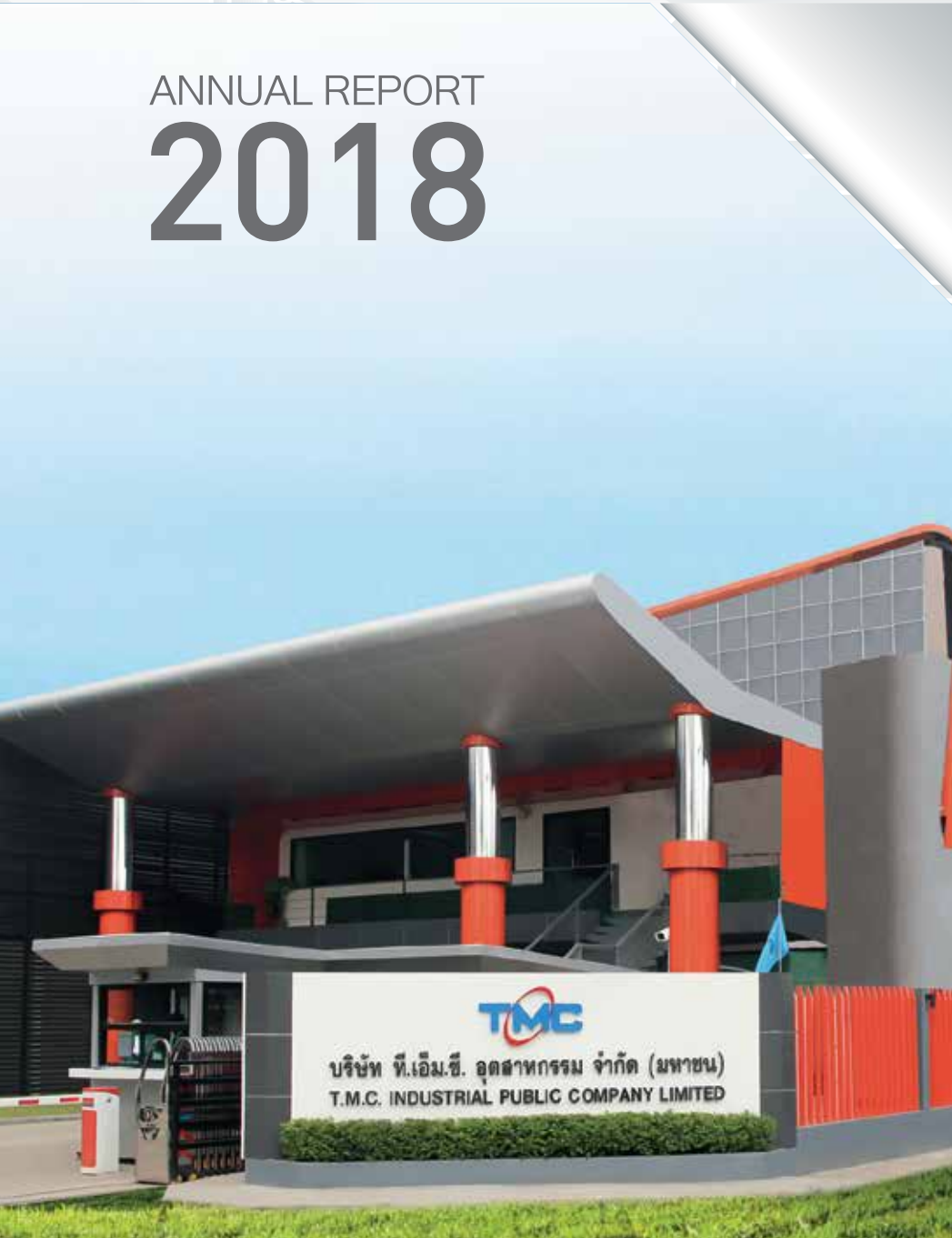




บริษัท ที.เอ็ม.ซี.อุตสาหกรรม จำกัด (มหาชน)
T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED

ANNUAL REPORT
2018



THE LEADER IN HYDRAULICS THAILAND



Scan AR Book



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.



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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Company Products





Company Products



Financial Highlights

	2018	2017	2016	2015	2014
Comprehensive income					
Total revenue from sales and service	346.16	357.72	395.22	531.24	647.48
Total revenue and other income	349.62	386.71	396.34	565.71	658.45
Gross Profit	26.48	32.87	1.68	40.08	96.19
Net Profit/(Loss)	-68.15	-41.34	-236.69	-67.72	-48.57
Total Assets	842.28	941.53	927.57	1,118.34	1,220.12
Total Liabilities	342.24	373.34	475.43	431.01	615.89
Total shareholders' equity	500.04	568.19	452.14	687.33	604.22
Issued and fully paid-up share capital	458.77	458.77	364.08	362.50	290.00
Financial Ratio					
Gross profit margin (%)	7.65	9.19	0.42	7.55	14.86
Net profit margin (%)	-19.49	-10.69	-59.72	-11.97	-7.38
Liquidity ratio	0.60	2.23	0.51	0.87	0.96
Debt to Equity Ratio	0.68	0.66	1.05	0.63	1.02
Return on equity (%)	-13.63	-7.28	-52.35	-9.85	-8.04
Return on assets (%)	-8.09	-4.39	-25.52	-6.06	-3.98
Dividend ratio (%)	N/A	N/A	N/A	N/A	1.16
Earnings per share	-0.15	-0.11	-0.65		

Total Assets



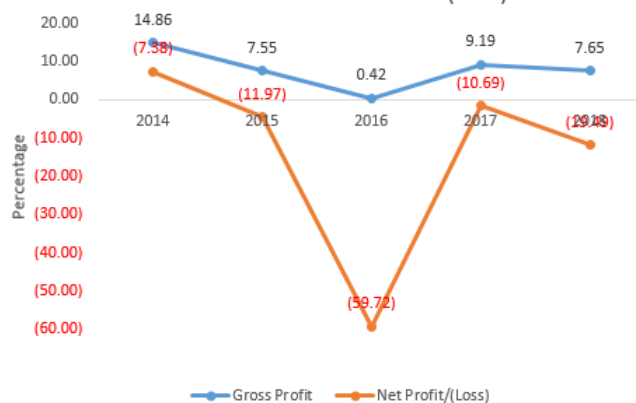
Total Liabilities and shareholders' equity



Total revenue and other income



Gross Profit and Net Profit(Loss)





Message from the Chairman

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

This is another year that T.M.C. Industrial Public Company Limited has encountered the continuing economic depression in Thailand and other countries. The political and economic uncertain resulted from diverse factors such as minimum wage adjustment, and the fluctuation of exchange rate and oil price, led to the increasing competition. Consequently, some customers postponed the purchasing order and the delivery.

From the factors above, the sale volume of company's products and service in 2018 was 346.16 million Baht, decreasing 3.23% from 2017. For this reason, Board of Directors and executives has implemented the measure of production cost control, NG reduction in production process, expenses and procurement control, collecting of account, and inventory management.

In Q4/2018, the company signed the employment contract to operate the production line and production line testing with a company to install the machinery for work piece and work piece head forming to support the cannonball manufacturing in the development project of cannonball production line of Weapon Production Centre, Defence Industry and Energy Centre. Contact value is 255 million Baht. The project due is on 19 October 2020 so the waiting for delivery is 400 million Baht

We would like to express my thank you to all shareholders, valuable customers, financial institutions, executives, employees, and relevant persons for the good cooperation. We do promise that we would collaborate with the executive closely to set the strategies to overcome the barriers and competitions, strengthen business potential to achieve the goal, and have the sustainable growth for the benefits of all relevant persons.

(Mr. Manu Leoparote)
Chairman of the Board of Directors

(Mr. Thaweemit Kamolmongkolsuk)
Chairman of the Executive Committee

Board of Directors



1

1. Mr. Manu Leopaiprote

Chairman of the Board of Directors / Independent Director /
Member of the Audit Committee



2

2. Mr. Thaweemit Kamolmongkolsuk

Director /
Chairman of the Executive Committee



3

3. Mrs. Tubtim Kamolmongkolsuk

Director /
Vice Chairman of the Executive Committee



4

4. Mr. Surachet Kamolmongkolsuk

Director/ Executive Director /
Managing Director



5

5. Mrs. Pacharawalai Wu

Director / Executive Director / Deputy Managing Director
Human Resource and Information Technology



6

6. Miss Pailin Kamolmongkolsuk

Director / Executive Director
Deputy Managing Director
Procurement and Trading & Production



7

7. Mr. Arthit Wuthikaro

Director / Independent Director /
Chairman of the Audit Committee



8

8. Mr. Mitthong Chulitawong

Director / Independent Director /
Member of the Audit Committee



9

9. Mr. Panom Ratanarat

Director



10

10. Mr. Naphatra Chatvichian

CFO / Company Secretary

Report of the Audit Committee



(Mr. Arthit Wuthikaro)

Chairman of the Audit Committee

Dear Shareholders

T.M.C. Industrial Public Company Limited

The Audit Committee comprises of three independent directors who are non-executive director, and have knowledgeable, experiences in review of financial statement, and are qualified the regulations of Stock Exchange of Thailand (SET) and Securities and Exchange Commission (SEC). In 2018, there were four Audit Committee Meetings aiming to review the adequacy and efficiency of the internal control system, the effectiveness of performance and risk management, reliability of financial statement report and management, and the compliance with relevant laws and regulation. Audit Committee held the meetings with the attendance of the following members;

Name of the Audit Committee	Position	Number of Attendance
1. Mr. Arthit Wuthikaro	Chairman of the Audit Committee	4/4
2. Miss Chutipra Chulitawong *	Member of the Audit Committee	2/4
3. Mr. Mitthong Chulitawong	Member of the Audit Committee	3/4
4. Mr. Manu Leopaiprote *	Member of the Audit Committee	2/4

Remarks * Mr. Manu Leopaiprote appointed to Audit Committee from the Board of Director meeting No.3/2018 on May 25, 2018 effective date from June 1, 2018 onward, due to Miss Chutipra Obhasanond resigned from the Audit Committee on May 31, 2018.

Audit Committee performs the operation independently under the obligations approved by the board of directors to review the corporate governance of the company to be compliant with the regulations and practices for audit committee of Securities and Exchange Commission (SEC). The audit committee meeting with the internal auditor and auditor to consider and gave recommendations on the significant matters as the following summary.

1. Review of financial statement

The audit committee reviewed the company's quarterly financial statement and financial statement 2018 with the internal auditor. The auditor was invited to attend the meeting every quarter without the management to discuss the independency in operation and opinion expression of the auditor. The auditor affirmed that he was able to process the operation as planned followed the guidelines without the obstacles or limitation, and expressed the opinion and the observation from the audit and review of financial statement freely based on the certified auditing standard. Further, the audit committee questioned the auditor about the accuracy and completeness of financial statement, the significant adjustment, and the adequacy of the accounting record and affirmed that the financial statement complied with laws, accounting standard, and standard of financial statement. Accounting system and financial statement were accurate and reliable. The financial statement disclosure was accurate, sufficient, and in-time for the benefits of the shareholders or the information users for decision making in investment.

2. Review of Connected Transaction or Transaction that May Have Conflict of Interest

The audit committee prioritized the consideration of connected transactions and other transactions that may create conflict of interest to comply with laws and regulation of Stock Exchange of Thailand (SET). The audit committee agreed that the company operated with transparency. The connected transactions were considered the normal business transactions with the general conditions. They were reasonable, fair, beneficial for business operation of the company and the shareholder, and did not arise the transfer of interest.

3. Review of internal control and risk management

The audit committee reviewed to ensure that the company had the efficient and effective internal control system by considering the internal control report and following up with the internal auditor of Professional Internal Audit Service Co., Ltd. according to the approved audit plan every quarter. The audit committee provided the useful suggestions for improvement of the effective performance. Furthermore, the committee reviewed the internal control system using the

Internal Control System Sufficiency Evaluation Form of Securities and Exchange Commission (SEC) to ensure the effective and efficient operation of all divisions to achieve the objectives and goals. The Internal Audit Division evaluated the sufficiency of internal control freely and reported to the audit committee directly. There was none significant matter or the fault that may affect the company. It implied that the company gave priority to the internal control. Therefore, it assured that the company had the sufficient, efficient, and effective internal control system, the review of efficiency and appropriateness of the risk management process, and following up risk management progress by considering the risk factors to the operation and opportunity of the effect of risk management. Therefore, it was ensured that the company had significant and systematic risk assessment.

4. Supervision of internal audit

The audit committee supervised the Internal Audit Division to be independent and reported to the audit committee directly as identified in the internal audit charter, and the review to comply with the standard, approved the annual internal audit plan, reviewed the performance according to the plan, and gave suggestions to the Internal Audit Division constantly to enhance the efficient internal audit. Moreover, the audit committee followed up the correction of the significant matters based on the audit report to increase organization value and the good corporate governance.

5. Review of Good Corporate Governance and the compliance with relevant laws and regulations

The audit committee reviewed the compliance with Securities and Exchange Laws, the regulations of Securities and Exchange Commission (SEC), the regulations of Stock Exchange of Thailand (SET), and other relevant laws to the company business, and monitored the improvement guidelines of the management regularly. There was no complaint from the outsider. The disclosure by the management, the auditor, and the internal auditor did not reveal any non-compliance so it was ensured that the company operations complied with laws.

6. Consideration to auditor appointment and annual remuneration of auditor

The audit committee was responsible for considering, selecting, and appointing the auditor, and considering the remuneration of auditor for 2018 from the independency, knowledge and experience, and performance to propose to the Board of Directors for the approval of the Annual General Meeting of Shareholders 2018. The audit committee agreed that the auditor of Sam Nak Ngan A.M.C. Co., Ltd. was knowledgeable and capable, and performed the profession with independency. For the continuity of the audit of the company, the audit committee agreed to appoint Sam Nak Ngan A.M.C. Co., Ltd. as the company auditor for 2018 with the remuneration 1,150,000 Baht. This cost did not include other expenses such as the travel and accommodation expense for the audit in other provinces. The list of auditors are as follows.

- | | | |
|------------------------------|---|----|
| 1) Mr. Ampol Chamnongwat | a Certified Public Accountant Number 4663 | or |
| 2) Miss Praphasri Leelasupha | a Certified Public Accountant Number 4664 | or |
| 3) Mr. Naris Saowalagsakul | a Certified Public Accountant Number 5369 | |

For the accounting period as of December 31, 2018, the auditors responsible for certifying the financial statements of the Company is Mr. Naris Saowalagsakul a Certified Public Accountant Number 5369.

For the overall summary of 2018, the audit committee performed the obligation as stated in the audit committee charter with knowledge and capability to monitor the company performance, had sufficient independency, expressed the opinions straight forward for the highest benefits of the company. It was agreed that the company reported the financial information and operation accurately in compliance with accounting standard and standard of financial reporting, and had sufficient risk management, appropriate internal control system, and effective internal audit. For the connected transactions or other transactions that may create conflicts of interest, the company complied with laws and regulations of the SET strictly, followed the laws, rules, and regulations relating to the business operation completely, implemented Good Corporate Governance, and had the independent and qualified auditor and internal auditor who facilitate the appropriateness and effectiveness of the audit and internal control system.

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 362,500,000.
- 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.
- 2017**
- The warrants to purchase ordinary share of T.M.C. Industrial Public Company Limited No.1 (TMC-W1), term 2 years. The last exercise date is December 15, 2017 (the warrants were expired and exhaustion as securities listed on December 16, 2017), and the result of the exercise of the warrants to purchase ordinary share of T.M.C. Industrial Public Company Limited No.1 (TMC-W1) is totally 96,273,722 shares, at par Baht 1.
 - Share capital registered and fully paid up Baht 458,773,722.
- 2018**
- Cooperate in Automation System Integration (SI) and develop automation system such as Smart Quality System, Smart Maintenance System, Smart Operation System, Smart Warehouse System and Smart Factory System with Thai German Institute (TGI).
 - Cooperate with King Mongkut’s University of Technology North Bangkok, the Sirindhorn International Thai-German Graduate School of Engineering (TGGS) in the design of hollow cylinder workpiece by simulating with finite element method in automatic production line.

General Information

General Information

Name of Company	T.M.C. Industrial Public Company Limited ("the Company" or "TMC")
Type of Business	Manufacture and distribute high quality hydraulic, i.e. Hydraulic Press Machine, Hydraulic Press and Drill Machine for Foundation Pile, Hydraulic Crane, Hydraulic Handling Equipment, Hydraulic repair and Maintenance services, Metal machining, Mechanical Press Machine and Automation System Design for Manufacturing.

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	458,773,722 .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	SAM NAK-NGAN A.M.C Company Limited
Address	19 th Floor, Unit 4, Silom Complex Building 191 Silom Road, Bangrak Bangkok 10500
Telephone	662-231-3980-7
Facsimile	662-231-3988

Nature of Business



T.M.C. Industrial Public Company Limited : engages in the production and distribution high quality of hydraulic machines which are categorized 7 types 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 Handling Equipment**
such as motorcycle lifter and table lift.
4. **Hydraulic Press and Drill Machine for Foundation Pile**
5. **Hydraulic repair and maintenance services and metal machining.**
6. **Mechanical Press Machine**

is a metal forming machine using mechanism (Mechanical Press) which have both O-frame and C-frame

7. **Automation System Design for manufacturing :**
designing and manufacturing of automation system through control from master programs and SCADA systems

Revenue Structure of Company

Unit : Million Baht

Details	Consolidated Financial Statements		Separate Financial Statements							
	2014		2015		2016		2017		2018	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Income from sales										
1. Hydraulic press	299.27	46.13	193.13	36.35	115.32	29.18	89.95	25.15	111.26	32.14
2. Hydraulic crane	140.35	21.63	142.50	26.82	140.74	35.61	141.97	39.69	126.58	36.57
3. Hydraulic handling equipment	52.81	8.14	45.64	8.59	44.04	11.14	22.02	6.15	19.15	5.53
4. Hydraulic Press and Drill Machine for Foundation Pile	-	-	32.52	6.12	0.00	0.00	0.00	0.00	0.00	0.00
5. Others	34.34	5.29	8.00	1.52	18.34	4.64	26.50	7.41	9.26	2.68
Total income from sales	526.77	81.19	421.79	79.40	318.44	80.57	280.44	78.40	266.25	76.92
Income from services										
6. maintenance service	49.32	7.60	48.12	9.06	48.58	12.29	46.13	12.90	47.19	13.63
7. Metal machining	72.70	11.21	61.33	11.54	28.20	7.14	31.15	8.70	32.72	9.45
Total income from services	122.02	18.81	109.45	20.60	76.78	19.43	77.28	21.60	79.91	23.08
Total income from sales and services	648.79	100.00	531.24	100.00	395.22	100.00	357.72	100.00	346.16	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 7 types as follow:

1. Hydraulic press machine
2. Hydraulic crane
3. Hydraulic handling equipment
4. Hydraulic Press and Drill Machine for Foundation Pile
5. Hydraulic repair and maintenance services and metal machining.
6. Mechanical press machine
7. Automation System Design for Manufacturing

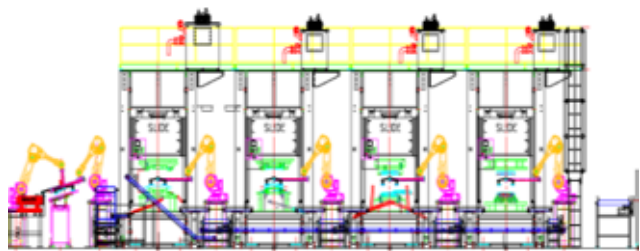
1. Hydraulic Press is the main income generated product of the Group of Companies. Income proportion from sales of hydraulic press in 2014, 2015, 2016, 2017 and 2018 were 46.13%, 36.35%, 29.18%, 25.15% and 32.14% respectively. Hydraulic press is the machine that uses fluid (hydraulic oil) to transfer 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 clapper die spotting press (HCD)



Hydraulic die spotting press (HDS)



Automatic System Machine

Automatic System Machine

Automatic machinery With higher labor cost adjustment and lack of labor, especially in the industry that needs labors with intensive workforce, the industry has lost its competitive status for both domestic and international competitions. Hence, "Manufacturing Automation System" is collaboration between Mechanical + Electrical + Electronic and Information Technology to create a collaborative system through the driver system. At present, the company can produce automatic machinery for production in the industry perfectly whether in a single production line, starting from the input of raw materials, the process, and the output. Moreover, it the connection to the robot kit, the conveyor system, and security system are designed which can be extended to the Smart Factory that will be present and widespread in the future.

