



T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED

บริษัท ที.เอ็ม.ซี. อุตสาหกรรม จำกัด (มหาชน)

THE LEADER IN HYDRAULICS THAILAND



Scan AR Book

ANNUAL REPORT 2019

Our Vision

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

Our Mission

- CONTINUOUS IMPROVEMENT : Improve and develop every activities of the company.
- CUSTOMER SATISFACTION : Respond to customer demand and satisfaction guarantee.
- QUALITY PRODUCT INNOVATION : Machinery is an innovation with international standard quality
- SUSTAINABLE GROWTH : Create sustainable growth under ethics of business and corporate social responsibilities



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Company Products





TMC

**THE LEADER
IN HYDRAULICS THAILAND**

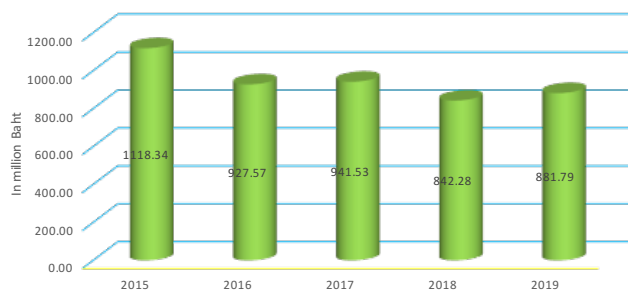
Company Products



Financial Highlight

	2019	2018	2017	2016	2015
Comprehensive income					
Total revenue from sales and service	542.45	346.16	357.72	395.22	531.24
Total revenue and other income	544.17	349.62	386.71	396.34	565.71
Gross Profit	37.38	26.48	32.87	1.68	40.08
Net Profit/(Loss)	-59.17	-68.15	-41.34	-236.69	-67.72
Total Assets	881.79	842.28	941.53	927.57	1,118.34
Total Liabilities	457.58	342.24	373.34	475.43	431.01
Total shareholders' equity	424.20	500.04	568.19	452.14	687.33
Issued and fully paid-up share capital	458.77	458.77	458.77	364.08	362.50
Financial Ratio					
Gross profit margin (percent)	6.89	7.65	9.19	0.42	7.55
Net profit margin (percent)	-10.87	-19.49	-10.69	-59.72	-11.97
Liquidity ratio (times)	0.58	0.60	2.23	0.51	0.87
Debt to Equity Ratio (Times)	1.08	0.68	0.66	1.05	0.63
Return on equity (percentage)	-13.95	-13.63	-7.28	-52.35	-9.85
Return on assets (percent)	-6.71	-8.09	-4.39	-25.52	-6.06
Dividend ratio (percent)	N/A	N/A	N/A	N/A	N/A
Earnings per share	-0.13	-0.15	-0.11	-0.65	

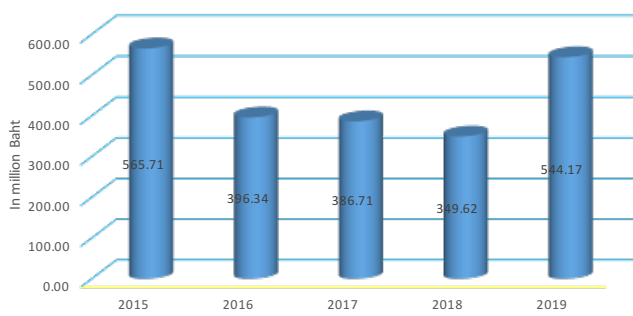
Total Assets



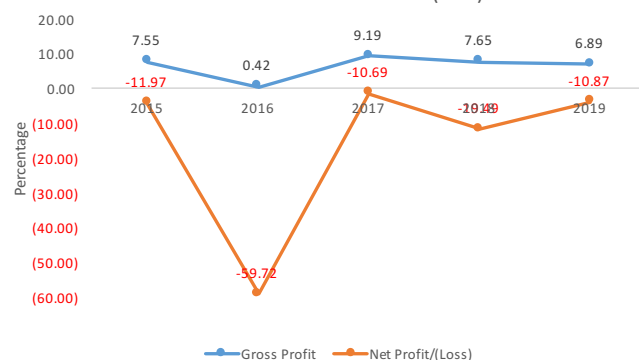
Total Liabilities and shareholders' equity



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

As a result of the trade war between the United States of America and China, it is the main factor that caused the economic downturn both domestically and internationally, Political instability, drought, Thai Baht appreciation, it is factors that affects the performance of T.M.C. Industrial Public Company Limited. These factors affect sales and service target, higher competition, customers postpone and delay their investment plans indefinitely.

In the year 2019, the company has manufactured and installed 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, defense Industry and Energy Centre, the project has been completed approximately 83% and the accounting revenue can be recognized based on the success of the work.

From above factors, the result of the year 2019 performance, the company is able to close sales of products and services by Baht 542.45 million, an increase of 56.71% from the previous year, 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.

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 Leopaibote)
Chairman of the Board of Directors

(Mr. Thaweemit Kamolmongkolsuk)
Chairman of the Executive Committee

Board of Directors



1. **Mr. Manu Leoparote**

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

2. **Mr. Thaweemit Kamolmongkolsuk**

Director /
Chairman of the Executive Committee

5. **Miss Pacharawalai Kamolmongkolsuk**

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

8. **Mr. Mitthong Chulitawong**

Director / Independent Director /
Member of the Audit Committee

3. **Mrs. Tubtim Kamolmongkolsuk**

Director /
Vice Chairman of the Executive Committee

6. **Miss Pailin Kamolmongkolsuk**

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

9. **Mr. Panom Ratanarat**

Director

4. **Mr. Surachet Kamolmongkolsuk**

Director / Executive Director /
Managing Director

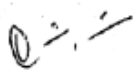
7. **Mr. Arthit Wuthikaro**

Director / Independent Director /
Chairman of the Audit Committee

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 consists of 3 independent directors, who are the expert in accounting, finance, law, and business administration, who have sufficient knowledge and experience to review the reliability of the financial statement. The Audit Committee has the appropriate qualifications to perform the task determined in the Audit Committee Charter of the Company according to the regulations of The Stock Exchange of Thailand (SET) and The Office of the Securities and Exchange Commission (SEC).

In 2019, the Audit Committee organized 4 Audit Committee Meetings, joining with the auditors and the internal auditors. The objective of the meeting was mainly focus on the review of the sufficiency, efficiency and effectiveness of the internal control system, risk management, reliability of financial statement, and the compliance with relevant laws and regulations. Audit Committee held the meetings with the attendance of the following members;

<u>Name of the Audit Committee</u>	<u>Number of Attendance</u>
1. Mr. Arthit Wuthikaro Chairman of the Audit Committee	4/4
2. Mr. Manu Leoparote Member of the Audit Committee	4/4
3. Mr. Mitthong Chulitawong Member of the Audit Committee	3/4

The Audit Committee performs the operation independently under the obligations approved by Board of Directors to review the adequate implementation of Good Corporate Governance of the Company without the conflict of interest and the internal control system. The Audit Committee met with the auditor and internal auditor to consider and gave recommendations on the significant matters as the following summary.

1. Review of Financial Report

The Audit Committee reviewed the company's quarterly financial statement and financial statement 2019, which had been reviewed by the auditor, by inviting the auditor to join the meeting without the management team in order to declare and answer the queries from the Audit Committee regarding the accuracy, completeness, and the significant account adjustment that affected the financial statement, the sufficiency of the disclosed data on the financial statement and the auditor's observation. The Audit Committee agreed that the financial statement showed the accurate list in the essence of the financial statement standard for the financial statement that was accurate, reliable, and in-time for the benefits of the investors and the information users. Further, the Audit Committee questioned the auditor about the cooperation of the management which the auditor affirmed that the full and adequate cooperation was received from the management to disclose the information and had the independent operation in financial statement review.

2. Review of Related Parties Transactions or Transactions Prone to Conflicts of Interest

The Audit Committee reviewed and gave the recommendations on the related parties transactions between the individual or the juristic person or the transaction prone to the conflict of interest, as well as the disclosure of such information which should be comply with laws and regulations of SET and SEC. The Audit Committee agreed that the transactions were the normal business transactions with the fair pricing policy and normal trade condition. Therefore, the transactions were appropriate and reasonable with disclosure and list on the financial statement and the footnote to the financial statement accurately and completely.

3. Review of Internal Control System and Risk Management

The Audit Committee reviewed the evaluation results of the efficiency and effectiveness of the internal system, by considering from the internal audit report by the internal auditor of Professional Internal Service Co., Ltd., and the systems of the Company every quarter. The Audit Committee provided the useful

suggestions for the improvement of the effective performance. Furthermore, the committee monitored and followed up the management about the improvement according to the suggestions constantly by requesting the report of improvement to be submitted to the Audit Committee Meeting every time, and having the internal audit evaluation bases on the evaluation form for the adequacy of the internal control system by the SEC. The management gave the priority to the risk management, had the evaluation on the impact feasibility and set the risk management plan to prevent or minimize the impacts on the business to the acceptable level. The Audit Committee agreed that the Company had the appropriate and sufficient internal control system and risk management.

4. Internal Audit Supervision

The Audit Committee supervised the scope of responsibilities, the independency in the audit of the Internal Audit Division by reporting to the Audit Committee directly to review and approve the annual audit plan and giving the suggestions to the Internal Audit Division regularly. The Audit Committee agreed that the Company had the sufficient, appropriate and efficient internal audit system. The Internal Audit Division performed the duty independently, provided the advices and suggestions, and gave the useful information for the decision on the company performance improvement.

5. Review of Good Corporate Governance

The Audit Committee reviewed the corporate governance of the Company to ensure the appropriate and efficient corporate governance process, supported and provided the suggestions for the improvement of the corporate governance policy to be consistent with the practice. The Company had the measure and channel to inform about the information, hint, complaint, or questioning about corruption between the employees, and the stakeholders and the Company. There was the in charge division to deal with the complaint management appropriately and transparently. The Audit Committee agreed that the Company had the continuing development of the corporate governance to maximize the performance efficiency and affirm the confidence to all stakeholders.

6. Compliance with Relevant Laws and Regulations

The Audit Committee reviewed the performance and supervised the Company to operate the business accurately according to the work system. The Company complied with the regulations of SET and SEC and other laws relevant to the business operation strictly to ensure that the Company was compliant with the condition of normal business accurately and appropriately. Moreover,

the Audit Committee agreed that the Company complied with the related laws and regulations accurately, appropriately and timely.

7. Proposal for Auditor Appointment and the Annual Remuneration of Auditor

The Audit Committee considered, appointed and proposed the remuneration of the auditor for 2019 to propose to the Board of Directors to get the approval from the Ordinary Shareholders Meeting 2019. The Audit Committee agreed that the auditor from Sam Nak Ngan A.M.C. Co., Ltd. was the knowledgeable and capable auditor. Moreover, from the work quality and the performance of the auditor within the past 2 years, the auditor was the professional with independency and understood the business of the Company very well. 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 2019 with the remuneration 1,180,000 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, 2019, 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 2019, the Audit Committee performed the obligation as stated in the Audit Committee Charter, monitored the performance of the Company by applying the knowledge and capability, caution, carefulness, and independency sufficiently, provided opinions and suggestions creatively for the equitable benefits of all stakeholder. The Audit Committee agreed that the Company reported the financial information and operation accurately in compliance with accounting standard, had perform work in consistent with laws and regulations related to the business operation, had the adequate good corporate governance and risk management, and the efficient and effective internal control and internal audit 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** - 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**
- Cooperated 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).
 - Cooperated 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.
- 2019**
- Cooperated with CMT & Son Company Limited to produce a prototype car sugar cane side tipping bin trailer for the sugar cane industry before entering the sugar cane crusher plant.

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
Branch Office No.3	88/22 Moo 2, Nong Chak sub-district, Ban Bueng district, Chonburi
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	(66) 2231 3980 - 7
Facsimile	(66) 2231 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 8 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.
8. **Sugar Cane Side Tipping Bin Trailer** : this product used with sugar cane harvester to reduce sugar cane burning rate and extend sugar cane cycle from 3 years to 5 years.

