipment. Income ratio from sales of hydraulic handling equipment in 2012, 2013, 2014, 2015 and 2016 were 8.81%, 9.16%, 8.14%, 8.59% and 11.14% respectively. It is used to lift and move the objects. The Company produces various types of handling equipment to support various types of work which can be divided into 2 main types as follows:

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



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



5. Metal machining services and hydraulic machines maintenance services.

Metal machining services and hydraulic machines maintenance services. Apart from the availability machines and production technology, the Company also provides various services to respond to the customers' demand. The Company's income ratio from service rendered in 2012, 2013, 2014, 2015 and 2016 were 16.15%, 14.28%, 18.81%, 20.60% and 19.43% 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.

6. Trommel Screen Machine (capacity 30/50/100 Tons/Day)



There are continual trend of the increasing waste volumes which is the direct effect from the increasing number of populations and the fast growth of economic industrial development. Waste has become inevitably serious problem of all the countries. It's in the early severe stage in Thailand which needs urgent attention and resolutions.

Waste management policy in the community of the government sectors under the eleventh national economic and social development plan has defined waste disposal in term of the resource usage for utmost benefits. It focuses on the complete waste management system in the community; starting from the original of waste to final disposal process. It also pays attention to the waste recycles, minimize disposed waste volumes. Those management mentioned above, will focus on the involvement of government sectors and people.

To solve the problem, it's needed to implement the complete community waste disposal management in sorting, recycling, and effective disposal process. The main point is the ability of the community or local administration to conduct the management: The appropriate technology must be applied which hold both technical and economic capabilities. Most importantly, it has to be eco-friendly. The administration must aim for the sustainable and balanced development between economic, society, natural resources, and environment. In 2016, the company had distributed some to Refuse Derived Fuel (RDF) and plastic recycle plants which shows the positive direction of the company in 2017 and the years after.

Marketing and Competition

The world's manufacturing and "The Internet of Things (IOT)" integration is to integrate manufacturing process with digital technology, or even run the production machine when receiving online orders directly from the customers. Intelligent technology will significantly get involved in the advance to the industry 4.0. It plays the important role in completely change the production pattern and efficiently respond to the alternative demands. This change will alter manufacturing technology. Intelligent automation will be an important factor in the industrial revolution. Organizational administration will then be modernized. To be able to do so, the company requires the modification in pattern and construction which will create the utmost value, the most efficient operations. It must have competitive flexibility and adjustment which is the administrative dominant feature of the modern organization when Thailand is advanced to the industry 4.0. It's the engine development which drives the economic growth (New Engines of Growth).

The prominent point of industry 4.0 is the development in communication technology with machinery and system in the aspect of industrial automation. While producing the products which meet with each customer's requirement, it also can maintain productivity as high as mass production, such as car manufacturing, commodity, 3D printing technology, Smart grid system development, Telemedicine etc.

In the past years, the company had paid attention to the change and technology development with the determination in producing the company's machinery which inclusively meets with the customer's alternative requirements as much as possible, especially in automotive, construction, alternative energy, and transportation, and logistic and other industries.

The economic in 2016 showed the stagnancy in automotive and other industries, including the export. The company had sale estimation policy for the hydraulic press products, mobile crane, and other products. The company also developed the potential in product design and production, retained the steady customers, and set the goal in extending sales to overseas, especially in Indonesia, Malaysia, Myanmar, and India.

Regardless the economic stagnancy in 2016 and the coming years, the company had laid the path for new product production to support the market, particularly in Logistics & Warehouse. Those products were partly produced in 2016 and would be the benefit for the company in 2017 after the opening of ASEAN Economic Community.

To enhance the company's competitiveness over the competitors, full machinery service; both for repairing and maintaining is provided for the products of the company and competitors. It's to add more sale channels for repair jobs and services. Moreover, the company has provided channels for machinery maintenance. Mechanic system is used and it's another channel which boosts the company's sales volume. The company has prepared in many aspects, such as innovation development/ add new markets, and to take new products which match with the government policy in expanding the market. It's expected to be the benefits to the company in 2017 and the years after.

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.

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 2016, the company set the policy for the standardized products that focused on the distribution via sales agent, show room, and modern trade. 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 was 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 No.125/10 Moo 5, Tambol Bansuan, Amphur Muang Chinburi, Chonburi Province (Factory 1). The total capacity is as follows.

The total capacity

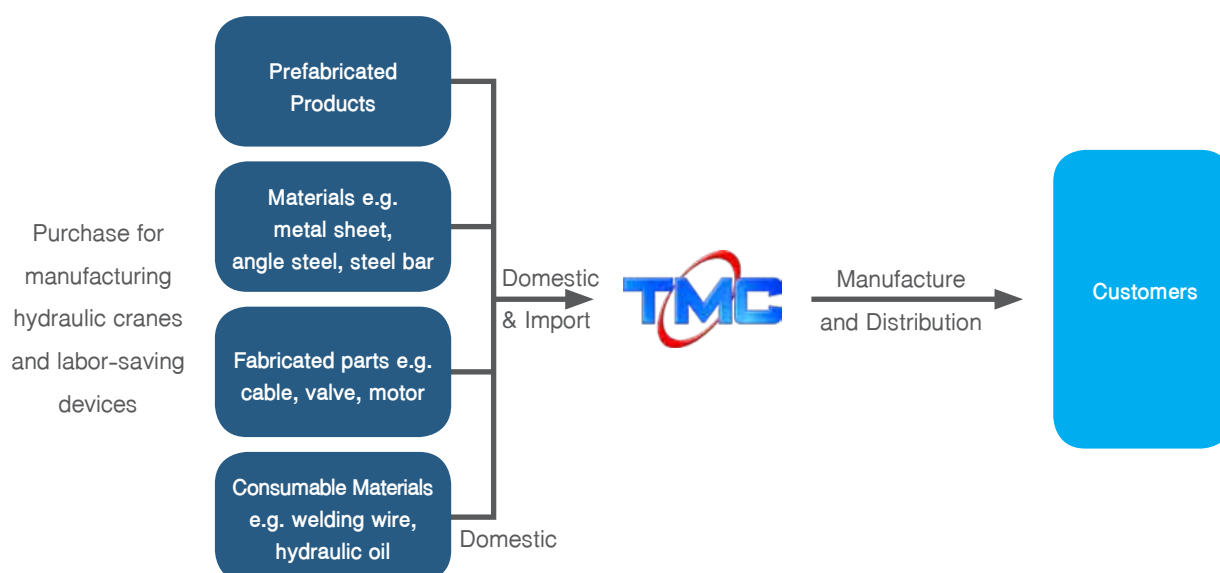
	2010	2011	2012	2013	2014	2015	2016
Maximum Capacity (Ton/Year) ^{1/}	2,919	3,086	3,096	3,096	3,096	3,096	3,096
Actual Production (Ton/Year) ^{2/}	2,235	3,015	2,923	2,724	1,579	1,400	952 ^{3/}
Capacity Ratio	76.57%	97.70%	94.41%	87.98%	51.00%	46.00%	30.75%

Remarks

- 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/ The decreasing production capacity was the result of the decreasing number of press hydraulic machine and higher purchasing order of crane products from overseas. Those affected the decline in production capacity in preparing, welding, and processing jobs. However, the assembly and installation jobs employed normal production capacity

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.

Risk Factors



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. The rise and fall of the steel prices depends on the demand and supply that effected world selling price always changed, including import tariffs rate 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, 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 before quoting the prices for customers and the company compares the steel prices of at least 2 distributors to create competition in the quoting of prices. 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 by 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 Skilable Labour

Being the machinery manufacturer which requires complicated and specific skill, the company has to rely on the people with those skills such as engineer, experienced welders and electricians who can write machine codes program. Therefore, it is risky to lack of the skillful manpower during high workload and the other way round. Those employees earn somewhat high salary which incurs in the increasing of the production cost.



However, the company has the policy in retaining those manpower in one appropriate level and developing good business partnership with specific skill so they can work for the company in the future.

4. The Risk from the Dependence on Automotive Industry

Most of the company's sales are related to the descending automotive industry which affects purchasing demands and, consequently, affects the company's revenue.

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. Development and production of new product

In the past year, the company has developed and produced new demanded products which the company is not skilled or familiar with. The errors were found in product design and production cost calculation which required modification. It caused cost overrun and loss respectively.

However, the company has corrected and delivered those products to the customer timely. It's the opportunity in extending the market for higher sales volumes and customers of those products in the future. The company has also collected the wrong cost and technical data to be used for the improvement on price bidding in the future.

6. 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 has constructed new factory nearly completion, and 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 and the company is going to receive money from the exercise of warrants to relieve liquidity in the future.

7. The Risk from the Reliance on Domestic Market

The company's income over 85% was from the sale in domestic market. The domestic economic and industrial situations decelerate makes impact to company's income and turnover.

The company increasingly expands to foreign markets by investing in other countries and looking for business affiliates to increase the channels of distributions in the AEC member for sales volume increased from oversea market another way. However, the company gives priority to local market for public investment in other project although private investment still decelerated.

Shareholding Structure

The Company's Securities

As of December 31, 2016, the capital registered of the Company was Baht 543,750,000 divided into 543,750,000 ordinary shares and capital paid-up was Baht 364,078,675 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 1, 2016 were as follows:

Name		No. of Shares (shares)	Percentage of Shareholding Proportion
1.	Kamolmongkolsuk Co., Ltd.*	145,750,000	40.033
Kamolmongkolsuk Family			
1.1	Mrs. Tubtim Kamolmongkolsuk	2,937,500	0.807
1.2	Mrs. Pacharawalai Wu	2,691,875	0.739
1.3	Miss Pailin Kamolmongkolsuk	2,691,875	0.739
1.4	Mr. Surachet Kamolmongkolsuk	2,569,375	0.706
1.5	Mrs. Aroonroj Kamolmongkolsuk	125,000	0.034
Total of Kamolmongkolsuk Family		11,015,625	3.025
Total of Kamolmongkolsuk Group		156,765,625	43.058
2.	Miss Nalinpas Kittisuretom	16,889,200	4.639
3.	Mrs. Wilai Kokerdkiat	6,220,000	1.708
4.	Mrs. Darawan Thipnate	6,063,500	1.665
5.	Petro-Instruments Co., Ltd.	5,450,000	1.497
6.	Mr. Wuthichai Anantakul	3,979,750	1.093
7.	Mrs. Sudjai Wuthisaksilp	3,350,000	0.920
8.	Miss Arisara Phukphan	2,774,900	0.762
9.	Mr. Passakorn Chatsathapornkul	2,700,000	0.742
10.	Mr. Somboon Srinorasaksilp	2,670,000	0.733
11.	Other shareholders	157,215,700	43.183
Total shares		364,078,675	100.000

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, 2016 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
Total Shares		1,570,000	100.00

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).
Listing Date	:	As of January 19, 2016
Secondary Market	:	Marketing for Alternative Investment (“mai”)
Number	:	181,249,573 units.
Number of ordinary shares	:	181,249,573 shares at the par value allocated to 1.00
Number of Exercised warrants	:	As of December 31, 2016 : 1,578,675 units
Number of warrants remaining	:	As of December 31, 2016 : 179,670,898 units
Issuer	:	T.M.C. Industrial Public Company Limited offering to the existing are holders of the Company in the ratio of 2 existing shares per 1 units of warrant. Any fraction will be eliminated. 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 pursuant to Section 225 of the Securities and Exchange Act (including its Amendments) shall be on 14 December 2015.
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.
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)
Offering Price	:	00.00 Baht per units.
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.

- **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 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, 2016, the Company has short - term loans - Bill of Exchange of Baht 100

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	2016
Earning / Share (Thai Baht)	0.62	0.02	- 0.17	- 0.22	- 0.65
Dividend / Share (Thai Baht)	0.21	0.04	No distribution	No distribution	No distribution
Dividend Ratio (%)	33.87	200	0	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, 2016, the Company's Board of Directors composed of 9 members and the attendance for meeting in 2016 are as follows:

Name	Position	Attendance (4 Times)
1. Mr. Manu Leopairote	Chairman of the Board of Directors / Independent Director	4/4
2. Mr. Thaweemit Kamolmongkolsuk	Director	4/4
3. Mrs. Tubtim Kamolmongkolsuk	Director	4/4
4. Mr. Surachet Kamolmongkolsuk	Director	4/4
5. Mrs. Pacharawalai Wu	Director	4/4
6. Miss Pailin Kamolmongkolsuk	Director	4/4
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	4/4
*10. Mr. Santi Piyatat	Director / Independent Director	** 0

Remark: : *10 Mr. Santi Piyatat was appointed to Director from Board of Director Meeting No.1/2016, February 29 2016 and resigned from October 6, 2016.

** Mr. Santi Piyatat while take a position of Director, the company had Board of Director meeting 2 times, but he could not joined our BOD meeting due to run business at foreign country.