2. Hydraulic cranes Income ratio from sales of hydraulic cranes in 2014, 2015, 2016, 2017 and 2018 were 21.63%, 26.82%, 35.61%, 39.69% and 36.57% 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 handling equipment. Income ratio from sales of hydraulic handling equipment in 2014, 2015, 2016, 2017 and 2018 were 8.14%, 8.59%, 11.14%, 6.15% and 5.53% 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:

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



3.2 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.





Hydraulic Static Pile Driver

Multi-Function Drilling Rig

4. Hydraulic Press and Drill Machine for Foundation Pile Income ratio from sales of hydraulic Press and Drill Machine for Foundation Pile in 2015, 2016, 2017 and 2018 were 7.71%, 0.00%, 0.00% and 0.00% respectively. 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.

5. Metal machining services and hydraulic machines maintenance services. Apart from the availability machines and production technology, the Company also provides various services to respond to the customers' demand. The Company's income ratio from service rendered in 2014, 2015, 2016, 2017 and 2018 were 18.81%, 20.60%, 19.43%, 21.60% and 23.08% 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. Mechanical Press Machine

It is a metal pump with metallurgical system, and it is the metal pump that can be used with almost all types of industries by using mechanical techniques in power transmission with the electrical and electronic equipment. Processing of the work piece caused by the pump process has a steady work piece thickness, and it can mold the complex work through the use of device or mold.

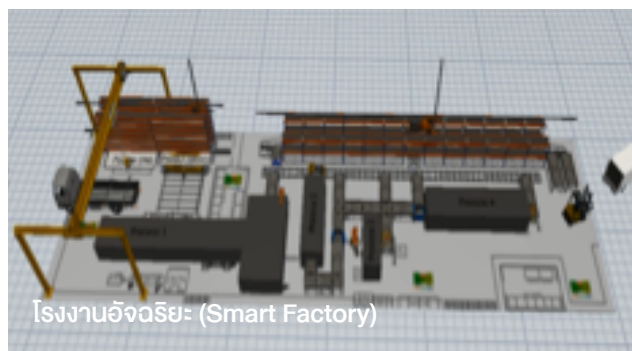


7. Automation system design for manufacturing

7.1) Smart Factory

Smart factory is an information innovation in factory which the network connection of equipment is the first step of Smart Factory. However, devices and equipment using in electronics production industry are diverse and distinct. Therefore, the development of system that enables the monitoring of devices and equipment is difficult. For this reason, the main challenge to the factory manager is to find the efficient method for gathering production data from each different brand device that uses the different connection protocol in order to analyze the long range monitoring, minimize the operational and maintenance cost, and enhance the efficiency of production process monitoring

- 7.2) Development of production line for Smart Quality monitoring
- 7.3) Development of Smart Maintenance
- 7.4) Development of Smart Operation
- 7.5) Development of Smart Warehouse



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).

In 2018, the company had paid attention to the change and technology development the company's machinery which inclusively meets with the customer's alternative requirements as much as possible, and the most cost-effective, the slowdown in the automotive industry and other industries. The company has a policy to estimate the sales volume of Hydraulic Press, Mobile Crane Group, and other products, including opportunities to add new products of the company. In this day and age, the machinery are developed to collaborate with other machines as an automation production line to meet the customer requirement. T.M.C. Industrial Public Co., Ltd. plans, designs, and invents the machinery for multiple-process production line which is consistent with the government policy supporting industry 4.0. The machinery is developed to function in the network with in-house and external business, as production is the significant business process. Therefore, machinery must connect with activities such as finance and accounting, purchasing, including inventory, supply chain, and customers. T.M.C. Industrial Public Co., Ltd. determines to develop automation production line to Cyber-Physical Production System (CPPS) as the guidelines for System Integrator (SI) to upgrade the company industry for current and future competition.

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. The company pays attention to its 24 hours service to ensure that customers business meets their goals. 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 studies and researches the new technology constantly such as engineering design that applies automatic production system to respond to the customer demand. The design of automatic production system integrating Automatic Machine Builder (AMB) to System Integrator (SI) as the Cyber-Physical Production System (CPPS) is the full-automatic production line system or Smart Factory that currently fulfills the customer's need very well, both from current and new production lines.

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, foundation pile factory and the customers in repair and service center. In 2018, 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:

Regarding the overview of company industry, the sales target is the renewable energy industry and new investing customers via government policy, and the customers in automotive and electric appliance industry who wish to develop the production line to become automatic system. The company has planned to maintain the existing domestic customer base and build the new alliances with the customers, particularly the product owners, to expand business.

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 Status

Considering the Manufacturing Production Index (MPI), industrial economy status of 2018 was predicted to expand 3.0% from 2017 at MPI expansion 2.5%. The industries with positive expansion in 2018 were automobile and engine which was the result of the expansion of domestic market influencing

by the good economic situation. For this reason, there were more sugarcane than in 2017. Moreover, most plants enhanced the efficiency of sugarcane pressing that supported more products, and petroleum refining to respond to the demand increased from the transportation expansion (Source: Office of Industrial Economics)

2019 Trends

It is expected that the expansion of MPI in 2019 will be 2.0-3.0% because of the election clarity that assures the investor greatly. The government investment force from the development of significant investment projects and the operation under EEC plan which the infrastructure construction have progression through time.

Iron and Steel It is predicted that the production will expand 1.0-2.0%, both in long steel and flat sheet steel products, comparing to the same period in the previous year, because of the expansion of domestic and international consumption. As a result, the continuous manufacturing such as automotive industry, electric appliances industry, and construction industry expands. Steel distribution in 2019 is expected at 17.9 million tons, 1.7% increase from the previous year.

Electric appliances The production and export are expected to increase at 4.0 and 5.0% respectively, comparing to the previous year. This is because the positive internal and external factors such as the measure of government sector to encourage the purchasing at the end of 2018, and the election in 2019 which the new government is expected to be a sponsor who allows the continuing economic expansion.

Electronics The prediction and export of electronic products are expected to increase 6.0 and 7.5% respectively comparing to the previous year because of the increasing demand for the assemble parts and components of computer, as well as the increasing need for electronic products in the world.

Car In 2019, it is expected that 2,200,000 cars will be produced in the automotive industry, which increases 4.76% from the same period of the previous year. 1,050,000 of those are for domestic distribution while 1,150,000 are for export. The ratio increase 5.0 and 4.55% from the previous year respectively.

Motorcycle In 2019, the production in motorcycle industry is expected to be stable, about 2,000,000 motorcycles. From the predicted production, 85-90% are for domestic distribution whereas 10-15% are for export.

Cement Cement production and distribution (except clinker) is expected to increase. Although many divisions predict that the economics in 2019 shall expand similarly to 2018, which is the result of the world economic situation that affecting by China—United States trade war, cement industry is continuing to expand from the positive factors resulted from the current and new infrastructure projects by the government and the investment in real estate along the MRT project line, the development of EEC, and Million Houses Project by Government Housing Bank (GHB).

Rubber and Rubber Products The production of processed rubber, tire, and rubber gloves in 2019 is expected to expand according to the expansion of international market, especially in China which is the main export market of processed rubber and USA which is the significant market for tire and rubber gloves.

Food In overview, production and export of food industry in 2019 is expected to expand when comparing to the previous year because of the positive factors such as the expansion of world economics that is similar to the past year, the depreciation of Thai baht from the increasing interest in USA, the increasing export price of agricultural and processed agricultural product such as rice, flour, cassava, and canned pineapple, and the expansion of the important good such as frozen chicken, processed chicken, canned tuna and sardine. Furthermore, frozen shrimp is expected to expand because the main manufacturer (India) reduces the production size although there is the risk which is an uncertainty of the trade barrier between USA and the key trade partners such as Europe and Japan, the negotiation under USMCA (United States-Mexico-Canada Agreement), trade war between USA and China, risk of BREXIT, and the fluctuation of oil price.



During the first ten months (January - October) of 2018, MPI was 115.01 which increased 3.04% from the same period in 2017 (111.62) because of sugar production and products from petroleum refining. For the trend of 2019, it is expected that MPI will expand because of more investment of government sector in infrastructure and the public investment. Moreover, the confidence in industry sector and customers shall be better after the election so it would affect the expansion of Thai economy.



During the first ten months (January - October) of 2018, RFTI was at 113.42 which increased 2.50% from the same period in 2017 (110.66). The industries that promote the increasing RFTI are automotive manufacturing, electronic device and circuits production, and products from petroleum refining. For 2019 trend, it is expected that the expansion of RFTI will expand in accordance with MPI.

TMC Industrial Public Co., Ltd. aims to have development and promotion on those target industries to be consistent with National Economic Development Plan.

10 S-Curve The ten target industries or S-Curve is the industry with the mechanism to drive economy for the future. It consists of five potential existing industries (First S-Curve) and five new industries (New S-Curve).

The five potential industries are Next-Generation automotive, Smart electronics, affluent, medical and wellness tourism, agriculture and biotechnology, and food for the future, and the five new industries are robotics, aviation and logistics, biofuels and biochemical, digital, and medical hub.



ที่มา : <https://cdn.marketingoops.com/wp-content/uploads/2018/08/s-curve-01.jpg>

“Technology” is both opportunity and obstacle because large-sized industry is full up with knowledge and high investment in technology. Meanwhile, the entrepreneurs of medium and small-sized industry lack of skill in technology and are not confident to invest in technology, as well as the consumers who are not certain to spend money via application or digital platform.

Materials and Products Supplies

Capacity and Production Volume

The total capacity

	2012	2013	2014	2015	2016	2017	2018
Maximum Capacity (Ton/Year) ^{1/}	3,096	3,096	3,096	3,096	3,096	3,096	3,096
Actual Production (Ton/Year) ^{2/}	2,923	2,724	1,579	1,400	952	920	541 ^{3/}
Capacity Ratio	94.41%	87.98%	51.00%	46.00%	30.75%	29.72%	17.49%

Remarks

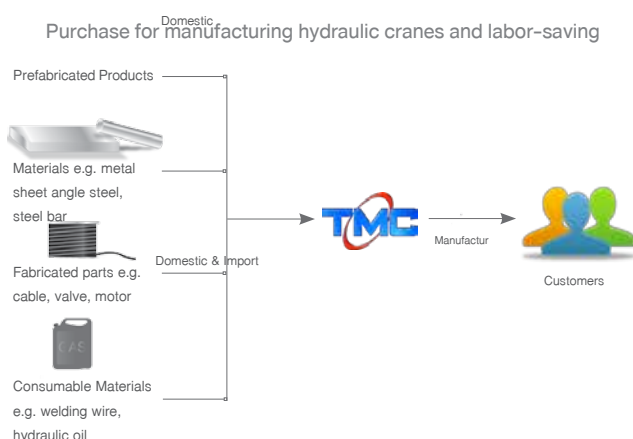
^{1/} The maximum capacity per year estimated from the average weight of hydraulic press machine, which is 40 tons/machine multiply by the average number of machine that the company can manufacture per year. The hypothesis is that the company's working hour is 10.5 hrs/day (including overtime 2.5 hrs.)

^{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) 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.
- 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 50.00% 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 i.e. Forward Contract to prevent the risk from the fluctuation of exchange rates in the future. However, the use of FCD account shall manage the foreign exchange rate risk. At the end of accounting period, the company shall convert the foreign rate to Thai baht which cause the profit and loss from the exchange. Therefore, the company shall convert some foreign rate to Thai baht as appropriated to the use and trend of exchange rate.

3. The Risk from the Lack of Skilled Employees

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. For this reason, the company has the risk of lacking skillful persons, especially the old labors who have high experience and almost retire. Meanwhile, the new recruit labors are short since Thailand is entering the aging society so the working force age decreases. The available labors have unfit working skill for the company requirement. Thus, the employee with specific skills are getting paid in high rate which affects the high cost of production.

However, the company has the policy to retain this group of human resource to meet work requirement. Further, new employees are trained to build the require working skills. At the same time, the relationship with business alliances who are proficient in each area is developed to enable the support to company in the future.

4. Risk of economic situation

Since the company produces the capital goods, economic situation has impact on the product demand. In case of economic expansion situation or the increasing capacity, there is the higher demand for the company's products. On the other hand, if the economy decelerates, the industry investment decreases which affects the low demand for product as well. As a result, price competition arises.

Nevertheless, the company reduces the risk of economic situation by proposing new different products from the competitors that enhance the customer's production efficiency. Moreover, the company proposes the maintenance and after-sales service, including the market expansion to the expanding industries which require the capital goods which the company is able to produce to respond to their requirement.

5. Risk of new product distribution and market expansion to new customer groups

The company proposes and produces new products to respond to the existing customer demand. Moreover, the company develops the existing product and new products to introduce to new customers which has cost and causes the risk whether it will be successful or not. Production cost shall be revised, reviewed, and determined to open the market which may return the low profit at the beginning, but the market expansion in the future.

However, the company develops and proposes the products to suit the market and customers with the purpose of market expansion for the opportunity of new markets and customer groups. The company compiles the cost and technical information to use for improvement and production cost-saving which leads to the higher profit rate

6. Risk of uncertainty of income

Sales income is uncertain as it is the project sale and the products are made-to-order. The company gives advice and designs the products while the engineering team calculates the machine structure as well as other functions, makes cost estimation, and proposes to the customer for making decision. Then, the company starts production and delivers the products to customer at the agreed period. Thus, the income uncertainty occurs. The income showing on the financial statement can be confirmed after the delivery only. Further, the company's product lifetime is quite long so there is no frequent order from customer.

However, the company has a wide range of products used in many industries. In addition, the company has continually designed and developed its products to meet the needs of different customers in different industries with different investments in order that the revenue of the company is continuing.

7. Risk from customer credit

On December 31, 2018, the Company had net trade receivables 25.78 million baht, representing 7.45% of sales and service income. The Company has an average debt collection in 2018 equals to 36 days, so the Company may have a risk of debt collection from trade receivables. This may cause the Company to incur debt collection expenses. If the Company's trade receivables are in trouble, it may affect the Company's profit and financial position.

However, the Company regularly monitors the quality of receivables. The company also pays attention to the strict customer credit. The Company will authorize senior management to approve written credit by considering the factors in the customer's business profile, financial status, and order amount. The company is confident to approve credit to each customer and reduce the impact of credit risk as much as possible.



8. Risk of lack of liquidity and burden of interest

Since the company has been facing the loss problem in the past years from the investment in non-performing asset (new factory), including the high loan interest rate, there is the risk of lack of liquidity and burden of interest in the future. Moreover, the company is producing the high value machinery and may need the short-term loan in the future.

Nevertheless, the company increased and issued the warrant in the past years. Thus, there are more money to support the liquidity. Also, the company negotiates with the financial institutions to adjust the interest payment and principal repayment according to the company situation. The company is approved to issue the short-term Bill of Exchange (200 million baht, not exceeding 10 bills) to the investors to enhance liquidity which would help to reduce the risk of liquidity.

Shareholding Structure

The Company's Securities

As of December 31, 2018, the capital registered of the Company was Baht 543,750,000 and capital paid-up was Baht 458,773,722 at par value of Baht 1.00

Shareholders

Name of top 10 shareholders as per listed in the book of shareholders' registration as of September 18, 2019 were as follows:

Name		No. of Shares (shares)	Percentage of Shareholding Proportion
1.	Kamolmongkolsuk Family *	140,437,536	30.611
	Mr. Thaweemit Kamolmongkolsuk	36,750,000	8.010
	Mrs. Tubtim Kamolmongkolsuk	29,406,250	6.410
	Mrs. Pacharawalai Wu	25,038,212	5.458
	Mr. Surachet Kamolmongkolsuk	24,853,262	5.417
	Miss Pailin Kamolmongkolsuk	24,202,312	5.275
	Mrs. Aroonroj Kamolmongkolsuk	187,500	0.041
2.	Mrs. Natthanan T. Tianprasert	21,700,000	4.730
3.	Miss Woraphan Phumpakdeephan	21,050,000	4.588
4.	Mr. Sawaeng Sirijantaropas	18,950,000	4.131
5.	Miss Nalinpat Kittisureethorn	16,839,200	3.670
6.	Miss Pannee Akkarat	12,350,000	2.692
7.	Mrs. Wilai Korkerdkiat	8,242,700	1.797
8.	Mrs. Siriwan Yodsakda	6,600,000	1.439
9.	Mr. Thanakorn Sirisoda	5,912,000	1.289
10.	Mrs. Darawan Thipnate	5,730,200	1.249
11.	Other shareholders	200,962,086	43.804
Total shares		458,773,722	100.000

Remark: * Kamolmongkolsuk Family is the executive director's group (total 5 persons, except Mrs. Aroonroj Kamolmongkolsuk).

Shareholding of the Board of Directors and Management

The Board of Directors and Management are responsible for reporting changes in securities holding to the Securities and Exchange Commission (SEC). And the company has a policy that requires directors and management to report changes in

the holding of securities of the company through the company secretary by quarterly basis. Holding securities by the Board and Management as of December 31, 2018 as below;

	Name	31 December, 2017	31 December, 2018	+ / (-)
Directors				
1.	Mr. Manu Leoparote	500,000	500,000	-
	- Mr. Manu Leoparote	-	-	-
	- Mr. Kornkit Leoparote (Son)	500,000	500,000	-
2.	Mr. Thaweemit Kamolmongkolsuk	36,750,000	36,750,000	-
3.	Mrs. Tubtim Kamolmongkolsuk	29,406,250	29,406,250	-
4.	Mr. Surachet Kamolmongkolsuk	25,040,762	25,040,762	-
	- Mr. Surachet Kamolmongkolsuk	24,853,262	24,853,262	-
	- Mrs. Aroonroj Kamolmongkolsuk (Spouse)	187,500	187,500	-
5.	Mrs. Pacharawalai Wu	25,038,212	25,038,212	-
6.	Miss Pailin Kamolmongkolsuk	24,202,312	24,202,312	-
7.	Mr. Arthit Wuthikaro	-	-	-
8.	Miss Chutipa Obhasanond ^{1/}	-	-	-
9.	Mr. Mitthong Chulitawong	-	-	-
10.	Mr. Panom Ratanarat ^{2/}	-	-	-
Management				
1.	Mr. Yotsakorn Bomlai	38,000	0	(38,000)
2.	Mr. Naphatra Chatvichian	-	-	-
3.	Mr. Wisut Kamolkasemwong ^{3/}	-	-	-

Remark : * 1/ Miss Chutipa Obhasanond resigned from directors on 31 May, 2018.

2/ Mr. Panom Ratanarat has appointed to director on 1 June, 2018.

3/ Mr. Wisut Kamolkasemwong resigned from the management on 30 September, 2018.