Revenue Structure of Company

Unit : Million Baht

Details	Separate Financial Statements									
	2015		2016		2017		2018		2019	
	Baht Million	%	Baht Million	%	Baht Million	%	Baht Million	%	Baht Million	%
Income from sales										
1. Hydraulic press	193.13	36.35	115.32	29.18	89.95	25.15	111.26	32.14	325.10	59.93
2. Hydraulic crane	142.50	26.82	140.74	35.61	141.97	39.69	126.58	36.57	120.68	22.25
3. Hydraulic handling equipment	45.64	8.59	44.04	11.14	22.02	6.15	19.15	5.53	21.48	3.96
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	0.00	0.00
5. Others	8.00	1.52	18.34	4.64	26.50	7.41	9.26	2.68	10.41	1.92
Total income from sales	421.79	79.40	318.44	80.57	280.44	78.40	266.25	76.92	477.67	88.06
Income from services										
6. Maintenance service	48.12	9.06	48.58	12.29	46.13	12.90	47.19	13.63	46.08	8.49
7. Metal machining	61.33	11.54	28.20	7.14	31.15	8.70	32.72	9.45	18.70	3.45
Total income from services	109.45	20.60	76.78	19.43	77.28	21.60	79.91	23.08	64.78	11.94
Total income from sales and services	531.24	100.00	395.22	100.00	357.72	100.00	346.16	100.00	542.45	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 8 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
8. Sugar Cane Side Tipping Bin Trailer

1. **Hydraulic press** is the main income generated product of the Group of Companies. Income proportion from sales of hydraulic press in 2015, 2016, 2017, 2018 and 2019 were 36.35%, 29.18%, 25.15%, 32.14% and 59.93% 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 (HCSD)



Hydraulic hemming press (HHP)

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 2015, 2016, 2017, 2018 and 2019 were 26.82%, 35.61%, 39.69%, 36.57% and 22.25% 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 2015, 2016, 2017, 2018 and 2019 were 8.59%, 11.14%, 6.15%, 5.53% and 3.96% 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

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, 2018 and 2019 were 7.71%, 0.00%, 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 2015, 2016, 2017, 2018 and 2019 were 20.60%, 19.43%, 21.60%, 23.08% and 11.94% 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.



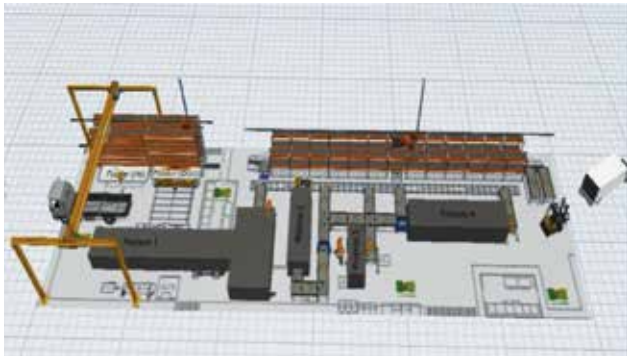
Multi-Function Drilling Rig

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**

8. Sugar Cane Side Tipping Bin Trailer

The efficient utilization of agricultural machine in all processes of domestic sugarcane harvesting around November-March pertaining to the announcement of sugarcane and sugar plants is the key success. The efficient enrichment and harvesting will definitely reduce labour cost, as well as time consuming per Rai. While envisioning the opportunity in supporting sugarcane farmers and relieving PM 2.5 problem from the burning off prior to the transferring to the plants, TMC has collaborated with the partner in researching and developing 8-Tons and 6-Tons Sugar Cane Side Tipping Bin Trailers for transferring the products from the farms. It's can create awareness in reducing the sugarcane burn off among the farmers and can prolong the lifespan of the sugarcane stump from 3-5 years.



Process Flow Smart Quality & Smart Warehouse



Process Flow Smart Operation & Smart Maintenance



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

In 2019, the company has collaborated with CMT and Sun Co., Ltd. in producing Sugar Cane Side Tipping Bin Trailer model for pre-production of sugarcane industry before transferring to the mill section. Being one of the sources of the on-going PM 2.5 air pollution in Thailand, sugarcane burn-off is, by the Government's policy, completely banned within 3-5 years. Therefore, this model car is going to be demanded in the near future.

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 by increasing sales channels for preventive maintenance and visiting customers as well as presenting news and product information 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 2019, 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 especially the crane products group and the industrial sectors that are promoted in the Eastern Economic Corridor (EEC) and the customers in automotive and electric appliance industry who wish to develop the production line to become automatic system and produce a prototype car sugar cane side tipping bin trailer for the sugar cane industry before entering the sugar cane crusher plant.

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.

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.

Not only for the target industry, the company also set additional marketing channels for general industry by utilizing the company's existing competency and machine tools with metal fabrication and printing service; the Sugar Cane Side Tipping Bin Trailer is developed for the industry which encounters with air pollution problem or the Government's policy, such as the ban of sugarcane burn-off which causes PM 2.5 pollution, as well as waste screen and vibrating machine which is offered for the company with waste problem etc

Materials and Products Supplies

Capacity and Production Volume

The total capacity

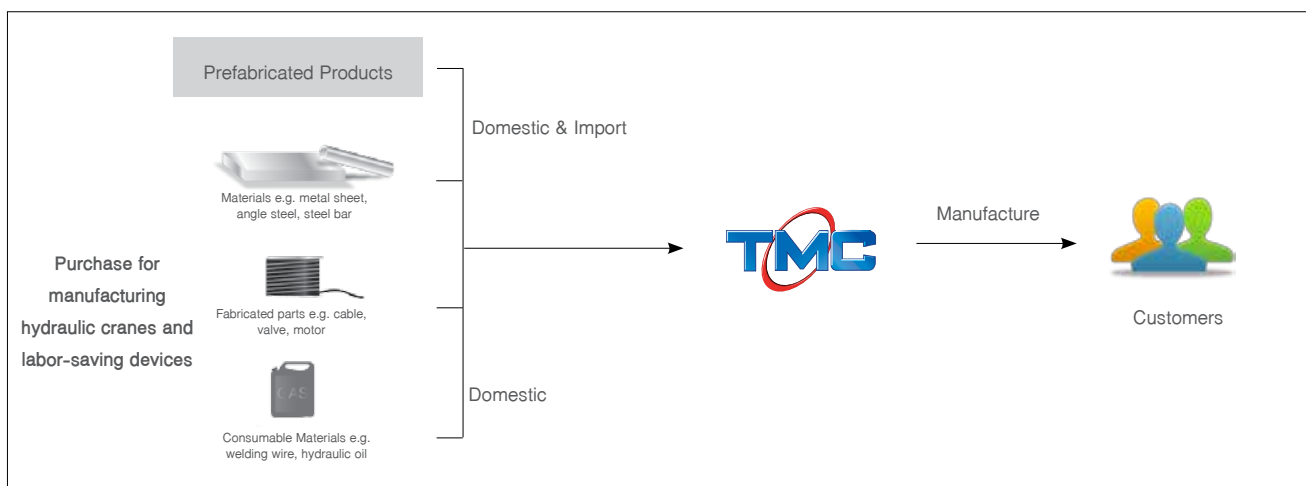
	2013	2014	2015	2016	2017	2018	2019
Maximum Capacity (Ton/Year) ^{1/}	3,096	3,096	3,096	3,096	3,096	3,096	3,096
Actual Production (Ton/Year) ^{2/}	2,724	1,579	1,400	952	920	541 ^{3/}	649 ^{3/}
Capacity Ratio	87.98%	51.00%	46.00%	30.75%	29.72%	17.49%	20.95%

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.



Materials and fabricated parts used in manufacturing process

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

1. Material: Main materials used in production process such as types of steels e.g. steel sheet, angle steel, steel bar. The company processes the steels such as cutting, welding, and milling to set the pattern and structure as desired. The steel used in the company can be divided into two main classes.
 - 1.1) Standard steel that can purchase from general supplier in Thailand. To purchase the steels, the company will place an order with the domestic suppliers by comparing the price from few suppliers to acquire the quality steel in a reasonable price.
 - 1.2) Special steel i.e. the steel with extra thickness or width which does not manufactured in Thailand. The company will purchase the special steel from

- foreign countries directly such as China in which the cost is cheaper than purchasing from the supplier. In order to purchase the steel for hydraulic press machine manufacture, the company will process the purchasing when receiving the order from customer. To order the steel used for hydraulic cranes and labor-saving devices, the company will place an order in advance to be enough for manufacture one month
2. Fabricated parts: fabricated parts used in hydraulic machine are hydraulic cable, hydraulic valve, motor, and cable. The company normally orders the fabricated parts from the domestic supplier after having price comparison.
3. Consumables: Welding wire, drill bit, and hydraulic oil. The company will purchase consumable materials from the domestic suppliers after having price comparison.

Risk Factors



1. The Risk from the Fluctuation of Raw Material Prices

The company uses steel plates, steel bars and hydraulic tubes as the main raw materials for the company's manufacture of engines, which is considered approximately 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.

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 many distributors and find raw materials source from other countries 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 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 has changed according to time period.

The company is able to prevent the risk from the US dollar exchange rates by opened a Foreign Currency Deposit Account (FCD) for the transactions which are involved with US dollar currency. In other foreign currency, the company has 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 company shall convert some foreign rate to Thai baht as appropriated to the use and trend of exchange rate.

3. Risk of economic situation

The current Thailand and worldwide economic recession entail the decrease of industrial investment. With this association, the demand in the company's product is inevitably decreased while the price competition is augmented.

The company has been trying to pull down the risk from economic recession by creating and offering new customer's on-demand product, as well as developing the product's efficiency. The company provides post-purchase maintenance and adjustment services so they can be reused as new. The market has been extended to the expanding industrial segments which still need our product. We invent and develop the products which meet the requirement in those industries.

4. 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 experienced welders, mechanical engineer and electrical engineer who can write machine codes program etc.,. For this reason, the company has the risk of lacking skillful persons, especially the old labors who have high experience and near retirement and the new recruit labors have unfit working skill for the company requirement.

The company has the policy to retain the human resource of the old labors who have high experience and near retirement to meet work requirement by renew work annually and transfer knowledge to new employees by training for more 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.

5. The risk in developing new product and expanding market to new customers

The company has developed and produced the on-demand new products for the company's regular customers. We also improve the existing products or new products to offer to new customers who need the products in that industry. This could lead to the risk of cost and expenses in opening that market whether it would be successful or not. Production cost, as well as the failures, need to be calculated in order to set pricing on market opening which result in the miss-targeted profit.

However, the company has considered the company's expertise in order to reduce the risk in developing new products and to improve and offer products to the appropriate market and customers. The company has also looked into selling opportunities in new market and customers. The company has collected cost and technical data for improving and reducing production cost in order to increase profits in the future.

6. Risk of uncertainty of income

Sales income is uncertain as it is the project sale and the products are made-to-order that takes a long time to produce, start from the company gives advice the product designs, 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 development and 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. The company also has standardized products promptly to be sold to the customers for the company's stable earnings.

7. Risk from customer credit

On December 31, 2019, the Company had net trade receivables 140.84 million baht, representing 3.85% of sales and service income. The Company has an average debt collection in 2019 equals to 94.77 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.

The company has sought for additional financial sources; commercial banks and general individuals, for the company's liquidity in the work that needs high investment. Some extrinsic expenses have been cut down in order to prevent the business' lack of liquidity. In the timely manner, the company might sell non-performing assets to strengthen the liquidity state and to lessen the current interests.