Authorized Signatories

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

The Audit Committee

As of December 31, 2016, the Audit Committee consisted of 3 persons and the attendance for meeting in 2016 are as follows:

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

- Mr. Paiboon Rattanasetchai is a Secretary of the Audit Committee

The Executive Committee

As of December 31, 2016, 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

The Management

As of December 31, 2016, The Company's Management was composed of 7 members as follows:

Name	Position
1. Mr. Thaweemit Kamolmongkolsuk ¹	Chairman of the Executive Committee
2. Mrs. Tubtim Kamolmongkolsuk ¹	Vice Chairman of the Executive Committee
3. Mr. Surachet Kamolmongkolsuk ²	Managing Director/ Acting Deputy Managing Director - Sales&Marketing
4. Mrs. Pacharawalai Wu	Deputy Managing Director-Human resources
5. Miss Pailin Kamolmongkolsuk ³	Deputy Managing Director-Procurement/ Acting Deputy Managing Director - MIS
6. Mr. Yossakorn Bomlai ⁴	Deputy Managing Director- Factory
7. Mr. Naphatra Chatvichian	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. Surachet Kamolmongkolsuk changed a position to Managing Director and acting Deputy Managing Director - Sales and Marketing from March 1, 2016.
3. Miss Pailin Kamolmongkolsuk take a position of acting Deputy Managing Director - MIS from March 1, 2016.
4. Mr. Yossakorn Bomlai changed a position to Deputy Managing Director - Factory from March 1, 2016

The Company Secretary

The Company's Board of Directors Meeting No.2/2016 held on May 14, 2016 had an appoint resolution to Mr. Naphatra Chatvichian to take a position of Company Secretary from May 15, 2016. 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 2016 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 2013, 2014, 2015 and 2016 total remuneration as monthly salary and meeting allowance have been paid to the directors amounting to Baht 1,875,000, Baht 1,845,000, Baht 1,350,000 and Baht 1,377,500 respectively as follows:

Monthly Remuneration

(Unit : Baht)

			Monthly Remuneration			
Name		Position	2013	2014	2015	2016
1. Mr. Manu	Leopairote	Chairman of the Board of Directors / Independent Director	600,000	600,000	425,000	387,500
2. Mr. Thaweemit	Kamolmongkolsuk	Director	-	-	-	-
3. Mrs. Tubtim	Kamolmongkolsuk	Director	-	-	-	-
4. Mr. Surachet	Kamolmongkolsuk	Director / Managing Director	-	-	-	-
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	340,000	310,000
8. Miss Chutipa	Obhasanond	Member of the Audit Committee / Independent Director	360,000	360,000	255,000	232,500
9. Mr. Mitthong	Chulitawong	Member of the Audit Committee / Independent Director	-	240,000	255,000	232,500
*10. Mr. Santi	Piyatat	Director / Independent Director	-	-	-	135,000
**Mr. Khan	Akaworawit	Member of the Audit Committee / Independent Director	360,000	90,000	-	-
Total			1,800,000	1,770,000	1,275,000	1,297,500

Remarks: *10 Mr. Santi Piyatat was appointed to director from Board of Director Meeting No.1/2016, February 29 2016 and resigned from October 6, 2016.
** Mr. Khan Akaworawit resigned from March 15,2014.

Meeting Allowance

	Name	Position	Meeting Allowance			
			2013	2014	2015	2016
1. Mr. Manu	Leopairote	Chairman of the Board of Directors / Independent Director	20,000	20,000	20,000	20,000
2. Mr. Thaweemit	Kamolmongkolsuk	Director	-	-	-	-
3. Mrs. Tubtim	Kamolmongkolsuk	Director	-	-	-	-
4. Mr. Surachet	Kamolmongkolsuk	Director / Managing Director	-	-	-	-
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	20,000	20,000	20,000	20,000
8. Miss Chutipa	Obhasanond	Member of the Audit Committee / Independent Director	20,000	15,000	20,000	20,000
9. Mr. Mitthong	Chulitawong	Member of the Audit Committee / Independent Director	-	15,000	15,000	20,000
* Mr. Santi	Piyatat	Director / Independent Director	-	-	-	0
** Mr. Khan	Akaworawit	Member of the Audit Committee / Independent Director	15,000	5,000	-	-
Total			75,000	75,000	75,000	80,000

* Mr. Santi Piyatat Piyatat was appointed to director from Board of Director Meeting No.1/2016, February 29 2016 and resigned from October 6, 2016

** Mr.Khan Akaworwit resigned on 15 March 2014

Remark:

1. The director remuneration in 2016 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 2016, The Company has a temporary measure policy to relieve the effective of economic deflation No.1/2016, No.2/2016 by reduce remuneration of Directors down 50%, effective dated June 1, 2015 — January 1, 2016.
4. In 2017, The Company has a temporary measure policy to relieve the effective of economic deflation No.3 by reduce remuneration of Directors down 50%, effective dated January 16, 2016 onwards, until this is announcement changing. And later, the company has a temporary measure policy to relieve the effective of economic deflation reduce remuneration of Directors down 25%, effective dated June 1, 2016 onwards, until this is announcement changing

Remuneration of the Management

In 2013, 2014, 2015 and 2016 the Company has 9, 9, 10 and 7 executives respectively and the remuneration paid was as follows:

Remuneration	2013		2014		2015		2016	
	Number	Remuneration (Baht)	Number	Remuneration (Baht)	Number	Remuneration (Baht)	Number	Remuneration (Baht)
Total salary	9	22,610,144	9	24,878,976	10	18,367,281	7	13,204,827
Total bonus and other remunerations		9,002,708		5,020,053		1,797,680		1,047,185
Total		31,612,852		29,899,029		20,164,961		14,252,012

Remark: 1. In 2016, The Company has a temporary measure policy to relieve the effective of economic deflation No.1 and No.2 by reduce remuneration down 50% of Executive Directors, 10% for deputy managing director, effective dated June 1, 201 - January 1, 2016 and No.3 effective dated January 16, 2016 onwards, until this is announcement changing.

Personnel

As of December 31, 2016, the number of employees was 392 persons (excluding 7 executives). Monetary remuneration which has been paid to the non-executive employees comprised salary, wage, overtime, cost of living and contribution to the social security fund totaling Baht 168,443,638.02.

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

Business Line	Number of Employees (Person)			
	As of December 31, 2013	As of December 31, 2014	As of December 31, 2015	As of December 31, 2016
Planning and Production Control	19	15	45	39
Engineering — Factory 1	48	34	38	26
Engineering — Factory 2	24	18	0	0
Production — Factory 1	216	237	264	210
Production — Factory 2	116	101	0	0
Administration — Factory 1	16	10	10	14
Administration — Factory 2	6	6	0	0
Sales & Marketing	34	26	27	26
Procurement	14	11	9	9
Account & Finance	14	15	20	17
Personnel	35	33	31	26
Quality Control	19	16	16	7
Information Technology	25	6	8	6
Quality Management System	3	4	1	3
Business Development&Marketing	11	14	5	7
Internal Audit	1	2	1	2
ERP Control System	-	11	0	0
Total	601	559	475	392

Note: The number of employees shown above excludes the executive employees. And due to the company merge between factory 1 and factory 2 is cause of Engineering Department, Factory Operating Department and Factory Management Department from factory 2 were moved to factory 1, and ERP System Department was moved to Finance and Account Department, Planning and Controlling Department and Management Information System Department.

Labor dispute during the past 3 years

-none-

The Personnel Development Policy 2016

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.

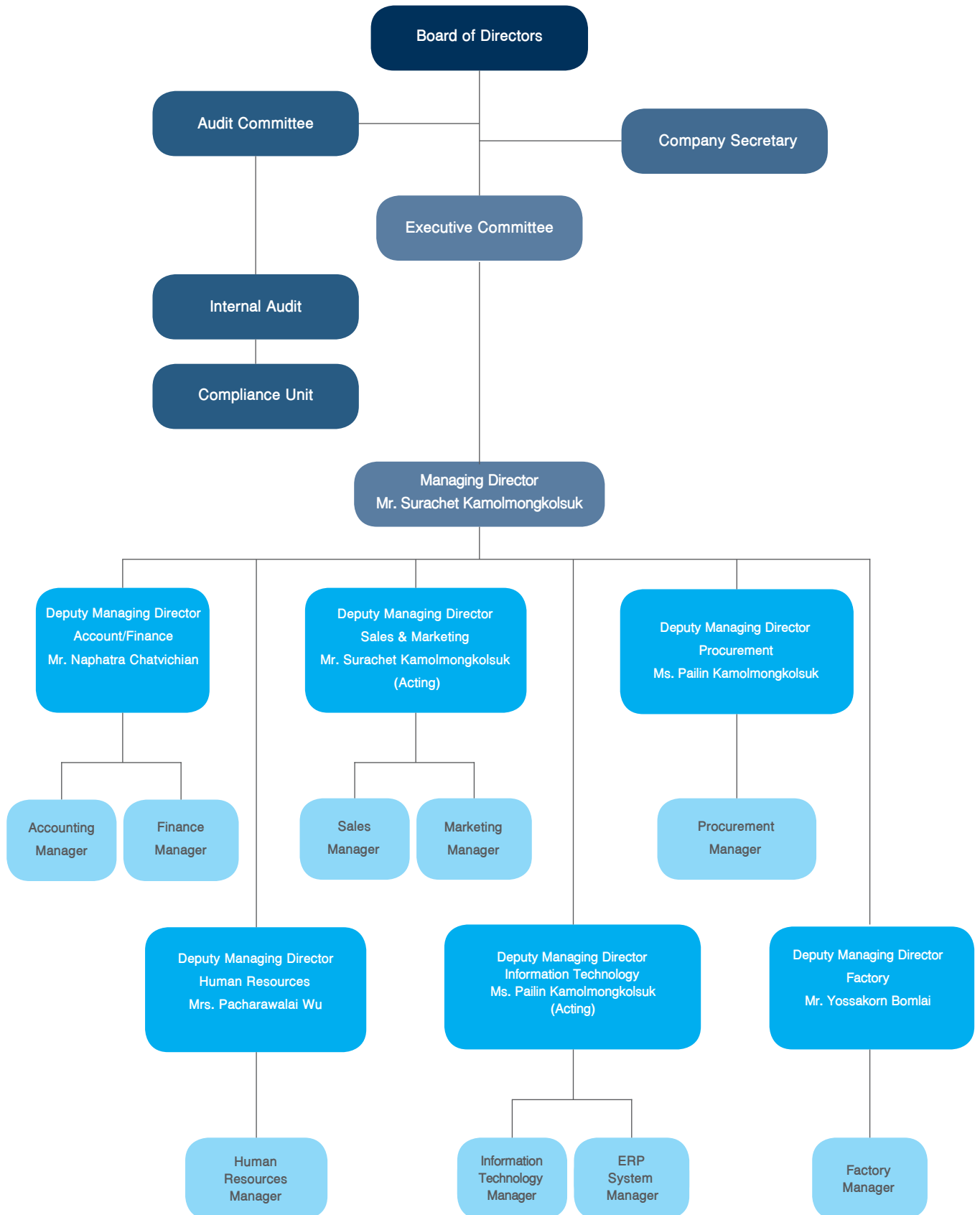
5. Create to happy workplace by team participate and open for the employees can leave a comment concern about their works thoroughly.

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.

Executive succession plan

The company has set the succession plan for administrative level and the main positions by greatly considering personal performance and potential. The company gets the successor-to-be prepared by developing substantial knowledge, capability, and skills for the position. The executives who soon to be a successor will not only have the suitable qualification and experience, they also have to be additionally instructed with necessary knowledge, experience, and training. This will support their career future in higher position, smooth transferring, and constant administration which are correspondent with the company's policy.

Organization Chart



Corporate Governance

The company abides by the good corporate governance principles for listed companies of the Stock Exchange of Thailand. The company had applied such principles as the Good Corporate Governance Policy and Code of Conducts to guidelines for the company's operation and reviewed every year. In 2016, the Board of Director Meeting No.2/2016 dated 14 May 2016 had resolutions approved the revised "Good Corporate Governance and Code of Conduct Manual year 2016" and distributed to the directors, the executives and all employees for abide to work and also been published on the company's website 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 policy above, the company has organized "Good business governance and business ethic" training conducted by the company secretary for all employees. It's to support the business governance policy in many aspects such as cooperative anticorruption, protecting intellectual property, bribery for the sake of business, as well as business ethics etc. 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 2016, the company organized the shareholders meeting for 1 time. There is 2016 Annual General Meeting on Saturday, April 23, 2016 at 14.00 hrs. at Tiara Room, 3 Floor, Maple Hotel, No.9, Srinakarin Road, Bangna, Bangkok

- The company informed the shareholders about the decision of the Board of Directors to organize the shareholders' Annual General Meeting 2016 advance 53 days before the meeting date which was March 1, 2016 via the company's website 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 on March 28, 2016 (26 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 and 4-5, 2016. Besides, the company assigned Thailand Securities Depository (TSD) which was the company's registrar to send out the documents to the shareholders on April 1, 2016 (22 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 or the company's website 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 2016 on April 23, 2016, the 8 of directors and audit committee (from total 10 persons) attend the meeting. Also, the company's executives, i.e., Deputy Managing Director of Finance and Accounting, Deputy Managing Director of Factory 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 also attended the meeting.

- Before the meeting started, the master of ceremony was assigned by the chairman to inform the participants about the criteria and the procedure of voting, the method to display the result of voting, the right to vote which was not given to the shareholders who had an interest in the matters under consideration and the shareholders' right to object to the voting on each item on the agenda. Also, the shareholders were allowed to express their opinions and ask questions during the meeting. Then, Miss Chantima Hlekkaew, one of the shareholders, was randomized to become the witness of the counting of votes in 2016 AGM. 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 2016 annual general meeting, one shareholder from the Thai Investors Association Mr. Nathee Naktnasukanjn 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 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 2016 annual general meeting by company secretary. The information was completely, accurately and evidently compiled by the company's secretary. The record showed the names of directors who attended the meeting, the questions and answers and the result of the voting on each agenda including the number of shareholders who voted, voted against and abstained from voting. The minute was signed by the company's president who was also the chairman of the meeting.

- The minute of the annual general meeting was submitted to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission within 14 days. The minute and the photos of the 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 October 1, 2016 to December 31, 2016. 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 2016.
- 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 assessments were scored 77.00 in 2013, 80.38 in 2014, 97.25 in 2015 and 96.25 in 2016. 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:

- Mr.Surachet Kamolmongkolsuk Managing Director
Mr.Naphatra Chatvichian Company Secretary
Tel: 038-271933-4, Fax: 038-271931
Email: surachet@tmc.co.th / naphatra@tmc.co.th
- Mr.Paiboon Rattanaseththachai Head of Internal Audit
Tel: 038-271933-4, Fax: 038-271931
Email: 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 Conducts" which was included in the "Good Corporate Governance and Code of Conducts" manual year 2016 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.

In 2016, the company arranged a yearly employee ethical behavior assessment form. This was conformed to the assessment of the adequacy of internal control system and company's operations. It's approved from the audit committee and the board of director meetings No.2/2016 on 14 May 2016. The details of "Business ethics" are as the followings.