Other Securities

-none-

Dividend Policy



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

Dividend Payment Data

Details	2014	2015	2016	2017	2018
Earning / Share (Thai Baht)	- 0.17	- 0.22	- 0.65	- 0.11	- 0.15
Dividend / Share (Thai Baht)	No distribution	No distribution	No distribution	No distribution	No distribution
Dividend Ratio (%)	0	0	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, 2018, the Company's Board of Directors composed of 9 members and the attendance for meeting in 2018 are as follows:

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

Remarks * Mrs. Pacharawalai Wu, Miss Pailin Kamolmongkolsuk and Mr. Mitthong Chulitawong did not attend the meeting due to have a mission.

** Mr. Panom Ratanarat has appointed to director on 1 June, 2018.

*** Miss Chutipa Obhasanond resigned from director on 31 May, 2018.

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, 2018, the Audit Committee consisted of 3 persons and the attendance for meeting in 2018 are as follows:

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

Mr. Paiboon Rattanasettachai is a Secretary of the Audit Committee

Remarks : * Mr. Mitthong Chulitawong did not attend the meeting due to have a mission.

** Mr. Manu Leopairote has appointed to member of audit committee on 1 June, 2018.

*** Miss Chutipa Obhasanond resigned from director on 31 May, 2018.

The Executive Committee

As of December 31, 2018, 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, 2018, 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	Managing Director
4. Mrs. Pacharawalai	Wu	Deputy Managing Director-Human Resources and Information Technology
5. Miss Pailin	Kamolmongkolsuk	Deputy Managing Director-Procurement and Trading & Production
6. Mr. Yotsakorn	Bomlai ²	Deputy Managing Director- Factory Deputy Managing Director- Maintenance and Service Center (Acting)
7. Mr. Naphatra	Chatvichian	Deputy Managing Director- Account-Finance
Mr. Wisut	Kamolkasemwong ³	Deputy Managing Director- Maintenance and Service Center

Remarks:

- 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.
- Mr. Yotsakorn Bomlai take a position of Acting - Deputy Managing Director - Maintenance and Service Center from 1 October 2018 .
- Mr. Wisut Kamolkasemwong resigned from Deputy Managing Director - Maintenance and Service Center since 30 September 2018.

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 2018 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 2015, 2016, 2017 and 2018 total remuneration as monthly salary and meeting allowance have been paid to the directors amounting to Baht 1,350,000, Baht 1,377,500, Baht 1,430,000 and Baht 1,440,000 respectively as follows

Monthly Remuneration

(Unit : Baht)

Name	Position	Monthly Remuneration			
		2015	2016	2017	2018
1. Mr. Manu Leopaiprote	Chairman of the Board of Directors / Independent Director / Member of the Audit Committee	425,000	387,500	450,000	450,000
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	340,000	310,000	360,000	360,000
8. Mr. Mitthong Chulitawong	Member of the Audit Committee / Independent Director	255,000	232,500	270,000	270,000
9. Mr. Panom Ratanarat ^{1/}	Director	-	-	-	157,500
10. Mr. Santi Piyatat ^{2/}	Director / Independent Director	-	135,000	-	-
11. Miss Chutipha Obhasanond ^{3/}	Member of the Audit Committee / Independent Director	255,000	232,500	270,000	112,500
Total		1,275,000	1,297,500	1,350,000	1,350,000

Remarks : 1/ Mr. Panom Ratanarat was appointed to director on June 1, 2018

2/ Mr. Santi Piyatat has appointed to director on February 29, 2016 and resigned on October 6, 2016.

3/ Miss Chutipha Obhasanond resigned from director on May 31, 2018.

Meeting Allowance

Name			Position	Meeting Allowance			
				2015	2016	2017	2018
1.	Mr. Manu	Leopairote	Chairman of the Board of Directors / Independent Director / Member of the Audit Committee	20,000	20,000	20,000	25,000
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	25,000
8.	Mr. Mitthong	Chulitawong	Member of the Audit Committee /Independent Director	15,000	20,000	20,000	20,000
9.	Mr. Panom	Ratanarat ^{1/}	Director	-	-	-	10,000
10.	Mr. Santi	Piyatat ^{2/}	Director / Independent Director	-	-	-	-
11.	Miss Chutipa	Obhasanond ^{3/}	Member of the Audit Committee / Independent Director	20,000	20,000	20,000	10,000
รวม				75,000	80,000	80,000	90,000

Remarks: 1/ Mr. Panom Ratanarat was appointed to director on June 1, 2018.

2/ Mr. Santi Piyatat was appointed to director on February 29, 2016 and resigned on October 6, 2016.

3/ Miss Chutipa Obhasanond resigned on May 31, 2018.

Remuneration of the Management

In 2015, 2016, 2017 and 2018 the Company has 10, 7, 8 and 8 executives respectively and the remuneration paid was as follows:

Remuneration	2015		2016		2017		2018	
	Number	Remuneration (Baht)	Number	Remuneration (Baht)	Number	Remuneration (Baht)	Number	Remuneration (Baht)
Total salary	10	18,367,281	7	13,204,827	8	14,619,130	8	15,275,172
Total bonus and other remunerations		1,797,680		1,242,209		793,318		1,255,337
Total		20,164,961		14,447,036		15,412,448		16,530,509

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

Personnel

In year 2015 - 2018, the number of employees and remuneration are as follows;

Table showing number of employees of the Company (exclude management team)

Business Line	Number of Employees (Person)			
	As of December 31,2015	As of December 31,2016	As of December 31,2017	As of December 31,2018
Logistics	45	39	20	20
Engineering	38	26	22	22
Production	264	210	170	143
Administration	10	14	12	9
Sales & Marketing	27	26	17	20
Procurement and Trading & Production	9	9	25	23
Account & Finance	20	17	13	11
Human Resource	31	26	25	19
Quality Control	16	7	6	5
Information Technology	8	6	6	5
Quality Management System	1	3	3	2
Business Development & Marketing	5	7	2	1
Internal Audit	1	2	1	1
Total	475	392	322	281

Table showing employee remuneration (exclude management team)

Employee Remuneration	2015	2016	2017	2018
Employee remuneration i.e. salary, wage, overtime, cost of living, special allowance, contribution to the social security fund and provident fund etc.	180.23	168.44	139.79	117.69
Total	180.23	168.44	139.79	117.69

Labor dispute during the past 3 years

- none -

Human Resource Development Policy 2018

The company develops the human resources constantly. The management gives priority to the development of competence and potential of employees in terms of management, team-working, and specific profession learning skills. Moreover, the company promotes the employees to have knowledge of information technology and encourages them to learn and develop themselves continuously so that they perform work efficiently and earn fair income in the market. The company determines to develop the human resources, in terms of employees and executives, to catch up with the change in the technology world and among the intense competition. Also, the support systems are developed to be consistent with the organizational management by emphasizing on the improvement and development of competency to achieve the management goal for the satisfaction of customers. Therefore, human resource development is the key plan of the company. The company sets the plan and operation to develop the human resource by focusing the following aspects.

1. Development of work

The company develops the employees in both main and support lines. In particular, the employees in the main line have to attend the training course in work knowledge, both in theory and workshop, leading by the expert to build skills and ability to review and enhance specific skills constantly. Besides, there is the regular review of performance indicator to comply with the company policy.

2. Development of employee potential

The company is aware of the importance of each employee. To achieve the goal the company recruits and employs the competent, knowledgeable, and experienced human resources to perform work to respond to the company growth by organizing the knowledge development project for the employees.

3. Potential employee retention

The company takes care the high-potential and capable employees by offering career advancement every year through the clear criteria. Moreover, individual development is provided, especially in the leader level. KPIs is applied to improve the performance evaluation along with the competency factors which would help to retain the competent employees. Also, it will be the tool for employee competency development to acquire the following required quality.

1) Self-learning and development for the continuing development as the learning organization.

2) Ethics focus to promote performance follow the Good Governance.

3) Customer service to offer the quality service for the customer satisfaction.

4) Focus on results to determine the goal of success and set the operation plan.

The company has the factual policy and guidelines disclosing the fair and appropriate compensation and welfare to all employees, including the more welfare that required by the law, such as Provident Fund, compassionate support fund, child support benefit, annual health check, 5S activity, and training relating to work or specific long-term training.

4. Succession plan

The company emphasizes on internal recruitment rather than the external recruitment, particularly the positions in the main line, through the promotion process which considering from performance and potential. The company prepares the development of knowledge, capability, and skills of each position.

5. Quality management system

The company adheres to the continuing quality and efficiency improvement by maintaining the service quality under ISO 9001 : 2015 which the company is certified by SGS (Thailand) Co., Ltd. according to UKAS, England and NAC of Thailand.

6. Innovation promotion and creation

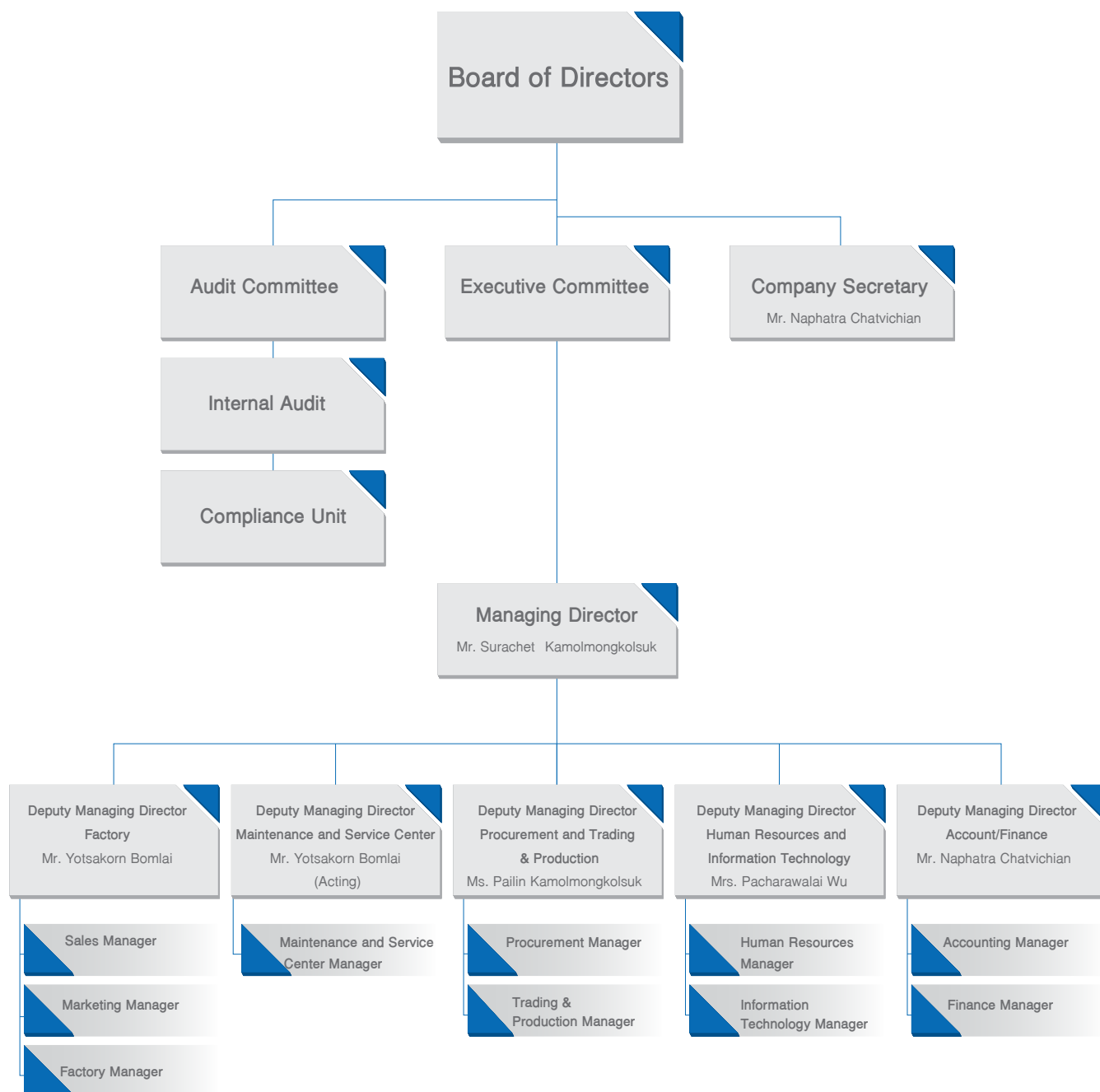
The company determines and supports the development of human resources and knowledge to catch up with technology and innovation in digital era such as design, engineering, production, and processes. Furthermore, the company gives importance to innovation and technology development which is part of vision and business strategy of the company.

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 of Management Structure

As of 31 December 2018



Corporate Governance

The company abides by the good corporate governance principles for listed companies of the Stock Exchange of Thailand and The Securities and Exchange Commission. 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 2018, the Board of Director Meeting No.4/2018 dated 10 August, 2018 had resolutions approved the revised "Good Corporate Governance and Code of Conduct Manual year 2018" 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 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. The Annual General Meeting of Shareholders is scheduled to be held within 4 months from the end of fiscal year, and if there is an urgent need to consider special issues that may be affecting or involve the interests of shareholders, which need to be approved by the shareholders, the Board of Directors can convene an extraordinary meeting of shareholders as the case may be.
2. Prepare and submit the invitation to the Annual General Meeting of Shareholders to all types of shareholders, including institutional investors, and 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.
3. 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.
4. 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.

5. Prepare the place for the meeting that is convenient for the shareholders, and prepare the technology which is used for the shareholders' meeting for both registrations of shareholders, scores counting and displaying in order that the meeting can be done quickly and accurately.
6. 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.
7. 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.
8. 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.
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 Exchange of Thailand.
11. Prepare the minutes of the meeting with complete and accurate information. There should be questions and answers records as well as voting results for each agenda item in order to see how many shareholders agreed, disagreed, and how many of them did not vote. Moreover, the list of directors, attendees and directors who take sick leave should be reported as well. Then, the copy of minutes of the meeting will be sent to the Stock Exchange of Thailand within 14 days after the meeting date.

The minutes of the meeting shall be posted on the Company's website, so that the shareholders can review without waiting for the minutes to be submitted to the shareholders for approval at the next meeting.

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

In 2018, the company organized the shareholders meeting for 1 time. There is 2018 Annual General Meeting on Tuesday, April 24, 2018 at 09.30 - 10.40 hrs. at Mongkolsuk meeting room, T.M.C. Industrial Public Company Limited, head office, No.125/10 Moo 5, Tambol Bansuan, Amphur Muang, Chonburi 20000.

- The company informed the shareholders about the decision of the Board of Directors to organize the shareholders' Annual General Meeting 2018 advance 57 days before the meeting date which was February 26, 2018 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 23, 2018 (32 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 2-4, 2018. Besides, the company assigned Thailand Securities Depository (TSD) which was the company's registrar to send out the documents to the shareholders on April 2, 2018 (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 2018 on April 24, 2018, the 7 of directors and audit committee (from total 9 persons) attend the meeting. Also, the company's executives, i.e., Deputy Managing Director of Finance and Accounting, Deputy Managing Director of Factory and Deputy Managing Director of Maintenance and Service Center 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 Mr. Naris Saowalaksakul from Sam Nak-Ngan A.M.C Co., Ltd. also attended the meeting.

- Before the meeting started, the master of ceremony was assigned by the chairman to inform the participants about the criteria and the procedure of voting, the method to display the result of voting, the right to vote which was not given to the shareholders who had an interest in the matters under consideration and the shareholders' right to object to the voting on each item on the agenda. Also, the shareholders were allowed to express their opinions and ask questions during the meeting. Mr. Suphakorn Dulayasenai Internal Auditor of company from Professional Internal Audit Service Company Limited, was the witness of the counting of votes in 2018 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 2018 annual general meeting, one shareholder from the Thai Investors Association Mr. Anukul Tantiworapong attended and observed the meeting by without any question.

- The company used the barcode system to facilitate the registration and the counting of votes on each item on the agenda for greater convenience, promptness, accuracy and precision for the shareholders. Additionally, the company installed the screen which displayed the result of the voting on each item on the agenda so that the shareholders were informed about the result at the same time right after the consideration of each item on the agenda.

- The company distributed the meeting's resolutions and reported the result of the voting on each item on the agenda of the annual general meeting after finished the meeting (on April 24, 2018) 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 2018 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 send the AGM invitation letter and disseminate information on the shareholders' meeting to all shareholders by equally on the Company's website in both Thai and English versions, and distributed at the same time at least 30 days in advance. The items on the agenda which have not been informed in advance will not be added if not necessary.
2. Open the opportunity for minority shareholders to propose additional agenda items and nominate persons to be directors in the Annual General Meeting of Shareholder for at least 3 months before

the fiscal year end by publishing the criteria for exercising the rights, procedures and processes for considering such matters on the Company's website.

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.
8. Directors and Management must report the trading of the Company's securities for at least 1 day prior to the purchase and sale through Company Secretary in order to report to the Board of Directors in the meeting in each quarter.

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, and the company has conducted the meeting in accordance with the agendas as the invitation

letter without adding any other agendas in the meeting other than invitation letter

- The company had announced to invite the shareholders for agenda and name of the director nominee proposal from shareholders in advance from October 1, 2018 to December 26, 2018 on company's website to be fair and transparent to consider that to add agenda and nominate persons for consideration as directors of the company as proposed by minority shareholders.

- 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 shareholding 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 2018.

- 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, and 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 assessments in 2018 was scored 92.00. 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 fairly according to commercial terms under the contract agreed, and should avoid situations that may cause conflict of interest by negotiating a solution based on a business relationship. Moreover, it shall not accept or agree to receive property or any other benefits beyond the trade agreement. In addition, the Company has a system to select partners by selecting and evaluating partners, including suppliers, manufacturers, subcontractors and service providers. Quality and delivery are evaluated on a regular basis every 6 months to create and improve with our partners continuously.

Creditors

The company holds and performs the actions according to the conditions towards the creditors strictly such as the matter related to the purpose of the money, debt repayment, guarantee conditions, and any other matters that have been agreed with the creditors. In the event that any of the conditions cannot be met, it must be notified to the creditor in advance to find solutions by using the principle of reasonableness, and the company shall report its financial position and financial information to the creditors with accuracy and integrity.

Competitors

The company operates within the framework of fair competition and develops the market for mutual benefits in the industry.

Employees

The company treats employees in accordance with their human rights principles equally without having discrimination on gender, race, religion, age or even disability under Labor Laws and Regulations strictly. Moreover, respect the rights of employees is held without physical, verbal or physical abuse, including threats of intimidation, and fair treatment of employment, compensation, welfare and promotion in order to develop knowledge and potential of employees at all levels by providing training on various topics. It also creates a safe and hygienic 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.

Whistle Blowing or Complaint

The Board of Directors has provided channels for all stakeholders to report complaints or clues in matters involving illegal activities and anything that could cause damage to the company as well as unfair story, violated, or unethical actions of management and employees. In this case, clues, complaints and suggestions will be investigated by the Audit Committee, and then it will be reported to the Board of Directors. The information provided by the notifying person and the complaint will be kept confidential. There are measures to ensure that they will not be affected, and the safety of the reporter and the complaints from the clerk and the complainant are taken into account.

Channel of Whistle Blowing or Complaint

Via registered post

- **Audit Committee**
T.M.C. Industrial Public Company Limited
125/10 M.5, Ban Suan Sub-District,
Muang Chonburi District, Chonburi Province 20000
Email : auditcommittee@tmc.co.th
Or Secretary to Audit Committee
- **Mr. Paiboon Rattanaseththachai**
Secretary to Audit Committee / Internal Auditor
Tel. 038-271933-4
Fax. 038-271931
Email : i_audit@tmc.co.th

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 2018 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. 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. The details of "Business ethics year 2018" are as the followings.