Shareholding Structure

The Company's Securities

As of December 31, 2019, 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 March 14, 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
	Miss Pacharawalai Kamolmongkolsuk	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. Natthanant T. Tianprasert	21,700,000	4.730
3.	Miss Woraphan Phumpakdeephan	20,053,800	4.371
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 Korkerkiat	8,242,700	1.797
8.	Mrs. Siriwan Yodsakda	6,500,000	1.417
9.	Mrs. Darawan Thipnate	6,280,200	1.369
10.	Mr. Thanakorn Sirisoda	5,912,000	1.289
11.	Other shareholders	201,508,286	43.923
	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, 2019 as below;

	Name	31 December, 2018	31 December, 2019	+ / (-)
Directors				
1.	Mr. Manu Leopairote	500,000	500,000	-
	• Mr. Manu Leopairote	-	-	-
	• Mr. Kornkit Leopairote (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.	Miss Pacharawalai Kamolmongkolsuk	25,038,212	25,038,212	-
6.	Miss Pailin Kamolmongkolsuk	24,202,312	24,202,312	-
7.	Mr. Arthit Wuthikaro	-	-	-
8.	Mr. Mitthong Chulitawong	-	-	-
9.	Mr. Panom Ratanarat	-	-	-
Management				
1.	Mr. Yotsakorn Bomlai	-	-	-
2.	Mr. Naphatra Chatvichian	-	-	-

Other Securities

-none-

Dividend Policy



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	2015	2016	2017	2018	2019
Earning / Share (Thai Baht)	- 0.22	- 0.65	- 0.11	- 0.15	- 0.13
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, 2019, the Company's Board of Directors composed of 9 members and the attendance for meeting in 2019 are as follows:

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

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

Authorized Signatories

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

The Audit Committee

As of December 31, 2019, the Audit Committee consisted of 3 persons and the attendance for meeting in 2019 are as follows:

Name		Position	Attendance (4 Times)
1. Mr. Arthit	Wuthikaro	Chairman of the Audit Committee	4/4
2. Mr. Manu	Leopairote	Member of the Audit Committee	4/4
3. Mr. Mitthong	Chulitawong	Member of the Audit Committee	3/4 *
- Mr. Paiboon Rattanasetchai is a Secretary of the Audit Committee			

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

The Executive Committee

As of December 31, 2019, 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. Miss Pacharawalai	Kamolmongkolsuk	Executive Director
5. Miss Pailin	Kamolmongkolsuk	Executive Director

The Management

As of December 31, 2019, The Company's Management was composed of 7 members as follows:

	Name	Position
1. Mr. Thaweemit	Kamolmongkolsuk *	Chairman of the Executive Committee
2. Mrs. Tubtim	Kamolmongkolsuk*	Vice Chairman of the Executive Committee
3. Mr. Surachet	Kamolmongkolsuk	Managing Director
4. Miss Pacharawalai	Kamolmongkolsuk	Deputy Managing Director-Human Resources and Information Technology
5. Miss Pailin	Kamolmongkolsuk	Deputy Managing Director-Procurement and Trading & Production
6. Mr. Yotsakorn	Bomlai	Deputy Managing Director- Factory Deputy Managing Director- Maintenance and Service Center (Acting)
7. Mr. Naphatra	Chatvichian	Deputy Managing Director- Account-Finance

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.

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 2019 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 2016, 2017, 2018 and 2019 total remuneration as monthly salary and meeting allowance have been paid to the directors amounting to Baht 1,377,500, Baht 1,430,000, Baht 1,440,000 and Baht 1,425,000 respectively as follows:

Monthly Remuneration

(Unit : Baht)

Name	Position	Monthly Remuneration			
		2016	2017	2018	2019
1. Mr. Manu Leoparote	Chairman of the Board of Directors / Independent Director / Member of the Audit Committee	387,500	450,000	450,000	450,000
2. Mr. Thaweemit Kamolmongkolsuk	Director	-	-	-	-
3. Mrs. Tubtim Kamolmongkolsuk	Director	-	-	-	-
4. Mr. Surachet Kamolmongkolsuk	Director / Managing Director	-	-	-	-
5. Miss Pacharawalai Kamolmongkolsuk	Director / Deputy Managing Director	-	-	-	-
6. Miss Pailin Kamolmongkolsuk	Director / Deputy Managing Director	-	-	-	-
7. Mr. Arthit Wuthikaro	Chairman of the Audit committee / Independent Director	310,000	360,000	360,000	360,000
8. Mr. Mitthong Chulitawong	Member of the Audit Committee / Independent Director	232,500	270,000	270,000	270,000
9. Mr. Panom Ratanarat ^{1/}	Director	-	-	157,500	270,000
1. Mr. Santi Piyatat ^{2/}	Director / Independent Director	135,000	-	-	-
2. Miss Chutipha Obhasanond ^{3/}	Member of the Audit Committee / Independent Director	232,500	270,000	112,500	-
Total		1,297,500	1,350,000	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

(Unit : Baht)

Name		Position	Meeting Allowance			
			2016	2017	2018	2019
1. Mr. Manu	Leopairote	Chairman of the Board of Directors / Independent Director / Member of the Audit Committee	20,000	20,000	25,000	20,000
2. Mr. Thaweemit	Kamolmongkolsuk	Director	-	-	-	-
3. Mrs. Tubtim	Kamolmongkolsuk	Director	-	-	-	-
4. Mr. Surachet	Kamolmongkolsuk	Director / Managing Director	-	-	-	-
5. Miss Pacharawalai	Kamolmongkolsuk	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	25,000	20,000
8. Mr. Mitthong	Chulitawong	Member of the Audit Committee / Independent Director	20,000	20,000	20,000	15,000
9. Mr. Panom	Ratanarat ^{1/}	Director	-	-	10,000	20,000
1. Mr. Santi	Piyatat ^{2/}	Director / Independent Director	-	-	-	-
2. Miss Chutipa	Obhasanond ^{3/}	Member of the Audit Committee / Independent Director	20,000	20,000	10,000	-
Total			80,000	80,000	90,000	75,000

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 2016, 2017, 2018 and 2019 the Company has 7, 8, 8 and 7 executives respectively and the remuneration paid was as follows:

Remuneration	2016		2017		2018		2019	
	Number	Remuneration (Baht)	Number	Remuneration (Baht)	Number	Remuneration (Baht)	Number	Remuneration (Baht)
Total salary	7	13,204,827	8	14,619,130	8	15,275,172	7	15,539,395
Total bonus and other remunerations		1,242,209		793,318		1,255,337		419,656
Total		14,447,036		15,412,448		16,530,509		15,959,051

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 2016 - 2019, 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, 2016	AS of December 31, 2017	AS of December 31, 2018	AS of December 31, 2019
Logistics	39	20	20	20
Engineering	26	22	22	23
Production	210	170	143	138
Administration	14	12	9	9
Sales & Marketing	26	17	20	20
Procurement and Trading & Production	9	25	23	23
Account & Finance	17	13	11	10
Human Resource	26	25	19	19
Quality Control	7	6	5	3
Information Technology	6	6	5	5
Quality Management System	3	3	2	2
Business Development & Marketing	7	2	1	1
Internal Audit	2	1	1	1
Total	392	322	281	274

Table showing employee remuneration (exclude management team)

(Unit : Million Baht)

Employee Remuneration	2016	2017	2018	2019
Employee remuneration i.e. salary, wage, overtime, cost of living, special allowance, contribution to the social security fund and provident fund etc.	168.44	139.79	117.69	99.22
Total	168.44	139.79	117.69	99.22

Labor dispute during the past 3 years

-none-

Human Resource Development Policy 2019

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 by continuously providing internal and external training to all levels from executive level to operating level for develop knowledge and work potential to improve work in the company even better. 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 employee and formulating plans for the potential development of employees at all levels, from the executive level to operating level in accordance with the company development plan. This is to prepare staff for increased responsibilities and career advancement and the ability to accept higher positions in the future.

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.

7. Key Risk Indicator (KRI)

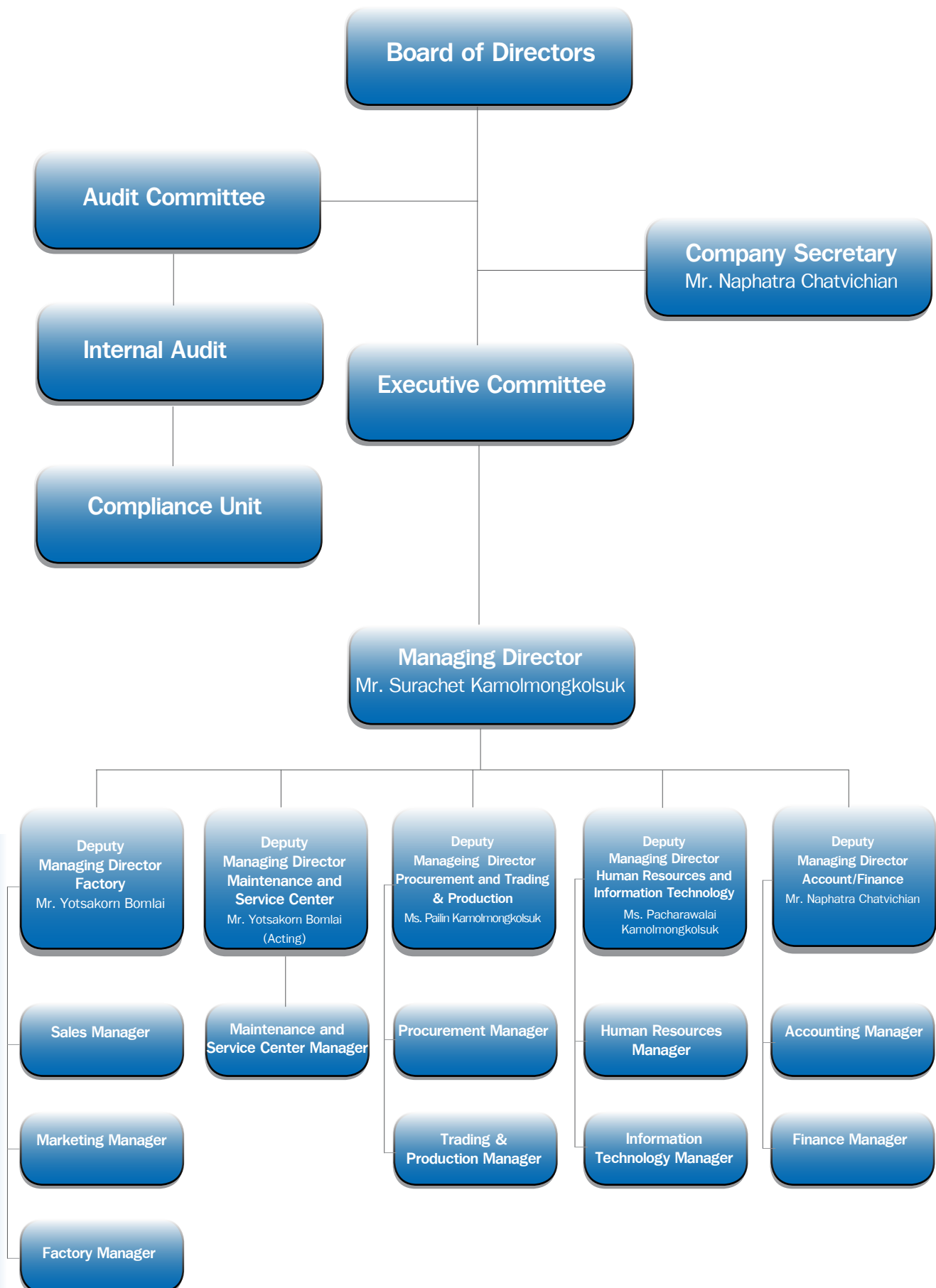
The company places the expectation on the executives and all staff to be responsible in indicating the risk; analyse, evaluate, and rank the risks of their own responsible sections, as well as forming the appropriate risk management protocol. There are following up and supporting on risk management culture in order to create awareness and joint responsibility in risk, controlling, and effects from the company's risks in management procedure and general operation.

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 2019



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 distributed to the directors, the executives, all employees and also been published on the company's website www.tmc.co.th.

The company arranged to review the Good Corporate Governance Policy and Code of Conducts regularly to be current, appropriate and conform to business conditions. In 2019, the Board of Director Meeting No.3/2019 dated 8 August, 2019 had resolutions approved the revised "Good Corporate Governance and Code of Conduct Manual year 2019" and distributed to the directors, the executives and all employees for abide to work, and the details are as the following;

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 2019, the company organized the shareholders meeting for 1 time. There is 2019 Annual General Meeting on Friday, April 26, 2019 at 14.05 - 14.55 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 2019 advance 58 days before the meeting date which was February 27, 2019 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 27, 2019 (30 days prior to the meeting). The invitation was distributed through the Stock Exchange of Thailand's system and was advertised on daily newspapers 3 days in a row, which were April 3-5, 2019. Besides, the company assigned Thailand Securities Depository (TSD) which was the company's registrar to send out the documents to the shareholders on April 4, 2019 (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 2019 on April 26, 2019, the 9 of directors and audit committee (from total 9 persons accounted for 100%) attend the meeting. Also, the company's executives, i.e., Deputy Managing

Director of Finance and Accounting, Deputy Managing Director of Factory and acting 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 representative Mr. Thanakit Ngamnithidilok 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. Miss Marisa Poonmesub representative from the company's auditor Sam Nak-Ngan A.M.C Co., Ltd. was the witness of the counting of votes in 2019 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 2019 annual general meeting, one shareholder from the Thai Investors Association Miss Jureerat Chuensuan attended and observed the meeting. She asked for any question and it was recorded in the minute.