1. Conflict of Interest Policy

- The director and employees of all levels should avoid any acts of conflict of the interests, either from the business communication with, for example, partner, customer, competitor, or use the privilege of being the director or employee for personal benefits. They are expected to avoid owning the competitive business with the company or work other jobs than the company's which affects undesirably to their appropriate duties.
- The director and the employees of all levels are not expected to hold any share in the competitors' businesses if that affects their performance and duties. If those shares have been owned before the start working day or from the legacy, the committee must report to the president and to their supervisor for the general staff.

2. Corporate Assets Policy

- The director and employees of all levels hold duty and responsibility securing the company's assets to avoid damage or loss and to effectively use them for the utmost benefits of the company. They shouldn't be used for the personal or other purposes.
- Those assets are both tangible and intangible assets, such as moveable assets, real estates, technology, academic properties, title deed, patent, copyright, as well as confidential information i.e. business plan, financial estimates and human resource information.
- The director and employees of all levels are expected to absolutely avoid the disclosure or the use of confidential information.

3. Gifts and Entertainment Policy

- The director and employees must not demand, receive or agree to receive money, gifts, or any other benefits from any business group.
- The director and employees of all levels may receive or give gift on the appropriate traditions. That act must not influence the receivers' decision making in business.
- If the director and the employees of all levels receive the abnormally expensive gifts on the appropriate traditions from any business groups, the report must be directed to their supervisors.
- Gifts can be given or received in the public with good intension.

4. Securities Trading and Inside Information Policy

- The director and the employees of all levels should avoid the use of internal information for personal purpose in trading or buying the company's securities or providing the information to the third party for the trading benefits.
- The director and the employees of all levels should report securities trading. It is to prevent the trading by using internal information and avoid the criticism on the propriety of the trading of internal employees.
- Internal employees should avoid the trading prior to the publication on financial statement, the company's status or any other important information. They should trade after at least 24-48 hours after the publication.

5. Internal Controls and Audits, and Financial Reporting

- The company management is responsible for accurate and timely financial report, yearly and quarterly financial statements according to the wild accounting standard.
- Organize effective control system and internal audit to assure that the company's conformity to the related standards and laws under the audit of the internal auditor and audit committee.

6. Shareholders Policy

- Work dedicatedly with honesty and fair process towards all shareholders.
- Always report the true and complete company's status to the shareholders.
- Report adequate information of the company's future trends, both positive and negative, with supportive reasons to the shareholders.

7. Customer Relations and Product Quality Policy

- Deliver quality products according to or higher than customer's expectation under the fair conditions.
- Provide correct and enough product's information to the customers timely which assist in their decision making. That information must not be exaggerated both via advertisement or other communication channels who will lead to the misunderstanding about the quality, quantity, or any other conditions of the products and services.
- Secure customer's secrets without improperly take it for personal benefits or of all concerned.
- Quickly respond to customers' requirement and provide claiming system and channel for customers to effectively complain about the quality of products and services.

8. Suppliers/Creditors Policy

- Treat business partners and creditors with equality and fairness – based on the fair compensation of both sides.
- Strictly hold onto the commitment or other agreed conditions. If one of the conditions can't be implemented, the report must be promptly directed to the partners and/or creditors in advance for the collaborative resolution.
- For business negotiation, the demanding, receiving, or paying for any corrupted benefits to the partners and/or creditors must be avoided.
- Any trace of demanding, receiving, or paying for any corrupted benefits will be disclosed to the partners and/or creditors for the prompt and fair collaborative resolution.
- Always report correct and complete financial report to the creditors timely.

9. Employees Policy

- Give fair compensation to the employees
- Keep working environment for life and property safety of the employees.
- The appointment and translocation, as well as rewarding and punishment must be implemented with honesty and based on the employee's right knowledge and capability to the right work.
- Pay attention to knowledge, capability and skill development of the employee by giving chances thoroughly and always.
- Strictly abide by laws and regulations which are related to the employees.

10. Rivals Policy

- Appropriate behavior under good competition rules.
- Not searching for confidential information of business partners with inappropriate or dishonest ways, such as bribery to the employees of the competitor etc.
- Not ruin the reputation of the business rivals with malicious accusation.

11. Employee Practice Policy

- Determination, honesty and transparency are desirable.
- Giving gifts to supervisor or receiving gifts from the subordinates should be avoided.
- Respect the rights of other employees and the management.
- The commander should be a respectful role model for the employees and that no disrespectful act should be behaved towards the commander.
- With or without written statement, discipline and good behaviors under the organizational regulations and gracious traditions are expected.
- Cooperativeness in maintaining the sense of unity among the employees. Any act which might badly affects the reputation and image of the company or is likely to be soon a problem should be avoided.

12. Environment and Community Policy

- Take responsible and commit in nurturing local environment, customs, and traditions.
- Constantly conduct activities, with or without the corporation with government sectors and community, in creating society, community, and environment to make the company's located areas a good quality for a living.
- Prevent accident and control the emission under the standard.
- Promptly and effectively respond to the circumstances which affect the environment and community resulted from the company's operations with the utmost cooperation with the government officers, and all concerned sectors.

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, 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 2016 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 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 statement of every quarter via company's website www.tmc.co.th or the Stock Exchange of Thailand's system, and send the document to the Office of the Securities and Exchange Commission, 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
Managing Director
Telephone : 038-271933
Fax : 038-271931
Email : surachet@tmc.co.th
- 2) Mr. Naphatra Chatvivhian
Chief Financial Officer and Company Secretary
Telephone : 038-271933 Ext. 411
Fax : 038-271931
Email : naphatra@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.

On 29 March 2016, the company managed the investor's relations event by participating in the "Opportunity Day" organized by the Stock Exchange of Thailand in order to declare business information and performance, as well as presenting business plan in 2016 to the securities analysts, investors, and mass media.

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, 2016 consisted of 9 directors (Mr. Santi Piyatat, 1 of the director resigned on October 6, 2016), 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 Chutipa 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 meeting No.2/2016 on May 14, 2016 resolved to appoint Mr.Naphatra Chatvichian 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, revision year 2016 which was approved by the Board of Directors meeting No.2/2016 on May 14, 2016 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.

- 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 28, 2017 for enquire of audit process, company cooperation and coordinate, trouble during audit, important issue in the 2016 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 2016, 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) to allow the Board to consider the works and the problems together for future improvement including the assessment of the MD's result of operation by the directors. 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 2016, the company evaluated the self-assessment of the directors by group and individual, by using the form of the Corporate Governance Center, the Stock Exchange of Thailand. The results of the assessment in 2016 are as follows:

- 1) the self-assessment of the directors : by group = 3.82 (good), by individual = between 3.45 - 4.00 (good - excellent)
- 2) the self-assessment of the audit committee : by group = 3.91 (good), by individual = between 3.91 - 4.00 (good - excellent)
- 3) the assessment of the MD's result : 3.73 (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 2016 were approved during the 2016 annual general meeting, and they remained the same as in 2015 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 2016, the company encouraged the directors, the executives and the company 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:
 - "The UK Experience on Implementing the Enhanced Auditor Reporting", on 15 January 2016, by the Office of the Securities and Exchange Commission (Mr. Naphatra Chatvichian : CFO/Company Secretary)
 - SCP Straight Through Program, on 25 January 2016, by the Stock Exchange of Thailand (Mr. Naphatra Chatvichian : CFO/Company Secretary and Company Secretary Section)

- Strategic Shareholders / FSCOM Report, on 27 January 2016, by the Stock Exchange of Thailand (Mr. Naphatra Chatvichian : CFO/Company Secretary and Company Secretary Section)
- “How to Write an Effective MD&A” , on 28 January 2016, by the Stock Exchange of Thailand (Mr. Surachet Kamolmongkolsuk : Director/Managing Director and Mr. Naphatra Chatvichian : CFO/Company Secretary)
- “Meeting and exchange opinion of executive for good internal control for listed companies”, on 23 February 2016, by the Stock Exchange of Thailand (Mr. Mitthong Chulitawong : Director/Audit Committee Member and Mr. Surachet Kamolmongkolsuk : Director/Managing Director)
- AGM Checklist , tutoring at 100 year 2016, on 1 March 2016, by Thai Investor Association (Company Secretary Section)
- “Financing for sustainable business value with capital market tools”, on 29-30 June 2016, by Thailand Securities Institute, the Stock Exchange of Thailand (Mr. Naphatra Chatvichian : CFO/Company Secretary)
- “The preparation of accounts in accordance with the state of affairs and the financial reporting standard”, on 8 July 2016, by Dharmniti Seminar and Training (Mr. Naphatra Chatvichian : CFO/Company Secretary)
- “Basic Finance for IR”, on 21 July 2016, by the Stock Exchange of Thailand (Mr. Naphatra Chatvichian : CFO/Company Secretary)
- “Company Secretary Program 73/2016” , on 6-7 September 2016, by Thai Institute of Directors (Mr. Naphatra Chatvichian : CFO/Company Secretary)
- “CGR Workshop : Enhancing Good Corporate Governance based on CGR Scorecard”, on 26 September 2016, by the Stock Exchange of Thailand and Thai Institute of Directors (Mr. Naphatra Chatvichian : CFO/Company Secretary)
- “Succession Plan and Competency Management Level” on 28 October 2016, In-house Training by Professional Internal Audit Service Co., Ltd. (Management Level)
- “Using information disclosure system of listed companies (SET Portal) re-arranged” on 29 November 2016, by the Stock Exchange of Thailand (Mr. Naphatra Chatvichian : CFO/Company Secretary and Company Secretary Section)
- “Smart Organization for Smart People moving forward Thailand 4.0” on 6-7 December 2016, by Eastern Happy Workplace Center (Mr. Yosakorn Bomlai : Deputy Managing Director - Factory)

Orientation for the new director

In 2016, the board of director meeting No.1/2016 on 29 February 2016 resolved to appoint Mr. Santi Piyatat to be director replaced a vacant position. 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. Company Secretary 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.

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 2016, The Board of Directors consists of 10 members (Mr. Santi Piyatat, director resigned on 6 October 2016,), 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.

Roles and duty of the Chairman of the Board of Director

1. Take responsibility as the leader of the board of director in supervising, instructing, monitoring, and supporting the operation of the management and other subcommittee in order to pursue the determined objectives, policy, and strategy.
2. Support and encourage the board of director in working tirelessly according to the scope of their responsibility and good business governance.
3. Being a person who calls for board of director meeting and acts as a chairman of the meeting. If the request for meeting is proposed by more than 2 directors, the chairman will define the meeting date within 14 days from the request issued date.
4. Being a person who holds the adjudge vote for the tie vote in case there's a vote occurs in the board of director meeting.
5. Being a person who calls for the shareholders meeting and acts as a chairman of the meeting. Participate in defining the meeting agenda with managing director.
6. Efficiently take responsibility in controlling and conducting the board of director meeting and shareholders meetings to follow the company's regulations. Support and give chance for the director or shareholders to independently share their opinions.

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. The 3 audit directors were the Chairman of the Audit Committee Mr. Arthit Wuthikaro and 2 Audit Directors Miss Chutipa 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.

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.

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 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.

Authority and duty of managing director

1. Authorized by the company in managing the business in accordance with the objectives, regulations, policy, rules, command, the agreement from shareholder's meeting and/or the agreement from the committee and executives meeting.
2. Manage business governance; define strategic plan, and daily administration, as well as command and governing overall operations for the utmost administrative benefits.
3. Prepare and present business policy, plan, objectives, operation plan, strategy, funding, business yearly budget, yearly report, and defined administrative power to be proposed to the executives, audit committee, and company committee.
4. Constantly follow up and assess the company performance. Report the performance and progression to the executives, audit committee, and company committee.
5. Hold the power to direct, contact, command, as well as sign in any contract, letter of command, and announcement as stated in the authorization manual.
6. Consider in making contract about normal business operation, new business investment, or business close down according to the authorization manual.
7. Consider the company profit and loss. Propose interim or yearly dividend payment to the executive for the approval.
8. Consider in approving the payment for normal operational expenditure as stated in the approved authorization regulations.
9. Define organizational structure, management method which covers the information in recruiting, training, employing, and laying off. Determine wage, salary, compensation, bonus, and other welfares for the employees.
10. Scope the duty, appoint, translocate, cut down or reduce wage, relieve, consider meritorious acts, disciplinary punishment, reward the employees from manager downwards.

11. Appoint and manage working groups for good and transparent benefits and efficiency. The power of a right of subrogation and /or assign the third party will act for the company for the specific operation. The subrogation rights and/or that kind of assignment must be conducted under its extent according to the power of attorney and/or assignment regulation and the approved command from the committee.
12. The power to command the rules, announcement, note for the operation to follow the company's policy and benefits and to maintain the organizational rules and discipline. Duty and responsibility assignment of the committee will neither be the assignment nor the subrogation which authorizes the managing director or the committee's attorney to approve the record of conflict (according to the definition of all concerned sectors), the record of interests, or the conflict of interests with subsidiaries, except only it's the regular approval with clear extent.
13. Conduct any process as being assigned from the executive and/or the company committee.

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
1. Transaction for normal business operation (per occurrence)			
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.
2. Other transaction			
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

Recruitment and Nomination of the Directors and Top Management

1. Independent Director

The Independent Director 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:

- 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.

2. Nomination of the directors and top management

With regard to the nomination of the members of the Board of Directors and top management i.e. Managing Director, even though the Company does not have the Nomination and Remuneration Committee in place, but the nomination of the director and managing 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. Especially on the part of directors give the shareholders the opportunity to nominate persons for consider being appointed as a director following SET regulation. 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.