Conflict of Interest Policy

1.1 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.

1.2 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

2.1 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.

2.2 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.

2.3 The director and employees of all levels are expected to absolutely avoid the disclosure or the use of confidential information.

3. Gift value, service charge, and other expenses Policy

3.1 Directors, executives, and employees can provide gifts and entertain business partners if it is not an action to dominate, induce, or reward any person for any advantage, benefit, or business benefit.

3.2 By providing gifts and entertainment, it must be done on behalf of the company, not on behalf of the company, and it should be done openly without concealing. It should be legally performed under the rules and regulations of the company appropriately.

3.3 Directors, executives, and employees can receive gifts or benefits ordinarily, or traditionally, but the gift shall not affect business decisions.

3.4 If a gift is received from a business associate with a company on a customary or customary occasion excess the value abnormally, it must be reported to the supervisor immediately, and the company will consider giving awards for the employees in major festivals or seeking donations for charitable purposes as appropriate

4. Securities Trading and Inside Information Policy

4.1 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.

4.2 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

4.3 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

5.1 The company management is responsible for accurate and timely financial report, yearly and quarterly financial statements according to the wild accounting standard.

5.2 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

6.1 Work dedicatedly with honesty and fair process towards all shareholders.

6.2 Always report the true and complete company's status to the shareholders.

6.3 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

7.1 Deliver quality products according to or higher than customer's expectation under the fair conditions.

7.2 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.

7.3 Secure customer's secrets without improperly take it for personal benefits or of all concerned.

7.4 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

8.1 Treat business partners and creditors with equality and fairness - based on the fair compensation of both sides.

8.2 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.

8.3 For business negotiation, the demanding, receiving, or paying for any corrupted benefits to the partners and/or creditors must be avoided.

8.4 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.

8.5 Always report correct and complete financial report to the creditors timely.

9. [Employees Policy](#)

9.1 Give fair compensation to the employees

9.2 Keep working environment for life and property safety of the employees.

9.3 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.

9.4 Pay attention to knowledge, capability and skill development of the employee by giving chances thoroughly and always.

9.5 Strictly abide by laws and regulations which are related to the employees.

10. [Rivals Policy](#)

10.1 Appropriate behavior under good competition rules.

10.2 Not searching for confidential information of business partners with inappropriate or dishonest ways, such as bribery to the employees of the competitor etc.

10.3 Not ruin the reputation of the business rivals with malicious accusation.

11. [Employee Practice Policy](#)

11.1 Determination, honesty and transparency are desirable.

11.2 Giving gifts to supervisor or receiving gifts from the subordinates should be avoided.

11.3 Respect the rights of other employees and the management.

11.4 The commander should be a respectful role model for the employees and that no disrespectful act should be behaved towards the commander.

11.5 With or without written statement, discipline and good behaviors under the organizational regulations and gracious traditions are expected.

11.6 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](#)

12.1 Take responsible and commit in nurturing local environment, customs, and traditions.

12.2 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.

12.3 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.

13. [Political Assistance Policy](#)

13.1 Operate the business neutrally in politics without supporting or doing any actions to do favor for any political party.

13.2 Do not provide financial support or items to any political party, politician, or political candidate by having the purpose to provide business benefits to the company.

13.3 Employees have the right of freedom to participate in political activities under the provisions of the Constitution. It must not impersonate an employee or bring any property, equipment or tools of the company to use for any purposes in politics. If there is participation, be careful not to take any action to be understood that the company has sponsored or dedicated to a political party.

14. [Charity Donation Policy and financial support](#)

14.1 It is the donations for charity in the form of financial assistance or other forms, such as education or time-sharing, and it can be made as part of the social contribution as well as performing public relation and promoting good image for the company without having an expectation for business returns.

14.2 Funding, whether for money or property, for any activity or project must be implemented with transparency and legality. The name of the company must be specified by the approval process in accordance with the Company's regulations and ensure that such funding is not used as a means of avoiding bribery. Funding must be objective to promote business and the good image of the company. It can be done in many ways, such as supporting cultural activities, Social and Environmental Activities as well as Educational and Sport Activities, etc.

Section 4: Disclosure and Transparency

1. The company distributes important data which are related to the company as well as financial data and non-financial data accurately, completely and accessibly on time. Apart from the revelation of information according to the standards of the stock market and the Office of the Securities and Exchange Commission through the given channels, the company has the policy to distribute the important data which may influence the shareholders' decision to vote or the data which may affect the company's prices of securities through different channels of the stock market and the company's website www.tmc.co.th, 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.
6. Investor Relations Work. The Company has set the person in charge of disclosing important information to investors and related parties to facilitate access to information for stakeholders.
7. The company asks that the important related transactions shall be proposed to the audit committee to consider before proposing for the approval of Board of Directors and/or the shareholders' meeting (as the case may be) based on the related transaction rules required by Stock Exchange of Thailand (SET) and Securities and Exchange Commission (SEC).
8. 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:
 - **Mr. Surachet Kamolmongkolsuk**
Managing Director
Telephone : 038-271933
Fax : 038-271931
Email : surachet@tmc.co.th
 - **Mr. Naphatra Chatvithian**
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.

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 2018 which have been prepared in accordance with the accounting standards and approved by the company's auditor Mr. Naris Saowalaksakul, a certified public accountant no. 5369 from SAM NAK-NGAN A.M.C. Company 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:

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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.

Section 5: Board Responsibilities

Structure of the Board of Directors

- The Board of Directors have 9 member, and consists of independent directors which were no less than one third of the whole Board, three of them are independent directors which non-executive and six of them are non-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.
- 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, 2018 consisted of 9 directors which were 5 executive directors, 1 non-executive director and independent directors which were no less than one third of the whole Board, i.e., 3 independent directors. 3 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 Mr. Manu Leopairrote 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 Company has separated the Chairman and the Managing Director to be different persons to prevent any person from having unlimited power, Mr. Manu Leopairrote is the Chairman of the Board of Directors and Mr. Surachet Kamolmongkolsuk, is a Managing Director

- 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 2018 which was approved by the Board of Directors meeting No.4/2018 on August 10, 2018 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 26, 2018 for enquire of audit process, company cooperation and coordinate, trouble during audit, important issue in the 2018 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. It is specified that the minimum number of quorums required by the Board of Directors at the Board of Directors’ meeting shall be at least 2/3 of the total number of directors. 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 2018, there were 5 meetings of the Board of Directors. The meeting schedules of the whole year are fixed in advance so that the directors can properly allocate time to join the meetings. In 2018, the Board of Directors comprised of 9 directors, the directors attend the meeting of the Board of Directors to 100% total 5 persons and to 60-80% total 4 persons, and while the Board of Directors vote in the meeting the quorum of the directors no less than 2 out of 3 of its members in every meeting. 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 has self-assess the performance of the Board of Directors and the Board of Directors for both group and individual, at least once a year, to collect the scores of the directors and sub-committees, and summarize the performance of the Board during the year to report to the Board of Directors on the performance and problems for further improvement. Moreover, the rules will be set to compare performance, and the results of the assessment shall be disclosed in the annual report

- In 2018, the company evaluated the self-assessment of the directors by group and individual, and the assessment of the MD’s result of operation (by the directors) by using the form of the Corporate Governance Center, the Stock Exchange of Thailand. The results of the assessment in 2018 are as follows: สรุปได้ดังนี้

1. the self-assessment of the directors : by group = 3.80 (good), by individual = between 3.00 - 4.00 (good - excellent)

2. the self-assessment of the audit committee
: by group = 3.73 (good), by individual = between 3.55 - 4.00 (good - excellent)

3. the assessment of the MD's result :
3.66 (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 2018 were approved during the 2018 annual general meeting, and they remained the same as in 2017 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 2018, 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:

- "ISO 9001:2015 Internal Quality Audit" on January 11-12, 2018, in-house training by lecturer from Q.M.S. CB (Thailand) Company Limited (*Deputy Managing Director, Factory Manager, Department Manager and Leader Team*)
- "Measures to warn investors and improve the registration requirement indirectly" on March 28, 2018 organized by the Stock Exchange of Thailand. (*Mr. Naphatra Chatvichian CFO / Company Secretary*)
- "Financial Analysis, Preparing for the Revenue Department in the digital age 4.0 and online business tax" on April 7-8, 2018 organized by CPD and CPA Training and Consulting Company Limited (*Mr. Naphatra Chatvichian CFO / Company Secretary*)
- "Risk Management (Risk Profile)" on April 9, 2018, in-house training by lecturer from Professional Internal Audit Service Company Limited (*Deputy Managing Director, Factory Manager and Department Manager*)
- "The development of robotics industry for the Thai Industry" on July 11, 2018 in-house training by lecturer from Automatic Technology and Robot Production Center (*Deputy Managing Director, Factory Manager, Department Manager and Leader Team*)
- "CFO Getting Together 2018" on July 25, 2018 organized by the Stock Exchange of Thailand. (*Mr. Naphatra Chatvichian CFO / Company Secretary*)
- "Director Accreditation Program (DAP) #151/2018" on August 20, 2018 organized by Thai Institute of Directors Association (IOD) (*Mr. Panom Ratanarat Director*)
- "Cope with new revenue recognition base on TFRS 15" on August 24, 2018 organized by the Stock Exchange of Thailand. (*Mr. Naphatra Chatvichian CFO / Company Secretary*)
- "Sending Annual Report in QR Code format and Listed Company Solution" on December 18, 2018 organized by the Stock Exchange of Thailand. (*Mr. Naphatra Chatvichian CFO / Company Secretary*)

Orientation for the new director

The company conducted orientation for the new director who take new position under The Board of Directors for acknowledge all information such as The nature of business, policy, target, performance other rules that relate to his position of listed companies etc. 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. In 2018, the company has an orientation for new director Mr. Panom Ratanarat who has been appointed as a director from the board of directors meeting 3/2018 on 25 May 2018, effective date 1 June 2018 onward (in place of the vacant director position, Miss Chutipap Obhasanond who resigned on 31 May 2018).

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 2018, The Board of Directors consists of 9 members, 3 of them are Independent Directors and 6 of them are non-independent Directors (5 in 6 of them are executive 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 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. In charge of specifying the objectives and the main target of the business as well as integrating the business responsibility principles into the main objectives and goals to create a sustainable business value along with the business.
3. 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.

4. 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.
5. 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.
6. 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.
7. 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.
8. 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.

9. 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

Audit Committee has the complete composition and qualifications in line with the guidelines set forth by the SEC and the SET, consisting of three independent non-executive directors, and at least one director must be a member of the Audit Committee. The audit committee is responsible for reviewing the reliability of the financial statements. The term of office is as stipulated by the Board of Directors. For example, it is specified for 3 consecutive years, not exceeding 9 years from the date of being appointed as the first independent director

Audit Committee arranges the meeting for at least once a quarter, with a clearly defined agenda in advance. The meeting documents should be sent to the Audit Committee and the attendees in advance, so that the Audit Committee has time to consider matters or ask for additional information.

The agenda covers the topics as assigned by the Board of Directors

The 3 audit directors were the Chairman of the Audit Committee Mr. Arthit Wuthikaro and 2 Audit Directors Mr. Manu Leopaiprote 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		
	Managing Director	Executive Committee	Board of Director
1. Transaction for normal business operation			
1.1 Procurement of raw materials, supplies, hiring or service for production or for sale.	Less than Bht. 10 mil.	Less than Bht. 15 mil.	More than Bht. 15 mil.
1.2 Procurement of tools and equipment	Less than Bht. 3 mil.	Less than Bht. 20 mil.	More than Bht. 20 mil.
1.3 Procurement of machinery	Less than Bht. 5 mil.	Less than Bht. 40 mil.	More than Bht. 40 mil.
1.4 Provision of credit to customers	Less than Bht. 100 mil.	More than Bht. 100 mil.	-
1.5 Procurement of professional services	Less than Bht. 3 mil.	Less than Bht. 10 mil.	More than Bht. 10 mil.
1.6 Borrow money from financial institute	Less than Bht. 10 mil.	Less than Bht. 50 mil.	More than Bht. 50 mil.
1.7 Lease or lease out asset per year	Less than Bht. 1 mil.	Less than Bht. 5 mil.	More than Bht. 5 mil.
1.8 Sale of assets which are the product	Less than Bht. 30 mil.	Less than Bht. 50 mil.	More 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.	More than Bht. 20 mil.
2.3 Building construction, improvement or repair building	Less than Bht. 2 mil.	Less than Bht. 20 mil.	More than Bht. 20 mil.
2.4 Investment in the land	N/A	Less than Bht. 20 mil.	More than Bht. 20 mil.

Remarks : details from the Credit Approval Power rev.10, approved by the Board of Directors Meeting No.5/2018 held on November 9, 2018

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:

- 1) 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.
- 2) 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.
- 3) 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 2018 Annual General Meeting of Shareholders has a resolution to approved the appointment of Mr. Amphol Jamnongwat Certified Public Accountant No.4663, or Miss Prapasri Leelasupa Certified Public Accountant No.4664, or Mr. Narit Saowalaksakul Certified Public Accountant No.5369 or other auditors of the SAM NAK-NGAN A.M.C Company Limited to become auditors of the company in 2018.

• Audit fee

The company paid the Audit fee in 2018 was Baht 1,150,000. This fee included audit fee and total accounting review.

• Non-audit fee






In 2018, the Company paid for auditor allowance and transportation expense were Baht 62,454.00.

Compliance with good Corporate Governance in other matters

© In 2018, attendance of the Board of Directors in sub-committee to comply with good corporate governance principles. The details are as follows;

Directors Name (Attendance)			Audit Committee Meeting	Executive Committee Meeting	Annual General Meeting of Shareholders
1.	Mr. Manu	Leopairote	2/4	-	1/1
2.	Mr. Thaweemit	Kamolmongkolsuk	-	6/6	1/1
3.	Mrs. Tubtim	Kamolmongkolsuk	-	6/6	1/1
4.	Mr. Surachet	Kamolmongkolsuk	-	6/6	1/1
5.	Mrs. Pacharawalai	Wu	-	6/6	1/1
6.	Miss Pailin	Kamolmongkolsuk	-	6/6	1/1
7.	Mr. Arthit	Wuthikaro	4/4	-	0/1
8.	Mr. Mitthong	Chulitawong	3/4	-	0/1
9.	Mr. Panom	Ratanarat	-	-	-
10.	Miss Chutipa	Obhasanond	2/4	-	1/1

© The company has participated in the Corporate Governance Report of Thai Listed Companies, prepared by the Stock Exchange of Thailand in associated with the Thai Institute of Directors Association. The results are as follows;

Year	Total Listed Company	Total TMC	Arranged in Level
2018	81%	82%	Very good 
2017	80%	80%	Very good 
2016	78%	80%	Very good 
2015	75%	75%	Good 
2014	72%	66%	Good enough 



Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR)

T.M.C. Industrial Public Company Limited determines to perform business in accordance with Good Governance and purpose to promote the company to be the leader of hydraulic machine manufacturer. We aim to respond to the customer demand by developing products and services, including the management system to meet international standard. Moreover, we adhere to the transparency, ethics, and responsibility to all relevant stakeholders. The company issued the CSR report to exhibit the intention of administrating of social, community, natural, environment, and public benefits operation for the inclusive sustainable growth.

Fair operation

The company performs the business by adhering to the integrity, ethics, and transparency principle under Good Governance Principle. We have responsibility to the shareholders and the stakeholders as the operational guideline under the law and business ethics, treat the business competitors fairly and equally, protect the benefits with partners and creditors, and do not promote any business related to money laundering.

Anti-corruption

The company aims to perform business with virtue by adhering to the partners and social responsibility follow the Corporate Governance principle. We are responsible for anti-corruption and publishing the concept to all personnel to acknowledge and comply with the policy.

Human rights and Fair labor practices

The company is well aware of the value of human resources so we perform business in accordance with law and human rights. All employees are treated fairly and equally regardless racial, religious, sex, or social discrimination which the principles are determined in Good Governance, Business Ethics, and Anti-Corruption Manual, which is the guideline for employees to respect each other. All employees shall respect the colleague regardless their position, honor customers, partners, and stakeholders.

The company gives priority to human resources because we recognize that they are the key to move forward the business success. The company has the policy to take care the employees to have good quality of life by providing fair employment, appropriate welfares, career advancement opportunity, and safety work environment.

The company defines the practices to the employees as follows.

- 1) Offer the fair return to employee.
- 2) Monitor work environment to be safe for employee life and properties
- 3) Appoint and transfer employee, and reward and give disciplinary action with good faith based on knowledge and competency of the employee.
- 4) Give importance to knowledge, competency, and skills development by giving equal and constant opportunity.
- 5) Comply with laws and regulations related to employee strictly.

The company appoints the Welfare Committee consists of the representative of each department. The term of the committee is two years. This committee allows the employee to take part in welfare management and be the channel to communicate about welfare and labor relations between employee and the company. Moreover, the survey result on employee satisfaction showed that the satisfaction score increased to 3.01 (out of 5) in 2018 from 2.76 in 2017.

In addition, the company purposes to create the happy workplace, arrange the good environment to facilitate the mental and physical health, organize activities to construct harmony and good relationship among employees and between employees, executives, and the company.

Good health of employee

The company implements physical and mental health promotion to ensure that the employee is healthy and has good state of mind bases on health promotion principle.



1. Arrange morning exercise every day to be ready for work.



2. Set annual health check to monitor the risk of chronic diseases and find prevention and protection.



3. Organize Children's Day 2018 activities by cooperating with government sector



4. Organize traditional activities. The company invites the monks to receive an alms on special occasion such as New Year and Songkran Festival. Set the ethical training course for employee to educate and foster their ethics and virtue.

5. Give scholarship to the children of employee who has good learning achievement.

The company provides scholarship to employee's children every year from Prathomsuksa 1 to High School or Certificate, and arranges the field trip to the factory to experience the work of parent so they recognize value of work, have gratitude, respect and listen to their parent.





6. Promote kindness and generosity so employee love, share, and help each other.

6.1 Company's representative and Huay Kapi Municipality gave the blanket to Karen people at Bann Mae Munai Border Patrol Police Learning Center, T. Mae Najon, A. Mae Chaem, Chiang Mai.

6.2 Distributed desk calendar to Chonburi Hospital to give to Pattaya Redemptorist School for The Blind for learning media.



- 6.3 TMC: Fill with Love and Blood”, a blood donation project cooperating with Thai Red Cross, Chonburi, to promote the great sacrifice to employee to give life to fellowman
- 6.4 The company promotes employee to be aware of environmental care. Executive and employees plant the trees in the special days.





Environmental Management

The company sees the importance of environment so we have the system to control and manage the impacts on environment. This is the key mission of the company to care about every process and concern about environmental impact from purchasing, production, and energy management process. For waste disposal, the company has developed the method and model of waste and recycle management continuously to suit with the utilization the most. The company sets the training to educate the relevant person about the difference of waste type: general waste, hazardous waste, and solid waste bin placing around the company. The classification of waste reduces the disposal problem and some are able to be recycled and have value added.



Occupational Safety, Health and Environment Management

The company gives priority to health and work safety aiming to prevent loss from work. The company sets the preventive safety and occupational health plan emphasizing on educating and encouraging all employees to have awareness of safety to minimize the loss from injury and illness from work. The company creates work safety culture for the continuing improvement by organizing safety training to the new employees and the training course for safety officer in supervisor level.

HO REN SO is set every morning to touch base with employee before work. Employee shall receive the personal protective equipment (PPE) which appropriate for the risk of work area. The supervisor shall recheck the readiness of using the PPE before working.