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

- The company distributed the meeting's resolutions and reported the result of the voting on each item on the agenda of the annual general meeting after finished the meeting (on April 26, 2019) 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 2019 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 (on May 3, 2019). 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, 2019 to December 27, 2019 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 2019.

- 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 2019 was scored 95.00. 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:

Shareholder	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.	Competitors	The Company operates within the framework of honest and fair competition and develops the market for mutual benefits in the industry.
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	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.
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.	Community/ society and environment	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. In addition, the company has provided knowledge and training for employees regarding the environment. And participate in supporting various activities in the development of communities, society and the environment on a regular basis, including promoting the use of resources efficiently
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.	<p><u>Whistle Blowing or Complaint</u></p> <p>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.</p> <p>Channel of Whistle Blowing or Complaint</p> <p><u>Via registered post</u></p> <p>Audit Committee</p> <p>T.M.C. Industrial Public Company Limited</p> <p>125/10 M.5, Ban Suan Sub-District,</p> <p>Muang Chonburi District, Chonburi Province 20000</p> <p>Email : auditcommittee@tmc.co.th</p>	

Or Secretary to Audit Committee

Mr. Paiboon Rattanasethachai

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 2019 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 2019" are as the followings.

1. 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. 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.

2.2 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 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 2019 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.
- The company by sales and marketing department has conducted a survey on customer satisfaction. As well as receiving complaints from customers in order to improve the quality and service. By evaluating results from service of delivery and quality with an overall score of 91.25% of the customer's satisfaction survey in 2019.
- 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 Chatvivhian
Chief Financial Officer and Company Secretary
Telephone : 038-271933 Ext. 411
Fax : 038-271931
Email : naphatra@tmc.co.th

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

Section 5: Board Responsibilities

Structure of the Board of Directors

1. 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.
2. The Company has a policy that the Chairman of the Board and the Managing Director must not be the same person to prevent unlimited exercise of power. The Board of Directors shall define the powers, duties and select the persons to hold both positions.
3. The Company has appointed the Company Secretary who shall have duties and responsibilities to provide legal recommendations and criteria that the Board of Directors should be well aware of and to oversee the activities of the Board of Directors, as well as to coordinate to ensure the compliance with the resolution of the Board of Directors.

The Roles, Duties and Responsibilities of the Board

1. The Board of Directors consists of the personnel who are equipped with the knowledge and skills in business operation as well as the experts from various fields who can conduct an independent review of the company's operation. It is the Board's duty to determine the vision, the mission, the strategies, the financial goals, the risks, the plans and budgets as well as to supervise, control and manage departments to make sure that the operations are in accordance with the policies and the plans that have been set up with efficiency and effectiveness.
2. The Board of Directors determines the written corporate governance and business ethics policy and assign the directors, the executives and all employees abide it as the guidelines for the operation. 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 of Directors arranges for risk management by establishing and assessing. The Company's risks Defining and managing risks that may affect the company's operations by assigning management to be the operator and 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, 2019 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 Leopairote 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 Leopairote 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 2019 which was approved by the Board of Directors meeting No.3/2019 on August 8, 2019 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 25, 2020 for enquire of audit process, company cooperation and coordinate, trouble during audit, important issue in the 2019 financial statement.

The Board of Directors' Meetings

The company organizes the Board of Directors' meetings regularly at least once every 3 months. The meeting schedules of the whole year are fixed in advance so that the directors can properly allocate time to join the meetings or may have a special meeting as necessary. 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 2019, there were 4 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 2019, the Board of Directors comprised of 9 directors, the directors attend the meeting of the Board of Directors to 100% total 7 persons and to 75% total 2 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 2019, 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 2019 are as follows:

- 1) the self-assessment of the directors : by group = 3.93 (good), by individual = between 3.82 - 4.00 (good - excellent)
- 2) the self-assessment of the audit committee : by group = 3.93 (good), by individual = between 3.82 - 4.00 (good - excellent)
- 3) the assessment of the MD's result : 3.90 (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 2019 were approved during the 2019 annual general meeting, and they remained the same as in 2018 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 2019, 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:

- “Road to Certify IOD-CAC” on January 22, 2019, organized by Thai Institute of Directors Association (IOD). (Mr. Naphatra Chatvichian CFO / Company Secretary)
- “Accounting Issues in Accordance with Financial Reporting Standards 7 titles” on February 20, 2019, organized by Media Accounting and Training Chiangmai Co., Ltd. (Mr. Naphatra Chatvichian CFO / Company Secretary)
- “The FX Risk Management Program for SMEs Phase 2” on February 21, 2019, organized by the Export-Import Bank of Thailand. (Mr. Naphatra Chatvichian CFO / Company Secretary)
- “Prepare to receive the law to prevent the transfer pricing between companies or juristic partnerships that are related and the preparation of relevant documents” on 18 March 2019, organized by the Revenue Department. (Mr. Naphatra Chatvichian CFO / Company Secretary)
- “IFRS 9, 16 in Practice for Manufacturing Industry” on 22 May 2019 organized by KPMG Thailand. (Mr. Surachet Kamolmongkolsuk Managing Director and Mr. Naphatra Chatvichian CFO / Company Secretary)
- “Insights into TFRS 9, TFRS 15, and TFRS 16 standards: material aspects, impacts, guidelines and case studies” on 11-12 June 2019, organized by the Stock Exchange of Thailand. (Mr. Naphatra Chatvichian CFO / Company Secretary)
- “Calculation of employee benefits using actuarial principles According to the accounting standard no. 19” on June 14, 2019, organized by Actual Business Solutions Company Limited. (Mr. Naphatra Chatvichian CFO / Company Secretary)
- “Using the SET Link - Smart Calendar and Smart Corporate Action system” on October 2, 2019, organized by the Stock Exchange of Thailand. (Mr. Naphatra Chatvichian CFO / Company Secretary and the Company Secretary Division)
- “Promoter of Moral Business Sector” on 15-16 November 2019, organized by Moral Center (Public Organization) and Volunteer Heart Foundation, (Mr. Naphatra Chatvichian CFO / Company Secretary and Head of Personnel Department)

- “Operation of risk surveillance reporting Key Risk Indicators (KRI)” on November 26, 2019, in-house training by lecturer from company’s Internal Audit Section (Deputy Managing Director, Factory Manager and Department Manager)

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. (No new director in 2019)

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 2019, 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 audit committee has a term of 3 years. However, the committee that retires by rotation according to the company's regulations may be reappointed. And in case that the position of the Audit Committee becomes vacant for any other reason. In case the expiration of the term, the Board of Directors has appointed a fully qualified person as a replacement audit committee. So the audit committee has the total amount as specified by the board of directors. The newly appointed audit committee will be in the position for the remaining term of the replacement audit committee only.

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 Leoparote 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 sales.	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.

Independent directors have a term of 3 years, which is rotated according to the terms of 1/3 of the total number of directors. Upon expiration of the term, the directors may be considered for further consideration and nominated to the Annual General Meeting of Shareholders for re-election as directors. In this regard, the independent directors can hold the position for not more than 3 consecutive terms or not more than 9 years from the date of holding the position. Unless there is a necessary and appropriate reason that is beneficial to the company, allowing the Board of Directors to consider the extension of the term of independent directors

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 2019 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 2019.

- **Audit fee**

The company paid the Audit fee in 2019 was Baht 1,180,000. This fee included audit fee and total accounting review

- **Non-audit fee**

In 2019, the Company paid for auditor allowance and transportation expense were Baht 54,873.00.

Compliance with good Corporate Governance in other matters

> In 2019, 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	4/4	-	1/1
2. Mr. Thaweemit	Kamolmongkolsuk	-	8/8	1/1
3. Mrs. Tubtim	Kamolmongkolsuk	-	8/8	1/1
4. Mr. Surachet	Kamolmongkolsuk	-	8/8	1/1
5. Miss Pacharawalai	Kamolmongkolsuk	-	8/8	1/1
6. Miss Pailin	Kamolmongkolsuk	-	8/8	1/1
7. Mr. Arthit	Wuthikaro	4/4	-	1/1
8. Mr. Mitthong	Chulitawong	3/4	-	1/1
9. Mr. Panom	Ratanarat	-	-	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
2019	82%	82%	Very good 
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)



T.M.C. Industrial Public Company Limited determines to perform business in accordance with Good Governance and purpose to promote the company to stable growth and good results for the stakeholders with the company. Also adhering to the operations with transparency and morality.

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.

Fairness in Business

The Company determines to achieve the business goal with an implementation of Good Corporate Governance and code of conduct as the practice based on the endeavor, responsibility, honesty, transparency, accountability, and the respect to human rights and the rights of all stakeholders by complying with all relevant laws, regulations and notification.

Anti-Corruption

To comply with the anti-corruption guideline, the Company targets the effectiveness on the practitioners involving the directors, executives, employees, representatives, consultants, contractors, and the business partners to perform the operation to be consistent with the relevant laws. Furthermore, the practice of anti-corruption shall be communicated appropriately.



NO CORRUPTION

Human Rights Respect and Fair Labor Practice

The Company treats the employee equally bases on the human rights under the labor law, work regulations, notifications, relevant rules and order strictly. The Company respects the rights of employee and the physical, verbal and mental violation and discrimination in terms of employment, training or compensation is prohibited. Further, the Company treats the employee equally regardless gender, race, religious, age, or physical appearance.

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



2. Organize Children's Day 2019 activities by cooperating with government sector such as; Bansuan Municipality, Chonburi Child Development Center, Bansuan Municipality, Chonburi



3. **Organize traditional activities.** The company invites the monks to receiver 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.



4. **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.

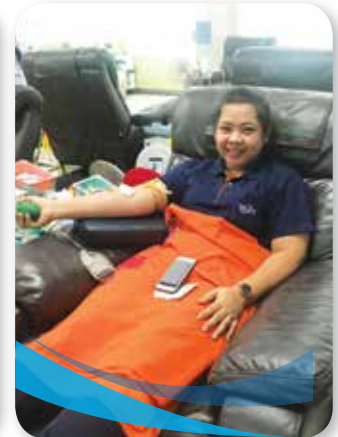


5. Distributed desk calendar to Chonburi Hospital to give to Pattaya Redemptorist School for The Blind for learning media.



6. **"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.





7. The company promotes employee to be aware of **environmental care**. Executive and employees plant the trees in the special days.



8. **Soft Drink Service** During April to May every year, the weather in Thailand is very warm. For this reason, the Company provides soft drink to the employee for relaxation and hydration, and heat stroke prevention.



9. **Pallet Distribution** Distribute the pallet, waste material from transporting the production raw material, to the Disability Learning Center in T. Takhian Tia, A. Banglamung, Chonburi to produce the products such as tables, chairs and shelves to generate the extra income for the disabled employee.



Environmental Management

In order to enhance the capability and promote the awareness of environmental conservation to the employees and entrepreneurs for the better employee's quality of life and the good image of Company, the Company joined Green Industry Project in 2019, initiated by Ministry of Industry, and has been certified Green Industry, Level 2. The knowledge about environmental management is implemented to be correspond with the relevant laws and regulations and to eliminate the complaints from the surrounding communities.



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. Fundamental safety training is 100% provided to the new employee prior to the first day of work. In addition, the training about the accurate and safety use of related tools and equipment is provided to the superiors and employees such as the training for the overhead crane controller, the starter of overhead crane controller, and the application controller.





Additionally, the Company organizes the Work Safety Committee Meeting, which comprises of the representative from the divisions, every month to report the problems and find the solutions, and be correspond with the laws.



Work regulation and caution signs are displayed for all employees to be aware of the work safety and minimize the work injury.