Overseeing the operation of its subsidiaries and associated companies

- None-

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 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

The Annual General Meeting of Shareholders has a resolution to approved the appointment of Ms. Thippawan Nananuwat Certified Public Accountant No.3459, or Ms. Sumalee Raweebanthit Certified Public Accountant No.3970, or Mr. Klitsada Lertwana Certified Public Accountant No.4958 or Ms. Manee Rattanabannakit Certified Public Accountant No.5313 or other auditors of the EY Office Co., Ltd. to become auditors of the company in 2016.

- Audit fee

The company paid the Audit fee in 2016 was Baht 1,685,000. This fee included audit fee and total accounting review.

- Non-audit 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 2016, the Company paid for auditor allowance and transportation expense were Baht 0.20 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.

Corporate Social Responsibility (CSR)

T.M.C. Industrial Public Company Ltd. has always realized the importance of business secure and sustainable governance which would benefit to all stakeholders. In compliance with the CSR policy, the company has therefore developed quality of life and potential of the employees both in intellectual capital together with the community and social governance.

Fair operation

The company has operated business with fairness, transparency, and accountability by holding onto the best business governance practice. It's used as the guideline which conforms to law and stock exchange regulations for the desirable business traits - morals, virtue, ethics, and righteousness. It encourages the employees for internal and external activity participations, respects for nation, religion, and royal institutions, as well as fair investment, and intellectual property. Moreover, we've created faith and trust toward the organization which will lead to continuous development.

Anti - Corruption

The company has never ignored or gotten involved, directly and indirectly, in any types of corruption-related act. The corporation with either government or private sectors must be transparent, legal and accountable. Consequently, our business engagement is based on honesty, fairness, transparency, accountability, and always abides by good business governance principle. Ethical behaviors are encouraged among the employees in the organization. The anticorruption practice guideline must be acknowledged by them. They are also trained with good corporate governance and business ethics.

Human right respect and Fair treatment

The company strictly complies with Human Right and treats all employees equally under labor law, work regulations, announcement, related discipline, or command.

Humanity, the company respects the right of the employees, bans all kinds of physical, verbal, and psychological abuse, and threats.

The company treats all employees equally, without racial, gender, religious, age, or disability discrimination, either it is employment, training, compensation, and promotion.

For child labor, the company doesn't have the policy to employ children under 18 years old as stated in labor law.

The company's valid working hour is strictly legal regular hours including overtime hours, and holiday works.

The company pays deserved wage, compensation, and privilege under the fair and appropriate condition and labor law.

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 Workplace (Happy 8)" as per below:

- Provide for exercise in the morning every working day for get ready before working.



- The annual health check-up to staff for search risk of discuss and preventive



- Drug-Free Organization Project, cooperated with Bansuan Municipality



Community or Social Development

The company does not only gives 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. Activities on National Children's Day 2016,

collaborated with government sectors:

- 1.1) Bansuan Municipality
- 1.2) Nong Chak Municipal District
- 1.3) Nongree Subdistrict Administrative Organization
- 1.4) Ban Hua Krok School
- 1.5) Child Development Center of Bansuan Municipality



2. Inheriting religious rites, traditions, and cultures.

In order to continue out Thai gracious traditions and cultures, the executives and employees take part in food offering to 9 monks.



2.1 On Songkran day, Dum Hua event is organized for the employees to pay respect and to be blessed from the executives, as well as the sprinkle water on Bhuddha image event.



2.2 New Year event is organized to raise blessing spirit in welcoming a good coming year.





3. Family support project

We believe that warm and secure family will be an important spirit support in work. It's like and immune and encouragement which motivate employee to pursue a better life. The company give financial support for wedding ceremony of the employees.



The company also provides scholarship for their children to support their goals



4. Donations of cloths, food, and second-hand belongings

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, and donate second-hand belongings, rice, dry food, drinking water, and snacks to the school for deaf and children with mental retardation in Chaiyaphum with an aim to encourage the children and their family.



5. TMC project “Fill the love with heart, Fill the generosity with blood”

In cooperation with Thai Red Cross in Chonburi, the company has organized blood donation campaign in order to encourage the employees' involvement. It's to nurture their generous mind to all humans, as well as to sustain blood supply for the Thai Red Cross.



6. Protect the environment

The company has grown the environmental consciousness to the employees in preserving natural resources and environment through the corporative reforestation event on the World Environment Day.



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.

Internal Audit and Risk Management

On the meeting of the Board of Directors No. 1/2017, dated on 28 February 2017, 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 2017, 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 2016, Audit Committee approved the audit plan of Professional Internal Audit Service Co., Ltd., on the meeting of the Board of Director No. 4/2015, dated on 13 November 2015. The internal audit of year 2016 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, is the internal control of SEC evaluation, assets control system, inventory control system, check the complaint (new factory construction), control system maintenance, the cost comparison, revenue recognition system and control system repairing the insured. The result of overall evaluation by internal auditor said that is favorably because of mainly of control and system for every subject 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 reported the progress of improve its to the audit committee.

Related Transactions

Related Transactions (End of December 31, 2016)

A summary of the related transactions between the Company and its subsidiaries and the parties having conflict of interest in 2016

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 Kang yong Electric Public Company Limited	Co-director is Mr. Manu Leoparote
2 Khon Kaen Sugar Industry Public Company Limited	Co-director is Mr. Manu Leoparote

Nature of Related transactions

Party having Conflict of Interest	Description of Transaction	Value of Related Transaction (Baht)	Necessity and Reasonableness of the Related Transaction
1. Kang Yong Electric Public Company Limited	<u>Service income from maintenance press machinery :</u> The company has service income from maintenance Hydraulic press machinery to Kang Yong Electric Public Company Limited. This service is normal business of company and using market pricing that same as other companies.	105,000.00	The Audit Committee is of the opinion that such transaction normal business, pricing policy is market price and trade condition is same as other company so that transaction is appropriate and sensible.
	<u>Outstanding balance</u> Account Receivable	21,400.00	
2. Khon Kaen Sugar Industry Public Company Limited	<u>Income from sold Jack 60 Tons (E):</u> The company sold Jack 60 Tons to Khon Kaen Sugar Industry Public Company Limited. This transaction is normal business and using market price that is same as other companies.	11,200.00	The Audit Committee is of the opinion that such transaction normal business, pricing policy is market price and trade condition is same as other company so that transaction is appropriate and sensible.
	<u>Outstanding balance</u> Account Receivable	0.00	

Management Discussion and Analysis

The economic stagnation, global economic recovery hold back, the stagnation in automotive industry, the uncertain investment from government and private sectors in 2016 had decreased the confidence among the investors. It's exacerbated by higher competition, and the delay of customer's investment or purchase request. Consequently, the income in 2016 was below the target. The company had added the measurements of expenditure control, production cost control, purchasing control, and inventory control. The performance in 2016 can be reported as the followings.

Sales and service income

The Company's income structure

Unit: Million Baht

Items	Total Financial Statement									
	2012		2013		2014		2015		2016	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Income from Sales										
1. Hydraulic Press	563.27	56.17	437.60	55.72	299.27	46.13	193.13	36.35	115.32	29.18
2. Hydraulic Cranes	162.77	16.23	134.50	17.13	140.35	21.63	142.50	26.82	140.74	35.61
3. Hydraulic handling equipment	88.40	8.81	71.92	9.16	52.81	8.14	45.64	8.59	44.04	11.14
4. Hydraulic Press and Drill Machine for Foundation Pile	-	-	-	-	-	-	32.52	7.71	0	0
5. Others	26.48	2.64	29.15	3.71	34.34	5.29	8.00	1.90	18.34	4.64
Total Income from Sales	840.92	83.85	673.17	85.72	526.77	81.19	721.79	79.40	318.44	80.57
Income from Services										
6. Maintenance service	124.32	12.40	98.52	12.54	49.32	7.60	48.12	9.06	48.58	12.29
7. Metal machine	37.63	3.75	13.63	1.74	72.70	11.21	61.33	11.54	28.20	7.14
Total Income from Services	161.95	16.15	112.15	14.28	122.02	18.81	109.45	20.60	76.78	19.43
Total Income from Sales and Services	1,002.87	100.00	785.32	100.00	648.79	100.00	531.24	100.00	395.22	100.00

In 2016, the company earned 395 million Baht from sale and service which was 25.60% decreased compared to the same period of last year. The sales of hydraulic press and metal machine processing service were decreased due to the stagnation of automobile industry. However, in this year, the quality and sales of hydraulic crane and other products can be remained close to the ones of the previous year.

Other incomes

In 2015, in implementing expenditure saving measurement, the company had decreased administrative and work process. So, products and machines were transferred to factory 1 (Tumbon Baan Suan) and sold factory 2 (Tumbon Nong Ree) and some idle machines. Therefore, the other income in 2016 was 33 million Baht or 95.82% decreased compared to the same period of last year.

Operational cost

In 2016, the operational cost of the company was increased from the economic stagnation, global economic recovery hold back, and the delay of customer's purchasing orders. They caused the imbalance of workloads and the existing labors. The stagnation or the delay of purchasing order also caused the allowance for decline in value of the no-movement or slow-movement inventory. It's increased from 5 million Baht in 2015 and resulted in 19.87% increasing cost of sales and service compared to the same period of last year.

The company had decreased the warranty plan of crane product from three years to one year in 2016. Therefore, liability estimation from product warranty was 8 million Baht lessened in 2016.

High competition from economic stagnation allowed the company to get new unfamiliar jobs. Although the company encountered with the loss from those jobs, it's the business extension opportunity in the future.

Sales and service expenditures

The company had applied expenditure control by reducing the executive and committee's compensation since the second quarter of 2015. The factory and office expenditure control had also been 10% reduced from the expenditure of the previous year. So, sales and service expenditures were 29.97% and 23.69% reduced from the same period of last year respectively.

The loss from the impairment of assets

According to the account audit in 2016, it's found that forced sale value was used in the valuation of land, building, and construction by an independent valuator from outsource. The recoverable amount was lower than book value. Therefore, the company faced the 89 million Baht loss from the impairment of land, buildings, and construction.

Financial cost

In the late of 2015, the company increased 145 million Baht cost and sold the 55 million Baht-valued factory 2 at Tumbon Nong Ree. However, in 2016, the company invested in the construction of factory 3 (Amphoe Baan Beung). Electrical and fire suppression system, and spray paint room costed 45 million Baht. The company also put 20 million Baht for joint investment with Cell Flow Co., Ltd. in order to establish Sahapat Amorn Co.,Ltd. Consequently, the financial cost was reduced from 19.45 million Baht in 2015 to 14.91 million Baht in 2016 or 23.36% from the same period of the previous year.

Important Financial data

	2016	+/-%	2015
Profit/loss			
Total income	396.34	-29.94%	565.71
Profit (loss) before finance cost and income tax expenses	(187.96)	202.83%	(62.07)
Depreciation and amortization	35.85	-19.23%	44.39
EBIDA	(152.11)	760.35%	(17.68)
Net profit (loss)	(236.69)	249.54%	(67.72)
Earnings (loss) per share	(0.65)	182.61%	(0.23)

EBITDA and Net Profit

EBITDA and net loss were 152.11 million Baht and 236.69 million Baht. It's 760.35% and 249.54% increase from the same period of the previous year respectively. It's resulted from the loss of impairment at 89 million Baht or 22.46% of the total income, amortization and deferred income taxes at 35 million Baht or 8.83% of the total income, and the loss from the new unfamiliar job and the future business extension at 34 million Baht or 8.58% of the total income.

Balance sheet and important financial data

Statement of Financial (Milion Baht)	2015	2016	Statement of cash flows (Milion Baht)	2015	2016
Cash or cash equivalents	37	17	Cash flow from operating activities	(35)	(51)
Total current asset	277	197	Interest and tax	18	13
Total non-current asset	841	731	Net cash flow from operating activities	(14)	(4)
Total asset	1,118	928	Net cash flow from investing activities	(73)	(64)
Total current liability	317	383	Net cash income (reimbursement) – loan	6	40
Total non-current liability	114	92	Dividend	0	-
Total liability	431	475	Net cash from fundraisign activities	6	40
Total liability and equity	1,118	928	Net cash and cash equivalent increasae (decrease)	(81)	(20)
			Cash and cash equivalent (beginning)	118	37
			Cash and cash equivalent (ending)	37	17

Cash and cash equivalents

In 2016, the company had to complete the 45 million Baht-valued construction of buildings, electronics and fire suppression systems, and spray paint room of factory 3 (Amphoe Baan Beung). There's also the joint investment with Cell Flow. Co. Ltd. in order to establish the 20 million Baht-valued Sahapat Amorn Co.Ltd. The payment of short-term and long-term loans with interests from the financial institutes, and the payment from the hire purchase costed 42 million Baht in total.

Current asset

Account receivable and other debtors

Item	Financial Statement			
	2015		2016	
	Million Baht	Percentage	Million Baht	Percentage
Account receivable	27	45.7%	18	57.9%
Overdue account receivable:				
Not over 3 months	22	38.3%	10	34.3%
3-12 Months	10	17.0%	3	9.6%
More than 12 months	6	9.8%	6	18.1%
Total	64		37	
Deduct: Allowance for doubtful accounts	(6)	-10.8%	(6)	-20.0%
Total account receivable — Net	58	100.0%	31	100.0%
Other debtors	2		4	
Total account receivable and other debtors- Net	60		34	

Net account receivable at the end of 2016 was 31 million Baht and 58 million Baht in 2015 which was 27 million Baht or 42.89% decreased. It's resulted from the collection management according to the set credit term. The economic stagnation decreased sales in the 4 quarter.

Inventory

Item	2015		2016	
	Million Baht	Percentage	Million Baht	Percentage
Instant products	31	14.1%	25	13.8%
In-process products	162	74.1%	140	78.2%
Materials	14	6.4%	13	7.5%
Consumable material	1	0.7%	1	0.6%
Goods in transit	10	4.8%	-	0.0%
Total	219	100.0%	179	100.0%
Deduct: allowance for decline in value	(40)		(45)	
Net inventory	179		133	

At the end of 2016, net inventory was 46 million Baht decreased from 179 million Baht in 2015. It came to 133 million Baht or 25.44% in 2016. It derived from the strict purchasing control. The purchasing would be approved only by the request. The inventory was decreased. Some no-movement or slow-movement inventory caused the allowance for decline in value. It's increased at 5 million Baht or 13.04% compared to the same period of last year.