Safety Committee meeting that consists of representative from department is organized monthly to report problems and find solutions.

Work rules and regulation and safety signs are posted to make the employee aware of work safety.



Anti-Corruption Policy

T.M.C. Industrial Public Company Limited has recognized the importance of combining against corruption and has instituted anti-corruption policy to demonstrate its commitment in the private sector to cooperate in preventing and anti-corruption, and establishing the standard for higher business ethics together. It also supports and encourages personnel at all levels of the company to have consciousness to fight against corruption in all forms in order to establish standards for good and sustainable business. Therefore, the directors, executives, employees, and related persons are required to hold this anti-corruption policy to operate the business to encourage the company to be a good management organization, effective, ethical, and ethical business practices.

Corruption to the practice or negligence to perform duty in a position or using authority illegally to seek for unusual profit for organization, oneself, or family, including friends and acquaintances in various ways such as presentation, commitment acceptance, request, or requirement for the property, money, articles, rights, or other benefits. It will be a violation of morals, ethics, policies, regulations and laws with government officials, government sector, private sector, or any other person who conducts business with the Company whether domestically or internationally, except in the case where the law, rules, regulations, local traditions or trade traditions allow to do so.

Anti-Corruption Policy

The Board of Directors, executives and employees of the Company shall strictly follow the anti-corruption policy as follows:

1. The company aims to be a transparent without having corruption, and no involvement in corruption.
2. The company prohibits directors, executives and employees of the Company to perform corruption in any forms whether direct or indirect.
3. The company promotes values of honesty and responsibility for the performance of duties.
4. The Company encourages its stakeholders to understand, recognize, and cooperate in any action which is benefit in terms of anti-corruption.
5. The company sets guidelines for suitable anti-corruption which is in accordance with the circumstances and related laws.

6. The company will perform the action and prevent related persons according to the policy fairly such as those who provide clues, employees who refuse to commit corrupt acts or collaborators who are willing to report about the corruption. Moreover, there is an investigating process and punishment fairly on those who perform corruption.
7. The company will review the guidelines and measures regularly to comply with legal changes and business conditions.

Guidelines for the implementation to comply with anti-corruption policy

The Board of Directors, executives and employees of the Company must comply with anti-corruption policy of the company strictly, and it is prohibited to do any form of corruption, either directly or indirectly. The Company has implemented the Anti-Corruption Policy as follows:

1. Perform the duty with honesty and transparency without having any action of misrepresentation of corruption or bribery for both public and private officials, or any other person related to the business of the company in order to gain a business advantage, for the sake of oneself, and for those involved.
2. The Company provides training and information, knowledge, and understanding to employees in the matter that employees must comply with anti-corruption policy, including good moral and ethics values in business as well as honesty in the performance of their duties. Therefore, the company has set up "Code of Conduct"
3. Provide awareness to employees not to neglect or ignore when you see actions of corruption which is associated with the company. It is a duty to inform the supervisor or the person in charge and to cooperate in the investigation.
4. For directors, executives and employees who commit the Corruption action, the Company will conduct a fair investigation. In case of offense, the penalties will be considered in accordance with the Company's employee discipline regulations and may be punished by law if the offense is illegal

5. The Company will ensure fairness and protection of persons who refuse to commit corruption or inform the clerk about the corruption to the company as defined in the complaint protection measure or collaborators in reporting corruption.
6. The Board and executives will monitor the implementation of anti-corruption measures that have been defined, including internal control system and the appropriate and effective monitoring process as always to prevent from doing corruption.
7. The Company will cooperate with the public and private sectors to exchange knowledge and experience, or participate in useful activities to fight against corruption.

Measures and channels for whistle blowing or complaints about corruption

Whistle blowing refers to the notification to report an information, clues, complaints, or questions related to a suspected action which may violate or not comply with the Code of Ethics and Business Ethics, incorrect financial reporting, or a defective internal control system. The Company has measures and channels to report any clues, complaints or concerns about corruption in various channels. The clerk or complainant must provide details of the clues or complaint, along with the name, address, telephone number that can be contacted, and then send to the following channels:

- **Channel of communication between employees and the company**

Employees can contact us for information, providing complaints, and inquiring about corruption, making observations, or reporting corruption issues in writing to the **Audit Committee or Internal Audit Department**

- **Channel of communication between various groups of stakeholders with the Company**

Stakeholders can contact us for information, providing complaints, and inquiring about corruption, making observations, or reporting corruption issues in writing to the company at

Via post **Audit Committee or Internal Audit Department**
T.M.C. Industrial Public Company Limited
125/10 M.5, Ban Suan Sub-District,
Muang Chonburi District,
Chonburi Province 20000



Via E-mail **Audit Committee**
auditcommittee@tmc.co.th
Internal Audit Department
i_audit@tmc.co.th

Protection Measurement and Confidentiality

The company will provide protection to the complainants, the one who provide the information with good faith, and witnesses. The company will seal the name, address, or any data that can indicate the complainants, the information provider, or witnesses. Additionally, the data, complaints, and evidence shall be preserved as confidential. Besides, the company holds the policy not to decrease the position, perform punishment, or provide negative result for the employees who perform with good faith to deny performing corruption.

The process carried out when the clue is notified

The Audit Committee and the Internal Audit Department shall be responsible for overseeing and investigating the matter in a timely and appropriate manner by collecting facts, evidence, screening details, and evaluating. If the case is serious or complicated, it may be considered by the committee or the ad hoc committee to carry out the task through the consideration process and screening process as necessary or as appropriate.

Thus, if it is found from the investigation that there is a truth or there is a real corruption, the measures to disciplinary action or the law will be proposed, and the related organizations shall consider for the problem solving together to prevent not to have corruption channel again. Thus, the result of the investigation related to telling clues shall be done within 30 days from the date that the matter has been settled and completely.

Internal Audit and Risk Management

On the meeting of the Board of Directors No. 1/2019, dated on 26 February 2019, 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 present, 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.

Audit Committee approved the audit plan of Professional Internal Audit Service Co., Ltd., on the meeting of the Board of Director No. 4/2017, dated on 10 November 2017. The internal audit of year 2018 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 control of ordering products

from abroad, product pricing control, managing the repair work in insurance, delivering products to customers, risk management control, inventory turnover, compliance policy monitoring and liquidity management control.

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 Transaction

End of December 31, 2018

A summary of the related transactions between the Company and its subsidiaries and the parties having conflict of interest in 2018

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. Kamolmongkolsuk Company Limited	Co-directors are Mr. Thaweemit Kamolmongkolsuk, Mrs. Tubtim Kamolmongkolsuk, Mr. Surachet Kamolmongkolsuk, Mrs. Pacharawalai Wu and Miss Pailin Kamolmongkolsuk
2. Kanyong Electric Public Company Limited	Co-director is Mr. Manu Leopairote
3. Khon Kaen Sugar Industry Public Company Limited	Co-director is Mr. Manu Leopairote

Nature of Related transactions

Party having Conflict of Interest	Description of Transaction	Value of Related	Necessity and Reasonableness of the Related Transaction
1. Kamolmongkolsuk Company Limited	T.M.C. Industrial Public Company Limited loan from Kamolmongkolsuk Company Limited for use as working capital with the company. Repayment of principle and interest at 0.50% per annum on December 31, 2018.	10,000,000.00	The Audit Committee is of the opinion that such transaction had a loan agreement with interest rate of 0.50% per annum so that transaction is appropriate and sensible.
	<u>Outstanding balance</u>		
	Short term loan	10,000,000.00	
	Accrued interest	0.00	
2. 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.	32,000.00	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	0.00	
3. Khon Kaen Sugar Industry Public Company Limited	<u>Sales incomes from seals of rocker jack 60 tons :</u> The company has sales income from seals of rocker jack to Khon Kaen Sugar Industry Public Company Limited. This transaction is normal business of the company and using market pricing that same as other companies.	750.00	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

It was another year that TMC Industrial Public Co., Ltd encountered with the continuing economic depression in Thailand and other countries, the political uncertain resulted from the election and economic such as the

adjustment of minimum wage, the fluctuation of exchange rate, and the up-and-down of oil price. All these factors led to the intense competition so some customers postponed the purchasing plan and the delivery. For all reasons, the performance of 2018 was as follows.

Revenues from Sales and Services

Details	Consolidated Financial Statement		Separate Financial Statement							
	2014		2015		2016		2017		2018	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Sales Revenue										
1. Hydraulic Press	299.27	46.13	193.13	36.35	115.32	29.18	89.95	25.15	111.26	32.14
2. Hydraulic Crane	140.35	21.63	142.50	26.82	140.74	35.61	141.97	39.69	126.58	36.57
3. Hydraulic Handling Equipment	52.81	8.14	45.64	8.59	44.04	11.14	22.02	6.15	19.15	5.53
4. Hydraulic Boring Machine	-	-	32.52	6.12	0.00	0.00	0.00	0.00	0.00	0.00
5. Other Handling Equipment	34.34	5.29	8.00	1.52	18.34	4.64	26.50	7.41	9.26	2.68
Gross Sales Revenue	526.77	81.19	421.79	79.40	318.44	80.57	280.44	78.40	266.25	76.92
Service Revenue										
6. Repair and Maintenance Service	49.32	7.60	48.12	9.06	48.58	12.29	46.13	12.90	47.19	13.63
7. Machine Metal Processing	72.70	11.21	61.33	11.54	28.20	7.14	31.15	8.70	32.72	9.45
Gross Service Revenue	122.02	18.81	109.45	20.60	76.78	19.43	77.28	21.60	79.91	23.08
Total Revenue from Sales&Services	648.79	100.00	531.24	100.00	395.22	100.00	357.72	100.00	346.16	100.00

In 2018, the income from sale and services was 346.16 million baht, decreasing 3.23% comparing to the same period of 2017 because:

- Sale volume of hydraulic press machine increased from selling to the customers of electric appliances instead of automobile industry. Sale volume increased from 89.95 million Baht in 2017 to 111.26 million Baht in 2018, accounted for 32.14% of income.
- Sale volume of hydraulic crane decreased from 141.97 million Baht in 2017 to 126.58 million Baht in 2018, accounted for 36.57% of income. This was because the deflation of construction industry

and electricity generation, and the political and economic ambiguity affected the decreasing jobs with government sector.

- Sale volume of labor-saving device decreased from 26.50 million Baht in 2017 to 9.26 million Baht in 2018, accounted for 2.67% of income because of the intense competition and the lower price of products from China and Taiwan.

Other incomes

In 2018, other income decreased 88.05% from the same period of the previous year because the company earned capital gain from 23 rai of land for 24.96 million Baht in 2017

Operating cost

In 2018, cost of sales decreased from 324.85 million Baht in 2017 to 319.67 million Baht in 2018, accounted for 1.59%. This was because the sale volume decreased and the company applied more automation so the installation time of some projects could not be controlled as estimated. As a result, Gross Profit Margin (GPM) decreased from 2017, 9.19% to 7.65%.

Cost of sales and administrative expense

Administration expense in 2018 increased 12.82% because the company classified the property foreclosed as property for use as there was the limitation of value added tax. Consequently, there was the depreciation from those property for 12.85 million Baht.

Financing cost

Financing cost decreased from 18.07 million Baht in 2017 to 9.47 million Baht in 2018, accounted for 47.62%. It was because the company repaid loan to the outsider at 9.00% per year and to short-term promissory notes 7.00% per year. Moreover, there was no new loan in 2018.

Balance Sheet

Statement of Financial Position	2017	2018
Cash and cash equivalents	36	9
Total current asset	658	162
Total non-current asset	283	671
Total asset	942	842
Total current liabilities	295	285
Total non-current liabilities	78	58
Total liabilities	373	342
Total liabilities and shareholders' equity	942	842

Cash and cash equivalent decreased

In Q4/2018, some customers postponed the delivery plan because of unpreparedness of installation. Therefore, there was low number of invoices and the company had contacted with the customer to collect the balance.

Current Assets

Trade and Other Receivables

Details	Separate Financial Statement			
	2017		2018	
	Million Baht	%	Million Baht	%
Undue Receivables	32	77.4%	3	12.1%
Overdue Receivables				
Less than 3 months	9	22.5%	22	85.3%
3-12 months	0	0.4%	2	8.8%
Over 12 months	6	13.3%	5	19.0%
Total Receivables	47		32	
Allowance for Doubtful Accounts	(6)	-13.5%	(7)	-25.4%
Total Trade Receivables	41	100.0%	26	100.0%
Other Receivables	3		7	
Total Trade and Other Receivables - Net	45		33	

Net account receivable decreased from 41 million Baht in 2017 to 26 million Baht, accounted for 37.62% because of the low sale volume in Q4. However, the collection was in credit term.

Inventory

Details	Separate Financial Statement			
	2017		2018	
	Million Baht	%	Million Baht	%
Finished goods	19	9.3%	13	7.3%
Goods in process	162	81.0%	152	83.9%
Raw materials	14	6.9%	13	7.2%
Consumables	1	0.5%	0	0.2%
Goods in transit	5	2.4%	3	1.5%
Total	200	100.0%	182	100.0%
Allowance for diminution in value of inventories	(48)		(53)	
Net Inventory	151		128	

At the end of 2018, the net inventory was 23 million Baht, decreased from 151 million Baht in 2017 to 128 million Baht in 2018, accounted for 15.28%. This was because the company had efficient inventory management and controlled the purchasing to match the sale.

Non-current assets classified as held for sale

In Q1/2017, the company sold the real estate for the investment, the 23 rai of land, 11 million Baht book value to a company and earned the profit 24.96 million Baht (net from the expense).

As of 31 December 2017, non-current assets classified as held for sale was land and buildings at A. Ban Bueng, Chonburi, the book value after deducting depreciation and impairment was 423 million Baht.

In 2018, the company transferred the non-current assets classified as held for sale: land and buildings at A. Ban Bueng, Chonburi, the book value after deducting depreciation and impairment was 423 million Baht to land, buildings and equipment because there was the limitation of value added tax. Therefore, it caused the depreciation 12.85 million Baht.

Property, Building, and Equipment

2018 Capital price	Land	Building and Renovation	IMachines and Equipment	Decoration and Utility	Vehicles	Assets Pending Installation	Total
Balance carried forward	91,285	90,920	309,692	30,103	59,258	28,142	609,400
Additional purchase	-	-	141	38	-	79	258
Amortization	-	(800)	(177)	(176)	-	-	(1,093)
Transfer in and out	-	1,818	23,349	1,021	-	(26,646)	(458)
Transfer out and held for sale	200,749	313,954	-	-	-	-	514,703
As of December 31, 2018	292,034	405,892	333,065	30,986	59,258	1,575	1,122,810

2018 Accumulated depreciation	Land	Building and Renovation	IMachines and Equipment	Decoration and Utility	Vehicles	Assets Pending Installation	Total
Balance carried forward	-	(44,960)	(241,558)	(27,280)	(57,170)	-	(370,968)
Additional accumulation	-	(16,421)	(13,068)	(1,745)	(1,314)	-	(32,548)
Amortization	-	266	113	172	-	-	551
Transfer in and out	-	(2,642)	-	-	-	-	(2,642)
Impairment loss	(89,071)	-	-	-	-	-	(89,071)
As of December 31, 2018	-	(152,828)	(254,513)	(28,853)	(58,484)	-	(494,678)
Net book value	292,034	253,064	78,552	2,133	774	1,575	628,132

As of 31 December 2017, the company finished the construction of the 3rd factory at A. Ban Bueng and transferred it to property foreclosed as it was larger than the current sale volume and capacity.

In 2018, the company transferred the non-current assets classified as held for sale: land and buildings at A. Ban Bueng, Chonburi, the book value after deducting depreciation and impairment was 423 million Baht to land, buildings and equipment because there was the limitation of value added tax. Therefore, it caused the depreciation 12.85 million Baht.

Trade and Other Payables

Details	Separate Financial Statement			
	2017		2018	
	Million Baht	%	Million Baht	%
Trade Payables	44	40.6%	28	30.8%
Other Payables ;				
Accrued expense	3	3.1%	3	3.5%
Deferred incomes	51	46.7%	49	54.4%
Decrease in payable for acquisition of fixed assets	0	0.0%	0	0.0%
Other payables	10	9.5%	10	11.3%
Total Other Payables	65	59.4%	62	69.2%
Other current liabilities	109	100.0%	90	100.0%

As of 31 December 2018, account creditors and other creditors decreased 19 million Baht comparing to the same period of the previous year. This was because the company managed the credit term so the balance decreased 16 million Baht.

Advance payment from the deposit when customer placed purchasing order decreased 2 million Baht from the same period of the previous year.

	2017	2018	+/- %
Total assets	941.53	842.28	(10.54%)
Total liabilities	373.34	342.24	(8.33%)
Shareholders' Equity	568.19	500.04	(11.99%)

At the end of 2018:

- Total assets was 842.28 million Baht, decreased 10.54% from the same period of the previous year. This was because there was the product control and management to be sufficient for sale volume. Therefore, the inventory decreased 23.13 million Baht, depreciation and amortization was 35.52 million Baht, account receivables and other receivables decreased 11.59 million Baht, and case and cash equivalent decreased 27.19 million Baht.
- Net liabilities decreased 8.33% from the same period of the previous year because of the repayment to UOB for 13.5 million Baht and the loan from account creditable decreased 19.13 million Baht.
- Shareholders' equity decreased 11.99% from the same period of the previous year because the operational loss 68.15 million Baht.
- The company had the plan to cover deficit so the company financial statement was in a better rank as there was no deficit in the financial statement.
- In Q4/2018, the company signed the contract to operate the production line and production line testing with a company to install the machinery for work piece and work piece head forming to support the cannonball manufacturing in the development project of cannonball production line of Weapon Production Centre, Defence Industry and Energy Centre. Contract value is 255 million Baht. The project due is on 19 October 2020 so the waiting for delivery is 400 million Baht.

The Board of Directors' Responsibility Report towards Financial Statements

Board of Directors gives priority to the roles and responsibilities for the company operations to have efficient management in accordance with laws, objectives, company regulations, and Good Governance policy by ensuring that the financial report and financial information appeared on the Annual Report 2018 is accurate, complete, and sufficiently disclosed, and issued in accordance with the generally accepted accounting standard of Thailand. The financial statement is verified with unqualified opinion of the independent certified public accountant so it reflects the actual financial status and performance of the company which is useful for the shareholders and general investors.

Board of Directors sets and maintains the efficient and effective risk management and internal control system to ensure the accuracy, completeness, and sufficiency, and prevent the corruption or the misconduct operation with materiality and accountability.

Board of Directors views that the company has good internal control system, risk management, and Good Governance sufficiently and appropriately which is able to give reasonable confidence of financial statement as of 31 December 2018. The auditor performed the audit according to the generally accepted accounting standard and expressed that the financial report and performance was accurate according to the essence of the generally accepted accounting standard.



(Mr. Manu Leoparote)
Chairman of the Board of Directors



(Mr. Thaweemit Kamolmongkolsuk)
Chairman of the Executive Committee

Details of the Directors, the Executives and the Controlled Person of the Company

Name / Surname Mr. Manu Leopaivate
position Chairman of the Board /
 Independent Director /
 Audit Committee

Age (Years) 76

Appointed as Directors : 7 March, 2011

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

Period	Position / Company
2011 - Present	Chairman of the Board T.M.C. Industrial Public Co., Ltd.
2018 - Present	Audit Committee T.M.C. Industrial Public Co., Ltd.