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 refers 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 plan 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. 1/2020, dated on 25 February 2020, 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. 4/2018, dated on 9 November 2018. The internal audit of year 2019 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 the internal control system according to the evaluation form of Securities and Exchange Commission (SEC), the control system of reviewing and adjusting production formula (BOM), the operation control system of Trade and Production Departments, the control system of the car used in the individual department, maintenance control system, the in-house maintenance operation control system, the control system of the organization's ethical management, and the control system of project management.

The auditor's overall evaluation shows that the result is in good level due to the company's essentially sufficient and appreciate control system setting. Anyhow, it's still needed to adjust the existing controls to the change of operating procedure. Consequently, the executives place an attention and follow up with the responsible person in acting up to the auditor's entire recommendations. The improvement progresses have already been presented to the Audit Committee.

Related Transaction (End of December 31.2019)

A summary of the related transactions between the Company and its subsidiaries and the parties having conflict of interest in 2019

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, Miss Pacharawalai Kamolmongkolsuk and Miss Pailin Kamolmongkolsuk
2. TPI Polene Power Public Company Limited	Co-director is Mr. Manu Leoparote
3. Kanyong Electric Public Company Limited	Co-director is Mr. Manu Leoparote

Nature of Related transactions

Party having Conflict of Interest	Description of Transaction	Value of Related Transaction (Baht)	Necessity and Reasonableness of the Related Transaction
1. 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, 2019.	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	50,000.00	
2. TPI Polene Power Public Company Limited	<u>Sales incomes from seals of Guerra Crane :</u> The company has sales income from seals of Guerra Crane to TPI Polene Power Public Company Limited. This transaction is normal business of the company and using market pricing that same as other companies.	869,270.00	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. Kang Yong Electric Public Company Limited	<u>Service income from maintenance press machinery HCD 150/50 Ton, sales of spare part for HCD 150 Ton and maintenance Crank Press 160 Ton :</u> The company has service income from maintenance press machinery HCD 150/50 Ton, sales of spare part for HCD 150 Ton and maintenance Crank Press 160 Ton to Kang Yong Electric Public Company Limited. This service is normal business of company and using market pricing that same as other companies.	229,800.00	The Audit Committee is of the opinion that such transaction normal business, pricing policy is market price and trade condition is same as other company so that transaction is appropriate and sensible.
	<u>Outstanding balance</u>		
	Account Receivable	0.00	

Management Discussion and Analysis

The impacts of trade war between USA and China were a major factor of the domestic and global economic downturn. The political uncertainty, drought problem and Thai baht depreciation affected the performance of T.M.C. Industrial Public Co., Ltd., the sales and services volume, the high competition, and the indefinite investment plan postpone of the customer.

In 2019, the Company manufactured and installed the machinery for work piece and work piece head forming to support the cannonball production according to the cannonball production efficiency development project of Weapons Production Centre, Defence Industry and Energy Centre. The project is now 83% completed and the accounting income is recognized from the completion. From the above factors, the performance of 2019 was as follows.

Revenues from Sales and Services

	2015		2016		2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
<u>Income from sales</u>										
Hydraulic press	193.13	36.35	115.32	29.18	89.95	16.58	111.26	32.14	325.10	59.93
Hydraulic crane	142.50	26.82	140.74	35.61	141.97	26.17	126.58	36.57	120.68	22.25
Hydraulic handling equipment	45.64	8.59	44.04	11.14	22.02	4.06	19.15	5.53	21.48	3.96
Hydraulic Press and Drill Machine for Foundation Pile	32.52	6.12	-	-	-	-	-	-	-	-
Others	8.00	1.52	18.34	4.64	26.50	4.89	9.26	2.67	10.41	1.92
Total income from sales	421.79	79.40	318.44	80.57	280.44	51.70	266.25	76.92	477.67	88.06
<u>Income from service</u>										
maintenance service	48.12	9.06	48.58	12.29	46.13	8.50	47.19	13.63	46.08	8.49
Metal machining	61.33	11.54	28.20	7.14	31.15	5.74	32.72	9.45	18.70	3.45
Total income from services	109.45	20.60	76.78	19.43	77.28	14.24	79.90	23.08	64.78	11.94
Total income from sales and services	531.24	100.00	395.22	100.00	357.72	100.00	346.16	100.00	542.45	100.00

In 2019, the company earned the income from sales and services 542.45 million Baht, increasing 56.71% comparing to the same period of the previous year.

- Sales volume of the hydraulic press increased from the revenue recognition Phase 2 and 3 of the production and installation project of the work piece and work piece head forming to support the cannonball production according to the cannonball production efficiency development project of Weapons Production Centre, Defence Industry and Energy Centre. Consequently, the sales volume increased from 111.26 million Baht in 2018 to 325.10 million Baht in 2019, accounting for 59.93% of the total sales and services income.
- Sales volume of the hydraulic crane decreased from 126.58 million Baht in 2018 to 120.68 million Baht in 2019, accounting for 22.25% of the total sales and services income, because the customers postponed and restrained the investment plan to anticipate the improved economic situation.
- The service sales volume decreased from 79.90 million Baht in 2018 to 64.78 million Baht in 2019, accounting for 11.94% of the total sales and services income, due to the high competition and more competitors.

Other income

Other income decreased 50.37% from the same period of the previous year because the Company received the tax refund of the year 2016 from Revenue Department in 2018. As a result, there was the provision profit 1.57 million Baht.

Cost of operation

Cost of sales increased from 319.67 million Baht in 2018 to 505.07 million Baht in 2019, accounting for 58.00%, which was the result of the increasing revenue recognition from the project completion and the development of production efficiency. Furthermore, the calculation result of the 400-day long-term benefits increased 6.20 million Baht. The inefficient productivity had the impact on the decrease of the gross profit margin, from 7.65% in 2018 to 6.89% in 2019.

Selling and administrative expenses

Selling and administrative expenses in 2019 decreased 6.34% due to the customs duty of 2014 and 2015 that was assessed 6.33 million Baht more and the 400-day long-term benefits increased 1.14 million Baht and the manpower reduction decreased 2.80 million Baht.

Financial cost

Financial cost increased 34.98% from the same period of the previous year. The Company needed some capitals to spend for the production enhancement project and loaned the money from the external source and spent the overdrafts with high interest rate.

Balance Sheet

Unit : Million Baht

Statement of Financial Position	2018	2019
Cash and cash equivalents	9.10	9.80
Total current asset	162.43	231.01
Total non-current asset	670.75	640.98
Total asset	842.28	881.79
Total current liabilities	284.56	418.77
Total non-current liabilities	57.68	38.81
Total liabilities	342.24	457.58
Total liabilities and shareholders' equity	842.28	881.79

Current Assets

Trade and Other Receivables

Details	Separate Financial Statement			
	2018		2019	
	Million Baht	%	Million Baht	%
Undue Receivables	3.12	12.12%	19.29	13.70%
Overdue Receivables Less than 3 months	22.00	85.34%	9.99	7.09%
Overdue Receivables 3-12 months	2.28	8.85%	3.00	2.13%
Overdue Receivables Over 12 months	4.91	19.05%	5.55	3.94%
Total Receivables	32.31		37.83	
Allowance for Doubtful Accounts	(6.54)	(25.36%)	(6.03)	(4.28%)
Total	25.77		31.80	
Income not yet due	-	-	109.04	77.42%
Trade Receivables	25.77	100.00%	140.84	100.00%
Other Receivables	7.21		3.97	
Total Trade and Other Receivables - Net	32.98		144.81	

Account receivable - the net increased from 25.77 million Baht in 2018 to 140.84 million Baht in 2019, accounting for 446.53% due to the revenue recognition Phase 2 and 3 of the production and installation project of the work piece and work piece head forming to support the cannonball production according to the cannonball production efficiency development project of Weapons Production Centre, Defence Industry and Energy Centre.

Inventory

Details	Separate Financial Statement			
	2018		2019	
	Million Baht	%	Million Baht	%
Finished goods	13.17	7.25%	13.29	9.08%
Semi - Finished goods	54.30	29.90%	59.76	40.84%
Goods in process	98.09	54.01%	56.43	38.57%
Raw materials	12.99	7.15%	11.31	7.73%
Consumables	0.40	0.22%	0.42	0.29%
Goods in transit	2.67	1.47%	5.09	3.49%
Total	181.62	100.00%	146.30	100.00%
Allowance for diminution in value of inventories	(53.40)		(61.22)	
Net Inventory	128.22		85.08	

At the end of 2019, the net inventory decreased from 128.22 million Baht in 2018 to 85.08 million Baht in 2019, accounting for 33.65% due to the inventory management, the purchasing control and the modification of the outstanding stocked products for sale.

For the allowance of the decline goods value, it increased 7.82 million Baht, 14.64% because of a delay delivery of a suction boat of Sahaphatamorn Co., Ltd. and a foam compression machine of Henger Co., Ltd., which was under the negotiation with the customer.

Non-current assets classified as held for sale
Property, Building, and Equipment

2019 Capital price	Land	Building and Renovation	Machines and Equipment	Decoration and Utility	Vehicles	Assets Pending Installation	Total
Balance carried forward	292,034	405,892	333,065	30,986	59,258	1,575	1,122,810
Additional purchase	-	-	236	73	3,651	212	4,172
Amortization	-	-	(685)	(181)	(2,760)	-	(3,626)
As of December 31, 2019	292,034	402,346	332,616	30,878	60,149	1,787	1,119,810

2019 Accumulated depreciation	Land	Building and Renovation	Machines and Equipment	Decoration and Utility	Vehicles	Assets Pending Installation	Total
Balance carried forward	-	(152,828)	(254,513)	(28,853)	(58,484)	-	(494,678)
Depreciation	-	(14,128)	(12,021)	(847)	(959)	-	(27,955)
Amortization	-	-	681	181	2760	-	3,622
As of December 31, 2019	-	(166,956)	(265,853)	(29,519)	(56,683)	-	(519,011)

Net book value	292,034	235,390	66,763	1,359	3,466	1,787	600,799
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In 2018, the Company transferred land and building which were the holding non-current assets classified as held for sale, at Ban Bueng, Chonburi, the accounting value after the deduction of depreciation and property impairment was 423 million Baht, to land, buildings and equipment since there was the limitation for value added tax. As a result, there was the depreciation 12.85 million Baht.

In 2019, the Company had the impacts from the depreciation of factory at A. Ban Bueng 10.18 million Baht.

Trade and Other Payables

Separate Financial Statement

Details	2018		2019	
	Million Baht	%	Million Baht	%
Trade Payables	27.76	30.78%	109.49	83.21%
Other Payables ;				
Income received in advance	49.07	54.41%	17.42	13.24%
Accrued expense	3.14	3.48%	4.23	3.21%
Others	10.22	11.33%	0.45	0.34%
Total Other Payables	62.43	69.22%	22.10	16.79%
Total Trade and Other Payables	90.19	100.00%	131.59	100.00%

The account payable and other payables increased from 90.19 million Baht in 2018 to 131.59 million Baht in 2019 because the Company waited for the fund from the Phase 2 and 3 of work piece and work piece head forming delivery to support the cannonball production project so the payment to the customer was withheld.

Unit : Million Baht	2018	2019	+/-%
Total assets	842.28	881.79	4.69%
Total liabilities	342.24	457.58	33.70%
Shareholders' Equity	500.04	424.21	(15.17%)

At the end of 2019, the total assets of the Company was 881.79 million Baht, increased 4.69% from the balance of the previous year. The total liabilities increased 33.70% because of the loan from the external source 47.00 million Baht. The 400-day long-term benefits increased 26.00 million Baht. The account payable increased 41.41 million Baht. The shareholder's equity decreased 15.17% which was the result of the loss in 2019 for 59.17 million Baht. The calculation of 400-day long-term benefits in the past increased 16.66 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 2019 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 2019. 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 Leopairote)
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 Leopaiprote
Position	Chairman of the Board / Independent Director/ Audit Committee
Age (Years)	77
Appointed as Directors	7 March, 2011
Education / Training	<ul style="list-style-type: none"> 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 Directors Certification Program (DCP) 30/2003 Directors Accreditation Program (DAP) 2003
% of Shareholding	<ul style="list-style-type: none"> None
Family Relationship among the Executive	<ul style="list-style-type: none"> 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.