Real property for investment

The real property for investment of the company was 23 rais of land which valued 11 million Baht according to book value. In November 2016, the company had agreed on sales contract of the land with a company. So, the company conveyed the real estate for investment to be assets held for sale.

Land Building and Equipment

2016	Land	Building and Complement	Machine and Equipment	Furniture and Appliance	Vehicle	Assets under Installation	Total
Cost							
Brought forward	292,034	93,147	322,012	40,706	65,767	284,142	1,097,808
Additional purchase	0	0	742	1,019	60	54,165	55,987
Deduct for sell	0	(2,227)	(14,675)	(7,405)	(1,964)	(593)	(26,863)
Transfer In-Out	0	23,500	2,543	0	0	(26,435)	(392)
On 31 December 2016	292,034	114,420	310,622	34,320	63,864	311,279	1,126,540
Accumulated depreciation							
Brought forward	0	(3,8778)	(225,648)	(30,757)	(51,255)	0	(346,437)
Additional	0	(5,413)	(16,436)	(4,542)	(7,118)		(33,536)
Deduct for sell	0	1,024	13,843	7,242	1,793	0	23,902
Allowance for decline in value	0	0	0	0	0	(89,071)	(89,071)
On 31 December 2016	0	(43,168)	(228,267)	(28,057)	(56,580)	(89,071)	(445,143)
Book value	292,034	71,252	82,355	6,263	7,284	222,208	681,397

On 31 December 2016

- The company possessed land, buildings, and equipment valued 56 million Baht increasing from the construction of new factory 3 (Amphoe Baan Beung) which consisted of electrical and fire suppression systems, spray paint room, pulley and crane systems.
- The 3 million Baht-valued broken goods and scrap sell were found during the mid-year fixed-asset physical.
- According to the accounting audit in 2016, it's found that forced sale value was used in the valuation of land, building, and construction by an independent valuator from outsource. The recoverable amount was lower than book value. Therefore, the company faced the loss from the impairment of land, buildings, and construction at 89 million Baht.

Account payable and other creditors

Item	2015		2016	
	Million Baht	Percentage	Million Baht	Percentage
Deposit with security	25	27.3%	14	17.2%
Account payable	46	50.7%	35	43.3%
Other creditors:				
Accrued expenses	4	4.5%	3	4.1%
Unearned income	29	32.1%	30	37.3%
Account payable on fixed-asset purchase	2	1.9%	0	0.2%
Other creditors	10	10.8%	12	15.1%
Total other creditors	91	100.0%	81	100.0%
Total other current liabilities	91	100.0%	81	100.0%

On 31 December 2016, account payable and other debtors decreased at 10 million Baht compared to the same period of last year due to expenditure and purchase control measurements, and credit term management. Therefore, account payable was 11 million Baht or 24.73% decreased compared to the same period of the previous year.

With the company's management structure adaptation, factory 2 (Tumbon Nong Ree) and idle machines were sold. The security in the debt was lacking. The company must secure 25 million Baht cash for bank deposit. In 2016, the company used 4 rais of land as the mortgage securities instead of the deposit. It resulted in 11 million Baht decrease of deposit and spent it for the company's working capital.

	2016	+/-%	2015
Statement of financial position			
Total assets	928	-17.06%	1,118
Total liabilities	475	10.31%	431
Equity	452	-34.22%	687

At the end of 2016

- The company's total asset was 928 million Baht which was 17.06% decreased from the same period of last year. Mostly it caused from the impairment of the 89 million Baht-valued assets of Baan Beung factory, 35 million Baht-valued deferred tax asset lists clearance, and 34 million Baht-valued depreciation. The inventory was 45 million Baht decreased from the purchasing control.
- Net liability was 10.31% increase from the same period of last year due to the credit term management for the creditors, as well as domestic and international purchase control.
- The equity was 34.22% decreased from the same period of last year due to the 236.69 million Baht operating loss.
- The company had plan to cover accumulated loss from legal reserve. So, the ranks of financial statement of the company was improved as there's no accumulated loss shown in the statement.
- According to the trend in 2016, the competition in the same industry was high and the economic recovery was held back, the same as the economic stimulation from government sector and investment from private sectors. The company aimed to earn the income from the old customers and challenge international new markets, and manage cost system to be correspondent with current circumstances for competitiveness. The intense expenditure control measurement had been carrying on.
- The investment between Cell Flow Co., Ltd. to establish Sahapat Amorn Co., Ltd. had got the purchase order for a dredge prototype for presentation. For future plan, the joint companies propose the production of the smaller-sized dredge to work in the river or Yacht marina development.

Report of Board of Directors Responsibilities

The board of director has paid attention to the duty and responsibilities in governing the company in accordance with good corporate governance policy. Financial governance of T.M.C. Industrial Public Co., Ltd. and financial information system presented in 2016 annual report were adequately disclosed, complete and accurate. That financial statement was prepared based on Thailand accounting standard and appropriate accounting policy. Prudent consideration and reasonable estimation were put into the preparation. Data was appropriately disclosed in the notes to financial statement and Key Audit Matter (KAM). That financial statement was audited and unconditionally commented by the independent auditor. Therefore, it reflected the authentic financial statement and performance which was the benefit to the shareholders and general investors.

The board of director had organized and retained risk management, appropriate effective internal control system to ensure the reliable and adequate financial information in order to prevent corruption or significant abnormal operations.

The board of director agreed that the company's internal system was overall satisfying. It gave reasonable confidence toward the reliability of the company's financial statement on 31 December 2016 which was audited and guaranteed by the company's auditor of the accuracy in presenting the essence of the statement and performance following the certified general accounting standard.



Mr. Manu Leopairote
Chairman of the Board of Directors



Mr. Thaweemit Kamolmongkolsuk
Chairman of the Executive Committee

Details of the directors executive & control person of the company

1. Mr. Manu Leopairote

Chairman of the Board / Independent Director

(Appointed as Directors : 14 February 2011)

Age

74

Education / Training

- Honorary Doctorate Degree in Business Administration, Thammasat University
- M.Sc. in Economics, University of Kentucky, USA.
- B. Sc. In Economics (Hons.) Thammasat University
- Certificate of Industrial Development, Nagoya Training Center, Japan
- Degree of National Defence College of Thailand - 34
- The Role of Chairman Program 3/2001
- Director Certification Program (DCP) 30/2003
- Director Accreditation Program (DAP) 2003

% of Shareholding

None

Family Relationship among the Executive

None

Working Experience

2011 - Present Chairman of the Board T.M.C. Industrial Public Co., Ltd.

Position taking on other companies last year

2016 - Present	Chairman of the Board,	SVOA Public Co., Ltd.
2010 - Present	Director / Chairman of the Nomination and Remuneration Committee,	Kang Yong Electric Public Co., Ltd.
2010 - Present	Chairman of the Board,	ARIP Public Co., Ltd.
2010 - Present	Chairman of the Board,	Jubilee Enterprise Public Co., Ltd.
2006 - Present	Chairman of Audit Committee,	Siam Steel International Public Co., Ltd.
2006 - Present	Chairman of the Board,	Asia Precision Public Co., Ltd.
2004 - Present	Chairman of the Board,	Bangkok Union Insurance Co., Ltd.
2004 - Present	Chairman of the Board,	Polyplex (Thailand) Public Co., Ltd.
2004 - Present	Chairman of the Board,	Khon Kaen Sugar Industry Public Co., Ltd.
2004 - Present	Director/Audit Committee,	Thai Beverage Public Co., Ltd. (listed in Singapore stock exchange)
1999 - 2004	Permanent Secretary,	Ministry of Industry

2. Mr.Thaweemit Kamolmongkolsuk

Director / Chairman of Executive Committee /

Company's Authorized Directors

(Appointed as Directors : 14 February 2011)

Age

67

Education / Training

- Honorary Degree in Engineering, Rajamangala University of Technology Thanyaburi
- Director Accreditation Program (DAP) 85/2010

% of Shareholding

0.807% (own 0% / spouse 0.807%)

Family Relationship among the Executive

- Mrs.Tubtim Kamolmongkolsuk's husband
- Mr. Surachet Kamolmongkolsuk's father
- Mrs. Pacharawalai Wu's father
- Miss Pailain Kamolmongkolsuk's father

Working Experience

2011 - Present	Director/Chairman of Executive Committee	T.M.C. Industrial Public Co., Ltd.
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Position taking on other companies last year

1982 - 2011	Chairman of Executive Committee,	T.M.C. Industrial Co., Ltd.
1972 - 1982	Business Owner,	Thaweemit Karnchang Machine Shop

3. Mrs. Tubtim Kamolmongkolsuk

Director / Vice Chairman of Executive Committee /

Company's Authorized Directors

(Appointed as Directors : 14 February 2011)

Age

70

Education / Training

- Honorary Degree in Industrial, Rajamangala University of Technology Thanyaburi
- Director Accreditation Program (DAP) 85/2010

% of Shareholding

0.807% (own 0.807% / spouse 0%)

Family Relationship among the Executive

- Mr. Thaweemit Kamolmongkolsuk's wife
- Mr. Surachet Kamolmongkolsuk's mother
- Mrs. Pacharawalai Wu's mother
- Miss Pailin Kamolmongkolsuk's mother

Working Experience

2011 - Present	Director/ Vice Chairman of Executive Committee	T.M.C. Industrial Public Co., Ltd.
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Position taking on other companies last year

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 Karnchang Machine Shop

4. Mr. Surachet Kamolmongkolsuk

Director / Executive Director /

Company's Authorized Directors

(Appointed as Directors : 14 February 2011)

Age

46

Education / Training

- 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

% of Shareholding

0.740% (own 0.706% / spouse 0.034%)

Family Relationship among the Executive

- Mr. Thaweemit Kamolmongkolsuk's son
- Mrs. Tubtim Kamolmongkolsuk's son
- Mrs. Pacharawalai Wu's brother
- Miss Pailin Kamolmongkolsuk's brother

Working Experience

Mar.'16-Present	Managing Director / Deputy Managing Director Sales and Marketing Dept.(Acting)	T.M.C. Industrial Public Co., Ltd.
2011 - Present	Director / Executive Committee	T.M.C. Industrial Public Co., Ltd.
Nov.2015 - 2016	Acting - Managing Director	T.M.C. Industrial Public Co., Ltd.
2012 - 2016	Chief Executive Officer	T.M.C. Industrial Public Co., Ltd.
2011-2012	Managing Director	T.M.C. Industrial Public Co., Ltd.

Position taking on other companies last year

2005 - 2010	Managing Director,	T.M.C. Manufacturing Co., Ltd.
1997 - 2005	Managing Director,	T.M.C. Industrial Co., Ltd.
1994 - 1997	Sales & Marketing Manager,	T.M.C. Industrial Co., Ltd.

5. Mrs. Pacharawalai Wu

Director / Executive Director /

Company's Authorized Directors

(Appointed as Directors : 14 February 2011)

Age

39

Education / Training

- Master Degree in Business Administration, Commerce, Burapha University
- B.A in Home Economics, Suan Dusit Rajabhat University
- Director Accreditation Program (DAP) 85/2010

% of Shareholding

0.739% (own 0.739% / spouse 0%)

Family Relationship among the Executive

- Mr.Thaweemit Kamolmongkolsuk's daughter
- Mrs.Tubtim Kamolmongkolsuk's daughter
- Mr.Surachet Kamolmongkolsuk's sister
- Miss Pailin Kamolmongkolsuk's sister

Working Experience

2011 - Present	Director/Executive Director/ Deputy Managing Director-Human Resources	T.M.C. Industrial Public Co., Ltd.
2012 - Present	Director/Executive Director/	T.M.C. Industrial Public Co., Ltd.

Position taking on other companies last year

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.

6. Miss Pailin Kamolmongkolsuk

Director / Executive Director /

Company's Authorized Directors

(Appointed as Directors : 14 February 2011)

Age

35

Education / Training

- Master Degree in Business Administration, Texas A&M University-Commerce
- Business Administration, Assumption University
- Director Accreditation Program (DAP) 85/2010
- Company Secretary Program (CSP) 46

% of Shareholding

0.739%

Family Relationship among the Executive

- Mr.Thaweemit Kamolmongkolsuk's daughter
- Mrs.Tubtim Kamolmongkolsuk's daughter
- Mr. Surachet Kamolmongkolsuk's sister
- Mrs. Pacharawalai Wu's sister

Working Experience

2011 — Present	Director/Executive Director/ Deputy Managing Director-Procurement	T.M.C. Industrial Public Co., Ltd.
Mar.'16-Present	Deputy Managing Director/ Management Information System (Acting)	T.M.C. Industrial Public Co., Ltd.

Position taking on other companies last year

2009 — 2010	Procurement Manager,	T.M.C. Industrial Co., Ltd.
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7. Mr. Arthit Wuthikaro

Director / Independent Director /

Chairman of Audit Committee

(Appointed as Directors : 14 February 2011)

Age

60

Education / Training

- Master Degree in Economics Development, National Institute of Development Administration
- Bachelor Degree in Economics (Hons.), Ramkhamhaeng University
- National Defence College of Thailand Program - 2548
- Director Certification Program (DCP)
- Director Accreditation Program (DAP)

% of Shareholding

None

Family Relationship among the Executive

None

Working Experience

2011 - Present	Director / Independent Director / Chairman of Audit Committee	T.M.C. Industrial public Co., Ltd.
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Position taking on other companies last year

2015 - 2016	Permanent Secretary,	Ministry of Industry
2014 - 2015	Director General,	Department of Industrial Promotion
2012 - 2014	Deputy Permanent Secretary,	Office of the Permanent Secretary, Ministry of Industry
2011 - 2012	Director General,	Industrial Works Department
2009 - 2011	Director General,	Department of Industrial Promotion
2008 - 2009	Director,	The Office of Industrial Economics
2005 - 2008	Inspector,	Office of the Permanent Secretary, Ministry of Industry

8. Miss Chutipa Obhasanond

Director / Independent Director/

Audit Committee

(Appointed as Directors : 14 February 2011)

Age

78

Education / Training

- Master Degree in Economics, The Florida State University, USA.
- Bachelor Degree in Economics, Thammasat University
- Director Accreditation Program (DAP)

% of Shareholding

None

Family Relationship among the Executive

None

Working Experience

2011 - Present Director / Independent Director /
Audit Committee

T.M.C. Industrial public Co., Ltd.