Positions in companies listed on the Stock Exchange of Thailand

2016 - Present	Chairman of Audit Committee, TPI Polene Power Public Co., Ltd.
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)

Positions in companies non - listed on the Stock Exchange of Thailand

1999 - 2004	Permanent Secretary, Ministry of Industry
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Name / Surname Mr.Thaweemit Kamolmongkolsuk
position Director / Chairman of Executive Committee /
 Company's Authorized Directors

Age (Years) 69

Appointed as Directors : 7 March, 2011

Education / Training

- Honorary Degree in Engineering, Rajamangala University of Technology Thanyaburi
- Director Accreditation Program (DAP) รุ่นที่ 89/2011

% of Shareholding

- 14.420% (own 8.010% / spouse 6.410%)

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

Period	Position / Company
2011 - Present	Director/Chairman of Executive Committee T.M.C. Industrial Public Co., Ltd.

Positions in companies listed on the Stock Exchange of Thailand

-

Positions in companies non - listed on the Stock Exchange of Thailand

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

Name / Surname Mrs. Tubtim Kamolmongkolsuk
Position Director / Vice Chairman of
 Executive Committee /
 Company's Authorized Directors

Age (years) 72

Appointed as Directors : 7 March, 2011

Education / Training

- Honorary Degree in Industrial, Rajamangala University of Technology Thanyaburi
- Director Accreditation Program (DAP) 89/2011

% of Shareholding

- 14.420% (own 6.410% / spouse 8.010%)

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

Period	Position / Company
2011 - Present	Director/ Vice Chairman of Executive Committee T.M.C. Industrial Public Co., Ltd.

Positions in companies listed on the Stock Exchange of Thailand

-

Positions in companies non - listed on the Stock Exchange of Thailand

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

Name / Surname Mr. Surachet Kamolmongkolsuk
Position Director /
 Executive Director /
 Company's Authorized Directors

Age (years) 48

Appointed as Directors : 7 March, 2011

Education / Training

- Master Degree in Business Administration, Murray State University, USA.
- Bachelor Degree in Industrial Engineering, King Mongkut's University
- Director Accreditation Program (DAP) 85/2010
- Director Certification Program (DCP) 146/2011

% of Shareholding

- 5.458% (own 5.417% / spouse 0.041%)

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

Period	Position / Company
Mar,16 - Present	Managing Director 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.

Positions in companies listed on the Stock Exchange of Thailand

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Positions in companies non - listed on the Stock Exchange of Thailand

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

Name / Surname Mrs. Pacharawalai Wu

Position Director /
Executive Director/
Company's Authorized Directors

Age (years) 41

Appointed as Directors : 7 March, 2011

Education / Training

- Master Degree in Business Administration, Commerce, Burapha University
- B.A in Home Economics, Suan Dusit Rajabhat University
- Director Accreditation Program (DAP) 89/2011

% of Shareholding

- 5.458% (own 5.458% / 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

Period	Position / Company
2011 - Present	Director/Executive Director T.M.C. Industrial Public Co., Ltd.
2017 - Present	Deputy Managing Director-Human Resources and Information Technology T.M.C. Industrial Public Co., Ltd.
2011 - 2017	Deputy Managing Director-Human Resources T.M.C. Industrial Public Co., Ltd.

Positions in companies listed on the Stock Exchange of Thailand

-

Positions in companies non - listed on the Stock Exchange of Thailand

2009 - 2011	Deputy Managing Director, T.M.C. Manufacturing Co., Ltd.
2008 - 2009	Assistant Finance Manager, T.M.C. Industrial Co., Ltd.
2001 - 2006	Procurement Manager, T.M.C. Industrial Co., Ltd.

Name / Surname Miss Pailin Kamolmongkolsuk

Position Director /
Executive Director /
Company's Authorized Directors

Age (years) 37

Appointed as Directors : 7 March, 2011

Education / Training

- Master Degree in Business Administration, Texas A&M University Commerce, USA
- Bachelor Degree in Business Administration, Assumption University
- Director Accreditation Program (DAP) 89/2011
- Company Secretary Program (CSP) 46

% of Shareholding

- 5.275%

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

Period	Position / Company
2011 - Present	Director/Executive Director T.M.C. Industrial Public Co., Ltd.
2017 - Present	Deputy Managing Director-Procurement and Trading and Production T.M.C. Industrial Public Co., Ltd.
2011 - 2017	Deputy Managing Director-Procurement T.M.C. Industrial Public Co., Ltd.
2012 - 2014	Company Secretary T.M.C. Industrial Public Co., Ltd.

Positions in companies listed on the Stock Exchange of Thailand

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Positions in companies non - listed on the Stock Exchange of Thailand

2009 - 2010	Procurement Manager, T.M.C. Industrial Co., Ltd.
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Name / Surname Mr. Arthit Wuthikaro

Position Director /
Independent Director /
Chairman of Audit Committee

Age (years) 62

Appointed as Directors : 7 March, 2011

Education / Training

- Master Degree in Economics Development, National Institute of Development Administration
- Bachelor Degree in Economics (Hons.), Ramkhumhaeng University
- National Defence College of Thailand Program - 2548
- Director Certification Program (DCP) 118/2009
- Director Accreditation Program (DAP) 27

% of Shareholding

- None

Family Relationship among the Executive

- None

Working Experience

Period	Position / Company
2011 - Present	Director / Independent Director / Chairman of Audit Committee T.M.C. Industrial public Co., Ltd.

Positions in companies listed on the Stock Exchange of Thailand

-

Positions in companies non - listed on the Stock Exchange of Thailand

2016 - Present	Director, Thai Cane and Sugar Corporation Limited
2016 - Present	Director, S.R.T. Electrified Train Company Limited
2015 - Present	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

Name / Surname Miss Chutipha Obhasanond

Position Director / Independent Director /
Audit Committee

Age (years) 80

Appointed as Directors : 7 March, 2011

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

Period	Position / Company
2011 - May 2018	Director / Independent Director / Audit Committee T.M.C. Industrial public Co., Ltd.

Positions in companies listed on the Stock Exchange of Thailand

-

Positions in companies non - listed on the Stock Exchange of Thailand

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

Name / Surname Mr. Mitthong Chulitawong
Position Director / Independent Director
/ Audit Committee

Age (years) 52

Appointed as Directors : 25 April, 2014

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

Period	Position / Company
2014 - Present	Director / Independent Director / Audit Committee T.M.C. Industrial Public Co., Ltd.

Positions in companies listed on the Stock Exchange of Thailand

1993 - 2001	Assistant to Stock Exchange Manager, KGI Securities (Thailand) Public Co., Ltd., Pinklao branch
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Positions in companies non - listed on the Stock Exchange of Thailand

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.

Name / Surname Mr. Panom Ratanarat
Position Director
Age (years) 44

Appointed as Directors : 1 June, 2018

Education / Training

- Master Degree in Business Administration, Ramkhumhaeng University
- Bachelor Degree in Business Administration, Banking and Finance, Ramkhumhaeng University
- Director Accreditation Program (DAP) 151/2018

% of Shareholding

- None

Family Relationship among the Executive

- None

Working Experience

Period	Position / Company
Jun.2018 - Present	Director T.M.C. Industrial Public Co., Ltd.

Positions in companies listed on the Stock Exchange of Thailand

2014 - 2017	Director of Debt Securities, RHB Securities (Thailand) Public Company Limited
2002 - 2014	Relationship Manager, Bank of Ayudhya Public Company Limited

Positions in companies non - listed on the Stock Exchange of Thailand

-

Name / Surname Mr. Yossakorn Bomlai

Position Deputy Managing Director – Factory

Age (years) 48

Appointed as Directors : -

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

Period	Position / Company
2016 - Present	Deputy Managing Director – Factory T.M.C. Industrial Public Co., Ltd.
Oct..2018 - Present	Deputy Managing Director - Maintenance & Service Center (Acting) 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.

Positions in companies listed on the Stock Exchange of Thailand

-

Positions in companies non - listed on the Stock Exchange of Thailand

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

Name / Surname Mr. Naphatra Chatvichian

Position Deputy Managing Director
Account&Finance /
Company Secretary

Age (years) 50

Appointed as Directors : -

Education / Training

- Bachelor Degree in Accounting at Ramkhumhaeng University
- Company Secretary Program 73/2016

% of Shareholding

- None

Family Relationship among the Executive

- None

Working Experience

Period	Position / Company
2015 - Present	Deputy Managing Director – Account & Finance T.M.C. Industrial Public Co., Ltd.
2016 - Present	Company Secretary T.M.C. Industrial Public Co., Ltd.

Positions in companies listed on the Stock Exchange of Thailand

-

Positions in companies non - listed on the Stock Exchange of Thailand

2013 -2015	Consultant to BSC, KL Glaxo Smith Kline (Thailand) Co.,Ltd.
2001 -2013	Assistant Account&Finance Manager, Glaxo Smith Kline (Thailand) Co.,Ltd.
1997 -2001	Assistant Account Manager, Smith Kline Beecham (Thailand) Co.Ltd.
1992 -1997	Auditor, SGV Na Thalang Co.,Ltd.

Roles and responsibilities of company secretary

1. Prepare and store the company documents which are director registration, invitation letter and Board of Director Meeting minutes, and annual report.
2. Store the report of interest reported by the directors or the executives of the company and submit the copy of report to the Chief Executive Officer and Chairman of Audit Committee within 7 days after receiving the report.
3. Give advice on relevant laws and regulations, and the procedure of activity operation of the directors to comply with laws , objectives, and regulations of company.
4. Arrange the Board of Directors meeting and the Shareholders' meeting. Coordinate with the internal divisions to follow the resolution of Board of Directors meeting and the Shareholders' meeting.
5. Coordinate with the governance divisions such as SEC and responsible for the information disclosure and report to the governance division and public according to laws.
6. Organize the orientation to the new appointed directors.
7. Other responsibilities assigned by the Board of Directors .

Name / Surname Mr.Wisut Kamolkasemwong
Position Deputy Managing Director -
Maintenance and Service Center

Age (years) 51

Appointed as Directors : -

Education / Training

- Primary school Grade 6, Municipality Kampaeng Temple
(Udom Pitthayakorn)

% of Shareholding

- None

Family Relationship among the Executive

- None

Working Experience

Period	Position / Company
2017 - Sep.2018	Deputy Managing Director - Maintenance and Service Center T.M.C. Industrial Public Co., Ltd.
2015 - 2017	Assistant to President T.M.C. Industrial Public Co., Ltd.

Positions in companies listed on the Stock Exchange of Thailand

- None

Positions in companies non - listed on the Stock Exchange of Thailand

2012 - 2014	Private Business
1981 - 2011	Assistant to Factory Department, T.M.C. Industrial Co., Ltd. Engineering Manager, T.M.C. Industrial Co., Ltd. Press Machine Manager, T.M.C. Industrial Co., Ltd. Technician, T.M.C. Industrial Co., Ltd.

Auditor's Report and Financial Report as Financial Report as of year 2018

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, which comprise the statement of financial position as at December 31, 2018, and statement of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements and 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 as at December 31, 2018, and their 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 as relevant to my audit of 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.

Key audit matters

Key audit matters are those matters that, in my professional judgment, 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.

1. Revenue recognition

Revenue from sales and services are the Company's significant accounts because the amounts of revenue recorded would directly affect the Company's profit or loss for the year. There are therefore risks with respect to the amount and timing of revenue recognition. For this reason, I have paid particular attention to the Company's revenue recognition in order to ensure that the revenues are recorded correctly and in accordance with the relevant financial reporting standards, Accounting policies and detail of revenues are disclosed in Notes 3.14 and 25 to the financial statements, respectively.

How my audit addressed the key audit matter

I have examined the Company's revenue recognition by evaluating the effectiveness of the Company's internal controls with respect to 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. On a sampling basis, I also examined supporting documents for revenue transactions occurring during the year and near the end of the accounting period. In addition, I reviewed credit notes issued by the Company to its customers after the period-end and performed analytical review procedures on the revenues account to identify possible irregularities in revenue transactions throughout the period, particularly for accounting entries made through journal vouchers.

2. Inventories

The Company shall report the value of the inventory at the lower of cost or net realizable value. The estimation of the net realizable value of inventory is an area requiring management to exercise judgment for policies on allowance for diminution in value of slow-moving and obsolete inventory. This requires detailed analysis of the aging of inventories, competitive environment, economic circumstances and the situation within the industry. The estimation of net realizable value of inventory thus affects both the allowance of inventory expense recorded in profit and loss and the balance of inventories presented at period-end, this is focus area in my audit. The accounting policies and details of allowance for diminution in value of inventory were disclosed in Notes 3.3 and 7 to the financial statements, respectively.

How my audit addressed the key audit matter

I assessed the method, the assumptions and gaining an understanding of the basis applied by management in determining of the policies on determining allowance for diminution in value of inventories on a basis of aging and reviewing the consistency of the application of that basis. I reviewed the preparation of the inventories aging report and tested the calculation of allowance for diminution in value of inventories in accordance with these policies. Apart from this, my procedures included testing the calculation of the measurement of net realizable value of inventories by reviewed the preparation of the comparison report between net realizable value of inventory and the cost of inventory and examined supporting documents on a sampling basis for actual sales transactions occurring after the period-end.

Other information

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

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

In connection with my audit of the financial statements, my responsibility is to read the other information 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 judgment and maintain professional skepticism throughout the audit. I also:

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

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

I also provide those charged with governance with a statement that 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

SAM NAK-NGAN A.M.C. CO., LTD.



(Mr. Naris Saowalaksakul)

Certified Public Accountant Registration No. 5369

Bangkok,

February 26, 2019

T.M.C.INDUSTRIAL PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

As at December 31, 2018

(Unit : Baht)

	Notes	December 31, 2018	December 31, 2017
<u>Assets</u>			
Current assets			
Cash and cash equivalent items	5	9,099,451	36,285,756
Trade and other receivables	6	32,990,225	44,581,740
Inventories	7	128,222,677	151,352,729
Non-current assets held for sale	8	-	422,990,151
Other current assets		1,216,941	2,840,527
Total current assets		171,529,294	658,050,903
Non-current assets			
Restricted bank deposit	9	14,146,740	14,007,550
Long-term investment	10	19,998,000	19,998,000
Property, plant and equipment	11	628,132,611	238,432,297
Intangible assets	12	4,138,693	6,369,200
Other non-current assets		4,333,634	4,668,161
Total non-current assets		670,749,678	283,475,208
Total assets		842,278,972	941,526,111

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

T.M.C.INDUSTRIAL PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

As at December 31, 2018

(Unit : Baht)

	Notes	December 31, 2018	December 31, 2017
<u>Liabilities and shareholders' equity</u>			
Current liabilities			
Short-term loans from financial institutions	13	152,584,071	140,000,000
Trade and other payables	14	90,186,645	109,318,972
Short-term loans from other person and party	15	-	10,000,000
Short-term loans from related person and party	4.1	10,000,000	10,000,000
Current portion of long-term loans			
Long-term loans from financial institutions	16	21,500,000	15,000,000
Liabilities under finance lease agreement		-	248,218
Provision	17	8,875,257	8,931,738
Other current liabilities		1,413,252	1,661,088
Total current liabilities		284,559,225	295,160,016
Non-current liabilities			
Long-term loans from financial institutions	16	46,000,000	66,000,000
Employee benefit obligations	18	11,680,019	12,175,313
Total non-current liabilities		57,680,019	78,175,313
Total liabilities		342,239,244	373,335,329

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

T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

As at December 31, 2018

(Unit : Baht)

	Notes	December 31, 2018	December 31, 2017
Shareholders' equity			
Share capital	19		
Authorized share capital			
543,750,000 ordinary shares @ Baht 1.00 each		543,750,000	543,750,000
Issued and paid-up share capital			
458,773,722 ordinary shares @ Baht 1.00 each		458,773,722	458,773,722
Premiums on ordinary shares	20	109,417,060	135,396,167
Retained earnings (deficit)			
Unappropriated	20	(68,151,054)	(25,979,107)
Total shareholders' equity		500,039,728	568,190,782
Total liabilities and shareholders' equity		842,278,972	941,526,111



.....Managing Director

(Mr.Surachet Kamolmongkolsuk)

.....Director

(Mrs.Pacharawalai Wu)

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

T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2018

(Unit : Baht)

	Notes	2018	2017
Revenue from sales and service		346,156,551	357,722,002
Cost of sales and service	7	(319,674,369)	(324,851,211)
Gross profit		26,482,182	32,870,791
Other income		3,465,093	28,987,849
Selling expenses		(21,090,990)	(25,254,729)
Administrative expenses		(67,541,142)	(59,868,721)
Finance cost		(9,466,197)	(18,072,293)
Loss before income tax		(68,151,054)	(41,337,103)
Income tax expenses	23	-	-
Loss for the year		(68,151,054)	(41,337,103)
Other comprehensive income			
Item that will not be reclassified to profit or loss			
Actuarial profit arising from defined benefit plan	18	-	15,357,996
Other comprehensive income for the year - net income tax		-	15,357,996
Total comprehensive income for the year		(68,151,054)	(25,979,107)
Basic loss per share	24	(0.15)	(0.11)

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

T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2018

						Retained earnings (deficit)			Total
						Issued and paid-up share capital	Premiums on ordinary shares	Advance from share subscription	
	Notes								shareholders' equity
Balance as at January 1, 2017		364,078,675	323,380,941	9,375	2,234,612	(237,566,909)			452,136,694
Loss for the year		-	-	-	-	(41,337,103)			(41,337,103)
Other comprehensive income for the year		-	-	-	-	15,357,996			15,357,996
Total comprehensive income for the year		-	-	-	-	(25,979,107)			(25,979,107)
Additional ordinary shares issued	19	94,695,047	47,347,523	(9,375)	-	-			142,033,195
Premium on shares and statutory reserve transferred to eliminate deficit	20	-	(235,332,297)	-	(2,234,612)	237,566,909			-
Balance as at December 31, 2017		458,773,722	135,396,167	-	-	(25,979,107)			568,190,782
Loss for the year		-	-	-	-	(68,151,054)			(68,151,054)
Other comprehensive income for the year		-	-	-	-	-			-
Total comprehensive income for the year		-	-	-	-	(68,151,054)			(68,151,054)
Premium on shares transferred to eliminate deficit	20	-	(25,979,107)	-	-	25,979,107			-
Balance as at December 31, 2018		458,773,722	109,417,060	-	-	(68,151,054)			500,039,728

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

T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED

STATEMENT OF CASHFLOW

For the year ended December 31, 2018

	(Unit : Baht)	
	2018	2017
Cash flow from operating activities		
Loss before income tax	(68,151,054)	(41,337,103)
Adjustments to reconcile loss before income tax for cash received (payment) from operations		
Doubtful accounts (reversal)	960,292	(541,655)
Allowance for decline in value of inventories	5,129,869	2,995,745
Depreciation	32,548,114	26,914,725
Transfer of construction in progress to expenses	458,440	368,517
(Gain) loss from disposal and written-off property, plant and equipment	371,102	(1,162,234)
Amortized intangible assets	2,230,507	2,307,532
Gain from disposal land awaiting sales	-	(24,931,071)
Decrease in provision for product warranty	(56,481)	(4,180,093)
Unrealized loss on exchange rate	2,507	404,370
Employee benefits expenses	1,536,100	3,913,579
Interest expenses	9,466,197	18,072,293
Loss from operation before changes in operating assets and liabilities	(15,504,407)	(17,175,395)
Operating assets (increase) decrease		
Trade and other receivables	10,623,891	(8,453,619)
Inventories	18,000,183	(20,956,281)
Other current assets	(27,305)	(2,773,840)
Other non-current assets	10,800	1,114,280
Operating liabilities increase (decrease)		
Trade and other payables	(18,830,069)	28,793,889
Other current liabilities	(298,595)	(8,010,715)
Employee benefit obligations	(2,031,393)	(2,388,887)
Cash paid from operating activities	(8,056,895)	(29,850,568)
Cash paid for interest expenses	(9,581,935)	(18,033,305)
Cash received from income tax	5,333,292	3,320,146
Cash paid for income tax	(3,307,916)	(2,392,891)
Net cash used in operating activities	(15,613,454)	(46,956,618)

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

T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED

STATEMENT OF CASHFLOW

For the year ended December 31, 2018

(Unit : Baht)

	2018	2017
Cash flow from investing activities		
Increase in restricted bank deposit	(139,190)	(137,550)
Cash received from sales of land awaiting sales	-	35,454,146
Cash paid for purchase property, plant and equipment	(230,003)	(7,936,201)
Cash received from sales property, plant and equipment	170,218	1,809,206
Net cash received from (used in) investing activities	(198,975)	29,189,601
Cash flow from financing activities		
Increase (decrease) in short-term loan from financial institutions	12,584,071	(108,517,764)
Cash paid to payable of asset purchased	(184,546)	(185,296)
Cash received for short-term loan from other person and party	-	10,000,000
Cash paid for short-term loan from other person and party	(10,000,000)	-
Cash received for short-term loan from related person and party	-	10,000,000
Cash paid for long-term loans from financial institutions	(13,500,000)	(15,000,000)
Cash paid for liabilities under finance lease agreement	(248,218)	(1,142,729)
Cash received from share subscription as warrants exercised	-	142,033,195
Net cash received from (used in) financing activities	(11,348,693)	37,187,406
Effects of exchange rate on cash and cash equivalents	(25,183)	(422,853)
Cash and cash equivalent items increase (decrease)-net	(27,186,305)	18,997,536
Cash and cash equivalent items at the beginning of the year	36,285,756	17,288,220
Cash and cash equivalent items at the end of the year	9,099,451	36,285,756

Additional disclosure

Significant non-cash items in the financial statements are as follows :-

- Purchases of property, plant and equipment which had not yet been paid	28,034	19,724
- Transferred property, plant and equipment to non-current assets held for sale	-	422,990,151
- Transferred non-current assets held for sale to property, plant and equipment	422,990,151	-

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

T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2018

1. General information

T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED is a public company incorporated and domiciled in Thailand. The Company listed with the Stock Exchange of Thailand. The registered office is located at 125/10, Moo 5, Tambol Donhualor, Ban Saun Muang Chonburi, Chonburi.