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

2004 - Present	Director/Audit Committee, Thai Beverage Public Co., Ltd. (listed in Singapore stock exchange)
1999 - 2004	Permanent Secretary, Ministry of Industry

Name-Surname	Mr.Thaweemit Kamolmongkolsuk
Position	Director / Chairman of Executive Committee / Company's Authorized Directors
Age (Years)	70
Appointed as Directors	7 March, 2011
Education / Training	<ul style="list-style-type: none"> Honorary Degree in Engineering, Rajamangala University of Technology Thanyaburi Director Accreditation Program (DAP) 89/2011
% of Shareholding	<ul style="list-style-type: none"> 14.420% (own 8.010% / spouse 6.410%)
Family Relationship among the Executive	<ul style="list-style-type: none"> Mrs.Tubtim Kamolmongkolsuk's husband Mr. Surachet Kamolmongkolsuk's father Miss Pacharawalai Kamolmongkolsuk'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

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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)	73
Appointed as Directors	7 March, 2011
Education / Training	<ul style="list-style-type: none"> Honorary Degree in Industrial, Rajamangala University of Technology Thanyaburi Director Accreditation Program (DAP) 89/2011 Thai Small Business Entrepreneur Development course, Generation 17, by the Department of Industrial Promotion
% of Shareholding	<ul style="list-style-type: none"> 14.420% (own 6.410% / spouse 8.010%)
Family Relationship among the Executive	<ul style="list-style-type: none"> Mr. Thaweemit Kamolmongkolsuk's wife Mr. Surachet Kamolmongkolsuk's mother Miss Pacharawalai Kamolmongkolsuk'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

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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)	49
Appointed as Directors	7 March, 2011
Education / Training	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 5.458% (own 5.417% / spouse 0.041%)
Family Relationship among the Executive	<ul style="list-style-type: none"> Mr. Thaweemit Kamolmongkolsuk's son Mrs. Tubtim Kamolmongkolsuk's son Miss Pacharawalai Kamolmongkolsuk'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	Miss Pacharawalai Kamolmongkolsuk
Position	Director / Executive Director / Company's Authorized Directors
Age (Years)	42
Appointed as Directors	7 March, 2011
Education / Training	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 5.458%
Family Relationship among the Executive	<ul style="list-style-type: none"> 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)	38
Appointed as Directors	7 March, 2011
Education / Training	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 5.275%
Family Relationship among the Executive	<ul style="list-style-type: none"> Mr.Thaweemit Kamolmongkolsuk's daughter Mrs.Tubtim Kamolmongkolsuk's daughter Mr. Surachet Kamolmongkolsuk's sister Miss Pacharawalai 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-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)	63
Appointed as Directors	7 March, 2011
Education / Training	<ul style="list-style-type: none"> Master Degree in Economics Development, National Institute of Development Administration Bachelor Degree in Economics (Hons.), Ramkhamhaeng University National Defence College of Thailand Program - 2548 Director Certification Program (DCP) 118/2009 Director Accreditation Program (DAP) 27
% of Shareholding	<ul style="list-style-type: none"> None
Family Relationship among the Executive	<ul style="list-style-type: none"> 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 - 2019	Director, S.R.T. Electrified Train Company Limited
2015 - 2017	President of The Association of QC headquarters of Thailand
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	Mr. Mitthong Chulitawong
Position	Director / Independent Director / Audit Committee
Age (Years)	53
Appointed as Directors	25 April, 2014
Education / Training	<ul style="list-style-type: none"> Master Degree in Finance, Siam University Bachelor Degree in Business Administration, Ramkhamhaeng University Bachelor Degree in Accounting, Sukhothai Thammathirat University Director Certification Program (DCP) 194/2014
% of Shareholding	<ul style="list-style-type: none"> None
Family Relationship among the Executive	<ul style="list-style-type: none"> 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
Positions in companies non-listed on the Stock Exchange of Thailand	
2019 - Present	Director, Sumrej Consultant Co., Ltd.
2019 - Present	Managing Director, Fitwhey Co., Ltd.
2000 - Present	Managing Director, MSG Consultant Co., Ltd.
2000 - Present	Executive Director, FPM Consultant Co., Ltd.
2000 - 2019	Executive Director, Tax Accounting House Co., Ltd.

Name-Surname	Mr. Panom Ratanarat
Position	Director
Age (Years)	45
Appointed as Directors	1 June, 2018
Education / Training	
	<ul style="list-style-type: none"> 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	
	<ul style="list-style-type: none"> None
Family Relationship among the Executive	
	<ul style="list-style-type: none"> 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	
2019 - Present	Director, Ubis (Asia) Public Company Limited
2014 - 2017	Director of Debt Securities, RHB Securities (Thailand) Public Company Limite
2002 - 2014	Relationship Manager, Bank of Ayudhya Public Company Limited

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

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Name-Surname	Mr. Yossakorn Bomlai
Position	Deputy Managing Director Factory
Age (Years)	49
Appointed as Directors	-
Education / Training	
	<ul style="list-style-type: none"> Master Degree in Education Administration, Ramkhumhaeng University Bachelor Degree in Industrial Engineering, Rajamangala University of Technology Thanyaburi
% of Shareholding	
	<ul style="list-style-type: none"> None
Family Relationship among the Executive	
	<ul style="list-style-type: none"> 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

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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) 51

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.

Auditor's Report and Financial Report as of year 2019

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, 2019, 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, 2019, 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 3.13 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. I reviewed credit notes issued by the Company to its customers after the period-end. In addition, I gained an understanding of process to assess the percentage of completion for projects construction, checked appropriateness of estimates of project costs to the project budgets, examined actual costs against supporting documents and revenue recognition and including 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 Saowalagsakul)

Certified Public Accountant Registration No. 5369

Bangkok,

February 25, 2020

T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION As at December 31,2019

(Unit : Baht)

	Notes	December 31, 2019	December 31, 2018
<u>Assets</u>			
Current assets			
Cash and cash equivalent items	5	9,802,013	9,099,451
Trade and other receivables	6	144,817,623	32,990,225
Inventories	7	85,081,750	128,222,677
Other current assets		1,111,207	1,216,941
Total current assets		240,812,593	171,529,294
Non-current assets			
Restricted bank deposit	8	14,287,314	14,146,740
Long-term investment	9	19,998,000	19,998,000
Property, plant and equipment	10	600,799,384	628,132,611
Intangible assets	11	2,098,920	4,138,693
Other non-current assets		3,795,214	4,333,634
Total non-current assets		640,978,832	670,749,678
Total assets		881,791,425	842,278,972

Note 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, 2019

(Unit : Baht)

	Notes	December 31, 2019	December 31, 2018
<u>Liabilities and shareholders' equity</u>			
Current liabilities			
Short-term loans from financial institutions	12	164,279,683	152,584,071
Trade and other payables	4.1 and 13	131,594,159	90,186,645
Short-term loans from related person and party	4.1	10,000,000	10,000,000
Short-term loans from other person and party	14	47,000,000	-
Current portion of long-term liabilities			
Long-term loans from financial institutions	15	48,000,000	21,500,000
Liabilities under finance lease agreement	16	351,882	-
Provision	17	11,149,087	8,875,257
Other current liabilities		6,392,115	1,413,252
Total current liabilities		418,766,926	284,559,225
Non-current liabilities			
Long-term loans from financial institutions	15	-	46,000,000
Liabilities under finance lease agreement	16	943,239	-
Employee benefit obligations	18	37,686,427	11,680,019
Other non-current liabilities		186,916	-
Total non-current liabilities		38,816,582	57,680,019
Total liabilities		457,583,508	342,239,244

Note 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, 2019

(Unit : Baht)

	Notes	December 31, 2019	December 31, 2018
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	41,266,006	109,417,060
Deficit			
Unappropriated		(75,831,811)	(68,151,054)
Total shareholders' equity		424,207,917	500,039,728
Total liabilities and shareholders' equity		881,791,425	842,278,972



.....Managing Director
(Mr.Surachet Kamolmongkolsuk)

.....Director
(Ms.Pacharawalai Kamolmongkolsuk)

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

T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED

STATEMENT OF INCOME

For the year ended December 31, 2019

		(Unit : Baht)	
	Notes	2019	2018
Revenue from sales and service		542,452,954	346,156,551
Cost of sales and service	7	(505,071,930)	(319,674,369)
Gross profit		37,381,024	26,482,182
Other income		1,719,756	3,465,093
Selling expenses		(22,238,032)	(21,090,990)
Administrative expenses		(63,257,752)	(67,541,142)
Finance cost		(12,777,152)	(9,466,197)
Loss before income tax		(59,172,156)	(68,151,054)
Income tax expenses	23	-	-
Loss for the year		(59,172,156)	(68,151,054)
Other comprehensive income			
Item that will not be reclassified to profit or loss			
Actuarial loss arising from defined benefit plan	18	(16,659,655)	-
Other comprehensive income for the year - net income tax		(16,659,655)	-
Total comprehensive income for the year		(75,831,811)	(68,151,054)
Basic loss per share	24	(0.13)	(0.15)

Note 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, 2019

	Notes	Issued and paid-up		Premiums on ordinary shares	Retained earnings (deficit)		Total
		share capital	shareholders' equity		Unappropriated	shareholders' equity	
Balance as at January 1, 2018		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
Loss for the year		-		-	(59,172,156)		(59,172,156)
Other comprehensive income for the year		-		-	(16,659,655)		(16,659,655)
Total comprehensive income for the year		-		-	(75,831,811)		(75,831,811)
Premium on shares transferred to eliminate deficit	20	-		(68,151,054)	68,151,054		-
Balance as at December 31, 2019		458,773,722		41,266,006	(75,831,811)		424,207,917

Note 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 31,2019

(Unit : Baht)

	2019	2018
Cash flow from operating activities		
Loss before income tax	(59,172,156)	(68,151,054)
Adjustments to reconcile loss before income tax for cash received (payment) from operations		
Doubtful accounts (reversal)	(510,526)	960,292
Allowance for decline in value of inventories	7,825,670	5,129,869
Depreciation	27,955,079	32,548,114
Transfer of construction in progress to expenses	279	458,440
Amortized intangible assets	2,039,773	2,230,507
(Gain) loss from disposal and written-off property, plant and equipment	(450,884)	371,102
Increase in provision	9,922,221	8,703,827
Unrealized (gain) loss on exchange rate	(33,866)	2,507
Employee benefits expenses	9,800,830	1,536,100
Interest expenses	12,777,152	9,466,197
Profit (loss) from operation before changes in operating assets and liabilities	10,153,572	(6,744,099)
Operating assets (increase) decrease		
Trade and other receivables	(111,316,948)	10,623,891
Inventories	35,315,257	18,000,183
Other current assets	105,734	(27,305)
Other non-current assets	110,000	10,800
Operating liabilities increase (decrease)		
Trade and other payables	44,857,919	(18,830,069)
Provision	(7,648,391)	(8,760,308)
Other current liabilities	4,978,863	(298,595)
Other non-current liabilities	186,916	-
Employee benefit obligations	(454,077)	(2,031,393)
Cash paid from operating activities	(23,711,155)	(8,056,895)
Cash paid for interest expenses	(12,609,961)	(9,581,935)
Cash received from income tax	2,328,902	5,333,292
Cash paid for income tax	(1,900,482)	(3,307,916)
Net cash used in operating activities	(35,892,696)	(15,613,454)

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

T.M.C. INDUSTRIAL PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOW

For the year ended December 31, 2019

(Unit : Baht)

	2019	2018
Cash flow from investing activities		
Increase in restricted bank deposit	(140,574)	(139,190)
Cash paid for purchase property, plant and equipment	(2,660,512)	(230,003)
Cash received from sales property, plant and equipment	454,906	170,218
Net cash used in investing activities	(2,346,180)	(198,975)
Cash flow from financing activities		
Increase in short-term loan from financial institutions	11,695,612	12,584,071
Cash paid to payable of asset purchased	(97,862)	(184,546)
Cash paid for short-term loan from related person and party	-	(10,000,000)
Cash received for short-term loan from other person and party	47,000,000	-
Cash paid for long-term loans from financial institutions	(19,500,000)	(13,500,000)
Cash paid for liabilities under finance lease agreement	(175,629)	(248,218)
Net cash received from (used in) financing activities	38,922,121	(11,348,693)
Effects of exchange rate on cash and cash equivalents	19,317	(25,183)
Cash and cash equivalent items increase (decrease)-net	702,562	(27,186,305)
Cash and cash equivalent items at the beginning of the year	9,099,451	36,285,756
Cash and cash equivalent items at the end of the year	9,802,013	9,099,451

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	40,691	28,034
- Purchase of asset under finance lease agreement	1,470,750	-
- Transferred non-current assets held for sale to property, plant and equipment	-	422,990,151
- Property, plant and equipment decrease from offsetting with retention payable	3,545,800	-

Note 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, 2019

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 Ban Saun Subdistrict, 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 2019 and 2018, the Company's current liabilities exceeded its current assets by Baht 177.95 million and Baht 113.03 million respectively, 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's management is in the process of improving its operating, requesting additional credit facilities from financial institutions and finding new sources of funds. The Company's management believe that it is able to improve its operation and obtain adequate credit facilities for continuing its operation. For these reasons, the financial statements therefore have been prepared on the going concern basis.