Position taking on other companies last year

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

1988 - 1996 Department Director,

Department of Industrial Promotion

9. Mr. Mitthong Chulitawong

Director / Independent Director / Audit Committee

(Appointed as Directors : 14 February 2011)

Age

50

Education / Training

- Master Degree in Finance, Siam University
- Bachelor Degree in Business Administration, Ramkhumhaeng University
- Bachelor Degree in Accounting, Sukhothai Thammathirat University
- Director Certification Program (DCP) 194/2014

% of Shareholding

None

Family Relationship among the Executive

None

Working Experience

2014 - Present	Director / Independent Director / Audit Committee	T.M.C. Industrial Public Co., Ltd.
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Position taking on other companies last year

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. Santi Piyatat

Director

(Appointed as Directors : 29 February 2016)

Age

48

Education / Training

- Master of Law (LL.M.International and Comparative Law)
Illinois Institute of Technology's Chicago Kent College of Law, Chicago, Illinois, USA
- Master of Law, Chulalongkorn University
- Bachelor Degree of Law, Thammasat University
- Thai Barrister at Law, Institute of Legal Education Thai Bar

% of Shareholding

None

Family Relationship among the Executive

None

Working Experience

Feb.'16-Oct'16	Director	T.M.C. Industrial Public Co., Ltd.
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Position taking on other companies last year

2015 - Present	Director,	Royal Ceramic Industry Public Co., Ltd.
1997 - Present	Director/ Chairman of the Board of Executive Committee	Asia Inter Law Co., Ltd.
1992 - 1995	Legal department draft laws/ Law drafting Division/The Council of State	The Prime Minister's office (Thailand)
Present	Legal Counsel subcommittee	Thammatirat of agriculture and the National Assembly
Present	Petty activities to probe facts,	office of the National Anti-Corruption Commission (NACC)
Present	Following the Sub-region and enforcement Affairs broadcasting,	boardcasting Bureau Boardcasting and Telecom of Thailand

11. Mr. Yossakorn Bomlai

Deputy Managing Director - Factory

Age

46

Education / Training

- Master Degree in Education Administration, Ramkhumhaeng University
- Bachelor Degree in Industrial Engineering, Rajamangala University of Technology Thanyaburi

% of Shareholding

None

Family Relationship among the Executive

None

Working Experience

Mar.2016-Present	Deputy Managing Director - Factory	T.M.C. Industrial Public Co., Ltd.
2014 - 2016	Deputy Managing Director - Sales & Marketing	T.M.C. Industrial Public Co., Ltd.
2015 - 2016	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.

Position taking on other companies last year

2009 - 2011	Assistant General Manager,	Thai Summit PKK Co., Ltd.
2004 - 2009	General Manager,	T.M.C. Industrial Co., Ltd.
1999 - 2004	Assistant Plant manager,	Summit Advanced Material Co., Ltd.

12. Mr. Naphatra Chatvichian

Deputy Managing Director - Account&Finance/
Company Secretary

Age

47

Education / Training

- Bachelor Degree in Accounting at Ramkhumhaeng University

% of Shareholding

None

Family Relationship among the Executive

None

Working Experience

2015 - Present	Deputy Managing Director - Account & Finance	T.M.C. Industrial Public Co., Ltd.
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2016 - Present	Company Secretary	T.M.C. Industrial Public Co., Ltd.
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Position taking on other companies last year

2013-2015	Consultant to BSC, KL,	Glaxo Smith Kline (Thailand) Co.,Ltd.
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2001-2013	Assistant Account&Finance Manager,	Glaxo Smith Kline (Thailand) Co.,Ltd.
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1997-2001	Assistant Account Manager,	Smith Kline Beecham (Thailand) Co.Ltd.
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1992-1997	Auditor,	SGV Na Thalang Co.,Ltd.
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Auditor's Report and Financial Report as of year 2016

Independent Auditor's Report

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

Opinion

I have audited the accompanying financial statements of T.M.C. Industrial Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2016, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of T.M.C. Industrial Public Company Limited as at 31 December 2016, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

I draw attention to Note 1.2 to the financial statements, regarding the ability of the Company to continue as a going concern. As presented in the statement of financial position as at 31 December 2016, the Company's current liabilities exceeded its current assets by Baht 186 million. In addition, the Company has had operating losses for 3 consecutive years and its operating loss increased in the current year. The Company is in the process of improving its operations and is requesting additional credit facilities from financial institutions. There are still material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Key Audit Matters

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

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition

Revenues from sales and service are significant accounting transactions of the Company since the amounts recorded directly affect profit and loss of the Company. In addition, the economic slowdown has directly resulted in more intense competition in the industry. There are therefore risks with respect to the amount and timing of revenue recognition.

I have examined the revenue recognition of the Company by

- Assessing and testing the Company's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls, and with special consideration given to expanding the scope of the testing of the internal controls which respond to the above risks.
- Applying a sampling method to select sales and service transactions to assess whether revenue recognition was consistent with the conditions stipulated in the corresponding sales and service documents, and whether it was in compliance with the Company's policy.
- On a sampling basis, examining supporting documents for actual sales and service transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes that the Company issued after the accounting period.

- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Impairment of property plant and equipment

As discussed in Note 14 to the financial statements, the Company recorded impairment loss on property, plant and equipment totaling Baht 89 as an expense during the year, which is a significant amount. In determining the impairment loss, management had to exercise judgment in order to estimate the recoverable amount of the property plant and equipment. There is thus a risk with respect to the impairment loss recorded on property, plant and equipment.

I enquired and gained an understanding of the Company's management process in determining impairment of property plant and equipment. I reviewed the asset appraisal reports prepared by the independent professional appraiser and information of the Company and evaluated the competency and independence of the independent professional appraiser. In addition, I also reviewed the disclosure of information related to impairment of property, plant and equipment.

Inventory

Estimating the net realisable value of inventory, as disclosed in Note 9 to the financial statements, is an area of significant management judgment, particularly with regard to the estimation of provision for diminution in the value of slow-moving and obsolete inventory. This requires detailed analysis of the competitive environment, economic circumstances and the situation within the industry. There is a risk with respect to the amount of provision set aside for diminution in the value of inventory.

I assessed the internal controls of the Company relevant to the determination of provision for diminution in the value of inventory by making enquiry of responsible executives, gaining an understanding of the designed controls. In addition, I also assessed the method and the assumptions applied by management in determining such provision. The procedures that I performed included:

- Gaining an understanding of the basis applied in determining the provision for diminution in value of inventory, and reviewing the consistency of the application of that basis, and the rationale for the recording of specific provisions.
- Comparing the inventory holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover.

- Comparing proceeds from sales transactions occurring after the date of the financial statements with the cost of inventory for each product line.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Miss Thipawan Nananuwat



Thipawan Nananuwat
Certified Public Accountant (Thailand) No. 3459

EY Office Limited
Bangkok: 28 February 2017

T.M.C. Industrial Public Company Limited

Statement of financial position

As at 31 December 2016

(Unit: Baht)

	<u>Note</u>	<u>2016</u>	<u>2015</u>
Assets			
Current assets			
Cash and cash equivalents	7	17,288,220	37,036,363
Trade and other receivables	8	34,146,201	59,655,279
Inventories	9	133,392,194	178,906,963
Land awaiting sales	10	10,523,075	-
Other current assets		1,512,732	1,830,397
Total current assets		<u>196,862,422</u>	<u>277,429,002</u>
Non-current assets			
Restricted bank deposits	11	13,870,000	25,000,000
Long-term investment	12	19,998,000	-
Investment properties	13	-	10,523,075
Property, plant and equipment	14	681,396,738	751,371,012
Intangible assets	15	8,676,732	10,984,979
Deferred tax assets	25	-	33,820,406
Other non-current assets		6,764,523	9,208,366
Total non-current assets		<u>730,705,993</u>	<u>840,907,838</u>
Total assets		<u><u>927,568,415</u></u>	<u><u>1,118,336,840</u></u>

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

T.M.C. Industrial Public Company Limited
Statement of financial position (continued)
As at 31 December 2016

(Unit: Baht)

	<u>Note</u>	<u>2016</u>	<u>2015</u>
Liabilities and shareholders' equity			
Current liabilities			
Bank overdraft and short-term loans from financial institutions	16	248,517,764	169,359,130
Trade and other payables	17	80,675,934	91,462,281
Current portion of liabilities under finance lease and hire-purchase agreements	18	1,152,991	2,866,788
Current portion of long-term loans	19	30,000,000	30,000,000
Provision	20	13,111,831	20,676,833
Other current liabilities		9,726,629	2,850,508
Total current liabilities		<u>383,185,149</u>	<u>317,215,540</u>
Non-current liabilities			
Liabilities under finance lease and hire-purchase agreements, net of current portion	18	237,956	1,390,948
Long-term loans, net of current portion	19	66,000,000	90,000,000
Provision for long-term employee benefits	21	26,008,616	22,404,137
Total non-current liabilities		<u>92,246,572</u>	<u>113,795,085</u>
Total liabilities		<u>475,431,721</u>	<u>431,010,625</u>

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

T.M.C. Industrial Public Company Limited
Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

	<u>Note</u>	<u>2016</u>	<u>2015</u>
Shareholders' equity			
Share capital			
Registered			
543,750,000 ordinary shares of Baht 1 each	22	543,750,000	543,750,000
Issued and fully paid up			
364,078,675 ordinary shares of Baht 1 each			
(2015: 362,500,000 ordinary shares of Baht 1 each)	22	364,078,675	362,500,000
Share premium	22	323,380,941	322,591,603
Advance from share subscription	22	9,375	-
Retained earnings (Deficit)			
Appropriated-statutory reserve	23	2,234,612	11,961,051
Unappropriated (Deficit)		(237,566,909)	(9,726,439)
Total shareholders' equity		452,136,694	687,326,215
Total liabilities and shareholders' equity		927,568,415	1,118,336,840

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



Director





T.M.C. Industrial Public Company Limited

Statement of comprehensive income

For the year ended 31 December 2016

(Unit: Baht)

	<u>Note</u>	<u>2016</u>	<u>2015</u>
Profit or loss:			
Revenues			
Sales and service income		395,224,392	531,242,935
Other income		1,118,275	34,471,727
Total revenues		<u>396,342,667</u>	<u>565,714,662</u>
Expenses			
Cost of sales and service		393,547,928	491,158,019
Selling expenses		28,027,646	40,017,490
Administrative expenses		73,655,992	96,607,168
Impairment loss on assests		89,070,837	-
Total expenses		<u>584,302,403</u>	<u>627,782,677</u>
Loss before finance cost and income tax income (expenses)		<u>(187,959,736)</u>	<u>(62,068,015)</u>
Finance cost		(14,907,410)	(19,453,498)
Loss before income tax income (expenses)		<u>(202,867,146)</u>	<u>(81,521,513)</u>
Income tax income (expenses)	25	(33,820,406)	13,806,044
Loss for the year		<u>(236,687,552)</u>	<u>(67,715,469)</u>
Other comprehensive income:			
<i>Other comprehensive income not to be reclassified</i>			
<i>to profit or loss in subsequent periods</i>			
Actuarial gain (loss) - net income tax	21, 25	(879,357)	5,818,445
Other comprehensive income for the year		(879,357)	5,818,445
Total comprehensive income for the year		<u>(237,566,909)</u>	<u>(61,897,024)</u>
Earnings per share	26		
Basic earnings per share			
Loss attributable to equity holders			
of the Company (Baht)		<u>(0.65)</u>	<u>(0.23)</u>
Diluted earnings per share			
Loss attributable to equity holders			
of the Company (Baht)		<u>(0.65)</u>	<u>(0.23)</u>

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

T.M.C. Industrial Public Company Limited

Cash flows statement

For the year ended 31 December 2016

(Unit: Baht)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Loss before tax	(202,867,146)	(81,521,513)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	35,850,233	44,388,496
Doubtful accounts (reversal)	(175,689)	1,277,948
Reduction of inventory to net realisable value	5,220,962	26,445,601
Allowance for diminution in value of withholding tax	3,310,984	-
Allowance for impairment loss on assests	89,070,837	-
Gain on sales of equipment	(1,435,591)	(29,766,242)
Loss on written-off equipment	1,663,349	-
Gain on the dissolution of subsidiary	-	(31,229)
Decrease in provision for product warranty	(7,565,002)	(8,463,859)
Long-term employee benefit expenses	6,078,866	6,391,328
Unrealised loss on exchange	73,121	298,450
Interest expenses	14,907,410	19,453,498
Loss from operating activities before changes in operating assets and liabilities	(55,867,666)	(21,527,522)
Operating assets decrease (increase)		
Trade and other receivables	25,684,767	38,052,863
Inventories	40,686,288	28,509,321
Other current assets	317,665	1,360,844
Other non-current assets	3,500	18,000
Operating liabilities increase (decrease)		
Trade and other payables	(9,153,499)	(57,485,088)
Other current liabilities	6,876,121	(508,848)
Cash paid for long-term employee benefits	(3,353,744)	(1,384,751)
Cash flows from (used in) operating activities	5,193,432	(12,965,181)
Cash paid for income tax	(2,116,549)	(1,385,190)
Cash refunded for income tax	1,245,908	-
Net cash flows from (used in) operating activities	<u>4,322,791</u>	<u>(14,350,371)</u>

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

T.M.C. Industrial Public Company Limited**Cash flows statement (continued)****For the year ended 31 December 2016**