The major shareholder of the Company is Kamolmongkolsuk family, which holds 30.61% of the Company's capital.

The Company is principally engaged in the manufacture distribution of hydraulic machinery and handling equipment and the provision of machine repair and maintenance and metal machining services.

2. Basis of financial statements preparation

2.1 Going concern

As at 31 December 2017, the Company are classified property, plant and equipment to non-current assets held for sale. Consequently, the Company's current assets exceeded its current liabilities by Baht 362.89 million. However, as at December 31, 2018, the Company are classified such non-current assets held for sale to property, plant and equipment because the Company ceases the plan to sales as mention in the note to financial statements No.8. Consequently, the Company's current liabilities exceeded its current assets by Baht 113.03 million. The Company has continued operating losses, such above event cause doubt as to whether there will be uncertainly that is materiality which may cause substantial doubt regarding ability in continuous operation of the Company. However, the Company is in the process of improving its operating. The Company management believe that it is able to improve its operation and obtain working capital for continuing its operation. For these reasons, the financial statements therefore have been prepared on the going concern basis.

- 2.2 The financial statements are issued for reporting purposes to be used in Thailand are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.
- 2.3 The financial statements were prepared in accordance with the generally accepted accounting principles under the Accounting Act B.E. 2543, which include the already announced accounting standards, financial reporting standards and their interpretation including accounting guidance issued by the Federation of Accounting Professionals (“FAP”) established under the Accounting Professions Act B.E. 2547 and regulations in accordance with the determination of the Office of the Securities and Exchange Commission on the subject of preparation and presentation of the financial reports.

The presentation of financial statements is in accordance with the determination stated in the Notification of the Department of Business Development dated September 28, 2011, issued under the Accounting Act, B.E. 2543.

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand Baht unless otherwise stated.

These financial statements were prepared by using historical cost basis except those disclosed otherwise in the accounting policies.

2.4 New financial reporting standards

2.4.1 New and revised financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised financial reporting standards and interpretations (revised 2017) and new accounting treatment guidance which are effective for fiscal years beginning on or after January 1, 2018. 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.

2.4.2 Financial reporting standards that will become effective in the future

The Federation of Accounting Professions has published new and revised accounting standards, financial reporting standards, interpretations accounting standards and interpretations financial reporting standards that are mandatory for annual periods beginning on or after January 1, 2019 and 2020. The Company has not yet early adopted these new and revised financial reporting standards which are as follows :-

<u>Reference standard No.</u>	<u>Name</u>	<u>Effective date</u>
<u>Thai Accounting Standards (TAS)</u>		
TAS 32	Financial Instruments: Presentation	January 1, 2020
<u>Thai Financial Reporting Standards (TFRS)</u>		
TFRS 1	First-time Adoption of Financial Reporting Standards	January 1, 2019
TFRS 7	Financial Instruments: Disclosures	January 1, 2020
TFRS 9	Financial Instruments	January 1, 2020
TFRS 15	Revenue from Contracts with Customers	January 1, 2019
<u>Thai Financial Reporting Interpretations (TFRIC)</u>		
TFRIC 16	Hedges of a Net Investment in a Foreign Operation	January 1, 2020
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	January 1, 2020

The management of the Company is in the process to assess the impact of this financial reporting standard to the financial statements in the year when it is adopted

- 2.5 Preparation of the financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are resulted from experience and other factors that the management has reasonably assurance under such circumstance. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future periods affected. The significant estimates and assumptions are as follows :-

Lease agreement

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

Allowance for doubtful debt

In determining an allowance for doubtful accounts, the management needs to make judgment 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.

Estimate on employee benefit obligations

The obligation under the post-employment benefit is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase 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.

Other estimates are disclosed under related caption in these notes to financial statements.

3. Summary of significant accounting policies

- 3.1 Cash and cash equivalent items includes cash, savings account deposits, current account deposits and not exceeding 3 months fixed deposits and all highly liquid investments with an original maturity of three months or less from the date of acquisition and not subject to withdrawal restrictions.
- 3.2 Trade and other receivables 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 analysis of debt aging, payment histories and future expectations of customer payments from the uncollectability of each receivable. Bad debts are written off when incurred.
- 3.3 Inventory are valued at the lower of cost and net realisable value. Cost determined by the moving average method. The costs of inventories comprise of the purchase price, conversion cost and other costs directly attributed to the acquisition of goods. In the case of finished goods, semi-finished goods and work-in-progress, cost includes direct labor, other direct costs and related production overheads, the latter being allocated on the basis of normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Allowance for diminution in value of inventories or slow-moving are recorded by considering obsolete inventories and slow moving inventories.

- 3.4 Non-current assets held for sale are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower end of the carrying amount and fair value less cost to sell.
- 3.5 Long-term investment is stated at cost net of allowance for impairment loss (if any).

3.6 Property, plant and equipment are stated at cost less accumulated depreciation and the allowance for impairment (if any).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income or other expense in profit or loss.

Subsequent costs, the cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment. The estimated useful lives are as follows:

	Useful life (years)
Building and improvements	20
Machinery and equipment	5-15
Furniture and office equipment	4-5
Motor vehicles	5

No depreciation is calculated for land and asset under construction and installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.7 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:

- Computer software	5-10 years
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3.8 Long-term leases

Leases of property or equipment which substantially transfer all the risks and rewards of ownership to the lessees are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss. When a sale and leaseback results in a finance lease, any gain on the sale is deferred and recognized as income over the lease term. The property or equipment acquired under finance leases is depreciated over the useful life of the asset.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which the termination takes place.

3.9 Impairment

The carrying amounts of assets are assessed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated of asset or its cash-generating unit to which the asset is included in. An impairment loss is recognized when the recoverable amount less than the carrying amount of the asset or its cash generating unit.

Other intangible assets with indefinite useful lives, and intangible assets not yet available for use, are tested for impairment annually, even though there is no indicator of impairment are identified.

Impairment loss is recognized as expenses in profit or loss immediately.

Calculation of recoverable amount

- The recoverable amount is the higher of the asset's fair value less cost to sell of asset or the cash-generating unit and its value in use.
- In assessing value in use of an asset, the estimated future cash flows are discounted to their present value which using a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the asset.
- The asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment loss

- The loss on impairment of assets excluding goodwill recognized in the prior period will be reversed if the estimation of net realizable value changes since the last impairment loss was recognized. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortization), if no impairment loss had been recognized.
- Reversals of impairment loss will be recognized as income in profit or loss immediately.

3.10 Trade and other accounts payable are shown at cost.

3.11 Interest-bearing liabilities are recognized initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognized in profit and loss over their period of the borrowings on an effective interest basis.

3.12 Employee benefits

Short-term employee benefits

The Company recognize salaries, wages, bonuses and contributions to Social Security Fund as expense when incurred.

Post-employment benefits (Defined contribution plans)

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

Post-employment benefits (Defined benefit plans)

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plans is determined by a professionally qualified actuary based on actuarial techniques, using the projected unit credit method on a regular basis. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Actuarial gains and losses arising from post-employment benefits are recognized immediately in other comprehensive income in the period in which they arise.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment.

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

3.14 Revenues recognition excludes value added taxes and present net off trade discounts with the following policies:-

3.14.1 Revenue from sales are recognized in the profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the economic benefit due from the sale of goods or render of services or the amount of the revenue and cost incurred could not be reasonably measured or the probable return of goods.

3.14.2 Revenues from service is recognized when service are provided.

3.14.3 Interest and other income are recognized on an accrual basis.

3.15 Expenses recognition are as follows :-

3.15.1 Payment made under the operating lease are recognized in profit or loss on a straight-line basis over the term of the lease.

3.15.2 Finance costs such as interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

3.15.3 Other expenses are recognized by accrual basis.

3.16 Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that related to items recognized in other comprehensive income or recognized directly in equity which will recognize in other comprehensive income or recognized directly in equity as same as that items.

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. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settle.

The Company recognize deferred tax liabilities for all taxable temporary differences while they recognize 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 utilized.

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

3.17 Basic earning (loss) per shares

Basic earnings (loss) per share are calculated by dividing the profit (loss) for the year attributable to equity holders (excluding other comprehensive income) by the weighted average number of common shares outstanding during the year.

Diluted earnings (loss) per share are calculated by net income for the years attributable to ordinary shareholders of the Company, by the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares.

3.18 Foreign currency transactions are translated into Baht at the rates ruling on the occurrence dates.

Assets and liabilities in foreign currency outstanding on the reporting date are translated into Baht at the rates ruling on that date. Exchange gains and losses are included as incomes or expenses in profit or loss.

3.19 The related parties and related companies with the Company meant individuals or enterprises which have the controlling power over the Company or are controlled by the Company either directly or indirectly, or under the same control with the Company. Furthermore, the related parties or related companies are also meant the associated companies and the parties whose holding the shares with voting rights, either directly or indirectly and have significant influence to the Company, important management, directors or the employees of the Company who have the power to plan and control the operations of the Company including the family members close to the said persons which could persuade or have power to persuade to act in compliance with the said persons and business that the said persons have control power or significant influence, either directly or indirectly.

3.20 The sectoral business operation is disclosed under the separate business sectors of the Company, by the business sector that acquires products or provides services which have different risks and return from the risks and return of the products or services provide by other business sectors.

3.21 Financial instruments consisted of financial assets and liabilities which carried on the statements of financial positions include cash and cash equivalents, trade accounts receivable and payable, other accounts receivable and payable, and loan receivables and payables. The important accounting policies and measurement of these items are disclosed in the respective accounting policies for related items.

3.22 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 measure fair value using valuation technique that are appropriate in the circumstances and maximizes 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 categorized within the fair value hierarchy into three levels based on categorize of input to be used in fair value measurement as follows:-

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities.

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly.

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

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

4. Related parties transactions

The Company incurred business transactions with related parties, which have the same group of shareholders or mutual directors. Such transactions are based on commercial terms and according to criteria agreed between the Company and those companies which are in ordinary course of business. The transactions are summarized as follows: -

4.1 Inter-assets and liabilities

(Unit : Thousand Baht)		
<u>As at December 31,</u>		
<u>Type of items/company name</u>	<u>2018</u>	<u>2017</u>
- Short-term loans from related party		
Kamolmongkolsuk Company Limited		
Beginning balance	10,000	-
Addition	-	10,000
Repayment	-	-
Ending balance	10,000	10,000

Short-term loan from related party is loan from related party under agreement with due to repayment with bearing interest rate 0.50% per annum on December 31, 2019.

4.2 Inter-revenues and expenses

(Unit : Thousand Baht)			
<u>Type of items/company name</u>	<u>Transfer pricing policy</u>	<u>For the year ended December 31,</u>	
		<u>2018</u>	<u>2017</u>
- Revenue from sales and service			
Kang Yong Electric Public Company Limited	Market price	81	32
Khon Kaen Sugar Industry Public Company Limited	Market price	1	-
		82	32
- Interest expense			
Kamolmongkolsuk Company Limited	Contract price	50	11

4.3 Directors and management's benefits

	(Unit : Thousand Baht)	
	<u>For the year ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Short-term employee benefits	17,049	16,255
Post-employment benefits	917	588
Total	<u>17,966</u>	<u>16,843</u>

4.4 Guarantees provided by directors

The Company's directors has guaranteed the Company's credit facilities from banks as mention in the note to financial statement No.13. No fees are charged for these guarantees.

4.5 The relationship

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

<u>Company's name</u>	<u>Relationship</u>
KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED	Common director
KANG YONG ELECTRIC PUBLIC COMPANY LIMITED	Common director
KAMOLMONGKOLSUK COMPANY LIMITED	Common director and shareholders

5. Cash and cash equivalent items

Consisted of :-

	(Unit : Thousand Baht)	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Cash on hand	208	190
Cheque on hand	275	52
Saving accounts deposit	8,428	25,143
Current accounts deposit	188	10,901
Total	<u>9,099</u>	<u>36,286</u>

6. Trade and other receivables

Consisted of :-

(Unit : Thousand Baht)

	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Trade receivables-other parties	32,316	46,900
<u>Less</u> Allowance for doubtful debts	(6,537)	(5,576)
Total trade receivables-net	25,779	41,324
Other receivables	538	253
Advance payment for inventories	5,636	2,112
Prepaid expenses	1,036	891
Accrued income	1	2
Total other receivables	7,211	3,258
Total trade and other receivables	32,990	44,582

Aging analyzes for trade receivables are as follows :-

(Unit : Thousand Baht)

	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Other receivables-other parties		
Not yet due	3,124	31,969
Overdue not over 3 months	22,001	9,282
Overdue over 3 months not over 12 months	2,281	146
Overdue over 12 months	4,910	5,503
Total	32,316	46,900
<u>Less</u> Allowance for doubtful debts	(6,537)	(5,576)
Total trade receivables-other parties	25,779	41,324

The normal credit term granted by the Company ranges from 7 days to 90 days.

Movement of allowance for doubtful debts for the year ended December 31, 2018 and 2017

as follow:-

	(Unit : Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Beginning balance as at January 1,	(5,576)	(6,118)
Allowance for doubtful debts	(961)	-
Reversal of allowance for doubtful debts	-	542
Ending balance as at December 31,	<u>(6,537)</u>	<u>(5,576)</u>

7. Inventories

Consisted of :-

	(Unit : Thousand Baht)	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Finished goods	13,172	18,516
Semi-finished goods	54,298	58,879
Work in process	98,094	102,762
Raw materials	12,989	13,693
Supplies	397	976
Goods in transit	2,670	4,794
Total	<u>181,620</u>	<u>199,620</u>
<u>Less</u> Allowance for decline in value of inventories	<u>(53,397)</u>	<u>(48,267)</u>
Net	<u>128,223</u>	<u>151,353</u>

Movement of allowance for decline in value of inventories for the year ended December 31,

2018 and 2017 as follow :-

	(Unit : Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Beginning balance as at January 1,	(48,267)	(45,272)
Allowance for decline in value of inventories	(5,130)	(2,995)
Ending balance as at December 31,	<u>(53,397)</u>	<u>(48,267)</u>

Cost of inventory record as expense and include in the cost of good sold were as follow :-

(Unit : Thousand Baht)

	<u>For the year ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Cost of good sold	314,544	321,856
Loss for decline in value of inventories	5,130	2,995
Total	<u>319,674</u>	<u>324,851</u>

8. Non current assets held for sales

As at December 31, 2017, non current assets held for sales is land and factory building at net book value of Baht 422.99 million according to the Company's board of directors meeting No.5/2560 on December 12, 2017, it was resolved and approved to sales land and factory building since the Company has assets that exceed company's production capacity. The Company expects the sale to be completed within one year from the date of approval. These assets are pledged as collateral agaist credit facilities received from financial institutions as mention in the note to financial Statement No. 16 and 27.1.

Later, the Company's board of executive director meeting No. 2/2561 held on June 14, 2018 has resolve to cease the plan to sell such land and factory building due to restriction of VAT obligation. The Company has classified non-current assets held to sale to property, plant and equipment as mention in note to financial statement No. 11.

9. Bank deposit pleded as collateral

As at December 31, 2018 and 2017, the Company has bank deposit which not exceed 3 month are pleded for collateral against credit facilities given by financial institution as mention in the notes to financial statement No.13 and 27.1.

10. Long-term investment

Consisted of :-

(Unit : Thousand Baht)

<u>Company</u>	<u>Paid-up</u>		<u>Percentage of</u>		<u>Investment</u>		<u>Dividend</u>	
	<u>Share capital</u>		<u>Investment (%)</u>		<u>cost method</u>		<u>For the year</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Sahapat Amorn Company Limited	101,100	101,100	19.80	19.80	19,998	19,998	-	-

11. Property, plant and equipment

Consisted of :-

(Unit : Thousand Baht)

	Land	Buildings and building improvement	Machinery and equipment	Furniture and office equipment	Motor vehicles	Assets under construction and installation	Total
Cost :							
As at January 1, 2017	292,034	114,420	310,622	34,320	63,863	311,280	1,126,539
Purchase	-	-	169	12	-	7,775	7,956
Disposal / written off	-	-	(1,189)	(4,229)	(4,605)	-	(10,023)
Transfer in (transfer out)	-	140	90	-	-	(599)	(369)
Transferred to non-current assets held for sale	(200,749)	(23,640)	-	-	-	(290,314)	(514,703)
As at December 31, 2017	91,285	90,920	309,692	30,103	59,258	28,142	609,400
Purchase	-	-	141	38	-	79	258
Disposal / written off	-	(800)	(117)	(176)	-	-	(1,093)
Transfer in (transfer out)	-	1,818	23,349	1,021	-	(26,646)	(458)
Transferred from non-current assets held for sale	200,749	313,954	-	-	-	-	514,703
As at December 31, 2018	292,034	405,892	333,065	30,986	59,258	1,575	1,122,810
Accumulated depreciation :							
As at January 1, 2017	-	(43,167)	(228,267)	(28,057)	(56,580)	-	(356,071)
Depreciation for the year	-	(4,435)	(14,433)	(3,445)	(4,602)	-	(26,915)
Disposal / written off	-	-	1,142	4,222	4,012	-	9,376
Transferred to non-current assets held for sale	-	2,642	-	-	-	-	2,642
As at December 31, 2017	-	(44,960)	(241,558)	(27,280)	(57,170)	-	(370,968)
Depreciation for the year	-	(16,421)	(13,068)	(1,745)	(1,314)	-	(32,548)
Disposal / written off	-	266	113	172	-	-	551
Transferred from non-current assets held for sale	-	(2,642)	-	-	-	-	(2,642)
As at December 31, 2018	-	(63,757)	(254,513)	(28,853)	(58,484)	-	(405,607)
Allowance for impairment loss :							
As at January 1, 2017	-	-	-	-	-	(89,071)	(89,071)
Transferred to non-current assets held for sale	-	-	-	-	-	89,071	89,071
As at December 31, 2017	-	-	-	-	-	-	-
Transferred to non-current assets held for sale	-	(89,071)	-	-	-	-	(89,071)
As at December 31, 2018	-	(89,071)	-	-	-	-	(89,071)
Net book value :							
As at December 31, 2017	91,285	45,960	68,134	2,823	2,088	28,142	238,432
As at December 31, 2018	292,034	253,064	78,552	2,133	774	1,575	628,132

Depreciation was show in profit or loss for the years

Ended December 31, 2017	26,915
Ended December 31, 2018	32,548

As at December 31, 2018, property, plant and equipment amount of Baht 422.99 million is assets which transferred from non-current assets held for sale on June 14, 2018 since the Company has change the plan to sale as mention in note to financial statement No. 8. However, the Company adjustment the carrying amount of a non-current asset that ceases to be classified as held for sale by recognize depreciation expense in amount of Baht 8.37 million which presented including in administrative expenses for the year ended December 31, 2018.