2.2 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 October 11, 2016, 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 2018) and new accounting treatment guidance which are effective for fiscal years beginning on or after January 1, 2019. 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

During the current year, the Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2019) including new accounting treatment guidance, which are effective for fiscal years beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards and revised due to publish the new financial reporting standards.

The management of the Company believes that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the Federation of Accounting Professions issued the set of TFRSs related to financial instruments and leased which involves changes to key principles. The new accounting standards, financial reporting standards and interpretations are as follows: -

<u>Reference standard No.</u>	<u>Name</u>
<u>Thai Accounting Standards (TAS)</u>	
TAS 32	Financial Instruments: Presentation
<u>Thai Financial Reporting Standards (TFRS)</u>	
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRS 16	Leases agreement
<u>Thai Financial Reporting Interpretations (TFRIC)</u>	
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

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.

Litigation

The Company has contingent liabilities as a result of the litigation. The management has used judgement to assess of the results of the litigation and estimated contingent damage.

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

- 3.6 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 |
|---------------------|------------|

3.7 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.

3.8 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.

3.9 Trade and other accounts payable are shown at cost.

3.10 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.

3.11 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.

- 3.12 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.
- 3.13 Revenue are recognized when customer control of the goods and services in an amount that reflects the consideration to which the entity expects to be entitled excludes value added taxes and present net off trade discounts with the following policies:-
 - 3.13.1 Revenue from sales and services are recognized at the point in time when control of the goods and services are transferred to the customer, generally on delivery of the goods and services.

- 3.13.2 Revenue from rendering of project construction service is recognized over time when services have been rendered considering the progress of completion by input methods by reference to comparison of actual costs incurred up to the end of the period and total anticipated cost to be incurred to completion. The recognized revenue that is not yet due per the contract has been presented under the caption of “Unbilled receivables” in the statement of financial position, while revenue received before it is earned or before service is rendered is presented as “Unearned Revenue” in the statement of financial position. When the progress of completion cannot be estimated reliably, revenue from rendering of project construction service is recognized only to the extent of contract costs incurred that are likely to be recoverable.
- 3.13.3 Interest are recognized on an accrual basis based on the effective interest rate.
- 3.13.4 Other income are recognized on an accrual basis.
- 3.14 Expenses recognition are as follows :-
- 3.14.1 The cost of project construction service related to satisfying performance obligations under the contracts is recognized in the profit and loss when the cost incurred and when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense in profit and loss immediately.
- 3.14.2 Payment made under the operating lease are recognized in profit or loss on a straight-line basis over the term of the lease.
- 3.14.3 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.
- 3.14.4 Other expenses are recognized by accrual basis.
- 3.15 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.

3.16 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.

3.17 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.

- 3.18 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.
- 3.19 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.
- 3.20 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.
- 3.21 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>2019</u>	<u>2018</u>
- Accrued interest payable		
Kamolmongkolsuk Company Limited	50	-
- Short-term loans from related party		
Kamolmongkolsuk Company Limited		
Beginning balance	10,000	10,000
Addition	-	-
Repayment	-	-
Ending balance	<u>10,000</u>	<u>10,000</u>

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. However, this loan was extended the repayment date to December 31, 2020.

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>2019</u>	<u>2018</u>
- Revenue from sales and service			
Kang Yong Electric Public Company Limited	Market price	229	81
Khon Kaen Sugar Industry Public Company Limited	Market price	-	1
TPI Polene Power Public Company Limited	Agreement price, reference to market price	869	-
		<u>1,098</u>	<u>82</u>
- Interest expense			
Kamolmongkolsuk Company Limited	Contract price	50	50

4.3 Directors and management's benefits

(Unit : Thousand Baht)

	<u>For the year ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Short-term employee benefits	15,539	17,049
Post-employment benefits	420	917
Total	<u>15,959</u>	<u>17,966</u>

4.4 Guarantees provided by directors

The Company's directors and director's land has guaranteed the Company's credit facilities from banks as mention in the note to financial statement No.12 and No.27.1. 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
TPI POLENE POWER PUBLIC COMPANY LIMITED	Common director
KAMOLMONGKOLSUK COMPANY LIMITED	Common director and shareholders

5. Cash and cash equivalent items

Consisted of :-

(Unit : Thousand Baht)

As at December 31,

	<u>2019</u>	<u>2018</u>
Cash on hand	297	208
Cheque on hand	190	275
Saving accounts deposit	9,097	8,428
Current accounts deposit	218	188
Total	<u>9,802</u>	<u>9,099</u>

6. Trade and other receivables

Consisted of :-

(Unit : Thousand Baht)

As at December 31,

	<u>2019</u>	<u>2018</u>
Trade receivables-other parties	37,834	32,316
<u>Less</u> Allowance for doubtful debts	<u>(6,026)</u>	<u>(6,537)</u>
Net	31,808	25,779
Unbilled receivables	109,037	-
Total trade receivables-net	<u>140,845</u>	<u>25,779</u>
Other receivables	221	538
Advance payment for inventories	1,835	5,636
Prepaid expenses	1,723	1,036
Accrued income	1	1
Advance Payment	193	-
Total other receivables	<u>3,973</u>	<u>7,211</u>
Total trade and other receivables	<u>144,818</u>	<u>32,990</u>

Aging analyzes for trade receivables are as follows :-

(Unit : Thousand Baht)		
<u>As at December 31,</u>		
	<u>2019</u>	<u>2018</u>
Other receivables-other parties		
Not yet due	19,291	3,124
Overdue not over 3 months	9,986	22,001
Overdue over 3 months not over 12 months	3,004	2,281
Overdue over 12 months	5,553	4,910
Total	37,834	32,316
<u>Less</u> Allowance for doubtful debts	(6,026)	(6,537)
Total trade receivables-other parties	31,808	25,779

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

Unbilled receivables from project construction service has detail as following :-

(Unit : Thousand Baht)		
<u>As at December 31,</u>		
	<u>2019</u>	<u>2018</u>
Unbilled receivables		
Contract price	255,000	-
Recognized of revenues on percentage of completion basis	211,037	-
<u>Less</u> Amount of total billed	(102,000)	-
Unbilled receivables	109,037	-

Movement of allowance for doubtful debts for the year ended December 31, 2019 and 2018 as follow:-

(Unit : Thousand Baht)		
	<u>2019</u>	<u>2018</u>
Beginning balance as at January 1,	(6,537)	(5,576)
Allowance for doubtful debts	-	(961)
Reversal of allowance for doubtful debts	511	-
Ending balance as at December 31,	(6,026)	(6,537)

7. Inventories

Consisted of :-

(Unit : Thousand Baht)		
<u>As at December 31,</u>		
	<u>2019</u>	<u>2018</u>
Finished goods	13,287	13,172
Semi-finished goods	59,756	54,298
Work in process	56,433	98,094
Raw materials	11,307	12,989
Supplies	424	397
Goods in transit	5,098	2,670
Total	146,305	181,620
<u>Less</u> Allowance for decline in value of inventories	(61,223)	(53,397)
Net	85,082	128,223

Movement of allowance for decline in value of inventories for the year ended December 31, 2019 and 2018 as follow :-

(Unit : Thousand Baht)		
	<u>2019</u>	<u>2018</u>
Beginning balance as at January 1,	(53,397)	(48,267)
Allowance for decline in value of inventories	(7,826)	(5,130)
Ending balance as at December 31,	(61,223)	(53,397)

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>2019</u>	<u>2018</u>
Cost of good sold	497,246	314,544
Loss for decline in value of inventories	7,826	5,130
Total	505,072	319,674

8. Bank deposit pledged as collateral

As at December 31, 2019 and 2018, the Company has bank deposit which not exceed 3 month are pledged for collateral against credit facilities given by financial institution as mention in the notes to financial statement No.12 and 27.1.

9. 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Sahapat Amorn Company Limited	101,100	101,100	19.80	19.80	19,998	19,998	-	-

10. Property, plant and equipment

Consisted of :-

(Unit : Thousand Baht)

	<u>Land</u>	<u>Buildings and building improvement</u>	<u>Machinery and equipment</u>	<u>Furniture and office equipment</u>	<u>Motor vehicles</u>	<u>Assets under construction and installation</u>	<u>Total</u>
Cost :							
As at January 1, 2018	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
Purchase	-	-	236	73	3,651	212	4,172
Disposal / written off	-	-	(685)	(181)	(2,760)	-	(3,626)
Transfer in (transfer out)	-	(3,546)	-	-	-	-	(3,546)
As at December 31, 2019	292,034	402,346	332,616	30,878	60,149	1,787	1,119,810
Accumulated depreciation :							
As at January 1, 2018	-	(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)	-	(406,607)
Depreciation for the year	-	(14,128)	(12,021)	(847)	(959)	-	(27,955)
Disposal / written off	-	-	681	181	2,760	-	3,622
As at December 31, 2019	-	(77,885)	(265,853)	(29,519)	(56,683)	-	(429,940)

(Unit : Thousand Baht)

	Land	Buildings and building improvement	Machinery and equipment	Furniture and office equipment	Motor vehicles	Assets under construction and installation	Total
Allowance for impairment loss :							
As at January 1, 2018	-	-	-	-	-	-	-
Transferred to non-current assets held for sale	-	(89,071)	-	-	-	-	(89,071)
As at December 31, 2018	-	(89,071)	-	-	-	-	(89,071)
As at December 31, 2019	-	(89,071)	-	-	-	-	(89,071)
Net book value :							
As at December 31, 2018	292,034	253,064	78,552	2,133	774	1,575	628,132
As at December 31, 2019	292,034	235,390	66,763	1,359	3,466	1,787	600,799
Depreciation was show in profit or loss for the years							
Ended December 31, 2018							32,548
Ended December 31, 2019							27,955

As at December 31, 2018, property, plant and equipment amount of Baht 422.99 million is assets which transferred from land and factory building that the Company classified to non-current assets held for sell on June 14, 2018 because the Company has resolve to cease the plan to sell. 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 until June 14, 2018 in amount of Bath 8.37 million which presented including in administrative expenses in 2018.

As at December 31, 2019 and 2018, the Company had land with premises thereon and machineries at net book value of Baht 461.24 million and Baht 542.90 million respectively are pledged as collateral against credit facilities received from financial institutions as mention in the notes to the financial statements No. 12 and 15.

As at December 31, 2019 and 2018, the Company had the assets which fully depreciated but still in used. The cost price was Baht 319.14 million and the book value was Baht 9.56 million and the cost price was Baht 312.23 million and the book value was Baht 8.93 million respectively.

11. Intangible assets

Consisted of:-

	(Unit : Thousand Baht)
	<u>Computer software</u>
Cost :	
As at January 1, 2018	24,917
Purchase	-
As at December 31, 2018	24,917
Purchase	-
As at December 31, 2019	24,917
Accumulated amortization :	
As at January 1, 2018	(18,548)
Amortisation for the year	(2,230)
As at December 31, 2018	(20,778)
Amortisation for the year	(2,040)
As at December 31, 2019	(22,818)
Net book value :	
As at December 31, 2018	4,139
As at December 31, 2019	2,099
Amortisation in profit or loss for the years	
Ended at December 31, 2018	2,230
Ended at December 31, 2019	2,040

12. Short-term loans from financial institutions

	(Unit : Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Bank overdraft	24,280	18,584
Promissory notes	140,000	134,000
Total	164,280	152,584

As at December 31, 2019 and 2018, 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% per annum for the both years.