(Unit: Baht)

	<u>2016</u>	<u>2015</u>
Cash flows from investing activities		
Cash paid for investment in subsidiary	-	(770,604)
Cash received from investment in subsidiary	-	8,416,107
Cash paid for long-term investment	(19,998,000)	-
Decrease (increase) in restricted bank deposits	11,130,000	(25,000,000)
Acquisition of equipment and payment of payables		
for purchase of equipment	(57,539,905)	(127,748,248)
Acquisition of intangible assets	(5,500)	(51,390)
Proceeds from sales of equipment	1,993,523	72,260,578
Cash received from compensation for damaged assets	740,000	-
Net cash flows used in investing activities	<u>(63,679,882)</u>	<u>(72,893,557)</u>
Cash flow from financing activities		
Increase (decrease) in bank overdraft and short-term loans		
from financial institutions	79,158,634	(90,640,870)
Repayment of long-term loans	(24,000,000)	(24,553,928)
Cash paid for interest expenses	(14,833,011)	(19,196,207)
Repayment to liabilities under finance lease and		
hire-purchase agreements	(3,013,438)	(4,544,401)
Cash received from increase in share capital	-	145,000,000
Cash receipt from share subscription as warrants exercised	2,377,388	-
Net cash flows from financing activities	<u>39,689,573</u>	<u>6,064,594</u>
Effects of exchange rate on cash and cash equivalents	(80,625)	(67,404)
Net decrease in cash and cash equivalents	<u>(19,748,143)</u>	<u>(81,246,738)</u>
Cash and cash equivalents at beginning of year	37,036,363	118,283,101
Cash and cash equivalents at end of year	<u>17,288,220</u>	<u>37,036,363</u>
	-	-

Supplemental cash flows information:

Non-cash items

Acquisition of equipment under finance lease agreement	-	1,323,800
Undue installments for asset purchases	185,296	1,738,390
Transfer of equipment to inventories	392,481	-
Transfer of investment properties to land awaiting sales	10,523	-

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

T.M.C. Industrial Public Company Limited

Statements of changes in shareholders' equity

For the year ended 31 December 2016

	Issued and paid-up share capital	Share premium	Advance from share subscription	Retained earnings (Deficit)		(Unit: Baht) Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated (Deficit)	
Balance as at 1 January 2015	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)
Additional ordinary shares issued (Note 22)	72,500,000	72,500,000	-	-	-	145,000,000
Balance as at 31 December 2015	<u>362,500,000</u>	<u>322,591,603</u>	<u>-</u>	<u>11,961,051</u>	<u>(9,726,439)</u>	<u>687,326,215</u>
Balance as at 1 January 2016	362,500,000	322,591,603	-	11,961,051	(9,726,439)	687,326,215
Loss for the year	-	-	-	-	(236,687,552)	(236,687,552)
Other comprehensive income for the year	-	-	-	-	(879,357)	(879,357)
Total comprehensive income for the year	-	-	-	-	(237,566,909)	(237,566,909)
Cash receipt from share subscription as warrants exercised (Note 22)	-	-	2,377,388	-	-	2,377,388
Additional ordinary shares issued (Note 22)	1,578,675	789,338	(2,368,013)	-	-	-
Statutory reserve transferred to eliminate deficit (Note 23)	-	-	-	(9,726,439)	9,726,439	-
Balance as at 31 December 2016	<u>364,078,675</u>	<u>323,380,941</u>	<u>9,375</u>	<u>2,234,612</u>	<u>(237,566,909)</u>	<u>452,136,694</u>
	-	-	-	-	-	-

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

T.M.C. Industrial Public Company Limited

Notes to financial statements

For the year ended 31 December 2016

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 Going concern

As presented in the statement of financial position as at 31 December 2016, the Company's current liabilities exceeded its current assets by Baht 186 million. In addition, the Company has had operating losses for 3 consecutive years and its operating loss increased in the current year. Although these conditions raise doubt about the Company's ability to continue as a going concern. However, the Company received a letter from the lender, granting a waiver for certain covenant. The Company is in the process of improving its operating, requesting additional credit facilities from financial institutions and finding new sources of funds. The Company's management believe that it is able to improve its operation and obtain adequate credit facilities for continuing its operation. For these reasons, the financial statements therefore have been prepared on the going concern basis.

2. Basis of preparation

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

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

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

3 New financial reporting standards

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

During the year, the Company have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become 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, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

(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 financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. 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 management of the Company believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Company's financial statements.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Rendering of services

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

Interest income

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

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

Finished goods, semi-finished goods, and work in process are valued at the lower of cost (under the 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 Land awaiting sales

Land awaiting sales are stated at cost less allowance for diminution in value (if any).

4.6 Investments

Long-term investment is stated at cost net of allowance for impairment loss (if any).

4.7 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.

4.8 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.

4.9 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

4.10 Related party transactions

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

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

4.11 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.

4.12 Foreign currencies

The financial statements are presented in Baht, which is also the Company's functional currency.

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.

4.13 Impairment of assets

At the end of each reporting period, the Company 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.

4.14 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.

4.15 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.

4.16 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 recognises 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 reviews and reduces 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 records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company 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 measures 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

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

At the end of each reporting period, the Company determines 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.

Reduce inventory cost to net realisable value

In determining a reduction of inventory cost to net realisable value, the management makes judgement and estimates net realisable value of inventory based on the amount of the inventories are expected to realise. These estimates take into consideration fluctuations of selling price or cost directly relating to events occurring after the end of the reporting period. Also, the management makes judgement and estimates the expected loss from stock obsolescence based upon aging profile of inventories 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.

Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

6. Related party transactions

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

<u>Name</u>	<u>Relationship</u>
T.M.C. - Lao Assembly and Manufacturing Co., Ltd.*	Subsidiary
Khon Kaen Sugar Industry 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

During the years, the Company had significant business transactions with related person and 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.

	<u>2016</u>	<u>2015</u>	(Unit: Thousand Baht) <u>Transfer pricing Policy</u>
<u>Transactions with subsidiary company:</u>			
(eliminated upon the consolidated financial statements)			
Sale and Service income	-	1,487	Cost plus margin at average around 2%
<u>Transactions with related companies:</u>			
Sale and service income	31	-	Market prices
<u>Transactions with director:</u>			
Land rental expense	-	84	Rate stipulated in agreement

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

(Unit: Thousand Baht)

	<u>31 December 2016</u>	<u>31 December 2015</u>
<u>Trade receivable - related party (Note 8)</u>		
Related company (Common director)	21	-

Directors and management's benefits

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

(Unit: Thousand Baht)

	<u>2016</u>	<u>2015</u>
Short-term employee benefits	15,041	20,094
Post-employment benefits	999	1,421
Total	<u>16,040</u>	<u>21,515</u>

Guarantees provided by directors

The Company's directors have guaranteed the Company's credit facilities from banks as mentioned in Note 16 to the financial statements. No fees are charged for these guarantees.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	<u>2016</u>	<u>2015</u>
Cash	207	325
Bank deposits	17,081	36,711
Total	<u>17,288</u>	<u>37,036</u>

As at 31 December 2016, bank deposits in saving accounts carried interest between 0.125% and 1.10% per annum (2015: between 0.125% and 1.10% per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	<u>2016</u>	<u>2015</u>
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	21	-
Total trade receivables - related parties	21	-
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	17,724	26,576
Past due		
Up to 3 month	10,484	22,254
3 - 12 months	2,952	9,852
Over 12 months	5,547	5,710
Total	36,707	64,392
Less: Allowance for doubtful accounts	(6,118)	(6,294)
Total trade receivable - unrelated parties, net	30,589	58,098
Total trade receivables - net	30,610	58,098
<u>Other receivables</u>		
Other receivables	1,727	290
Advance payment for inventories	1,699	1,107
Prepaid expenses	92	92
Accrued income	18	68
Total other receivables	3,536	1,557
Total trade and other receivables - net	34,146	59,655

9. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories-net	
	2016	2015	2016	2015	2016	2015
Finished goods	24,612	30,830	(17,486)	(13,056)	7,126	17,774
Semi - finished goods	76,518	88,922	(17,934)	(9,437)	58,584	79,485
Work in process	63,144	73,328	(4,019)	(11,244)	59,125	62,084
Raw materials	13,405	13,920	(5,235)	(5,642)	8,170	8,278
Supplies	985	1,469	(598)	(672)	387	797
Goods in transit	-	10,489	-	-	-	10,489
Total	178,664	218,958	(45,272)	(40,051)	133,392	178,907

During the current year, the Company reduced cost of inventories by Baht 5 million (2015: Baht 26 million), to reflect the net realisable value. This was included in cost of sales and service.

10. Land awaiting sales

These represent land which entered into the purchase and sale agreement to a company.

As at 31 December 2016, the Company has mortgaged land awaiting sales amounting to approximately Baht 11 million as collateral against credit facilities received from financial institutions.

11. Restricted bank deposits

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

12. Long-term investment

Company	Nature of business	Shareholding percentage		Carrying amounts based on cost method	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
		(%)	(%)	(Million Baht)	(Million Baht)
Sahapat Amorn Company Limited	Water resources development and related business	19.8	-	20	-

In April 2016, the Company paid Baht 20 million to invest in 199,980 ordinary shares at Baht 100 per share of Sahapat Amorn Company Limited, which was incorporated on 26 February 2016 and has a registered share capital of Baht 101 million.

13. Investment properties

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

	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
Cost	-	10,523
Net book value	-	10,523

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

	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
Net book value at beginning of year	10,523	10,523
Transfer to land awaiting sales	(10,523)	-
Net book value at end of year	-	10,523

The fair value of the investment properties stated below:

	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
Land awaiting sales	-	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.

As at 31 December 2015, the Company has mortgaged investment properties amounting to approximately Baht 11 million as collateral against credit facilities received from financial institutions.

In November 2016, the Company had entered into the purchase and sales agreement with a company. As a result, the Company transfer investment property to assets awaiting for sale.

The Company has mortgaged land with premises thereon and certain machinery with amounting to approximately Baht 648 million (31 December 2015: Baht 317 million) as collateral against credit facilities received from financial institutions.

15. Intangible assets

(Unit: Thousand Baht)

	Computer software
Cost:	
1 January 2015	24,859
Acquisition	52
31 December 2015	24,911
Acquisition	6
31 December 2016	24,917
Accumulated amortisation:	
1 January 2015	(11,608)
Amortisation	(2,318)
31 December 2015	(13,926)
Amortisation	(2,314)
31 December 2016	(16,240)
Net book value:	
31 December 2015	10,985
31 December 2016	8,677

16. Bank overdraft and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (% per annum)	2016	2015
Overdraft	MOR	162	-
Short-term loans - promissory notes	MLR-2.00	150,000	130,000
Short-term loans - bill of exchange	7	98,356	39,359
Total		248,518	169,359

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 6, 10, 11, 13 and 14 to the financial statements.

17. Trade and other payables

	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
Trade payables	34,903	46,368
Other payables	12,188	9,880
Other payables for purchase of fixed assets	185	1,738
Accrued expenses	3,281	4,083
Unearned revenue	30,119	29,393
Total trade and other payables	<u>80,676</u>	<u>91,462</u>

18. Liabilities under finance lease and hire-purchase agreements

	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
Liabilities under finance lease and hire-purchase agreements	1,431	4,445
Less : Deferred interest expenses	(40)	(187)
Total	<u>1,391</u>	<u>4,258</u>
Less : Portion due within one year	<u>(1,153)</u>	<u>(2,867)</u>
Liabilities under finance lease and hire-purchase agreements - net of current portion	<u>238</u>	<u>1,391</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 2016			
	Less than		
	1 year	1-5 years	Total
Future minimum payments under the finance lease and hire-purchase agreements	1,179	252	1,431
Deferred interest expenses	(26)	(14)	(40)
Present value of future minimum payments under the finance lease and hire-purchase agreements	1,153	238	1,391

(Unit: Thousand Baht)			
As at 31 December 2015			
	Less than		
	1 year	1-5 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	2,867	1,391	4,258

19. Long-term loans

(Unit: Thousand Baht)				
Loan	Interest rate (% per annum)	Repayment schedule	2016	2015
1	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		
			96,000	120,000
Total			96,000	120,000
Less: Current portion			(30,000)	(30,000)
Long-term loans - net of current portion			66,000	90,000

20. Provision

(Unit: Thousand Baht)

	Provision for product warranty
1 January 2015	29,141
Increase during the year	6,922
Utilised	(15,386)
31 December 2015	20,677
Increase during the year	1,513
Utilised	(9,078)
31 December 2016	13,112

21. 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)

	<u>2016</u>	<u>2015</u>
Provisions for long-term employee benefits at beginning of year	22,404	24,671
Included in profit or loss:		
Current service cost	5,496	5,649
Interest cost	583	742
Included in other comprehensive income:		
Actuarial (gain) loss		
Demographic assumption changes	974	2,236
Financial assumption changes	(1,770)	(5,377)
Experience adjustments	1,676	(4,132)
Benefits paid during the year	(3,354)	(1,385)
Provisions for long-term employee benefits at end of year	<u>26,009</u>	<u>22,404</u>

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

	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
Cost of sales and service	4,105	3,395
Selling and administrative expenses	1,974	2,996
Total expenses recognised in profit or loss	<u>6,079</u>	<u>6,391</u>

The Company expects to pay Baht 0.5 million of long-term employee benefits during the next year (2015: Baht 0.3 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 9.79 years (2015: 10.22 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	<u>2016</u>	<u>2015</u>
Discount rate	2.70	2.60
Salary increase rate	2.53	3.21
Turnover rate	0 - 18	0 - 46

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

	(Unit: Thousand Baht)			
	As at 31 December			
	<u>2016</u>		<u>2015</u>	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(2,105)	2,462	(1,974)	2,289
Salary increase rate	2,441	(2,128)	2,251	(1,981)
Turnover rate	(2,259)	1,634	(2,119)	710

22. Share capital/warrants

Share capital

During the year 2015, 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.