The result of change the plan to sale cause the depreciation ended June 14, 2018 in amount of Baht 8.37 million which can be classify the depreciation for year 2017 in amount of Baht 2.92 million, for year 2018 in amount of Baht 5.45 milion.

As at December 31, 2018 and 2017, the Company had land with premises thereon and machineries at net book value of Baht 542.90 million and Baht 135.09 million respectively are pledged as collateral against credit facilities received from financial institutions as mention in the notes to the financial statements No. 13 and 16.

As at December 31, 2018 and 2017, the Company had the assets which fully depreciated but still in used. The cost price was Baht 312.23 million and the book value was Baht 8.93 million and the cost price was Baht 277.09 million and the book value was Baht 7.47 million respectively.

As at December 31, 2017 the vehicles and equipment as in the financial statements at the book value amount of Baht 0.69 million.

12. Intangible assets

Consisted of:-

(Unit : Thousand Baht)

	Computer software
Cost :	
As at January 1, 2017	24,917
Purchase	-
As at December 31, 2017	24,917
Purchase	-
As at December 31, 2018	24,917
Accumulated amortization :	
As at January 1, 2017	(16,240)
Amortisation for the year	(2,308)
As at December 31, 2017	(18,548)
Amortisation for the year	(2,230)
As at December 31, 2018	(20,778)
Net book value :	
As at December 31, 2017	6,369
As at December 31, 2018	4,139
Amortisation in profit or loss for the years	
Ended at December 31, 2017	2,308
Ended at December 31, 2018	2,230

13. Short-term loans from financial institutions

(Unit : Thousand Baht)

	2018	2017
Bank overdraft	18,584	-
Promissory notes	134,000	140,000
Total	152,584	140,000

As at December 31, 2018 and 2017, the Company obtained loans from financial institutions in form of bank overdrafts and promissory notes with the terms range from 3 months from commercial bank bearing the interest rates at 4.25-7.13% and 4.25% per annum respectively.

Short-term loans have the collateral as mention in the notes to financial statements No. 4.4 , 9 and 11.

14. Trade and other payables

Consisted of:-

		(Unit : Thousand Baht)	
		<u>As at December 31,</u>	
		<u>2018</u>	<u>2019</u>
Trade payables		27,757	44,374
Other payables			
Other payables		10,198	10,390
Payable for asset purchased		28	20
Accrued expenses		3,135	3,431
Unearned revenue		49,069	51,104
Total other payables		62,430	64,945
Total trade and other payables		90,187	109,319

15. Short-term loan from other person and party

As at December 31, 2017, the whole amount of short-term loans from other person is loan under agreement with due to repayment on December 31, 2017. The interest payment must be made on four times under agreement with bearing interest rate 9.00% per annum with no collateral.

16. Long-term loans from financial institutions

		(Unit : Thousand Baht)	
		<u>As at December 31,</u>	
		<u>2018</u>	<u>2017</u>
Long-term loans from financial institutions		67,500	81,000
<u>Less</u> Current portion of long-term loans		(21,500)	(15,000)
Net		46,000	66,000

Movement for the year ended December 31, 2018 and 2017, are as follows :-

	(Unit : Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Beginning balance as at January 1,	81,000	96,000
Repaid in the year	(13,500)	(15,000)
Ending balance as at December 31,	<u>67,500</u>	<u>81,000</u>

Long-term loans has revised the installment for repayment and interest in accordance with loan agreement (Revise No.1) dated June 29, 2017 which can be summarized as follows:-

<u>Credit limit (Unit : Million Baht)</u>		<u>Period</u>	<u>Interest rate</u>	<u>Repayment schedule</u>
<u>2018</u>	<u>2017</u>			
150.00	150.00	June 2017 to September 2020	BIBOR+3% p.a.	- June-August 2017 payment interest only. - September 2017-August 2018 principal payment of Baht 1.00 million per installment. - September 2018-August 2019 principal payment of Baht 1.50 million per installment. - September 2019-August 2020 principal payment of Baht 2.00 million per installment. - Last installment must be repaid all outstanding.

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

The long-term loans are secured by the mortgages certain plots of land with premises thereon as mention in the note to financial statements No. 8 and 11.

17. Provision

	(Unit : Thousand Baht)	
	<u>Provision for product warranty</u>	
	<u>2018</u>	<u>2017</u>
As at January 1,	8,932	13,112
Increase during the year	8,703	3,458
Utilised	(8,760)	(7,638)
As at December 31,	<u>8,875</u>	<u>8,932</u>

18. Employee benefit obligation

Movement in the employee benefit obligation are as follows :-

	(Unit : Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Employee benefit obligations as at January 1,	12,175	26,009
Current service cost	1,229	3,211
Interest cost	307	702
Benefit paid	(2,031)	(2,389)
Actuarial gain arising from defined benefit plan	-	(15,358)
Employee benefit obligations as at December 31,	<u>11,680</u>	<u>12,175</u>

Expenses recognized in statement of comprehensive income for the years ended December 31, 2018 and 2017 are as follows :-

	(Unit : Thousand Baht)	
	<u>2018</u>	<u>2017</u>
<u>Recognized in profit or loss</u>		
Cost of sales and service	442	2,176
Selling expenses	47	471
Administrative expenses	130	678
Management's benefits	917	588
Total	<u>1,536</u>	<u>3,913</u>

	(Unit : Thousand Baht)	
	<u>2018</u>	<u>2017</u>
<u>Recognized in other comprehensive income</u>		
Actuarial gain arising from defined benefit plan		
Financial assumptions changes	-	(151)
Demographic assumptions changes	-	252
Experience adjustments	-	(15,459)
Total	<u>-</u>	<u>(15,358)</u>

Principal actuarial assumptions as are as follows : -

	<u>2018</u>	<u>2017</u>
Discount rate	2.29%	2.29%
Salary increase rate	3.19%	3.19%
Employee turnover rate	0-30%	0-30%

Assumptions on the future mortality rate hold to the publicly published statistic information.

The discount rate is based on the interest rate of long-term government bonds which the maturity dates nearby maturity of the employee's remuneration debt.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	(Unit : Thousand Baht)			
	<u>Change in</u>		<u>Increase-decrease</u>	
	<u>assumptions</u>		<u>in employee benefit obligation</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Discount increase rate	0.50%	0.50%	(268)	(230)
Discount decrease rate	0.50%	0.50%	285	318
Future salary growth increase	0.50%	0.50%	316	313
Future salary growth decrease	0.50%	0.50%	(299)	(298)
Employee turnover increase rate	0.50%	0.50%	(1)	(52)
Employee turnover decrease rate	0.50%	0.50%	3,945	3,596

On 13 December 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act, which is in the process being published in the Royal Gazette. The new Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment which the Company have recorded the effect of the change by recognizing past service costs as expenses immediately in profit or loss of the period in which the law is effective.

The Company is currently assessing the impact of additional recognition of employee benefit obligations from the enforcement of such laws.

19. Share capital

Authorized share capital and paid up share capital for the year ended December 31, 2018 are movement as follow :-

		2018		2017	
	Par Value	Number of share	Amount	Number of share	Amount
	(Baht)	(Thousand shares)	(Thousand Baht)	(Thousand shares)	(Thousand Baht)
Authorized share capital					
Beginning ordinary share	1.00	543,750	543,750	543,750	543,750
<u>Add</u> Increase ordinary share	1.00	-	-	-	-
Ending ordinary share	1.00	543,750	543,750	543,750	543,750
Issued and paid up share capital					
Beginning ordinary share	1.00	458,774	458,774	364,079	364,079
<u>Add</u> Increase ordinary share	1.00	-	-	94,695	94,695
Ending ordinary share	1.00	458,774	458,774	458,774	458,774

In 2017, the Company received proceeds from the increasing in share capital from the exercise of warrants TMC-W1 for 94,688,797 additional shares of Baht 1.50 each respectively. As a result, issued share capital increasing Baht 94.69 million and premium on share capital increasing Baht 47.35 million. The Company registered the increase in share capital from the exercise of the warrants with the Ministry of Commerce.

20. Premium on share and legal reserve

Premium on ordinary share

Premium on ordinary shares is stated in accordance with Section 51 of the Public Limited Company Act B.E. 2535, in the event the Company offers the ordinary shares for sale at the price exceeding the registered share price, the Company shall appropriate this surplus as reserve ("Premium on ordinary shares"). This premium on ordinary shares cannot be paid out as dividend

According to minutes of Annual General of Shareholders' Meeting in 2018 held on April 24, 2018, which approve to transfer premium on ordinary shares amount of Baht 135,396,167 to eliminate the Company's deficit amount of Baht 25,979,107.

According to minutes of Annual General of Shareholders' Meeting in 2017 held on April 28, 2017, which approve to transfer premium on ordinary shares amount of Baht 235,332,297 to eliminate the Company's deficit.

Legal reserve

Section 116 of the Public Limited Company Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

According to minutes of Annual General of Shareholders' Meeting in 2017 held on April 28, 2017, which approve to transfer legal reserve amount of Baht 2,234,612 to eliminate the Company's deficit.

21. Capital management

The primary objectives of the Company's capital management are to maintain its ability to continue as a going concern, to maintain an appropriate capital structure and to maintain financial ratios not exceeding that specified by the covenants of the loan agreements.

As at December 31, 2018 and 2017, the financial statements present debt to equity ratio at 0.68 : 1.00 and 0.66 : 1.00 respectively.

22. Expenses by nature

	(Unit : Thousand Baht)	
	<u>For the year ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Salaries, wages and other employee benefits	137,121	152,099
Depreciation and amortisation	34,778	29,223
Loss for declining in value of inventories	5,130	2,995
Raw materials and consumables used	163,383	191,744
Changes in inventories of finished goods, semi-finished goods and work in process	14,593	(15,883)
Finance cost	9,466	18,072
Other expenses	53,302	49,797
Total	<u>417,773</u>	<u>428,047</u>

23. Income tax expenses

Income tax recognized in profit or loss for the years ended December 31, 2018 and 2017 with the following details :-

	(Unit : Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Accounting loss before tax	(68,151)	(41,337)
Applicable tax rate	20%	20%
Accounting loss before tax multiplied by applicable tax rate	(13,630)	(8,267)
Tax effect of income and expenses that are not considered		
As taxable income or expense as follows:-		
- Unused tax losses	8,990	5,929
- Provision	1,741	692
- Others	2,899	1,646
Income tax expenses reported in profit or loss	<u>-</u>	<u>-</u>

As at December 31, 2018 and 2017, the Company had deductible temporary differences and tax losses carries forward totaling amount of Baht 383.99 million and amount of Baht 327.72 million respectively, which have not been recognized as deferred tax assets in the statements of financial position. Because it is not probable that it will be able to utilize the tax benefit in the foreseeable future.

24. Basic loss per share

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

	(Unit : Thousand Baht)	
	<u>For the year ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Loss for the year (Unit : Baht)	(68,151)	(41,337)
Number of common shares (Unit : Baht)	458,774	365,905

25. 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.

Financial information is presented as the segment for the year ended December 31, 2018 and 2017 are as follows : -

	(Unit : Thousand Baht)					
	Manufacture and distribution of machineries		Services		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenue from sales and services income	266,253	280,440	79,903	77,282	346,156	357,722
Segment profit	12,426	20,467	14,056	12,404	26,482	32,871
Other income					3,465	28,988
Selling expenses					(21,091)	(25,255)
Administrative expenses					(67,541)	(59,869)
Finance cost					(9,466)	(18,072)
Loss before income tax					(68,151)	(41,337)
Income tax expenses					-	-
Loss for the years					(68,151)	(41,337)
Other comprehensive income for the years					-	15,358
Total comprehensive income for the years					(68,151)	(25,979)

Revenue from external customer is based on locations of the customers for the years ended December 31, 2018 and 2017 as follows :-

(Unit : Thousand Baht)		
<u>For the year ended December 31,</u>		
	<u>2018</u>	<u>2017</u>
Revenue from external customer		
Thailand	318,054	329,274
Others	28,102	28,448
Total	<u>346,156</u>	<u>357,722</u>

For the year ended December 31, 2018, the Company has one major customer whose revenue from sale and service based on revenue from manufacturing and distribution of machine in local totaling amount of Baht 40.78 million and for the year ended December 31, 2017, the Company has no major customer.

26. Provident fund

The Company and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and their employees contributed to the fund monthly at the rates depending on the working life of the employees. A local financial institution is managing the provident fund and will be paid to the employees upon termination in accordance with the fund rules. For the year ended December 31, 2018 and 2017, the Company has provident fund expense in amount of Baht 1.59 million and Baht 1.79 million respectively

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(Unit : Thousand Baht)		
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	<u>2018</u>	<u>2017</u>
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27. Obligation and contingent liabilities

Apart from liabilities reflected in the statement of financial position as at December 31, 2018 and 2017, the Company held other obligations as follows :-

27.1 Obligation of credit lines for loans from financial institutions :-

(Unit : Million Baht)

	<u>As at December 31,</u>					
	<u>2018</u>			<u>2017</u>		
	<u>Total</u>	<u>Utilized</u>	<u>Available</u>	<u>Total</u>	<u>Utilized</u>	<u>Available</u>
Bank overdrafts	25.00	18.58	6.42	25.00	-	25.00
Letters of guarantee	10.00	5.25	4.75	10.00	3.15	6.85
Trust receipts and letters of credit	22.00	3.67	18.33	22.00	8.77	13.23
Short-term loan	490.00	134.00	356.00	490.00	140.00	350.00
Long-term loan	150.00	67.50	82.50	150.00	81.00	69.00

The above credit facilities are guaranteed by the collaterals as mentioned in the notes to financial statements No. 4.4, 8, 9 and 11.

27.2 Obligations in relation to operational lease contracts

As at December 31, 2018 and 2017, the Company has obligations as a lessee regarding operational lease contracts and other services. Future minimum lease payments required under these service contracts and leases contracts were as follows.

(Unit : Thousand Baht)

	<u>2018</u>	<u>2017</u>
Payable within 1 year	2,028	3,332
Payable over 1 and up to 5 years	105	606
Total	<u>2,133</u>	<u>3,938</u>

27.3 Capital commitments

As at December 31, 2018 and 2017, the Company had capital commitments of Baht 0.32 million and Baht 0.11 million respectively, relating to the construction of factory and office buildings and acquisition of equipment.

28. Financial instruments

Policy to manage financial risk

The Company possess risk regarding to the change of market interest rate and in foreign currency exchange rate and from nonperformance of contractual obligations by counter parties. The Company will consider to use appropriate financial instruments when it considers necessary to manage such risks. However, the Company has no policy to hold or issue any financial instruments for speculation or for trading.

Risk on interest rate

The Company's risk on interest rates is derived from the fluctuation of the market interest rates in the future, which will affect upon the Company's operating result and cash flow. However, the Company manages the interest rate risks by applying various methods including the allocation of the loans at fixed and floating interest rates appropriately to suit the various activities of the Company with the following details.

(Unit : Thousand Baht)

As at December 31, 2018							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
	Within 1 year	Interest rate 1-5 years	Interest rate 5 years				
Financial assets							
Cash and cash equivalent items	-	-	-	8,428	671	9,099	0.13-0.50
Trade and other receivable	-	-	-	-	32,990	32,990	-
Restricted bank deposit	-	-	-	14,147	-	14,147	1.00
	-	-	-	22,575	33,661	56,236	
Financial liabilities							
Short-term loans from financial institutions	-	-	-	152,584	-	152,584	4.25-6.25
Trade and other payables	-	-	-	-	90,187	90,187	-
Short-term loans from related party	10,000	-	-	-	-	10,000	0.50
Long-term loans from financial institutions	-	-	-	67,500	-	67,500	4.53-4.55
	10,000	-	-	220,084	90,187	320,271	

(Unit : Thousand Baht)

As at December 31, 2017							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
	Within 1 year	Interest rate 1-5 years	Interest rate 5 years				
Financial assets							
Cash and cash equivalent items	-	-	-	25,143	11,143	36,286	0.13-0.50
Trade and other receivable	-	-	-	-	44,582	44,582	-
Restricted bank deposit	-	-	-	14,008	-	14,008	1.00
	-	-	-	39,151	55,725	94,876	

(Unit : Thousand Baht)

As at December 31, 2017

	As at December 31, 2017						
	Fixed interest rates			Floating	Non-interest	Total	Interest rate (% per annum)
	Within 1 year	Interest rate 1-5 years	Interest rate 5 years	interest rate	bearing		
Financial liabilities							
Short-term loans from financial institutions	-	-	-	140,000	-	140,000	4.25
Trade and other payables	-	-	-	-	109,319	109,319	-
Short-term loans from other person	10,000	-	-	-	-	10,000	9.00
Short-term loans from related party	10,000	-	-	-	-	10,000	0.50
Long-term loans from financial institutions	-	-	-	81,000	-	81,000	3.34-4.53
Liabilities under finance lease	248	-	-	-	-	248	0.22-0.77
	20,248	-	-	221,000	109,319	350,567	

Risk on exchange rate

Regarding risk on exchange rate of the Company, mainly involves with sales products, purchase raw material in foreign currencies, as at December 31, 2018 and 2017, the Company obtained assets and liabilities in foreign currencies over which the contract to hedge against risk of exchange rates has not been conducted.

<u>Currencies (Unit : Thousand)</u>	<u>Assets</u>		<u>Liabilities</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
US dollar	5	2	75	-
EURO	-	-	33	1

Risk on credit provision

The Company obtain risk from credit provision in relation to trade accounts receivable mostly derived from sales and service of clients. However, the Company hold the conservative policy in providing credit. Furthermore, the numbers of debtors of the Company are several thus the Company does not expected the material damage from debt collection outside these for which provision has already been set aside.

Fair Value

Since most of the financial assets and liabilities are short-term and loans bearing interest rates closed to market rates, the Company' management believes such financial assets and liabilities are presented in value not materially different from relevant fair value.

29. Events after the reporting period

The Board of Director's meeting No.1/2562 hold on February 26, 2019, has resolution approved to transfer premium on ordinary shares amount of Baht 68,151,054 to eliminate the Company's deficit.

30. Approval of financial statements

These financial statements have been approved for issuance by the Company's board of directors on February 26, 2019.



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