Short-term loans have the collateral as mention in the notes to financial statements No. 4.4, 8 and 10.

13. Trade and other payables

Consisted of:-

		(Unit : Thousand Baht)	
		<u>As at December 31,</u>	
		<u>2019</u>	<u>2018</u>
Trade payables		109,495	27,757
Other payables			
Other payables		364	10,198
Payable for asset purchased		41	28
Accrued interest payable-related party		50	-
Accrued expenses		4,227	3,135
Unearned revenue		17,417	49,069
Total other payables		<u>22,099</u>	<u>62,430</u>
Total trade and other payables		<u>131,594</u>	<u>90,187</u>

14. Short-term loan from other person and party

As at December 31, 2019, the whole amount of short-term loans from other person is loan under three-month amount of 7 contracts with bearing interest rate 9.00% per annum and no collateral which can be summarized as follows:-

<u>No.</u>	<u>Credit facility (Unit : Million Baht)</u>		<u>Agreement date</u>	<u>Due to repayment</u>
	<u>2019</u>	<u>2018</u>		
1	2.00	-	October 11, 2019	February 7, 2020
2	1.50	-	October 12, 2019	February 10, 2020
3	0.50	-	October 14, 2019	February 8, 2020
4	2.00	-	October 11, 2019	February 7, 2020
5	4.00	-	October 30, 2019	February 26, 2020
6	30.00	-	October 17, 2019	February 13, 2020
7	7.00	-	November 27, 2019	February 24, 2020
Total	<u>47.00</u>	<u>-</u>		

15. Long-term loans from financial institutions

	(Unit : Thousand Baht)	
	<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>
Long-term loans from financial institutions	48,000	67,500
<u>Less</u> Current portion of long-term loans	(48,000)	(21,500)
Net	-	46,000

Movement for the year ended December 31, 2019 and 2018, are as follows :-

	(Unit : Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Beginning balance as at January 1,	67,500	81,000
Repaid in the year	(19,500)	(13,500)
Ending balance as at December 31,	48,000	67,500

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. 10.

16. Liabilities under long-term lease agreement

Consisted of the minimum repayments under the finance lease agreement as follows :-

	(Unit : Thousand Baht)	
	<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>
Liabilities under finance lease agreement		
- Current portion	397	-
- Due in 1-5 years	992	-
Total liabilities under finance lease agreement	1,389	-
<u>Less</u> Future interest in payable for liabilities under finance lease agreement	(94)	-
Present value of finance lease agreement	1,295	-
<u>Less</u> Current portion of long-term liabilities	(352)	-
Liabilities under finance lease agreement-net	943	-

As at December 31, 2019, the Company had entered into financial lease contract with a leasing company. The term of the agreement is 4 years with bearing interest rate 3.97% per annum.

17. Provision

	(Unit : Thousand Baht)	
	<u>Provision for product warranty</u>	
	<u>2019</u>	<u>2018</u>
As at January 1,	8,875	8,932
Increase during the year	9,922	8,703
Utilised	(7,648)	(8,760)
As at December 31,	11,149	8,875

18. Employee benefit obligation

Movement in the employee benefit obligation are as follows :-

	(Unit : Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Employee benefit obligations as at January 1,	11,680	12,175
Current service cost	2,129	1,229
Interest cost	864	307
Past service cost	6,807	-
Benefit paid	(454)	(2,031)
Actuarial loss arising from defined benefit plan	16,660	-
Employee benefit obligations as at December 31,	<u>37,686</u>	<u>11,680</u>

Expenses recognized in statement of comprehensive income for the years ended December 31, 2019 and 2018 are as follows :-

	(Unit : Thousand Baht)	
	<u>2019</u>	<u>2018</u>
<u>Recognized in profit or loss</u>		
Cost of sales and service	6,641	442
Selling expenses	963	47
Administrative expenses	1,776	130
Management's benefits	420	917
Total	<u>9,800</u>	<u>1,536</u>

	(Unit : Thousand Baht)	
	<u>2019</u>	<u>2018</u>
<u>Recognized in other comprehensive income</u>		
Actuarial loss arising from defined benefit plan		
Financial assumptions changes	41	-
Demographic assumptions changes	15,863	-
Experience adjustments	765	-
Total	<u>16,660</u>	<u>-</u>

Principal actuarial assumptions as are as follows : -

	<u>2019</u>	<u>2018</u>
Discount rate	2.29%	2.29%
Salary increase rate	3.00%	3.19%
Employee turnover rate	1.91-22.92%	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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Discount increase rate	0.50%	0.50%	(27)	(268)
Discount decrease rate	0.50%	0.50%	25	285
Future salary growth increase	1.00%	0.50%	(399)	316
Future salary growth decrease	1.00%	0.50%	(344)	(299)
Employee turnover increase rate	20.00%	0.50%	(219)	(1)
Employee turnover decrease rate	20.00%	0.50%	250	3,945

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act. On the April 5, 2019, Labor Protection Act has announcement in the Royal Gazette which effective on May 5, 2019. The 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 additional liabilities for employee benefit obligations. The Company have recorded the effect of the change by recognizing past service costs as expenses in profit and loss.

19. Share capital

Authorized share capital and paid up share capital for the year ended December 31, 2019 and 2018 are movement as follow :-

		2019		2018	
	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	458,774	458,774
<u>Add</u> Increase ordinary share	1.00	-	-	-	-
Ending ordinary share	1.00	458,774	458,774	458,774	458,774

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 2019 held on April 26, 2019, which approve to transfer premium on ordinary shares amount of Baht 109,417,060 to eliminate the Company's deficit amount of Baht 68,151,054.

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.

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.

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, 2019 and 2018, the financial statements present debt to equity ratio at 1.08 : 1.00 and 0.68 : 1.00 respectively.

22. Expenses by nature

	(Unit : Thousand Baht)	
	<u>For the year ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Salaries, wages and other employee benefits	142,380	137,121
Depreciation and amortisation	29,994	34,778
Loss for declining in value of inventories	7,826	5,130
Raw materials and consumables used	424,888	163,383
Changes in inventories of finished goods, semi-finished goods and work in process	(65,610)	14,593
Finance cost	12,777	9,466
Other expenses	51,090	53,302
Total	<u>603,345</u>	<u>417,773</u>

23. Income tax expenses

Income tax recognized in profit or loss for the years ended December 31, 2019 and 2018 with the following details :-

	(Unit : Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Accounting loss before tax	(59,172)	(68,151)
Applicable tax rate	20%	20%
Accounting loss before tax multiplied by applicable tax rate	(11,834)	(13,630)
Tax effect of income and expenses that are not considered		
As taxable income or expense as follows:-		
- Tax loss unrecognized as deferred tax assets	5,548	8,990
- Provision	455	1,741
- Others	5,831	2,899
Income tax expenses reported in profit or loss	<u>-</u>	<u>-</u>

As at December 31, 2019 and 2018, the Company had deductible temporary differences and tax losses carries forward totaling amount of Baht 103.22 million and amount of Baht 95.44 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>2019</u>	<u>2018</u>
Loss for the year (Unit : Baht)	(59,172)	(68,151)
Number of common shares (Unit : Baht)	458,774	458,774
Loss per share (Baht/share)	(0.13)	(0.15)

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 three 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.
- Project construction service segment, which is engaged in the project construction service by supply machines and installation according to the contract.

Financial information is presented as the segment for the year ended December 31, 2019 and 2018 are as follows : -

(Unit : Thousand Baht)

	For the three-month period ended December 31,							
	Manufacture and distribution of machineries		Project construction service		Services		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenue from sales and services income	266,637	266,253	211,037	-	64,779	79,903	542,453	346,156
Segment profit (loss)	16,069	12,426	12,865	-	8,447	14,056	37,381	26,482
Other income							1,720	3,465
Selling expenses							(22,238)	(21,091)
Administrative expenses							(63,258)	(67,541)
Finance cost							(12,777)	(9,466)
Loss before income tax							(59,172)	(68,151)
Income tax expense							-	-
Loss for the period							(59,172)	(68,151)
Other comprehensive income for the period							(16,660)	-
Total comprehensive income for the period							(75,832)	(68,151)

Revenue from external customer is based on locations of the customers for the years ended December 31, 2019 and 2018 as follows :-

(Unit : Thousand Baht)

	<u>For the year ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Revenue from external customer		
Thailand	521,334	318,054
Others	21,119	28,102
Total	<u>542,453</u>	<u>346,156</u>

For the year ended December 31, 2019 and 2018, the Company has one major customers for the both years, whose revenue from sales and service based on revenue from manufacturing and distribution of machine in local totaling amount of Bath 211.04 million and 40.78 million respectively.

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, 2019 and 2018, the Company has provident fund expense in amount of Baht 1.67 million and Baht 1.59 million respectively.

27. Obligation and contingent liabilities

Apart from liabilities reflected in the statement of financial position as at December 31, 2019 and 2018, 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>2019</u>			<u>2018</u>		
	<u>Total</u>	<u>Utilized</u>	<u>Available</u>	<u>Total</u>	<u>Utilized</u>	<u>Available</u>
Bank overdrafts	25.00	24.18	0.82	25.00	18.58	6.42
Letters of guarantee	22.75	18.24	4.51	10.00	5.25	4.75
Trust receipts and letters of credit	22.00	9.85	12.15	22.00	3.67	18.33
Short-term loan	340.00	140.00	200.00	490.00	134.00	356.00
Long-term loan	150.00	150.00	-	150.00	150.00	-

The above credit facilities are guaranteed by the collaterals as mentioned in the notes to financial statements No. 4.4, 8 and 10. However, letters of guarantee amount of Baht 12.75 million is guaranteed by director's land and the Company's directors including transfer the right to collect of receivable from customer project.

27.2 Obligations in relation to lease contracts and services

As at December 31, 2019 and 2018, 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>2019</u>	<u>2018</u>
Payable within 1 year	2,669	2,028
Payable over 1 and up to 5 years	-	105
Total	<u>2,669</u>	<u>2,133</u>

27.3 Capital commitments

As at December 31, 2019 and 2018, the Company had capital commitments of Baht 0.64 million and Baht 0.32 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, 2019

	Fixed interest rates			Floating	Non-interest		
	Within	Interest rate	Interest rate	interest rate	bearing	Total	Interest rate
	1 year	1-5 years	5 years				(% per annum)
<u>Financial assets</u>							
Cash and cash equivalent items	-	-	-	9,097	705	9,802	0.22-0.50
Trade and other receivable	-	-	-	-	144,818	144,818	-
Restricted bank deposit	-	-	-	14,287	-	14,287	1.00
	-	-	-	23,384	145,523	168,907	
<u>Financial liabilities</u>							
Short-term loans from financial institutions	-	-	-	164,280	-	164,280	4.25-6.25
Trade and other payables	-	-	-	-	131,594	131,594	-
Short-term loans from other person	47,000	-	-	-	-	47,000	9.90
Short-term loans from related party	10,000	-	-	-	-	10,000	9.00
Long-term loans from financial institutions	-	-	-	48,000	-	48,000	4.53-4.55
Liabilities under long-term lease agreement	352	943	-	-	-	1,295	3.97
	57,352	943	-	212,280	131,594	402,169	

(Unit : Thousand Baht)

As at December 31, 2018

	Fixed interest rates			Floating	Non-interest	Total	Interest rate (% per annum)
	Within	Interest rate	Interest rate	interest rate	bearing		
	1 year	1-5 years	5 years				
<u>Financial assets</u>							
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	
<u>Financial liabilities</u>							
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	

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, 2019 and 2018, 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
USD	8	5	89	75
EUR	-	-	214	33

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

On February 2020, A lawsuit had been filed against the Company regarding non-payment product fee under production contract which is accrued expenses with interest rate 7.50% per annum. The amount of claim is Baht 13.78 million, the Company is in the process of making a dispute due to the contract party is unable to produce the work according to the agreed specifications as determine in the contract. However, the case has not yet been finalized, therefore the Company has not recorded provision.

The Board of Director's meeting No.1/2563 hold on February 25, 2020, has resolution approved to transfer premium on ordinary shares amount of Baht 41,266,006 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 25, 2020.



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