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

Warrants

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 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.

The Company received payment for the exercise of warrants (TMC-W1) as follows.

				Date of Stock
		Number of		Exchange of
	Number of	ordinary shares		Thailand approved
	exercised	issued for exercise	Exercise	ordinary shares as
Date of exercise	warrants	of warrants	price	Commerce
	(Thousand units)	(Thousand shares)	(Baht)	listed securities
<u>TMC-W1</u>				
30 March 2016	26	26	1.5	25 April 2016
30 June 2016	1,553	1,553	1.5	14 July 2016
27 December 2016	6	6	1.5	12 January 2017
Total exercise in 2016	1,585	1,585		

Cash receipts amounting to Baht 9 thousand from the exercise of rights to convert warrants to ordinary shares on 27 December 2016 were recorded as advance from share subscription.

A reconciliation of the number of warrants is provided below.

(Unit: Thousand units)

Number of warrants as at 1 January 2015	-
Issued during the year	181,250
Number of warrants as at 31 December 2015	181,250
Exercised during the year	(1,585)
Number of warrants as at 31 December 2016	179,665

Reconciliation of number of ordinary shares

The issuance of additional ordinary shares to existing shareholders (Right Offering), the issuance of additional ordinary shares to specific persons (Private Placements), and the exercise of warrants resulted in increases in the number of issued and paid-up capital shares, the issued and paid-up share capital, and the share premium, as follows:

	Number of issued and paid-up capital shares (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 Placements	38,893	38,893	38,893
Balance as at 31 December 2015	362,500	362,500	322,592
Increase in capital from warrant exercise	1,579	1,579	789
Balance as at 31 December 2016	364,079	364,079	323,381

23. 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.

	Number of issued and paid-up capital shares (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 Placements	38,893	38,893	38,893
Balance as at 31 December 2015	362,500	362,500	322,592
Increase in capital from warrant exercise	1,579	1,579	789
Balance as at 31 December 2016	364,079	364,079	323,381

23. 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.

On 23 April 2016, the Annual General Meeting of the Company's shareholders passed resolutions to approve the elimination of the Company's deficit amounting to Baht 9,726,439 using the statutory reserve.

24. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	<u>2016</u>	<u>2015</u>
Salaries, wages and other employee benefits	175,375	200,970
Depreciation and amortisation	35,850	44,388
Allowance for diminution of inventories	5,221	26,446
Raw materials and consumables used	198,526	253,093
Changes in inventories of finished goods, semi-finished goods and work in process	28,806	15,750

25. Income tax

Income tax expenses (income) for the years ended 31 December 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
Current income tax:		
Current income tax charge	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	16,626	(4,598)
Relating to origination of tax losses carried forward	<u>17,194</u>	<u>(9,208)</u>
Income tax expense (income) reported in		
the statements of comprehensive income	<u><u>33,820</u></u>	<u><u>(13,806)</u></u>

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

	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
Deferred tax relating to actuarial gain	-	1,455
	<u>-</u>	<u>1,455</u>

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

	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
Accounting loss before tax	<u>(202,867)</u>	<u>(81,522)</u>
Applicable tax rate	20%	20%
Accounting loss before tax multiplied by applicable tax rate	(40,573)	(16,304)
Effect of reversal of temporary differences and unused tax losses recognised in the past	33,820	-
Deferred tax assets have not been recognised		
- Unused tax losses	21,183	-
- Allowance for impairment loss on assests	17,814	-
- Other	168	-
Effects of non-deductible expenses	<u>1,408</u>	<u>2,498</u>
Income tax expense (income) reported in the statement of comprehensive income	<u>33,820</u>	<u>(13,806)</u>

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)	
	Statements of financial position	
	<u>2016</u>	<u>2015</u>
Deferred tax assets		
Allowance for diminution in value of inventory	-	8,010
Provision for long-term employee benefits	-	4,481
Provision for product warranty	-	4,135
Unused tax loss	-	17,194
Total	<u>-</u>	<u>33,820</u>

As at 31 December 2016, the Company has deductible temporary differences and unused tax losses totaling Baht 276 million, on which deferred tax assets have not been recognised as the Company believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The components of deferred tax assets are as follows:

		(Unit: Thousand Baht)	
		Statements of financial position	
		<u>2016</u>	<u>2015</u>
Deferred tax assets			
Allowance for diminution in value of inventory	-	8,010	
Provision for long-term employee benefits	-	4,481	
Provision for product warranty	-	4,135	
Unused tax loss	-	17,194	
Total	-	33,820	

As at 31 December 2016, the Company has deductible temporary differences and unused tax losses totaling Baht 276 million, on which deferred tax assets have not been recognised as the Company believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

26. 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.

	Loss for the year		Weighted average number of ordinary shares		Loss per share	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Loss attributable to equity holders of the Company	(236,688)	(67,715)	363,253	296,318	(0.65)	(0.23)
Effect of dilutive potential ordinary shares						
Warrants	-	-	-	-		

	Loss for the year		Weighted average number of ordinary shares		Loss per share	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Diluted earnings per share						
Loss attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	(236,688)	(67,715)	363,253	296,318	(0.65)	(0.23)

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 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 profit (loss) information regarding the Company's operating segments for the year ended 31 December 2016 and 2015, respectively.

(Unit: Thousand Baht)

	For the years ended 31 December					
	Manufacture and distribution of machineries		Services		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Sales and services income to external customers	297,875	394,128	97,349	137,115	395,224	531,243
Segment profit (loss)	(3,417)	40,967	5,093	(882)	1,676	40,085
Other income					1,118	34,472
Selling expenses					(28,028)	(40,018)
Administrative expenses					(73,656)	(96,607)
Impairment loss					(89,071)	-
Finance cost					(14,907)	(19,453)
Loss before income tax income (expenses)					(202,868)	(81,521)
Income tax income (expenses)					(33,820)	13,806
Loss for the year					<u>(236,688)</u>	<u>(67,715)</u>

Geographic information

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

(Unit: Thousand Baht)

	<u>2016</u>	<u>2015</u>
Revenue from external customers		
Thailand	369,536	468,882
Others	25,688	62,361
Total	<u>395,224</u>	<u>531,243</u>

Major customer

For the year 2016 and 2015, the Company has no major customer with revenue of 10 percent or more of the equity's revenues.

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 2016, the Company contributed Baht 2 million (2015: Baht 3 million) to the fund.

29. Commitments and contingent liabilities

29.1 Capital Commitments

As at 31 December 2016, the Company had capital commitments of Baht 6 million and (2015: Baht 6 million and USD 0.06 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 3 years.

As at 31 December 2016, future minimum payment in up to 1 year required under these contracts were amounting to Baht 3 million (2015: Baht 3 million).

29.3 Guarantees

As at 31 December 2016, there were outstanding bank guarantees of approximately Baht 8 million (31 December 2015: Baht 4 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business.

29.4 Litigation

On 9 March 2016, a company filed a civil lawsuit against the Company for breach of a contract to build and install the mechanical system, electrical system, and internal communications system at the factory. This company claimed compensation for damages amounting to Baht 31 million, plus interest at a rate of 7.5% per annum from the date the lawsuit was filed until full settlement is made to the plaintiff. In April 2016, the Company filed a denial of the case with the court. On 15 February 2017, the court

dismissed the case. The management of the Company believes that the Company will not incur significant losses, and therefore no liabilities for such losses were recognised in the financial statements.

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)

	As at 31 December 2015			
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investment properties	-	35	-	35

(Unit: Million Baht)

	As at 31 December 2016					
	Fixed		Floating	Non- interest		Effective
	interest rates		interest rate	bearing	Total	interest rate
	within 1 year	1 - 4 years				(% per annum.)
Financial liabilities						
Bank overdraft and short-term						
loans from financial						
institutions	99	-	150	-	249	4.50 - 7.38
Trade and other payables	-	-	-	81	81	-
Liabilities under finance lease						
and hire-purchase						
agreements	1	-	-	-	1	3.81 - 9.60
Long-term loans	-	-	96	-	96	3.34
	100	-	246	81	427	

	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.)
Financial Assets						
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	
Financial liabilities						
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	

Foreign currency risk

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

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, restricted bank deposits, bank overdraft and short-term loans from financial institutions, 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 2016, Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	As at 31 December 2016					
	Fixed		Floating	Non- interest	Total	Effective
	interest rates					
	within 1 year	1 - 4 years				(% per annum.)
Financial Assets						
Cash and cash equivalent	-	-	16	1	17	0.13 - 1.10
Trade and other receivables	-	-	-	34	34	-
Restricted bank deposit	-	-	14	-	14	1.50
	-	-	30	35	65	

As at 31 December 2016 and 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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	102	367	13	211	35.83	36.09
Euro	-	-	326	149	37.38	39.80
Krong Sweden	107	-	-	-	3.98	4.31

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 2016, the Company debt-to-equity ratio was 1.05:1 (2015: 0.63:1).

33. Events after the reporting period

On 28 February 2017, the meeting of the Company's Board of Directors passed the resolutions to propose to the Annual General Meeting of the Company's shareholders to approve the following.

1. Eliminate the Company's deficit amounting to Baht 237,566,909 using the statutory reserve and share premium.
2. Issue and offer the long-term debentures with a term 2 years and interest rate between 5.75% and 6.50% per annum to specific investors (Private Placements) mortgaged by the Company's ordinary shares value not less than 1.5 times of these debentures amounting between Baht 100 million and Baht 200 million.

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2017.



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Annual Report 2016 correcting

Page 7 Key Financial Data

Share capital fully paid up 2016 changed to 364.08

Page 14 Background and development

2015 Share capital fully paid up changed to Baht 362,500,000.00

Page 16 Nature of business

Revenue structure of Company

Description	Consolidated financial statement						Separate financial statement			
	2012		2013		2014		2015		2016	
	MB	%	MB	%	MB	%	MB	%	MB	%
Sales income										
1. Press Hydraulic	563.27	56.17	437.60	55.72	299.27	46.13	193.13	36.35	115.32	29.18
2. Crane Hydraulic	162.77	16.23	134.50	17.13	140.35	21.63	142.50	26.82	140.74	35.61
3. Handling Hydraulic	88.40	8.81	71.92	9.16	52.81	8.14	45.64	8.59	44.04	11.14
4. Press Rigs Hydraulic	-	-	-	-	-	-	32.52	7.71	0	0
5. Others	26.48	2.64	29.15	3.71	34.34	5.29	8.00	1.90	18.34	4.64
Total sales income	840.92	83.85	673.17	85.72	526.77	81.19	421.79	79.40	318.44	80.57
Service income										
6. Service and maintenance	124.32	12.40	98.52	12.54	49.32	7.60	48.12	9.06	48.58	12.29
7. Metal processing	37.63	3.75	13.63	1.74	72.70	11.21	61.33	11.54	28.20	7.14
Total Service income	161.95	16.15	112.15	14.28	122.02	18.81	109.45	20.60	76.78	19.43
Total sales and service income	1,002.87	100.00	785.32	100.00	648.79	100.00	531.24	100.00	395.22	100.00

Page 30 Issuance of other securities

- Warrants to buy ordinary share of T.M.C. Industrial Public Company Limited #1 (TMC-W1)

Numbers of exercised warrants : As of 31 December 2016, total 1,584,925 units

Numbers of unexercised warrants : As of 31 December 2016, total 179,664,648 units

Page 36 Executive Compensation

2016 : total 7 persons Total salary Baht 13,204,827.00, bonus and other compensation Baht

1,242,209.00 total executive compensation Baht 14,447,036.00

Page 74 Balance sheet and key financial data

Cash flow statement (MB)	2015	2016
Net cash flows from operating activities	(14)	4

Current Assets/ Trade and other Account Receivable

Edit the word from "Consolidated financial statements" to "Separate financial statements"

Page 75 Inventories - net

Description	Financial statements			
	2015		2016	
	MB	%	MB	%
Finish Goods	31	14.1%	24	13.8%
Work in process	162	74.1%	140	78.2%
Raw Material	14	6.4%	13	7.5%
Supplies	1	0.7%	1	0.6%
Goods in transit	11	4.8%	-	0.0%
Total inventories	219	100.0%	178	100.0%
Less: reduce cost to net realizable value	(40)		(45)	
Total inventories - net	179		133	

Property, plant and equipment - net

2016	Land	Building & Building Improvement	Machinery & equipment	Furniture & office equipment	Motor Vehicle	Assets under construction & installation	Total
Cost							
As of 1 January, 2016	292,034	93,147	322,012	40,706	65,767	284,142	1,097,808
Additions	0	0	742	1,019	60	54,166	55,987
Disposal/Write off	0	(2,227)	(14,675)	(7,405)	(1,964)	(593)	(26,864)
Transfers	0	23,500	2,543	0	0	(26,435)	(392)
As of 31 December, 2016	292,034	114,420	310,622	34,320	63,863	311,280	1,126,539
Accumulated depreciation							
As of 1 January, 2016	0	(38,778)	(225,647)	(30,757)	(51,255)	0	(346,437)
Depreciation for the year	0	(5,413)	(16,463)	(4,542)	(7,118)	0	(33,536)
Depreciation for disposals/write off	0	1,024	13,843	7,242	1,793	0	23,902
Impairment loss	0	0	0	0	0	(89,071)	(89,071)
As of 31 December, 2016	0	(43,167)	(228,267)	(28,057)	(56,580)	(89,071)	(445,142)
Net book value	292,034	71,253	82,355	6,263	7,283	222,209	681,397

Page 76 Trade and other payables

Description	Financial statements			
	2015		2016	
	MB	%	MB	%
Trade payable	46	50.7%	35	43.3%
Other payables;				
Accrued expenses	4	4.5%	3	4.1%
Unearned income	29	32.1%	30	37.3%
Other payable for purchase of fixed assets	2	1.9%	0	0.2%
Other payable	10	10.8%	12	15.1%
Total Other payable	45	49.3%	46	56.7%
Total trade and other payable	91	100.0%	81	100.0%